



MINISTERUL ECONOMIEI, COMERȚULUI ȘI
RELAȚIILOR CU MEDIUL DE AFACERI



SMEs Financing in Romania

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Bucharest, 2016

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1. InvestRomania – an introduction

InvestRomania 2016 strategy will follow 6 guiding principles supporting the improvement of investment value proposition

Website as a dedicated investor tool

- Relevant database for independent search
- Key links to state aid and local incentive schemes
- Map of the industrial parks in Romania
- Yearly Investors' Survey
- Investors Guide for Romania
- Why is Romania different "The Romanian bug"

"Industry of the month"

- Monthly proactive promotion on key industries:
 - ICT & BPO
 - Auto and auto parts
 - Aerospace
 - Agriculture
 - Bio-economy
 - Creative industries

Local assets - key investment driver

- Regular working visits in different areas of Romania to understand the potential but also to build a network of local people that facilitate investors actions in the area

Connectivity

- Investor meetings: Agenda alignment with key administration officials
- Strategic priorities: Alignment with existing economic development and key partnerships
- Investment events: align with other Government entities, embassies, investor councils

Client focus and prioritization

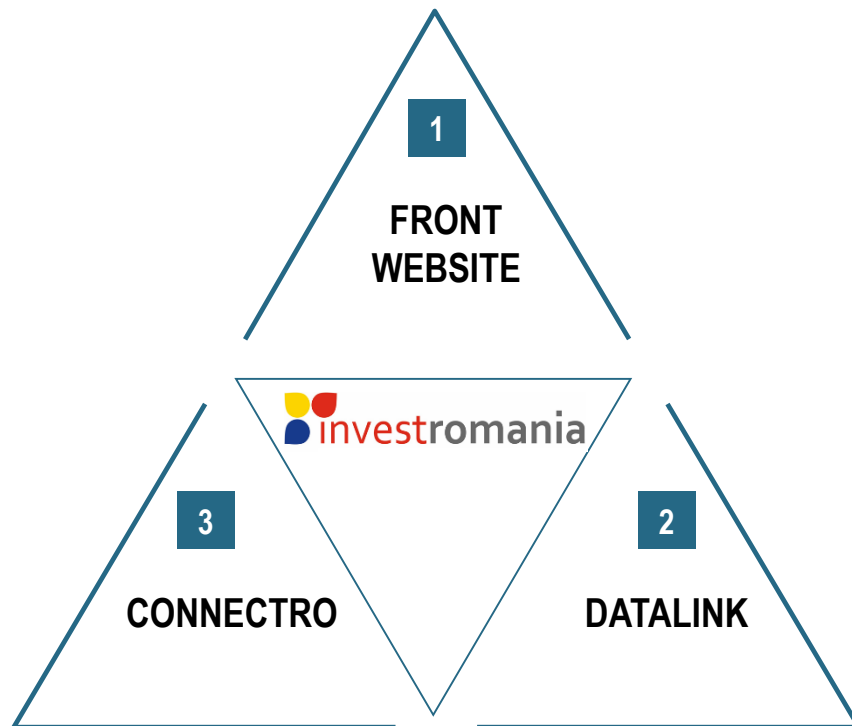
- Client centric approach
- Prioritize existing investors – they can be engines of growth, ambassadors, and valuable partners
- Clear direction for reactive and proactive outreach strategy

Alignment of the message / story

- InvestRomania will function as a unifier of the investment narrative across various channels (e.g., MFP, PM cabinet, other ministries, selectively, other venues)

InvestRomania
2016
strategy

A short, cheap and frictionless decision making process for investors in Romania – that is the vision of the dedicated platform



1 Front website – www.investromania.gov.ro

- Reflects why Romania is an important growth opportunity compared to regional peers
- Contains an overview of the Romanian economy, the most relevant business sectors, important legislation and what is it like to live in Romania

2 DataLink – the data engine for business in Romania

- Closes the info gap between investors and data
- Contains customizable quantitative information on:
 - Market sizes of the most important sectors
 - Companies' financial data (P&L, BAL SH)
 - Industrial parks capabilities and availability
 - Educational output
 - Employee compensations and labor costs

3 ConnectRo – M&A and JV Support platform

- Brings together investors and future partners
- Contains profiles on local companies looking to develop a partnership with foreign investors

A central pillar for InvestRomania is also the promotion of the 6 key industries for the economy as part of “Industry of the month”

