



# “Recent policy approaches to SME finance”

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# The European Investment Fund (EIF) at a glance



## 1994

founded and started providing **venture capital** to European businesses in 1997

## 2000

Majority owned by the European Investment Bank (EIB) with which we form the EIB Group

## AAA-rated

We're AAA-rated by all major rating agencies, with a **strong** capital base

## Shareholders

**62.1% EIB, 30% EC,** 25 public and private **financial institutions** holding the remaining 7.9%

## Access to Finance

Helping SMEs, micro- enterprises and European regions innovate and grow by **making finance more accessible**

## Dual objective

pursuing **EU policy objectives** as well as **financial sustainability**

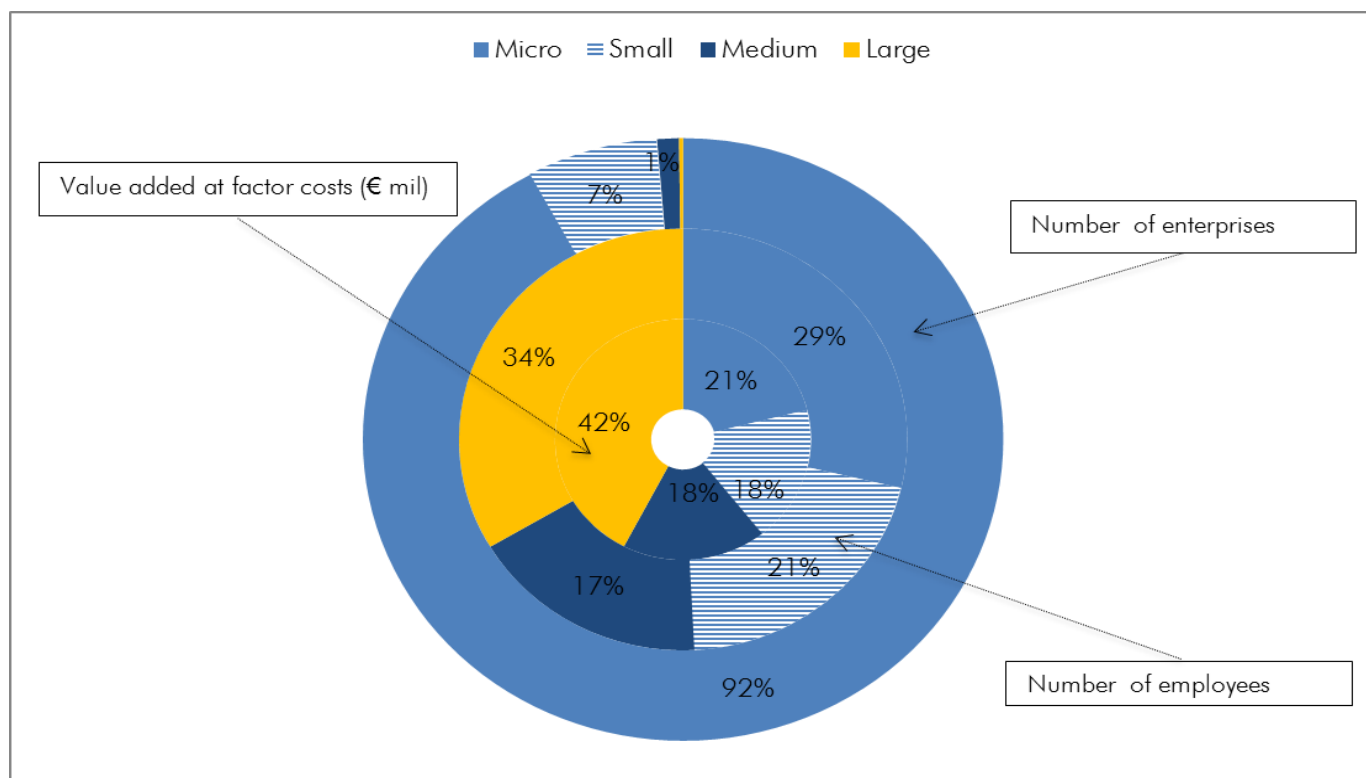
## Wide range of resources

EIB, own res., European Comm., Member States / Regions, private investors, public institutions, etc.

