

# Evaluation of the EIB Group Risk Enhancement Mandate

## Context

The EIB Group Risk Enhancement Mandate (EREM) was conceived in response to the conclusions of the June 2013 Council calling for the urgent mobilisation of EU resources to support SMEs and boost the financing of the economy. At the time, the EU economy was just emerging from a recession. Recovery was weak and uncertain. Moreover, the net flow of finance from banks to non-financial corporations (NFCs) was contracting and youth unemployment had reached worryingly high levels in some Member States. In response to the Council's request, the EIB Group approved EREM alongside a capital increase for the EIF to boost the risk-bearing capacity of the Fund.

## Summary of findings

The main findings of the EREM evaluation were a mix of achievements and issues. EREM was highly relevant given persistent bank financing gaps in some Member States. Newly developed products, such as the Social Impact Accelerator and the Loan Funds Instrument, were extremely successful in developing non-bank sources of financing. Total leveraged financing exceeded expectations. However, EREM's overly complex design was not well suited to delivering on the implicit objective of getting money out quickly. The time to market for several products was long (more than two years). It was highly unlikely that the SME target (number of companies supported) would be met. EREM support also had a limited geographical spread.

## The objectives of the Mandate were:

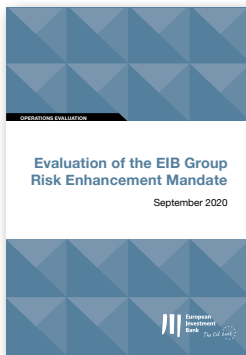
- To increase access to finance for SMEs and small mid-caps by strengthening the credit enhancement capacities of the EIF and by delivering finance mainly through financial institutions, including guarantee institutions.
- To contribute to the development of European capital markets instruments to the benefit of SMEs and small mid-caps.
- To target youth employment, microfinance, cooperative banks and other smaller financial institutions that do not have access to direct EIB financing or its social, environmental and innovation impact initiatives, as well as other areas agreed with the EIB.

## Recommendations

The evaluation made the following recommendations:

- The EIB should set SMART\* objectives for intra-Group mandates.
- The EIB should ensure timeliness of response by setting out time-to-market targets for anti-crisis instruments.
- The EIF should continue support for the lower-mid market segment of the EU private debt industry.
- The EIF should intensify capacity building and marketing efforts to enhance the take-up of its products in the Member States where they are most needed.
- The EIF should reduce the time required between the approval and signature of transactions.

\*specific, measurable, achievable, relevant, time-bound



The full report can be accessed at:

<https://www.eib.org/en/publications/evaluation-of-the-eib-group-risk-enhancement-mandate>.

The accompanying slidedocs are available here:

[https://www.eib.org/attachments/ev/ev\\_report\\_erem\\_slidedoc\\_sia\\_en.pdf](https://www.eib.org/attachments/ev/ev_report_erem_slidedoc_sia_en.pdf)

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A summary of the report is also available in French and German.