



## EFSI Operation Scoreboard<sup>1</sup>

<b>PROJECT PRESENTATION</b>	
<b><u>Project name</u></b>	EIB-EIF SME FUNDS INVESTMENT FACILITY
<b><u>Promoter or financial intermediary</u></b>	SPECIAL PURPOSE ENTITY(IES)/FUND
<b><u>Country of implementation</u></b>	Regional – EU countries
<b><u>Summary project description</u></b>	<p>The EIB-EIF SME Funds investment facility (the “Facility”) presented under the EFSI Equity Innovation and Infrastructure Window (IIW) provides finance to EIB investments in SME and small Midcap private equity funds in Europe, where the European Investment Fund (EIF) is also an investor.</p> <p>Of the amounts committed under the Facility so far, 43% has been invested in funds targeting the lower end of the SME segment, including seed, early-stage and small SMEs. Approximately 67% of the committed capital so far was committed at a first closing. All but three of the funds that have received a commitment so far are regional funds.</p> <p>Strong market demand for the Facility has been demonstrated within eight months of its launch and the existence of a strong, actionable pipeline of potential SME fund equity investments.</p> <p>The Facility will continue to target investment in SME funds where an additional EIB investment would be highly beneficial in all the funds to reach their target size. An EIB commitment would allow the target funds to accelerate their fundraising processes and carry out their stated investment strategy as promptly as possible, mainly focusing on supporting the growth of SMEs and Mid-Caps, and ultimately fostering economic growth and job creation in the EU.</p> <p>The operation represents the implementation of one of the sub-windows of the Infrastructure and Innovation Window of the EFSI.</p> <p>The objective of this operation is intended to enhance the EIB Group’s capacity to address the significant funding gap in equity financing for EU SMEs and Mid-Caps companies estimated at EUR 40-70bn p.a. This market segment is primarily served by venture capital and private equity funds, many of which lack the sufficient institutional support required to reach their optimal fund size. This</p>

<sup>1</sup> This Scoreboard of indicators reflects the information presented to the EFSI Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision. Parts of this document that fall under the exceptions for disclosure defined by the EIB Group Transparency Policy, notably under the articles 5.5 (protection of commercial interests) and 5.6 (protection of the Bank’s internal decision-making process), have been replaced by the symbol [...].

	<p>is a significant obstacle in the development of the private equity / venture capital industry in the EU and as a result the availability of adequate supply of equity financing.</p> <p>The private equity industry in the EU and in particular the growth capital and venture capital segments are underdeveloped and fragmented. In comparison with the US, a market similar in terms of size and structure to the EU, the availability of venture capital and growth equity in the EU is 0.07% of GDP versus 0.32% in the US. This equity market gap limits the capacity of EU SME and Midcap companies to grow and be innovative.</p> <p>A joint EIB-EIF investment will provide a strong contribution to address this market failure and reduce the funding gap in line with EFSI objectives. In particular, the proposed operation will target funds where an additional EIB investment would be highly beneficial to reach the funds' target size. Therefore, an EIB commitment would allow the target funds to accelerate their fundraising and carry out their envisaged investment strategy mainly focusing on supporting the growth of SMEs and Mid-Caps, and ultimately fostering economic growth and job creation in the EU.</p>
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## PROJECT PILLAR ASSESSMENT

### Pillar 1

Contribution to EU policy	Significant
<b>EFSI</b>	
Contribution to EFSI	100.00%
EFSI: Financial support through the EIF and the EIB to entities having up to 3 000 employees	100.00%
Provision of risk financing from seed to expansion stages for SMEs, start ups, small mid cap companies and mid cap companies, to ensure technological leadership in innovative and sustainable sectors	100.00%

### Pillar 2

Quality and soundness of the project	Good
1. Growth	[...]
2. Promoter capabilities	[...]
3. Sustainability	[...]
4. Employment	[...]

*This pillar evaluates the quality and soundness of the operation. This pillar is composed of four indicators which include:*

- (i) "Growth" i.e. for example and where relevant the economic rate of return ('ERR'), which considers the project's socioeconomic costs and benefits, including its spillover effects;*
- (ii) "Promoter capabilities" i.e. the capacity of the promoter/intermediary to implement the project and create the expected impact at the [final] beneficiary level;*
- (iii) "Sustainability" i.e. environmental and social sustainability<sup>2</sup>;*
- (iv) "Employment" i.e. the project's direct employment effect.*

### Pillar 3

EIB Technical and financial contribution to the project	Significant
1. Financial contribution	[...]
2. Financial facilitation	[...]
3. Advice	[...]

*This pillar measures the EIB's particular contribution to the project and its financing scheme in the form of financial and non-financial benefits which go beyond what commercial players would normally be able to offer. This dimension of value added is assessed through three indicators:*

- (i) "Financial Contribution" i.e. improving the counterpart's funding terms compared to market sources of finance (interest rate reduction and/or longer lending tenor),*
- (ii) "Financial Facilitation" i.e. helping to attract private financiers (for example through positive signaling effects), promoting synergies in co-financing with other public sources of funds including National Promotional Banks or EU financial instruments,*
- (iii) "Technical Contribution and Advice" i.e. providing advice with a view to optimizing the financing package (financial structuring), or technical advisory services in the form of expert input / knowledge transfer – provided in-house by the EIB or in the form of assignments to external consultants – to facilitate the preparation or implementation of a project.*

<sup>2</sup> For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website.

