



Financing SMEs to drive economic growth

Small and medium-sized enterprises (SMEs) are important drivers of growth, employment and innovation in Europe; they represent over 90% of businesses and employ two-thirds of the active working population. The EIB Group – the European Investment Bank (EIB) and the European Investment Fund (EIF) – seeks to ensure better access to finance for SMEs at all stages of development through a range of tailored guarantees and equity instruments. The EIB Group also focuses on developing national and regional partnerships that facilitate access to finance for SMEs in a bid to boost innovation, competitiveness and employment opportunities.

“ EUR 28.4bn for
European SMEs and
midcaps provided
by the EIB Group
in 2015, helping to
create and sustain
4.1 million jobs



How do we support SMEs?

The financial crisis has had a profound impact on Europe's SMEs, rendering them more dependent on external sources of funding. In a highly regulated environment, with the majority of financing institutions constrained to deleveraging and lowering risk exposure, many SMEs have found it hard to gain access to external funding, not least the small start-ups, those pursuing innovative projects or seeking to expand or invest in foreign trade. The EIB Group's response has been to continue focusing a fundamental stake of its lending activity (29% in 2015) to ensure strong support to SMEs and, in parallel, to tailor its product offer to their specific needs during this difficult period. To this end, the EIB Group works through a wide network of financial institutions and investment funds across Europe, while also supporting midcaps with direct loans, notably those that are more innovative.

The Loan for SMEs ([L4SME](#)) is the core EIB product supporting SMEs' access to finance. Allocated to SMEs through a



We make a difference through our:

Comprehensive scope	wide range of tailored instruments
Catalytic effect	encouraging additional private and public sector investment
Expertise	providing advisory services and helping our counterparts meet high standards

wide network of financial intermediaries, it is geared primarily towards fostering access to finance and also to targeted initiatives among which Jobs for Youth, agriculture, internationalisation of companies, sustainability and micro-finance.

The EIF, as part of the EIB Group, is supporting smart, sustainable and inclusive growth for SMEs and small midcaps. The EIF is supporting SMEs with a range of specific products to enhance access to finance and contribute to boosting entrepreneurship and innovation in Europe using its own financial resources or capital entrusted by the EIB, the European

Commission and other financial agents and third parties, with special focus on technology transfer, venture capital, growth equity, mezzanine funding and social impact investments, including microfinance.

In 2015, the EIB Group also extended collaboration with the European Commission by continuing the strong implementation of existing SME-related mandates such as [Horizon 2020 InnovFin – EU Finance for Innovators](#), managed by the EIB and the EIF, the [COSME – Competitiveness of Enterprises and SMEs](#), and the [EaSI – Employment and Social Innovation initiative](#) implemented by the EIF.



Highlights in 2015

- Record levels of support to SMEs with EUR 28.4bn in new operations signed
- Some 240 000 SMEs employing approx. 4.1 million people received the support of the EIB Group
- Partnership with nearly 1 000 financial intermediaries, such as banks and leasing companies, guarantee and microfinance institutions, private equity fund managers
- A new generation of financial instruments emerged through dedicated thematic programmes such as [InnovFin – EU Finance for Innovators](#), [COSME – Competitiveness of Enterprises and SMEs](#), and [EaSI – Employment and Social Innovation](#)
- In partnership with the European Commission, the successful launch of the [SME Initiative](#) in the first countries to benefit
- 84 EIF/EFIS operations mobilised EUR 25bn for 81 000 SMEs
- Outside the EU, 6 000 SMEs employing some 280 000 people were supported by the EIB Group

Innovative products launched in 2015

2015 was a successful year for the EIB Group in terms of support to SMEs. First, the Bank, the EIF and the European Commission launched the [SME Initiative](#) in Spain and Malta in order to boost small and medium-sized companies. Other countries, such as Bulgaria, Romania, Finland and Italy will join in the course of 2016. In Spain the initiative is expected to generate [EUR 3.5bn](#) of financing in [16 regions](#) of the country. In Malta, the initiative should foster EUR 60m of financing for small and medium-sized Maltese companies.

