

A man and a woman, both wearing dark green aprons over white shirts, are standing in a bakery. They are looking at a tablet computer held by the man. The woman is holding a white cup. In the background, there are shelves filled with various types of bread. In the foreground, there are trays of pizzas and sandwiches.

SME ACCESS TO FINANCE INITIATIVE



**European
Investment
Bank**

The EIB bank

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in the EU Neighbouring
Countries.**



WHY SMALL AND MEDIUM BUSINESSES?

Small- and medium businesses (SMEs) are the backbone of the economy across the globe. SMEs account for the majority of businesses worldwide and are important contributors to job creation and global economic development. They represent about 90% of businesses and more than 50% of employment worldwide. However, one of the biggest constraints on business growth for SMEs is a lack of access to finance.

The European Investment Bank (EIB) is stepping up its support for the private sector to help deal with the impact of the coronavirus (COVID-19) pandemic. The SME Access to Finance Initiative is focused on the EU Neighbouring Countries and Sub-Saharan Africa. It is a part of the EIB's wider response package to support small and medium enterprises, which are particularly vulnerable to economic shocks.

WHAT IS THE SME ACCESS TO FINANCE INITIATIVE?

The EIB has joined forces with the European Union under the External Investment Plan to launch the SME Access to Finance Initiative. Supported by the European Fund for Sustainable Development, this initiative is designed to enhance access to finance for SMEs and underserved groups such as startups or women- and youth-led businesses.

HOW DOES THE SME ACCESS TO FINANCE INITIATIVE WORK?

Supported by the European Fund for Sustainable Development, the SME Access to Finance Initiative is a joint programme of the European Union and the European Investment Bank. The initiative offers medium to long-term funding and a risk-sharing instrument. It facilitates access to finance for SMEs and underserved groups such as startups or women- and youth-led businesses in the EU Neighbouring Countries and Sub-Saharan Africa.

The initiative is expected to support hundreds of SMEs and sustain thousands of jobs.

SENIOR LOANS

- Long-term financing, from to 5-7 years, depending on the financial intermediaries' debt-servicing capacity
- Made available in euro, US dollars or, in some cases, local currency
- Pricing reflects the individual transaction risks as well as local market conditions
- Interest rates, as applicable, can be set on a floating or fixed-rate basis

GUARANTEES

- **Standard partial portfolio guarantees:** covering up to 50% of first loss for each underlying SME debt instrument on an individual basis
- **Enhanced partial portfolio guarantees:** providing first loss coverage of up to 80% on loans to startups, women- or youth-led businesses, SMEs located in specific geographical areas or affected by the COVID-19 pandemic

The cap rate is set at up to 20% based on a first loss piece for the entire portfolio of newly originated SME debt.

The guarantees support SME loans, including revolving loans, as well as other debt financing, to finance costs related to the setting-up or development of an enterprise (investment and working capital).



Financial intermediaries grant financing on favourable terms, can take on more risk and expand their lending activities.

WHICH FINANCIAL INTERMEDIARIES ARE ELIGIBLE?

Commercial banks, national promotional banks, guarantee institutions and any public or private institutions that provide loans and/or other debt instruments to SMEs and underserved groups, such as startups or businesses led by women or young people.

HOW ARE FINANCIAL INTERMEDIARIES SELECTED?

The EIB selects financial intermediaries following a number of criteria, including financial standing, financing capacity, operational capabilities, and expected impact (e.g. volumes and geographical outreach).



Final beneficiaries benefit from better terms and conditions thanks to the reduced collateral requirements and/or lower financing costs.

WHICH FINAL BENEFICIARIES ARE ELIGIBLE?

- SMEs with fewer than 250 full-time employees
- SMEs affected by the COVID-19 pandemic
- Startups: SMEs with fewer than 50 full-time employees and operating for less than 36 months
- SMEs at least 50% owned by women or young people aged less than 35 years
- Women individual entrepreneurs
- Young individual entrepreneurs, aged less than 35 years
- Other EIB criteria may also apply

WHICH COUNTRIES ARE ELIGIBLE?

The SME Access to Finance Initiative targets businesses established and operating in the EU Eastern and Southern Neighbouring Countries:

- Algeria
- Armenia
- Azerbaijan
- Belarus
- Egypt
- Georgia
- Israel
- Jordan
- Libya*
- Lebanon
- Moldova
- Morocco
- Palestine**
- Syria*
- Tunisia
- Ukraine

Selected countries in Sub-Saharan Africa are also eligible.

(*) The EIB's negotiations for an agreement with Libya are on hold. Following EU sanctions in November 2011, the EIB suspended all work in Syria.

(**) This shall not be construed as recognition of a state of Palestine and is without prejudice to the positions of each EU country.

Further information on the SME Access to Finance Initiative, instruments and eligibility criteria can be found on [our website](#)

For more information on becoming an intermediary under the SME Access to Finance Initiative, please contact smeaccess2finance@eib.org