## Working

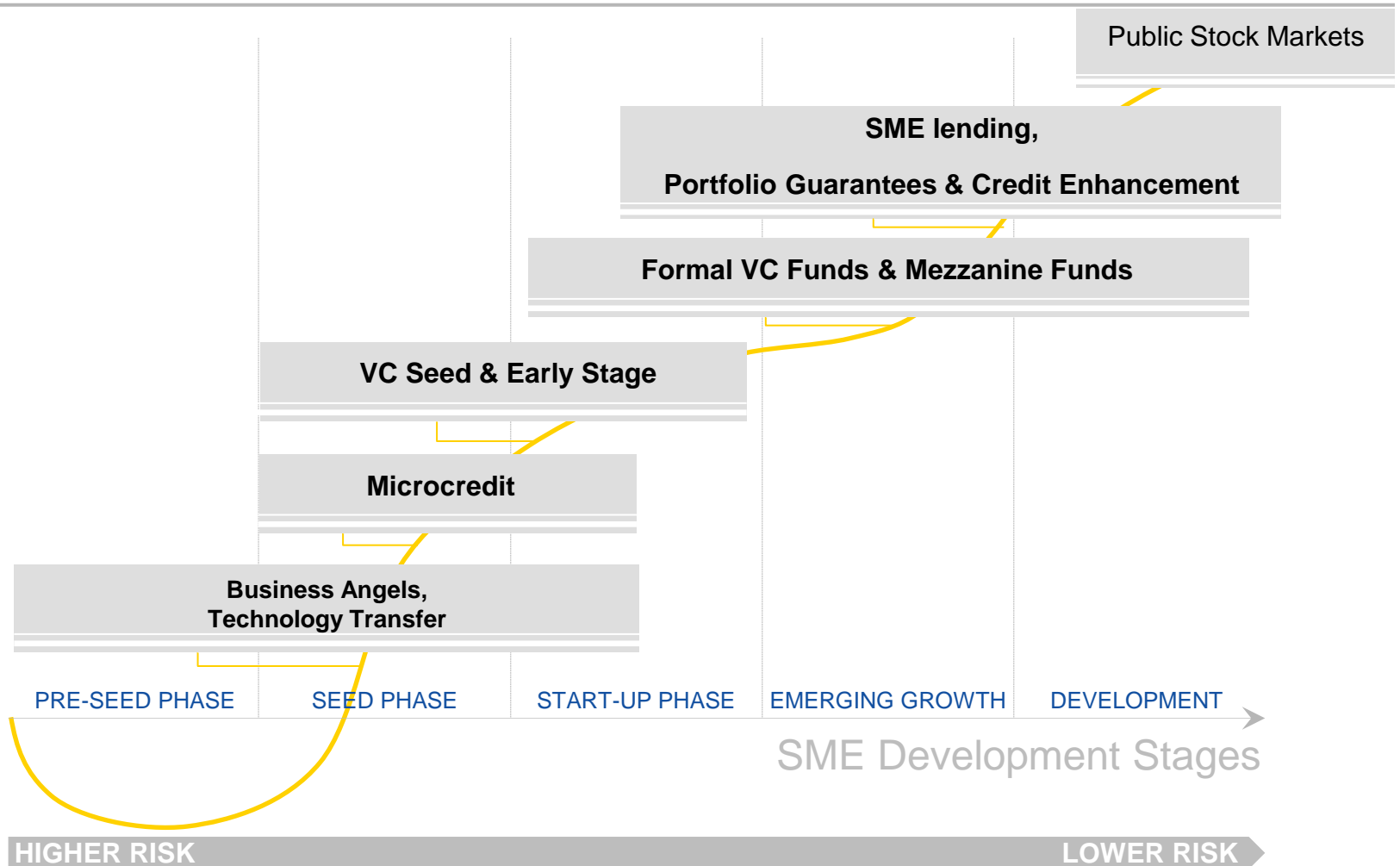
with financial intermediaries across the **28 EU countries, EFTA** and all **Accession countries**