A new collaboration between the EIB and the European Commission, the [Private Finance for Energy Efficiency \(PF4EE\)](#), was also established in 2015 to help Member States meet energy-saving targets in line



with the EU energy and climate goals. The PF4EE, which is targeted at financial intermediaries, offers risk sharing on energy efficiency loan portfolios and the possibility of obtaining technical assistance, both funded by the European Commission and additional EIB financing. The first deals were in the Czech Republic, Spain and France. The EIB targets about **EUR 250m of PF4EE** lending each year. No more than one intermediary per Member State will be selected and up to a maximum of 10 to 15 financial intermediaries in total.

The Employment and Social Innovation (EaSI) initiative, for its part, is a new EU programme to promote sustainable employment and help foster adequate and decent social protection. It aims to fight social exclusion and poverty, and improve working conditions in line with the Europe 2020 strategy. The EaSI guarantee builds on the success of its predecessor programme, the European Progress Microfinance Facility (EPMF), which the EIF has been implementing on behalf of the European Union since

2010. As under all other programmes, the EIF does not provide direct financial support to individuals or enterprises but it implements the facility through local financial intermediaries, such as microfinance, social finance and guarantee institutions, as well as banks. By end-2015, the EIF had signed 11 transactions, of which 10 microfinance deals and one social entrepreneurship agreement, totalling EUR 27.2m with financial intermediaries in Italy, Ireland, France, the Netherlands, Poland, Romania, Spain and the UK.



SMEs facts and figures

In 2015 the EIB:

- provided loans for a total amount of **EUR 19.8bn** helping to create and sustain more than **3 million jobs** in Europe's SMEs and midcaps;
- devoted **over 25%** of its financing to small and medium-sized businesses.



In 2015 the EIF:

- supported access to finance for **110 000 businesses** and helped sustain **over 700 000 jobs**;
- committed a record **EUR 2.2bn** in **85** different funds, leveraging **almost EUR 10bn** in additional investments;
- committed **EUR 4.9bn** to guarantee and microfinance, mobilising over **EUR 17bn**.

Filling market gaps thanks to EFSI

Small and medium-sized companies across Europe face funding constraints as they tend to be perceived by financial institutions as riskier than larger ones. [The European Fund for Strategic Investments \(EFSI\) targets this sector, aiming to boost the recovery of the EU economy.](#) An EIB Group and European Commission joint initiative, pooling a EUR 16bn guarantee from the EU budget with EUR 5bn of the EIB's own capital, EFSI mobilises private financing with the objective of decreasing disparities between regions and restoring investor confidence. This centrepiece of the three-year Investment Plan for Europe is well on track: in less than one year, it has sparked investment with the potential to trigger EUR 100bn, roughly a third of its target.

While InnovFin is geared toward SMEs and small midcaps with research, development and innovation potential or investments in RDI activities, COSME aims at supporting riskier SMEs. Starting in 2015, COSME and InnovFin are now benefiting from support under EFSI. In 2015 for instance, the COSME guarantee supported under EFSI enabled the EIF to sign a deal with KfW to support EUR 1bn of loans to start-ups in Germany by 2018. More than 20 000 German start-ups could benefit from this deal.

EFSI to every corner of Europe

In August 2015, the EIF signed a deal in the Czech Republic to counter-guarantee the guarantees of ČMZRB, a state-owned development bank based in Prague. By end-2015 ČMZRB had **guaranteed loans for 400 small businesses**. "This was an excellent year," says Lubomir Rajdl, deputy chief executive of ČMZRB. "The COSME guarantee backed by EFSI made it possible." In the next two years Rajdl expects the programme to support EUR 160m of loans to 1 400 small businesses.

One of ČMZRB's first guarantees was on a EUR 92 500 loan to OVEX Plus, a waste management company in Ostrava, the Czech Republic's third-largest city. With the loan and some of its own money, OVEX bought a new technology that allowed dust-free storage of ash produced by the energy, coal and metal industries across Moravia and Silesia. That's important in a region where air quality is seriously affected by industrial production. "The technology helps boost our position in the power and energy market in a sustainable and effective way," says Miroslav Olszovy, executive director at OVEX. "There are also positive environmental aspects of the new technology, which is important, especially for our region".



