



# European Investment Fund: Access to Finance for SMEs in Europe

**26 April 2018, Sofia**

# EIF enabling access to finance for SMEs across Europe



Resources

Institution

Intermediaries

Beneficiaries



Member States and Regional Governments

Public Institutions

Third party private investors



## Intermediaries and Counterparts

- Fund Managers
- Commercial Banks
- Development and Promotional Banks
- Guarantee Institutions
- Leasing Companies
- Microfinance Institutions
- Business Angels
- Universities



**micro- and social enterprises, SMEs, small mid-caps**

# Holistic approach for creating sustainable solutions

## Access to finance for SMEs across Europe

- Mobilising funds for SMEs through **revolving instruments** rather than grants
- Support the development of **sustainable financial markets** for SMEs at European and local levels
  - Enhancing the institutional capacity of intermediaries (investment funds, banks, microfinance institutions, etc.)
  - Transfer of know how to management authorities and counterparts
  - Crowding-in private investors



# EIF's business model, mission and products



- EIF is not a bank. Hence, no financial (and modest operational) leverage
- EIF is an **alternative asset manager** mobilising capital from mandators according to predefined policy and financial objectives
- Main missions:
  - Promote **access to affordable finance** for SMEs and small mid-caps
  - Support **innovation and entrepreneurship**
  - Provide a **financial return** to shareholders
- Two main product families
  - Indirect equity** (from technology transfer (TT)/seed/early stage to lower mid-market (LMM)) via a **fund of fund (FoF) model**
  - Portfolio guarantees** (capped/uncapped; first/second loss)



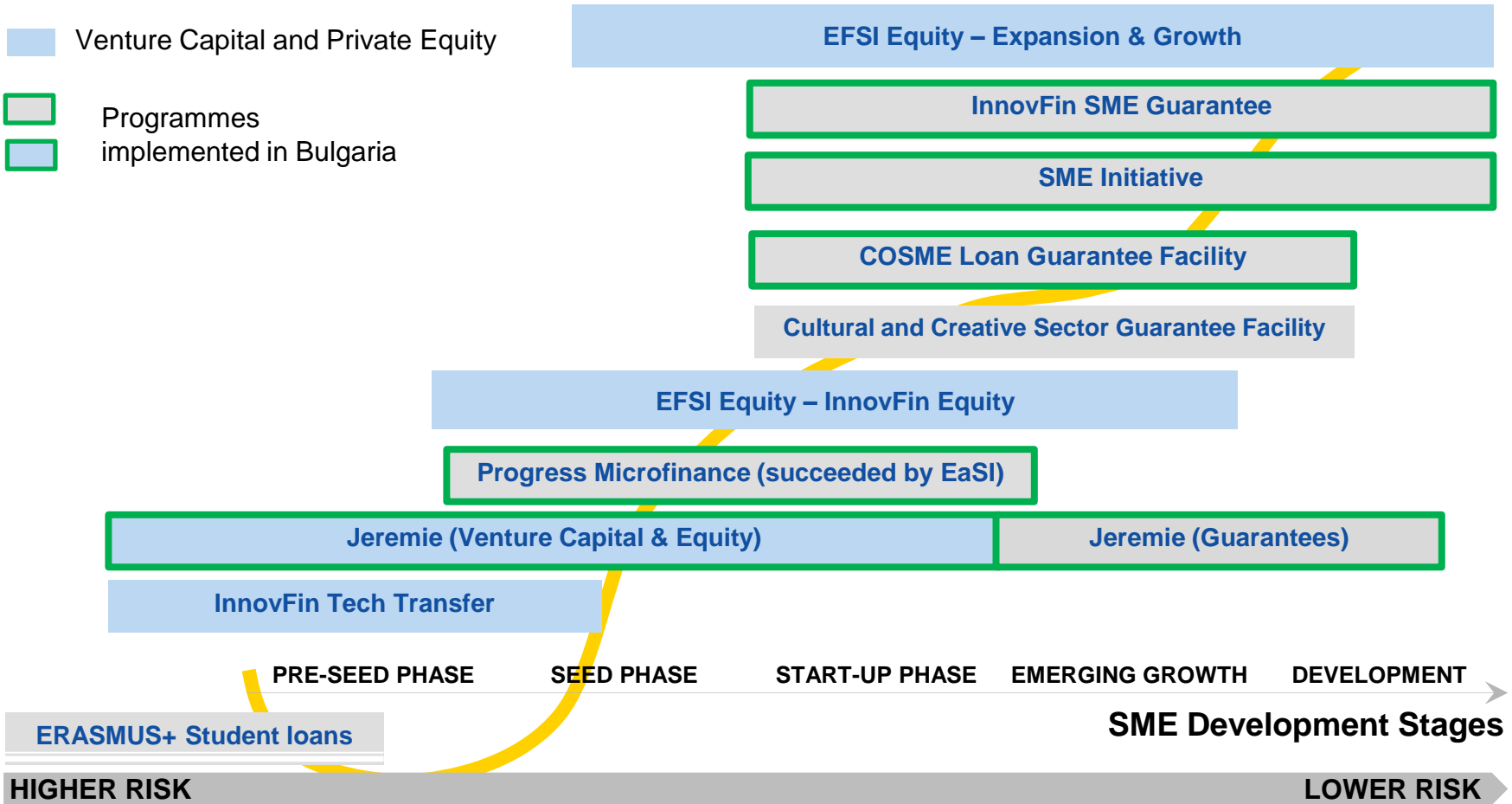
# Programmes helping SMEs at every stage across sectors and geographies