Key 6 industries

IT & C

Automotive

Agribusiness

Bio – economy

Aerospace

Creative industries

Overview

- Every month, starting with May, InvestRomania is going to promote each of the most relevant industries for our economy
- The aim of the project is to foster communication and facilitate investment, import of know-how and technology, ultimately leading to sustainable growth
- The first promoted industry will be IT&C, in the month of May
 - InvestRomania has made contact with the most important technology and IT&C associations in the country
 - We will participate in IT&C focused events all over the country, including Techsylvania and Innovation Labs
 - Our input is about solving informational gaps for the local entrepreneurial ecosystem regarding potential financing opportunities
- Follow-up of the project implies maintaining contact with stakeholders and continue to foster communication between industry players and potential new investors

2. Financing instruments for SMEs

The Ministry of Economy finances and manages a total of 10 initiatives, with a total 2016 budget valued at over EUR 37 million

Program name	Objective	Beneficiaries
START	<ul style="list-style-type: none"> Support the development of start-ups founded by debutant entrepreneurs 	<ul style="list-style-type: none"> SMEs**
Rural	<ul style="list-style-type: none"> Support development of SMEs in the rural areas 	<ul style="list-style-type: none"> SMEs Cooperatives*** and individual entrp.
COMMERCE	<ul style="list-style-type: none"> Strengthen the marketing capacity of companies and develop comm. activity 	<ul style="list-style-type: none"> SMEs
Microindustry	<ul style="list-style-type: none"> Support the development of the industrial and manufacturing sectors 	<ul style="list-style-type: none"> Microenterprises SMEs
SRL – D	<ul style="list-style-type: none"> Support the development of start-ups founded by debutant entrepreneurs 	<ul style="list-style-type: none"> SRL – D (microenterprises founded by debutant entrepreneurs)
Women in Mgmt.	<ul style="list-style-type: none"> Improve the performance of businesses run by women 	<ul style="list-style-type: none"> Individual enterprises Microenterprises
Business Incubators	<ul style="list-style-type: none"> Development of incubators that facilitate startups growth 	<ul style="list-style-type: none"> Newly founded SMEs Microenterprises (including SRL – D)
Arts & Crafts	<ul style="list-style-type: none"> Strengthen the marketing capacity of companies and develop comm. activity 	<ul style="list-style-type: none"> SMEs Coops., individual entrp., assoc.
UNCTAD/ EMPRETEC	<ul style="list-style-type: none"> Strengthen the marketing capacity of companies and develop comm. activity 	<ul style="list-style-type: none"> Entrepreneurs Managers
TIMM	<ul style="list-style-type: none"> Strengthen the marketing capacity of companies and develop comm. activity 	<ul style="list-style-type: none"> SMEs

*Companies with under 10 staff and turnover <EUR 2M (or assets <EUR 2M);
assets >EUR 2M and <EUR 43M);

** Companies with staff >10 and <250 and turnover >EUR 2M and <EUR 50M (or

*** Independent association of individuals and/ or legal entities

The START program aims to develop entrepreneurial skills in young people, fostering entrepreneurship among them

Program name

START

Objective

- Development of entrepreneurial skills among young people

Beneficiaries

- Microenterprises*
- SMEs**

Budget (2016)

- EUR 3.1 million

Grant

- Approx. EUR 26 000
- 10% minimum contribution from the applicant

Timeline (estimate)

- Estimated program opening in 2016: April
- Program opening in 2015: July

Beneficiaries (estimate)

- 141 microenterprises and SMEs

Eligibility Conditions

- Eligible NACE code
- 2 years since incorporation
- Did not receive similar grants in previous years
- Did not reach the minimis limit of 200,000 EUR over 3 financial years
- Have no fiscal debts

Eligible Costs

- Technological equipment, machinery installation, software
- Utility vehicles, acclimatization installations, equipment for energy savings
- Acquisition of working spaces, warehouses
- Promotional campaign
- Consultancy

*Companies with under 10 staff and turnover <EUR 2M (or assets <EUR 2M); assets >EUR 2M and <EUR 43M);

*** Independent association of individuals and/ or legal entities

** Companies with staff >10 and <250 and turnover >EUR 2M and <EUR 50M (or

The rural population in Romania still represents a significant market; the START – IMM – Rural program helps SMEs address it

Program name

START – IMM – Rural

Objective

- Support development of SMEs in the rural areas

Beneficiaries

- Microenterprises and SMEs
- Cooperatives*** and individual entrp.