# Let's recall - the backbone of the EU economy



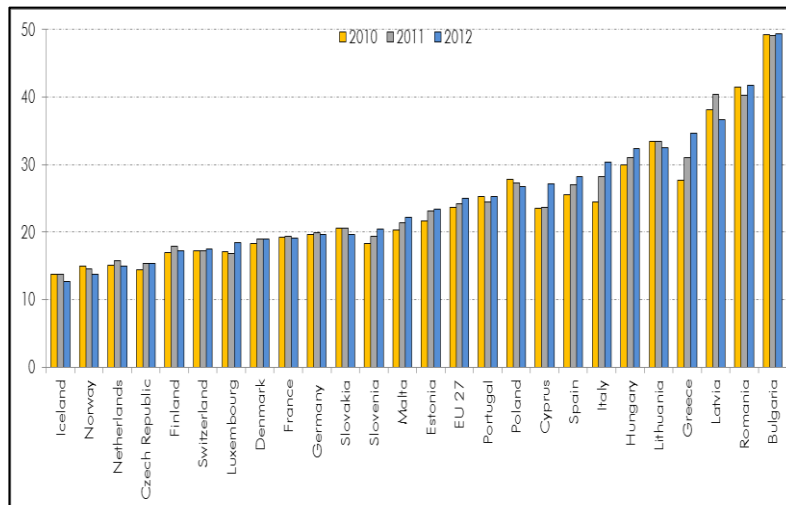
Source: Kraemer-Eis, Lang, Gvetadze (2014), based on data from Eurostat

# “THE” SME?: different needs in different stages



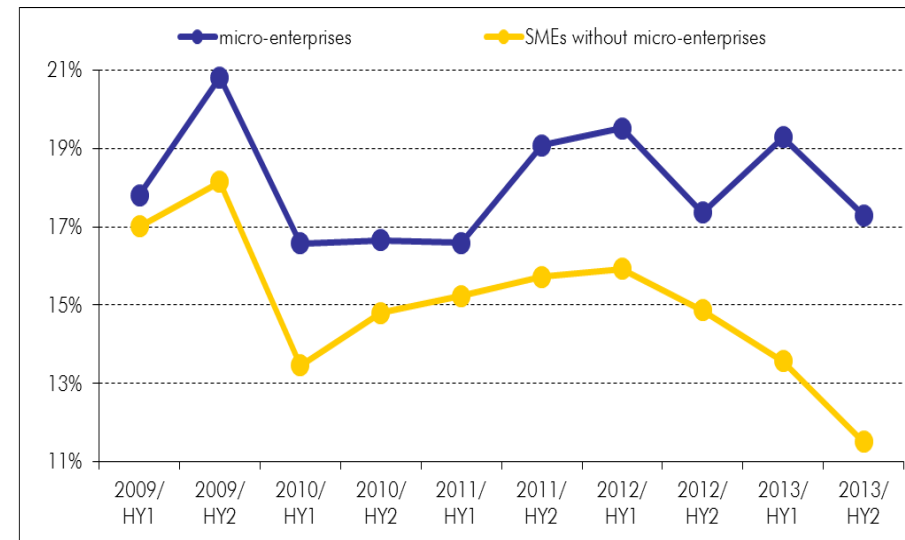
# Microfinance: Heterogeneous market environment