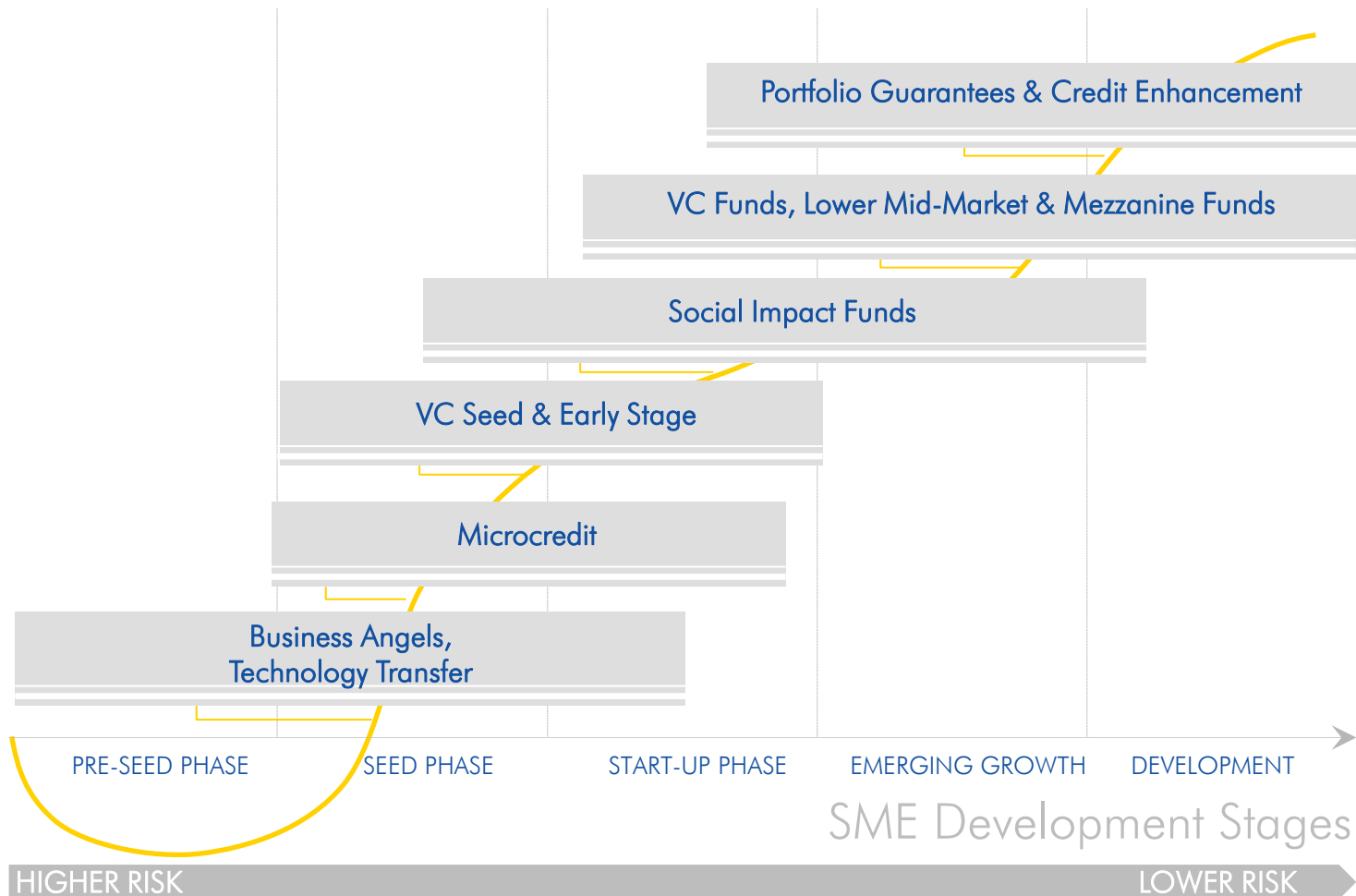
Guarantees & Debt

Venture Capital and Private Equity

Programmes implemented in Bulgaria



# Products to help businesses at every stage of their development



# Strong presence in Bulgaria

**Equity** – targeting companies in