Budget (2016)

- EUR 5.8 million

Grant

- Approx. EUR 28 000
- 10% minimum contribution from the applicant

Timeline (estimate)

- Estimated program opening in 2016: N/A

Beneficiaries (estimate)

- 141 microenterprises and SMEs

Eligibility Conditions

- Eligible NACE code and hire 1 new employee
- Head office in rural area and max. 5 years since the incorporation
- Have no fiscal debts and reinvest at least 30% of profits annually after receiving the grant
- Did not reach the minimis limit of 200 000 EUR over 3y

Eligible Costs

- Technological equipment, machinery installation, software
- Bar code readers, electronic scales, electronic cash register
- Utility vehicles, equipment for energy savings
- Acquisition of working spaces, warehouses
- Trainings, consultancy

*Companies with under 10 staff and turnover <EUR 2M (or assets <EUR 2M); assets >EUR 2M and <EUR 43M);

** Companies with staff >10 and <250 and turnover >EUR 2M and <EUR 50M (or assets >EUR 2M and <EUR 43M);
*** Independent association of individuals and/ or legal entities

Romanian exports are still behind the curve; the program for commerce aims to help SMEs promote themselves better

Program name

COMMERCE

Objective

- Strengthen the marketing capacity of companies and develop comm. activity

Beneficiaries

- SMEs
- Cooperatives

Budget (2016)

- EUR 4.7 million

Grant

- ~30,000 EUR
- 10% - own contribution

Timeline (estimate)

- Estimated program opening in 2016: April

Beneficiaries (estimate)

- 156 economic agents

Eligibility Conditions

- Eligible NACE Code
- At least 2 years of activity
- Did not receive similar grants in the last 3 years
- Did not reach the minimis limit of 200,000 EUR over 3 financial years
- Have no fiscal debts

Eligible Costs

- Bar code readers, electronic scales, electronic cash register
- Technological and IT equipment, machinery installation, software
- Utility vehicles
- Office furniture & ISO
- Acclimatization installations, equipment for energy savings
- Trainings and 4% consultancy costs – max: 5 769 RON

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Manufacturing is one of the most important components of GDP output; the microindustry financing program aims to develop it

Program name

MICROINDUSTRY

Objective

- Support the development of the industrial and manufacturing sectors

Beneficiaries

- Microenterprises
- SMEs

Budget (2016)

- EUR 13.6 million

Grant

- Approx. EUR 56 000
- 10% minimum contribution from the applicant

Timeline (estimate)

- Estimated program opening in 2016: April

Beneficiaries (estimate)

- N/A

Eligibility Conditions

- Eligible NACE Code and have at least 2 years of activity
- Did not reach the minimis limit of 200,000 EUR over 3 financial years
- Have no fiscal debts
- Reinvest at least 30% of profits annually after receiving the grant for 3 years and hire 2 new employees

Eligible Costs

- Technological equipment, machinery
- Bar code readers, electronic scales, electronic cash register, licenses, patents, franchises, software
- IT equipment, website (e-commerce)
- Utility vehicles and acquisition of working spaces, warehouses
- Acclimatization installations, equipment for energy savings
- Trainings and consultancy – 4%

Entrepreneurial culture must be thoroughly sustained and encouraged; through SRL – D, more people can start a business

Program name

SRL – D

Objective

- Support the development of start-ups founded by debutant entrepreneurs

Beneficiaries

- SRL – D (microenterprises founded by debutant entrepreneurs)

Budget (2016)

- EUR 5 million

Grant

- Approx. EUR 10 000
- 50% minimum contribution from the applicant

Timeline (estimate)

- Estimated program opening in 2016: April

Beneficiaries (estimate)

- N/A

Eligibility Conditions

- Is the first company incorporated by the administrator/ associate
- Did not reached the minimis limit of 200,000 EUR over 3 financial years
- Have no fiscal debts
- Did not receive similar grants in the last 3 years

Eligible Costs

- Real estate (land, working space, construction, warehouses)
- Technological equipment, machinery and utility vehicles
- Licenses, patents, franchises, software
- Raw materials, personnel costs, training, accounting, PR Consultancy, IT Consulting

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The Women in Management program aims to improve the performance of businesses run by women all over Romania

Program name

WOMEN IN MGMT.

Objective

- Improve the performance of businesses run by women

Beneficiaries

- Microenterprises
- Individual enterprises

Budget (2016)

- EUR 220,000

Grant

- Approx. EUR 11 000
- 10% minimum contribution from the applicant

Timeline (estimate)

- Estimated program opening in 2016: N/A

Beneficiaries (estimate)

- 20 economic agents

Eligibility Conditions

- Eligible NACE Code
- At least 3 years of activity
- One of the associates must be a woman (51%)
- Did not reach the minimis limit of 200,000 EUR over 3 financial years
- Have no fiscal debts

Eligible Costs

- Technological equipment, machinery, utility vehicles
- Licenses, patents, franchises, software
- Office furniture
- IT equipment, website (e-commerce)
- Acclimatization installations, equipment for energy savings
- Trainings and consultancy – 4%

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** Companies with staff >10 and <250 and turnover >EUR 2M and <EUR 50M (or

Startups flourish in industry specialized hubs/ incubators, which are the main focus of the Business Incubators program