## People at risk of poverty or social exclusion



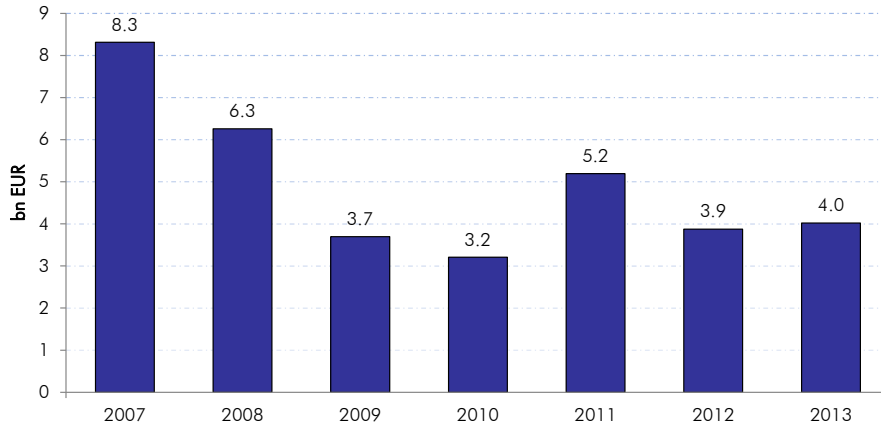
Source: Kraemer-Eis, Lang, Gvetadze (2014), based on data from Eurostat (top) and ECB (right)

## Share of enterprises reporting access to finance as their most pressing problem

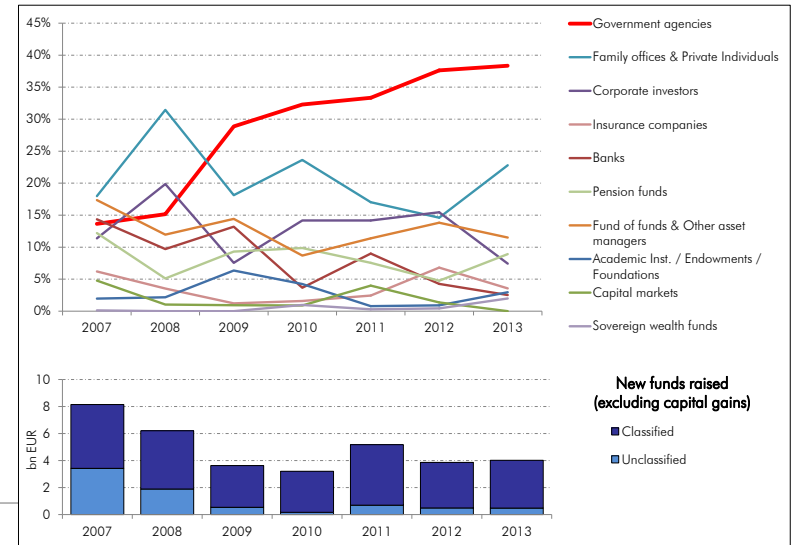


# VC – Market activity

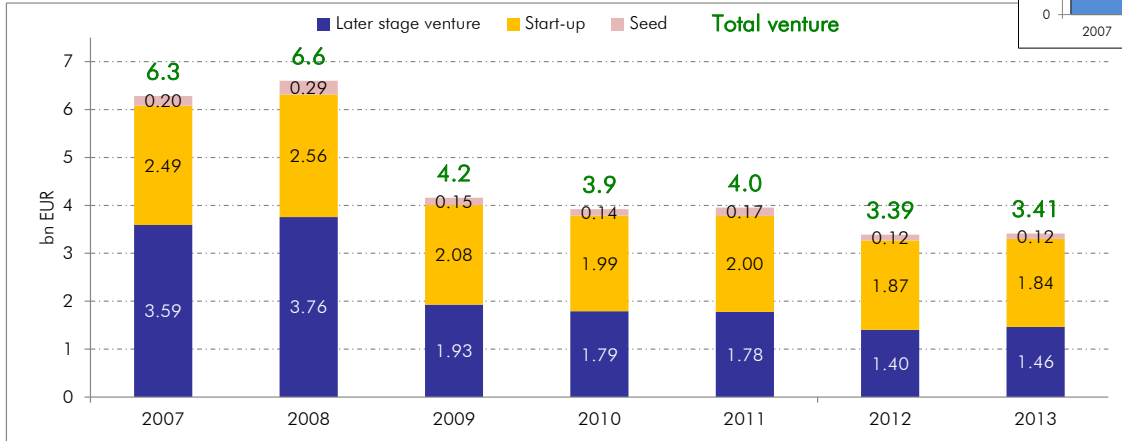
## Funds raised by VC firms located in Europe