EIB signs first EFSI deal in Greece

In May 2016, the EIB signed a EUR 15m financing agreement with Creta Farms SA, the first EIB transaction in Greece to benefit from the support of the EU budget guarantee under EFSI. The company's strategy involves the development of new product lines in the cold cut meat and dairy food industry. The loan is expected to help to create more than 100 new jobs.

During the same week, the EIF also signed its first EFSI-backed deal in Greece, a EUR 20m agreement with ProCredit Group to provide loans for innovative SMEs. Overall, EIB loans to Greece now total around EUR 18bn, approximately 10% of the country's GDP.



Microfinance to help refugees get started

Europe is faced with the largest migration of displaced people since the end of World War II. To cope with this emergency and show its solidarity, the EIB Group, which has a longstanding record in microfinance, is providing microcredits to help people get on their feet in Europe and accelerate integration.

When refugees receive the finance they need, they enrich their new community by creating jobs and adding cultural diversity. This was the case of Said al-Obaidi, an engineering student in Iraq who made it to Belgium as a refugee where he decided to start a business repairing laptops. Banks turned him down for the EUR 3 000 he needed to rent a store. So he went to microStart, a Brussels company that provides business loans as small as EUR 500. Thanks to several microStart loans and al-Obaidi's hard work, his shop on Boulevard Anspach in central Brussels is a success. "microStart are very kind people. I felt they were my friends, even before they gave me the loan."

"From the cultural, economic and social point of view, refugees are an opportunity

for European economies," says Patrick Sapy, director-general of microStart, the company that helped Said al-Obaidi finance his laptop repair shop in Brussels. "The way to create positive social and financial inclusion is to help them start a small business."

In 2015, the EIF extended its microfinance programme signing with six microfinance lenders from around Europe to provide guarantees that will [unlock loans worth](#)

[EUR 237m to 20 000 small businesses.](#)

With many refugees arriving from the Middle East and large movements of workers seeking stable incomes within the EU, these loans are more and more important to the continent's economic future.



Innovation for life

The InnovFin Infectious Diseases Finance Facility funds the early, risky stages of vaccines, treatments and medical devices. Its first loan of EUR 10m was to Cavid, a Swedish biotech firm developing a device to monitor AIDS patients in case they become resistant to their medication. The device, called Ziva, will be on the market in late 2016 as a "viral load monitor". Of the 35 million HIV sufferers around the world, 34 million are in poor countries without the complex laboratory facilities needed to monitor AIDS drugs.

"They just don't have access to diagnostics," says Andrew Oldfield, a Cavid director. Soon a nurse in even a remote clinic will be able to take a blood sample, run it through Ziva and get a result. "As a small company with a novel technology, the EIB's support has been crucial", Oldfield adds. "We now have a good chance of bringing this to market and really helping people."



UK: local business, global player

Family-owned business Vickers Laboratories was established in 1969 as a manufacturer of chemicals. In 1995 the company was able to expand by moving from its original site in Burley-in-Wharfedale to a purpose-built site complete with manufacturing facilities and offices in Leeds. With the help of a GBP 160 000 EIB credit loan the company has been able to continue to increase its capacity with the purchase of two new manufacturing units.

Managing Director, Steve Foster, expressed the impact of this on the business which now employs 31 people. "Thanks to the EIB loan, our workflow is now excellent. We have the capacity to expand by another 30% and see the future as very bright. Without taking on the loans and the investment, we would have had no hope of expanding. A small business has to move and be very agile and obviously the extra money that we got did help put us in the position of a truly world class manufacturer."

Boosting one-person businesses

In Bilbao, interior designer Elisabete Azkoaga has been able to make her dream of opening up her design ideas to a wider public come true thanks to the help of a EUR 15 000 loan from an EIB partner bank, MicroBank.

After two years working hard from home, Elisabete wanted to expand her business but lacked the necessary finance. Elisabete's company, Azkoaga Interiorismo, offers interior design services which incorporate second-hand furniture and objects designed in Africa sourced from local projects. "When I took the decision to open the shop I told a friend about my plans and my need to ask for a loan. She thought that the best thing was to apply for a micro-loan from MicroBank, supported by the European Investment Bank. I am happy because I have been very clearly focused on being my own boss and doing what I want ever since I finished my interior design studies", she says.