Program name

Business Incubators

Objective

- Development of incubators that facilitate startups growth

Beneficiaries

- Microenterprises (including SRL – D)
- Newly founded SMEs

Budget (2016)

- EUR 1.56 million

Grant

- RON 181 000 for incubators (equipment, software, services)
- RON 3 000 per SME for utilities costs

Timeline (estimate)

- Estimated program opening in 2016: N/A
- Program opening in 2015: July

Beneficiaries (estimate)

- N/A

Eligibility Conditions

- Companies established in the year requesting inclusion
- Registered office established in the region of the Incubator and hires at least 1 employee
- The main activity is the production of goods and/ or services
- Have no fiscal debts

Eligible Costs

- Access to office facilities, training rooms, conference rooms, exhibition spaces
- Access to utilities provided by the Incubator
- Grants
- Access to training, strategy consulting and partnership development assistance

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*** Independent association of individuals and/ or legal entities

** Companies with staff >10 and <250 and turnover >EUR 2M and <EUR 50M (or

The arts & crafts program aims to strengthen the sales and marketing capacities of enterprises engaging in these activities

Program name

ARTS & CRAFTS

Objective

- Strengthen the marketing capacity of companies and develop comm. activity

Beneficiaries

- SMEs
- Coops., individual entrp., assoc.

Budget (2016)

- EUR 200 000

Grant

- RON 1 000 for transportation

Timeline (estimate)

- Estimated program opening in 2016: April

Beneficiaries (estimate)

- 200 economic agents

Eligibility Conditions

- Applicant must be an SME

Eligible Costs

- Organization of national fairs of craftsmen and artisans - sale exhibition
- Seminars, round tables, workshops and presentations to promote products and services provided by artisans and craftsmen
- Dissemination of information materials

*Companies with under 10 staff and turnover <EUR 2M (or assets <EUR 2M); assets >EUR 2M and <EUR 43M);

*** Independent association of individuals and/ or legal entities

** Companies with staff >10 and <250 and turnover >EUR 2M and <EUR 50M (or

Also, entrepreneurs and managers require various types of trainings, a need partly covered through UNCTAD/ EMPRETEC

Program name

UNCTAD/ EMPRETEC

Objective

- Strengthen the marketing capacity of companies and develop comm. activity

Beneficiaries

- Entrepreneurs
- Managers

Budget (2016)

- EUR 113 000

Grant

- N/A

Eligibility Conditions

- Candidates must be Romanian citizens
- Secondary/ upper education with diploma

Timeline (estimate)

- Estimated program opening in 2016: N/A

Beneficiaries (estimate)

- N/A

Eligible Costs

- Development of modern business models
- Encouragement of experience exchanges and relationship development locally and internationally
- Increase in the capacity of SMEs to develop and implement competitive strategies
- Support of SMEs to expand to new markets, increase exports and initiate cross-border cooperation

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** Companies with staff >10 and <250 and turnover >EUR 2M and <EUR 50M (or

The TIMM 2016 program is aimed at strengthening the marketing capacity of companies and develop comm. activity

Program name

TIMM

Objective

- Strengthen the marketing capacity of companies and develop comm. activity

Beneficiaries

- SMEs**
- Cooperatives*** and individual entrp.

Budget (2016)

- EUR 3 000 000

Grant

- N/A

Eligibility Conditions

- Eligible NACE Code
- Have no fiscal debts
- Did not reach the minimis limit of 200,000 EUR over 3 financial years

Timeline (estimate)

- Estimated program opening in 2016: September

Beneficiaries (estimate)