## **Pillar 4 – Complementary indicators**

### ***Additionality***

In line with the EFSI objective of supporting entities having up to 3,000 employees, the operation shall primarily support SMEs across Europe for which access to equity finance is limited. Many SME funds in the EU continue to face significant difficulties in attracting private and public investors in order to reach their optimal fund size, limiting thus the availability of an adequate supply of equity financing to SMEs in Europe. This systemic shortage of equity capital, in turn, affects the investment capacity of these funds and hinders the growth potential of the underlying companies.

This operation represents the continuation of an important new product designed by the Bank under EFSI in 2017, which aims to address structural market failures in the equity market in Europe: the EIB Group SME Funds Investment Facility. The Facility was created to build upon the EIB Group expertise and to address sub-optimal investment situations in the private equity/venture capital industry. The Facility is expected to help funds reach optimal fund sizes in the context of a strong financing gap.

The EIB Group SME Funds Investment Facility has been made possible only thanks to EFSI support, given the riskiness of underlying transactions. As an equity investment, the operation falls under the EIB Special Activity category. Through the targeted funds, underlying companies will have access to long-term equity risk capital that complements traditional credit products available in the target markets.

EFSI support thus remains critical in continuing supporting a large number of specialised SME funds in Europe, in addressing the unmet demand for long-term equity financing and in supporting the SME segment. The Facility will continue increasing the availability of risk-bearing capital for private equity fund managers and hence will contribute to address the existing market gap for SME financing, with a high impact on growth and employment all over Europe.

## Set of indicators related to the macroeconomic environment

### Regional - EU countries - Economic environment

#### Economic Performance

	EU 2016	EU 2016	US 2016	EU 2001-2007
GDP per capita (EUR, PPS)	29,440	29,440	42,615	28,710
GDP growth (%)	1.9	1.9	1.6	2.3
Potential GDP growth (%)	1.3	1.3	2.1	2.1
Output gap (% of potential GDP)	-0.75	-0.75	-0.03	1.0
Unemployment Rate (%)	8.2	8.2	4.7	8.5
Unemployment Rate (%) - Y/Y change (% points)	-0.8	-0.8	-0.3	-0.26
Bank-interest rates to non-financial corporations (%)	1.4	1.4	1.8	3.9
Bank-interest rates to non-financial corporations (%) - Y/Y change (% points)	-0.21	-0.21	-1.4	-0.02
Investment rate (GFCF as % of GDP) - Total	19.7	19.7	19.6	21.4
Investment rate (GFCF as % of GDP) - Public	2.7	2.7	3.4	3.1
Investment rate (GFCF as % of GDP) - Private	17.0	17.0	16.2	18.3

#### General Sector Indicators

	2013	2014	2015	2016	EU (latest available)
Value added in Financial service activities, except insurance and pension funding (% of total)	--	--	--	--	3.9
Employment in Financial service activities, except insurance and pension funding (% of total)	--	--	--	--	1.6

#### SME/midcap

	2013	2014	2015	2016	EU (latest available)
Share of SMEs with Access to Finance Difficulties (%)	30.7	34.3	24.2	20.9	20.9
Availability of Private equity (Thousand euro)	38,151,245	42,409,428	50,288,356	50,091,574	50,091,574
Availability of Venture Capital (Thousand euro)	3,220,414	3,360,585	3,809,308	4,035,807	4,035,807

- Country average for "GDP per capita (EUR, PPS)" is calculated in real terms

- EU value for "Bank-interest rates to non-financial corporations" corresponds to Euro Area average; Country average is the simple average between 2003 and 2007

- The EU value is displayed as the value in the year that corresponds to the latest value of the indicator in a particular country



### **Other indicators<sup>3</sup>**

#### **Key project characteristics**

Expected at PCR	
Start of works	
End of works	
Project investment cost	5,000.00 MEUR
EIB/EFSI eligible investment mobilised	8,368.00 MEUR
External EFSI multiplier	16.73
External EIB (non-EFSI) multiplier	0.00
Amount of private financing	2,500.00 MEUR
Quick start (% of expenditure during 2015-2018)	100.00 %
Co-financing with national promotional banks	0.00 MEUR
Co-financing with structural funds (ESIF)	0.00 MEUR
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc)	0.00 MEUR
Energy efficiencies realised	0.00 MWh/a
Climate Action indicator	
Employment during construction - temporary jobs	0 person years
Employment during operation - new permanent jobs	25,000 FTE

<sup>3</sup> For additional information on the EIB's assessment of the project's environmental and social aspects, please refer to the project's Environmental and Social Data Sheet (ESDS) published on the EIB website. The abbreviation PCR stands for Project Completion Report.