## Share of government agencies in VC fundraising

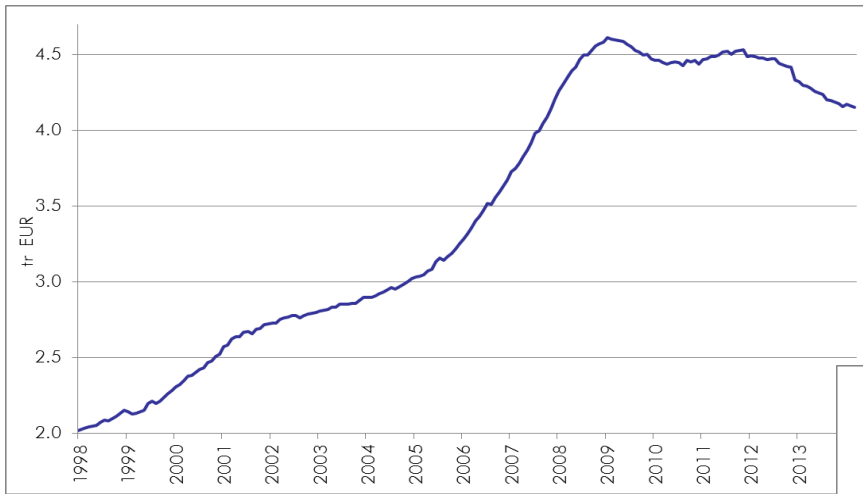


## Venture Capital investment activity evolution in Europe



Source: Kraemer-Eis, Lang, Gvetadze (2014), based on data from EVCA

# Outstanding loans & interest rate statistics

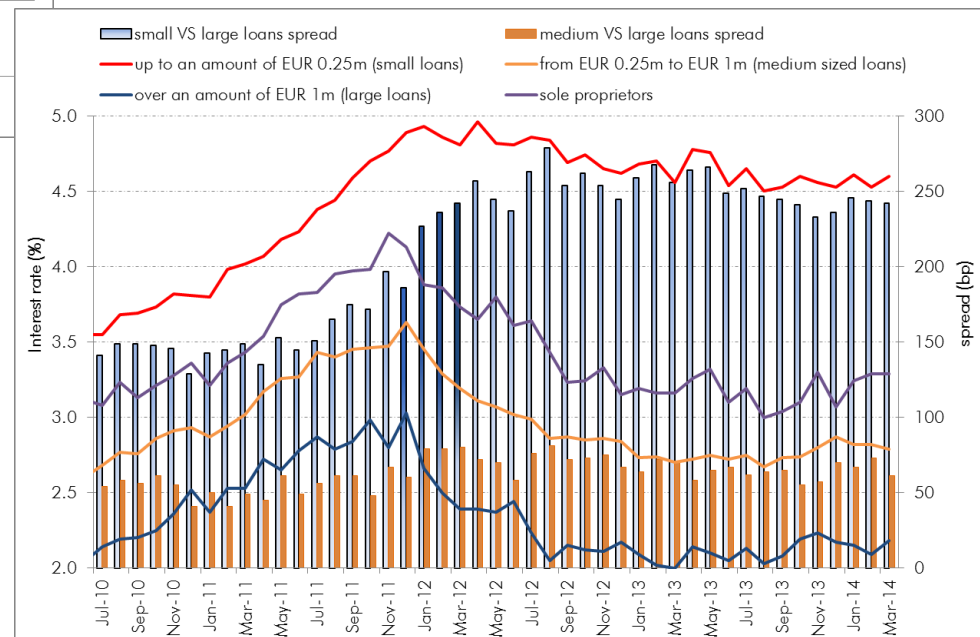


Evolution of monetary financial institutions interest rates on new loans to non-financial corporations

Source: ECB data

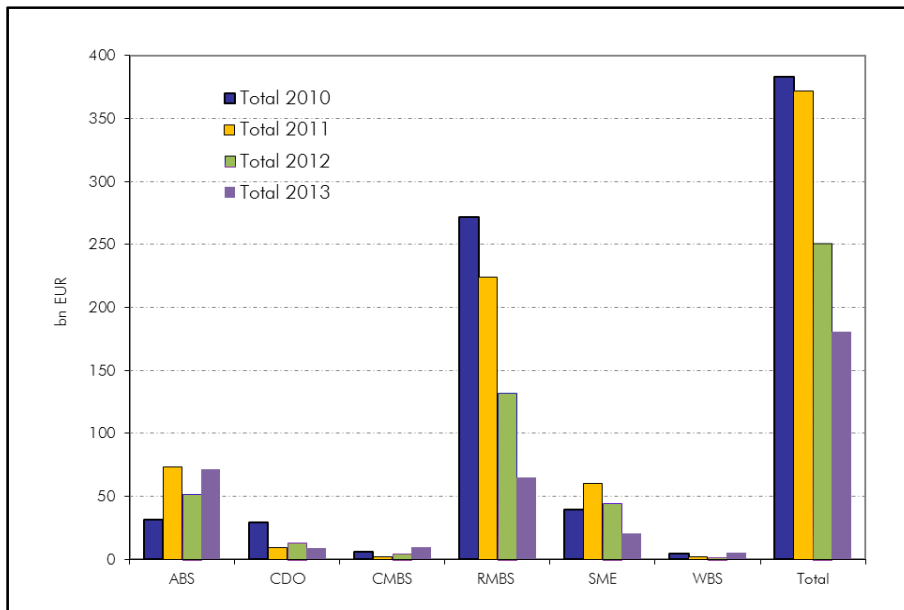
Source: Kraemer-Eis,  
Lang, Gvetadze (2014),  
based on data from ECB