- 450 enterprises and SMEs

Eligible Costs

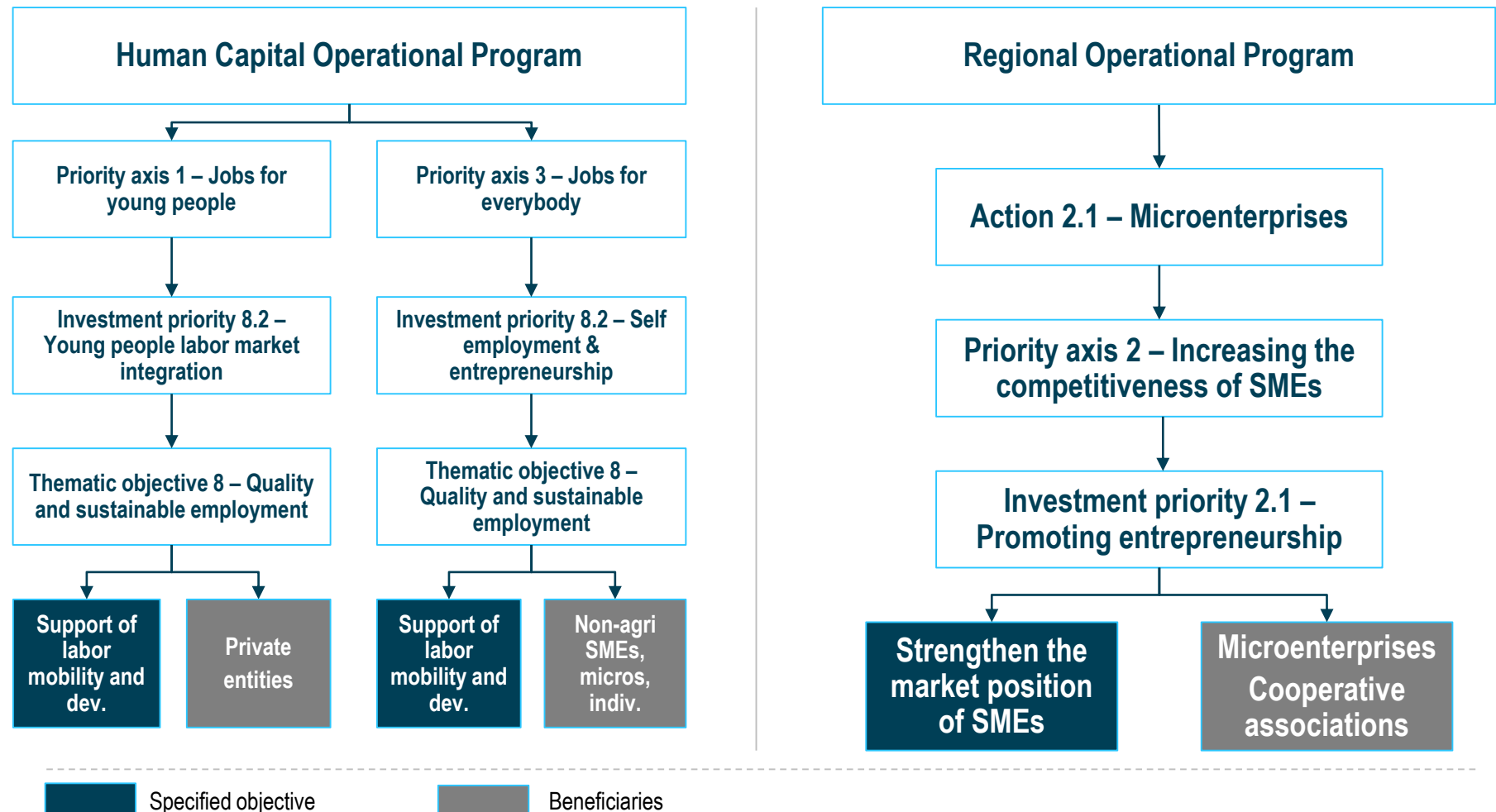
- Organization of national fairs of craftsmen and artisans - sale exhibition
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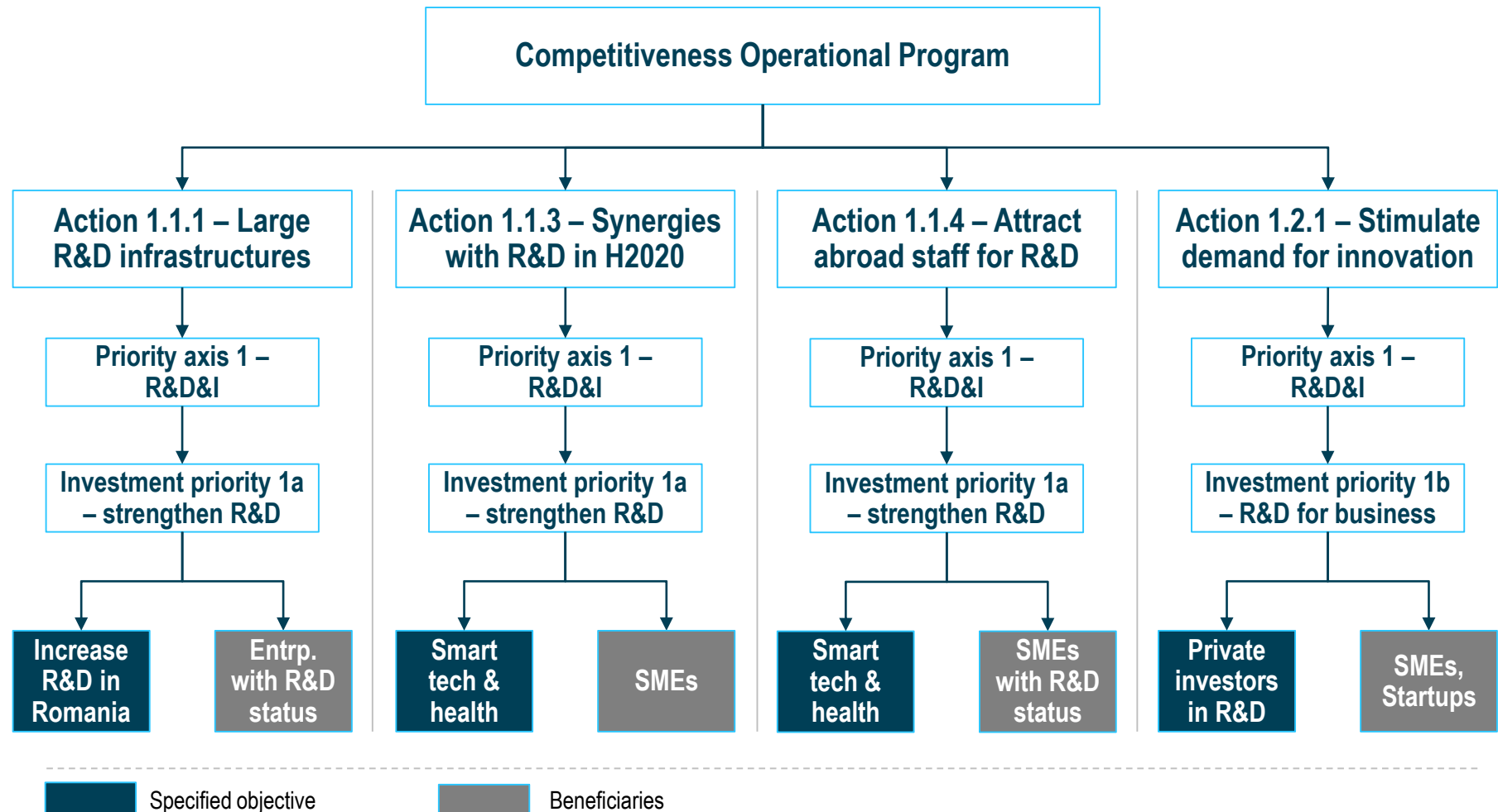
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Local SMEs also benefit from a selection of European Structural Investment Funds, deployed under various programs (1)