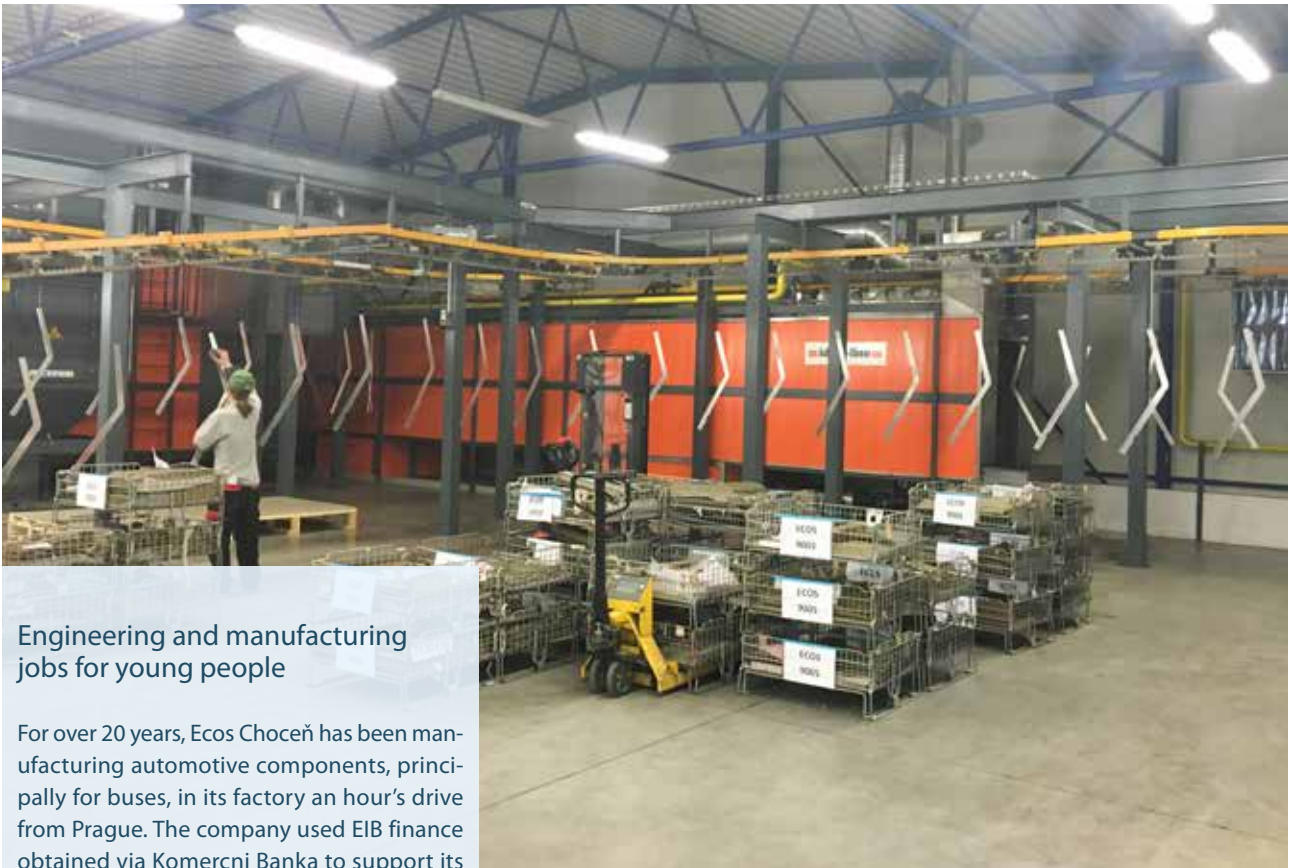
The EIB has a longstanding partnership with MicroBank, the Social Bank of CaixaBank Group which specialises in microfinance. EIB funds are used to provide loans on attractive terms to microenterprises and entrepreneurs' start-ups across Spain.



Bringing strength to Emilia-Romagna after a natural disaster

Borghi Imballaggi Srl has been active for some 40 years in the sector of corrugated cardboard packaging. As with many other businesses in the Emilia-Romagna region it was shaken by the 2012 earthquake but Borghi was determined to contribute to the recovery by prioritising innovation and growth to rebuild the community. Banca Popolare dell'Emilia Romagna, a partner bank in the region, provided Borghi with a EUR 550 000 loan for a state-of-the-art third production line. The impact on the company has been significant. Three new workers have been hired, and Borghi Imballaggi has been able to purchase a new building to replace properties damaged by the earthquake.