early development stage; key role in creating the start-up ecosystem in Bulgaria

- 5 Venture Capital funds, investments in 215 young companies, incl. 180 start-ups

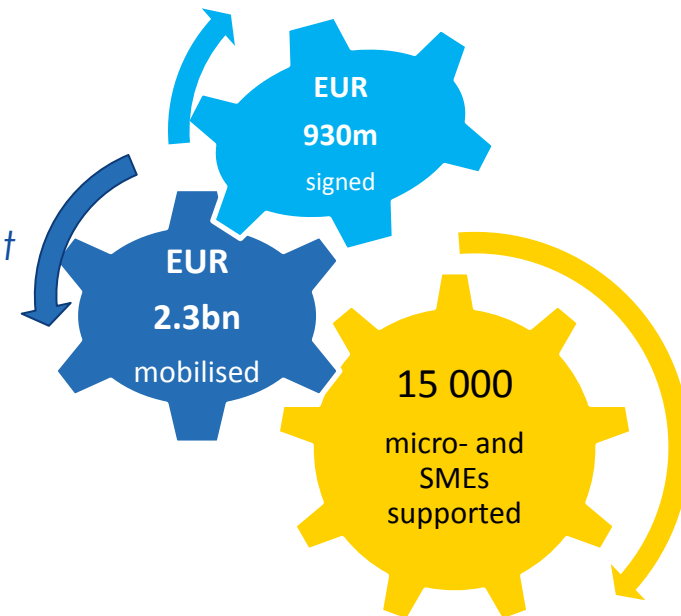
**Guarantees** – targeting innovation, growth and employment