Local SMEs also benefit from a selection of European Structural Investment Funds, deployed under various programs (2)



The Regional Operational Program is a financing instrument partly aimed at developing SMEs and entrepreneurial culture

Regional Operational Program

Action 2.1	<ul style="list-style-type: none"> • Microenterprises
Priority axis 2	<ul style="list-style-type: none"> • Increasing the competitiveness of SMEs
Investment priority 2.1	<ul style="list-style-type: none"> • Promoting entrepreneurship spirit • Facilitating the economic exploitation of new ideas • Fostering the creation of new companies, including through business incubators
Beneficiaries	<ul style="list-style-type: none"> • Microenterprises • Cooperative associations
Budget (2016)	<ul style="list-style-type: none"> • EUR 877 million
Grant	<ul style="list-style-type: none"> • EUR 25 000 – 200 000 with a co-financing rate of 10%
Activities	<ul style="list-style-type: none"> • Construction, modernization, expansion of the production/ supply services • Providing tangible, intangible assets

The Human Capital Operational Program aims for a sustainable integration into the labor market, for young people in this case

Human Capital Operational Program

Priority axis 1

- Jobs for young people
- Thematic Objective 8 Promoting sustainable and quality employment and supporting labor mobility

Investment priorities 8.1

- The sustainable integration on the labor market of the young people, especially those who have no job, no education or courses training, including young people who are at risk of social exclusion and youth from marginalized communities

Beneficiaries

- Private entities

Budget (2016)

- EUR 53 million (PA1 – EUR 21M, PA2 – EUR 32M)

Grant

- N/A

Activities

- Improving skills of young people (16-24 years old)
- Providing active employment measures which consist in counseling and guidance, assistance for finding a job
- Basic skills of the persons concerned

Another section of the Human Capital Operational Program has a wider focus, engaging any job seekers, not just the young

Human Capital Operational Program

Priority axis 3

- Jobs for everybody
- Thematic Objective 8 Promoting sustainable and quality employment and supporting labor mobility

Investment priorities 8iii

- The sustainable integration on the labor market of the young people, especially those who have no job, no education or courses training, including young people who are at risk of social exclusion and youth from marginalized communities

Beneficiaries

- Non agricultural SMEs and Microenterprises with at most 1 year of activity
- Individuals

Budget (2016)

- EUR 189 million (EUR 94M for individuals, EUR 94M for SMEs)

Grant

- N/A

Activities

- Providing grants to create new jobs in existing SMEs
- Providing an advisory / extension (ex. developing business plans, legal advice, accounting, marketing, business development and improvement of practices etc.), entrepreneurial training and other forms of support (e.g. mentoring) for business development.