Borghi is not alone in promoting social cohesion in the region following the 2012 natural disaster. Il Raccolto Soc. Coop. Agricola, an agricultural enterprise, produces grain, barley, corn, sorghum, soya and sunflowers. Given the need to increase the fertility of the soil and sustain a cost-effective yield to improve the profitability of the business, the enterprise also received a EUR 400 000 loan via EIB partner bank Banca Popolare dell'Emilia Romagna. The investment has been used to implement an innovative fertigation system, ensuring high production while limiting the use of chemical fertilisers, reducing the effects of climate change and enabling additional employment opportunities.



Engineering and manufacturing jobs for young people

For over 20 years, Ecos Choceň has been manufacturing automotive components, principally for buses, in its factory an hour's drive from Prague. The company used EIB finance obtained via Komerční Banka to support its plans for expansion.

Ecos Choceň is a private family-owned engineering company. Having started out in rented premises with 10 staff members, the firm now occupies 10 000 m² of production and warehouse space and employs a total of 275 people. In addition to automotive component manufacture, Ecos Choceň provides a range of structural design, production and product completion services both for the local market and for export to other EU countries.

In order to remain competitive, Ecos Choceň needed to expand and introduce new technology. Thanks to its commitment to employing young people, the firm was able to support its plans for expansion with an EIB loan of EUR 737 572 from Komerční Banka. The loan was granted under the Jobs for Youth initiative, which provides finance for small companies hiring people under the age of 29 and offering vocational training programmes or internships or cooperating with a technical college, school or university.



Future focus

Support for SME finance is an EIB Group core policy priority. The focus for the next few years will be on:

- Facilitating the availability of intermediated financing and risk-sharing products for micro-enterprises, SMEs and midcaps through a broad range of financial intermediaries
- Continuing to address specific market gaps in SME and midcap finance by implementing the new EU financial instruments for the 2014-2020 Multiannual Financial Framework, amongst other solutions
- Responding to evolving EU policy priorities such as youth employment, competitiveness and the internationalisation of SMEs
- Furthering cooperation with the European Commission, Member States and public promotional institutions

Financing SMEs to drive economic growth

EIB Group at a glance

The EIB Group consists of the European Investment Bank (EIB) and the European Investment Fund (EIF).

As the EU bank, the EIB provides long-term finance for sound, sustainable investment projects in support of EU policy goals in Europe and beyond. Owned by the 28 EU Member States, we are the largest multilateral lender and borrower in the world.

The EIF is Europe's leading risk finance provider for small and medium-sized enterprises (SMEs) and midcaps.

Local companies in Ghana benefiting from EIB support

In May 2015, the EIB agreed to provide a EUR 10m loan to uniBank Ghana to support private businesses across Ghana and further develop the country's financial sector. This EIB credit line is the third under a EUR 80m facility launched in 2013 to improve access to finance by companies in Ghana. Earlier credit lines under the EIB facility were signed with Société Générale Ghana and Ecobank Ghana. The new credit line enabled uniBank Ghana to provide loans with a tenor of up to eight years, much longer than typically available, and enabled the creation of 138 jobs at five final beneficiary companies.

On-lending through the wider EIB facility has supported investment in agriculture, manufacturing, construction, transport, education, and healthcare. By providing further impetus for long-term investment by Ghanaian companies, EIB financing has supported economic growth and driven job creation through new business opportunities in this very buoyant African market.



Information Desk

+352 4379-22000
+352 4379-62000
info@eib.org

European Investment Bank

98-100, boulevard Konrad Adenauer
L-2950 Luxembourg
+352 4379-1
+352 437704
www.eib.org/smes

twitter.com/EIB

facebook.com/EuropeanInvestmentBank

youtube.com/EIBtheEUBank



European Investment Fund

37B, avenue J.F. Kennedy
L-2968 Luxembourg
+352 2485-1
+352 2485-81200
info@eif.org
www.eif.org