**No information on SME  
loans available, but  
approximation possible!**



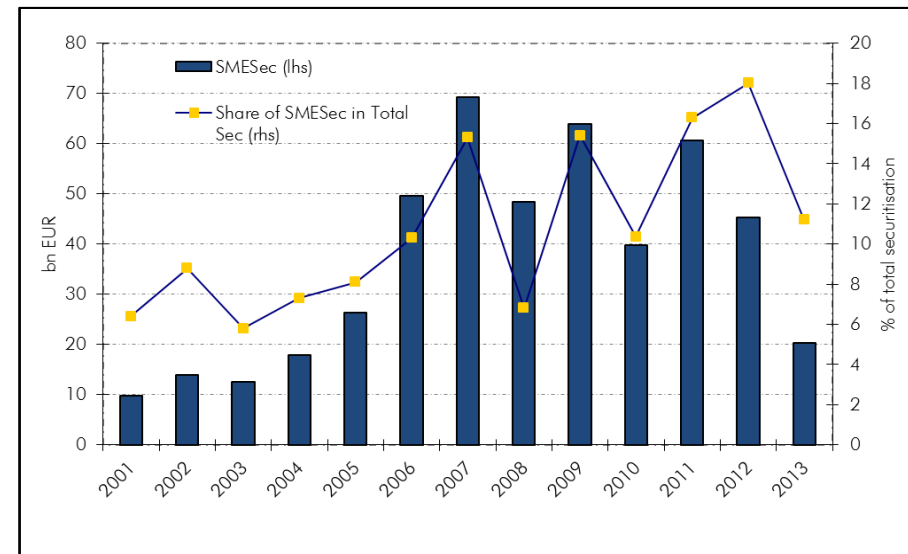
# SME Securitisation

## European outstanding securitisation transactions (by collateral, bn EUR)



Source: Kraemer-Eis, Lang, Gvetadze (2014),  
based on data from AFME

## SMESec transaction volumes in Europe and share of SMESec in total securitisation





# Looking forward: EIB Group support for SMEs



- Support to SMEs is EIF's & EIB Group core business!
- Implementation of capital increase & EREM
- Continue to address specific market-gaps in SME finance, using a toolbox of instruments and working with a wide range of banking partners and non-banking financial intermediaries.
- Crowding-in of private resources is key!
- Continue strengthening cooperation with the European Commission, Member States, international organisations, national and multilateral development financing institutions, and also SME and banking associations.
- Support the European Commission in designing the new financial instruments for the Multi-Annual Framework (Cosme / Horizon 2020 / Structural Funds).

**Thank you for your attention!**

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**Further information can be found here:**

**[http://www.eif.org/news\\_centre/research/index.htm](http://www.eif.org/news_centre/research/index.htm)**

# Annex 1: EIF's recent activities / new instruments for SME finance (examples)

2013: a record volume of EUR 1.5bn equity commitments was achieved creating market traction and leveraging EUR 7.1bn

2013: EUR 1.8bn of **guarantees** were committed to financial intermediaries stimulating new loan portfolios and mobilising additional resources, leveraging EUR 8.6bn

## **New European initiatives – debt financing (guarantees):**

- RSI - Risk-Sharing Instrument for innovative and research oriented SMEs/small MidCaps
- New securitisation approaches, e.g. SME Covered Bonds