As the most widespread for SMEs, the Competitiveness Operational Program aims for development through R&D

Competitiveness Operational Program

Action 1.1.1

- Large R&D infrastructures

Priority axis 1

- Research, technological development and innovation for supporting the economic competitiveness and business development

Investment priorities 1.a

- Specific Objective 1.1 Increasing the Romanian participation at European Union research area
- Strengthening research and innovation (R & I)

Beneficiaries

- Enterprises with R&D statute

Budget (2016)

- N/A

Grant

- N/A

Activities

- Investments projects for R&D department of enterprises

It also fosters synergies with other EU funding opportunities, the most relevant for R&D being Horizon 2020

Competitiveness Operational Program

Action 1.1.3	<ul style="list-style-type: none"> • Creating synergies with R&D actions from the Horizon 2020 program
Priority axis 1	<ul style="list-style-type: none"> • Research, technological development and innovation for supporting the economic competitiveness and business development
Investment priorities 1.a	<ul style="list-style-type: none"> • Specific Objective 1.1 Increasing the Romanian participation at European Union research area • Strengthening research and innovation (R & I)
Beneficiaries	<ul style="list-style-type: none"> • SMEs
Budget (2016)	<ul style="list-style-type: none"> • N/A
Grant	<ul style="list-style-type: none"> • N/A
Activities	<ul style="list-style-type: none"> • Investment projects that creates R&D synergies with Horizon 2020

Another backbone segment of this particular program is facilitating private investment into R&D to foster competitiveness

Competitiveness Operational Programme

Action 1.2.1

- Stimulating the demand for innovation for companies

Priority axis 1

- Research, technological development and innovation for supporting the economic competitiveness and business development

Investment priority 1.b

- Specific Objective 1.2 Increasing private investment in R & D
- Promoting investments in R&I, developing links and synergies between businesses

Beneficiaries

- SMEs with R&D statute
- Spin-off
- Start-up and new incorporated enterprises

Budget (2016)

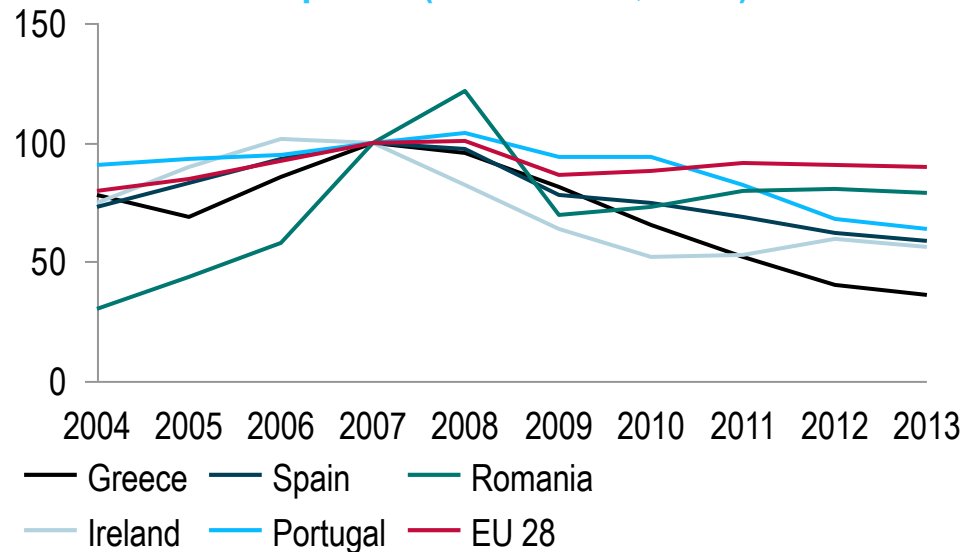
- EUR 189 million (EUR 94M for individuals, EUR 94M for SMEs)

Activities

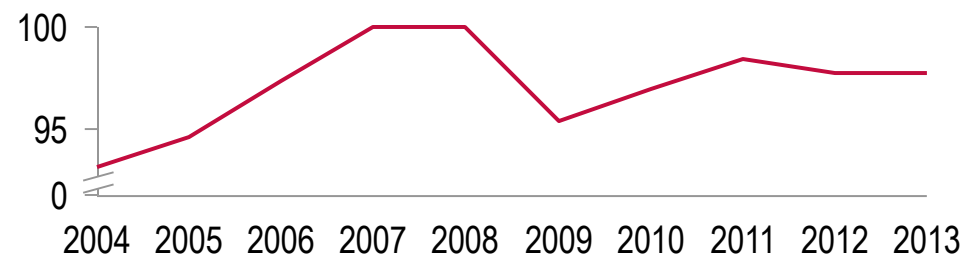
- Innovative projects, which will achieve an innovative product (both for goods and services)