- More than 12,000 credits to SMEs and small mid caps so far

**Microfinance** – targeting micro-enterprises with up to 10 employees

- EUR 23m mobilized until 2017

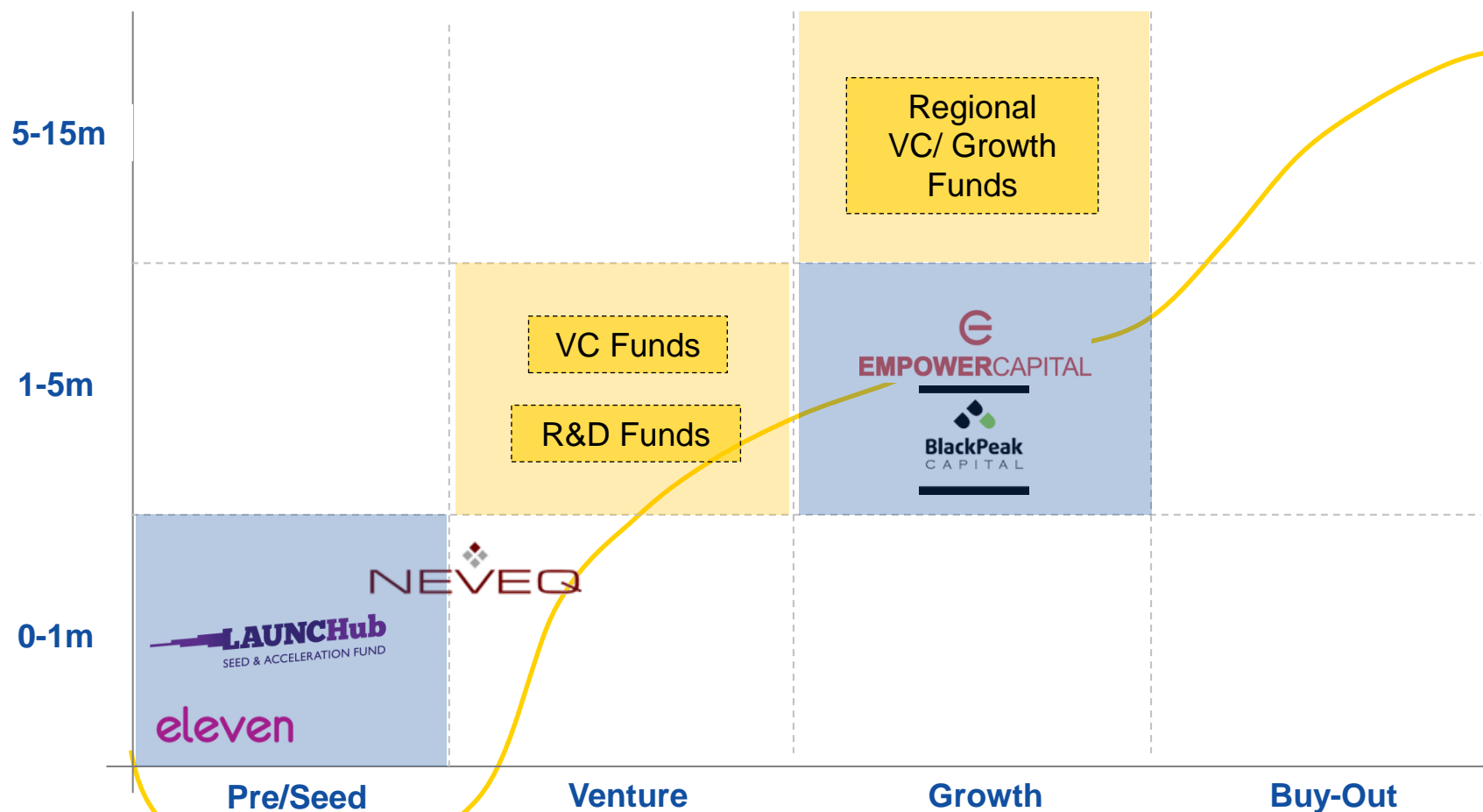
EIF's support for business  
2012 – 2017



**Investment Plan for Europe SME Window**

Bulgaria ranks third in mobilised investments per EURm of GDP

# EIF Equity coverage in Bulgaria





# What's next in Bulgaria

2016-2017

- **JEREMIE completion:**
  - 100% utilization, 2.6x leverage;
  - Impact on ~10,000 SMEs;
  - Created the VC & PE market.
- **Reflows Investment Strategy development & approval**
- **Top-ups to equity funds:**
  - Mostly follow-on capacity;
  - Selective new investments;
  - Higher alignment with market

Overall allocation: ~EUR 50mn



2018

- **Venture Capital Fund/s:**
  - Accelerator component;
  - Ability to invest outside BG;
  - EUR 40mn allocation;
  - Tender launch imminent.
- **R&D Fund/s:**
  - Targets the hardcore R&D businesses;
  - EUR 40mn allocation;
  - Tender launch Q1/2017.
- **Regional Equity Platform:**
  - Blending of funds BG,RO&EIF;
  - Investment in VC/Growth funds.

Overall allocation: ~EUR 110mn