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EIB Group support for SMEs

Support for the small business sector in the EU, with its capacity to generate employment, is central to the mission of the EIB Group in pursuit of EU policy goals. The EIB has consistently supported this sector through its global loans – credit lines to intermediary banks or financial institutions, which on-lend the funds to support small-scale investment projects, often carried out by SMEs.

In 2005, global loans in the EU amounted to EUR 9 billion, of which EUR 4.2 billion was earmarked to benefit SMEs. The European Investment Fund (EIF), part of the EIB group, facilitates SME access to finance by taking stakes in venture capital and private equity funds – notably in high-tech, early-stage investments – as well as by providing SME guarantees.

Between 2001 and 2005, nearly half (EUR 25.6 billion) of the EUR 54.9 billion in global loans signed by the EIB with some 200 partner banks benefited SME investment projects.

Over the past five years, the EIF's activities in support of SMEs have translated into EUR 2.13 billion signatures in equity participations in 146 operations and EUR 7.3 billion in the form of SME credit guarantees, granted to around 114 banks or specialist institutions.

The June 2005 EIB Board of Governors meeting decided to add SME financing to the core priorities of the EIB. The Bank is developing further synergies with the EIF in order to maximise value added support for SME investment.

In the new Member States, global loan activity continued to increase in 2005. In these countries global loans are provided in close cooperation with European Union grant funding, in particular the SME Finance Facility under the PHARE programme. Such cooperation is geared to stimulating the development of financial markets and improving the framework conditions for SME finance.

JEREMIE: leverage for SME funding in the regions

In cooperation with the European Commission, the EIB and EIF have developed innovative measures to support access to finance for SMEs (including first-time entrepreneurs) and micro-credit, in regions that are eligible for structural funds support in the EU budgetary period 2007-2013.

In October 2005, the Commission and the EIB launched the Joint European Resources for Micro-to-Medium Enterprises (JEREMIE) initiative. Under JEREMIE, Member States and regions will have the possibility of outsourcing to the EIF the management of the SME-dedicated part of the structural funds (ERDF), to be topped up by the EIB and other lenders and invested in or on-lent to venture capital, SME and micro-finance organisations.

Part of the grant resources will be transformed into a range of other financial products, including equity, venture capital, guarantees, loans and technical assistance. The objective is to create a multiplier effect on the structural funds budget. For every euro from the budget, the financing products available could range from 2 to 10 euros. In addition, the funds will be rolled over (reimbursed) instead of simply "granted" once.

The targeted SMEs will range from life sciences start-ups to medium-sized enterprises operating in more traditional sectors of the economy.

The EIF will work with national and local authorities to design local "à la carte" schemes tailored to local conditions. This tool-kit approach is expected to optimise the use of structural funds to the benefit of the whole chain: the regions, the financial sector and the beneficiary SMEs.

For further information on the EIB, visit its website www.eib.org.

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