## **New European initiatives – equity (Venture Capital):**

- EAF - European Angels Fund
- SIA - Social Impact Accelerator

## **National initiatives:**

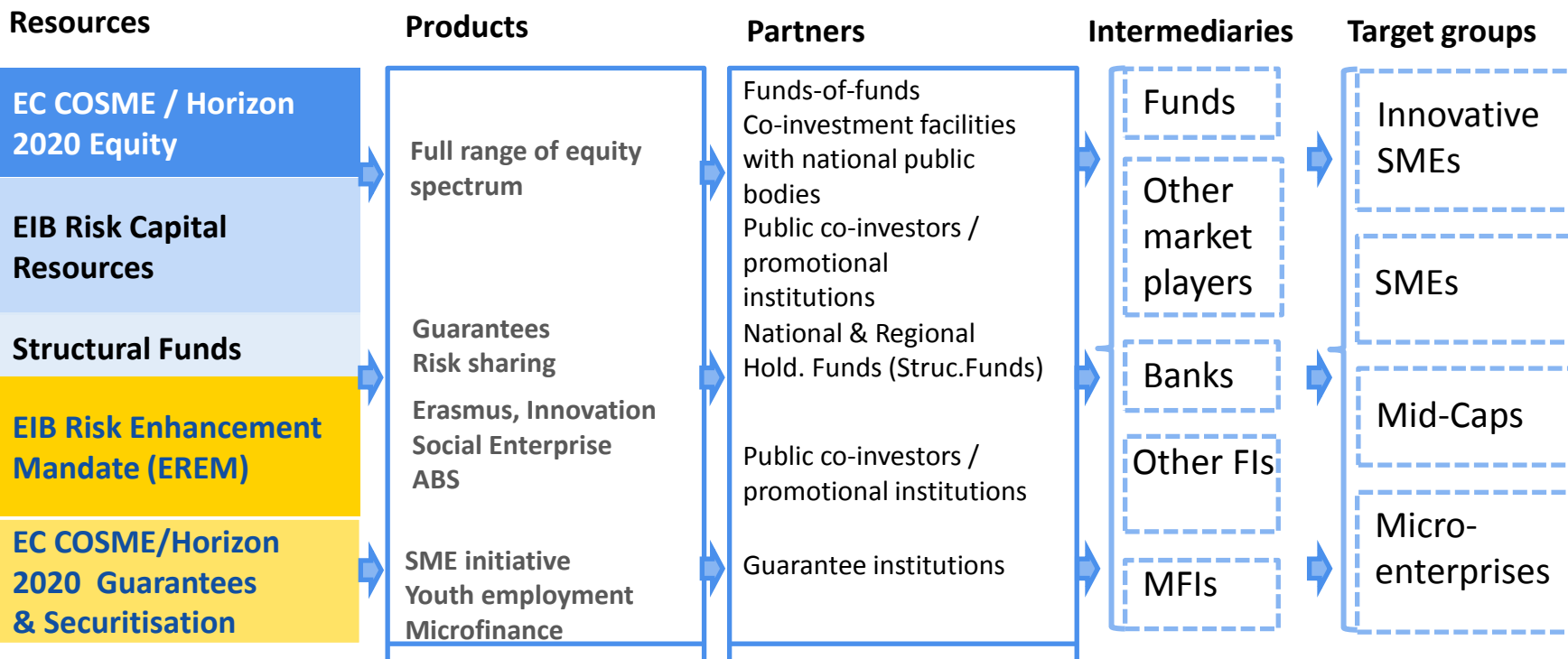
- DVI - Dutch Venture Initiative
- CYPEF - Cyprus Entrepreneurship Fund
- Polish Growth Fund of Fund
- MDD - Mezzanine Dachfonds für Deutschland

## **Multi country initiatives:**

- BIF - Baltic Investment Fund
- WB EDIF - Western Balkans Enterprise Development & Innovation Facility

# Annex 2: The shape of EIF in 2014 and beyond

“ Committing and mobilising resources to support 100 000 SMEs a year ”



# Annex 3 : New EIB Group Risk Enhancement Mandate

(figures in the graph below are indicative)

- Scale up instruments for Access to Finance for SMEs
- Help mitigate the effects of deleveraging and tighter regulation of European Banks (Risk-Sharing and Capital Relief)
- Complements the European Council call + ECB Support for Securitization
- Enhance EIF risk taking capacity for mezzanine tranches (possibly complemented by EIB investment in senior tranches)



# Annex 4: Enhanced cooperation with the EC

“ EIB Group is committed to continue implementing EU initiatives ”



	Central EU instruments	Joint instrument	Structural/Cohesion Funds
Research, Development Innovation	<p>Horizon 2020 Equity Facility for R&amp;I SME and Small Mid Caps Guarantee Facility for RI (RSI successor)</p>	<p>New SME Initiative Pooling of resources from European Structural and Investment Funds (ESIF),</p> <p>COSME and Horizon 2020, EIB/EIF and national promotional banks</p> <p>Guarantees of new loans to SMEs, securitisation of existing SME loans</p>	<p>Instruments under Structural and Cohesion Funds</p> <p>EU level instrument (contribution of Member State funds from Operational Programmes to centrally managed EU programs)</p> <p>Off-the shelf instruments</p> <p>Tailor-made instruments</p>
Jobs, Growth and Social Cohesion	<p>Competitiveness &amp; SME (COSME) Equity Facility for Growth (Loan Guarantee Facility)</p> <p>Social Change &amp; Innovation Progress Microfinance II Social enterprise investing</p>		
	<p>Creative Europe Cultural and Creative Sector Guarantee Facility</p> <p>Erasmus for all Student Loan Guarantee Facility</p>		