Since the global financial crisis, the European Union has been struggling with low levels of investment, leading to lagging growth

GFCF at current prices (index = 100, 2007)

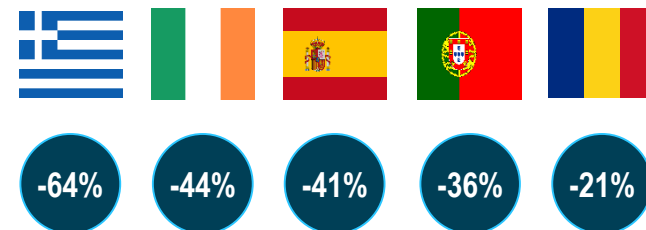


Real GDP per capita, EU (index = 100, 2007)



The problem

- The European Commission's economic forecast in 2015 showed that weak investment has led to a fragile economic recovery from the crisis
- While GDP and private consumption in 2013 bounced back to 2007 levels, total investment was approximately **15% lower compared to the same year**
- The decline in investments between 2007 and 2013 has been even more dramatic in certain member states such as:



To foster growth and boost private investment into value adding projects, the EC and EIB created the Investment Plan for Europe

Vision

- The EU plans to reverse the downward trend of investment and put Europe back on the path of recovery
- Europe's growth catalyzed through growing investment is also a top priority for the Juncker Commission

Persona

- Firstly, the investment plan aims to boost investment through private investors who have been more risk averse in the recovery of the post-crisis era
- Secondly, the plan is dedicated to companies and projects with a riskier profile but with potentially significant added value

INVESTMENT PLAN FOR EUROPE

- Remove obstacles to investments by deepening the single market
- Provide visibility and technical assistance to investment projects
- Make smarter use of existing financial resources and facilitate private investment in value adding projects

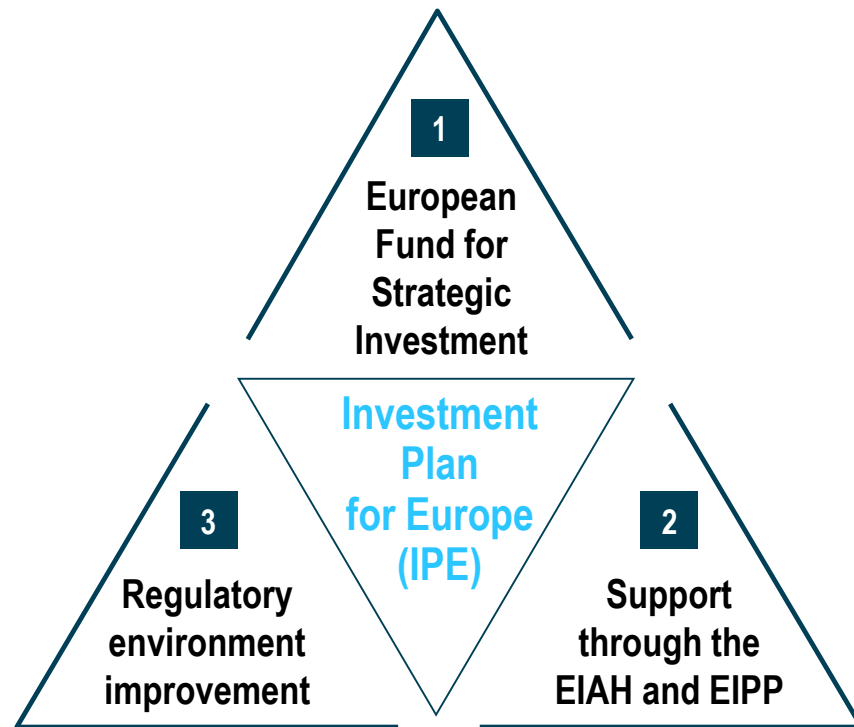
- To accomplish its objectives, the European Commission and the European Investment Bank (EIB) have established the European Fund for Strategic Investments (EFSI) within the EIB
- EFSI's mission is to break the under-confidence and make use of liquidity held by private investors

Mission

Solution

The Investment Plan's proposed outcome is to add EUR 330 – 410 billion to EU's GDP and create 1 – 1.3 million jobs

Investment Plan for Europe outline



1 European Fund for Strategic Investments

- Is essentially an EUR 21 billion risk management tool designed to aid and facilitate investment from already existing capital pools in riskier projects
- Was put together by the European Commission and the European Investment Bank
- Aims to mobilize at least EUR 315 bn in investment

2 Support through the EIAH and the EIPP

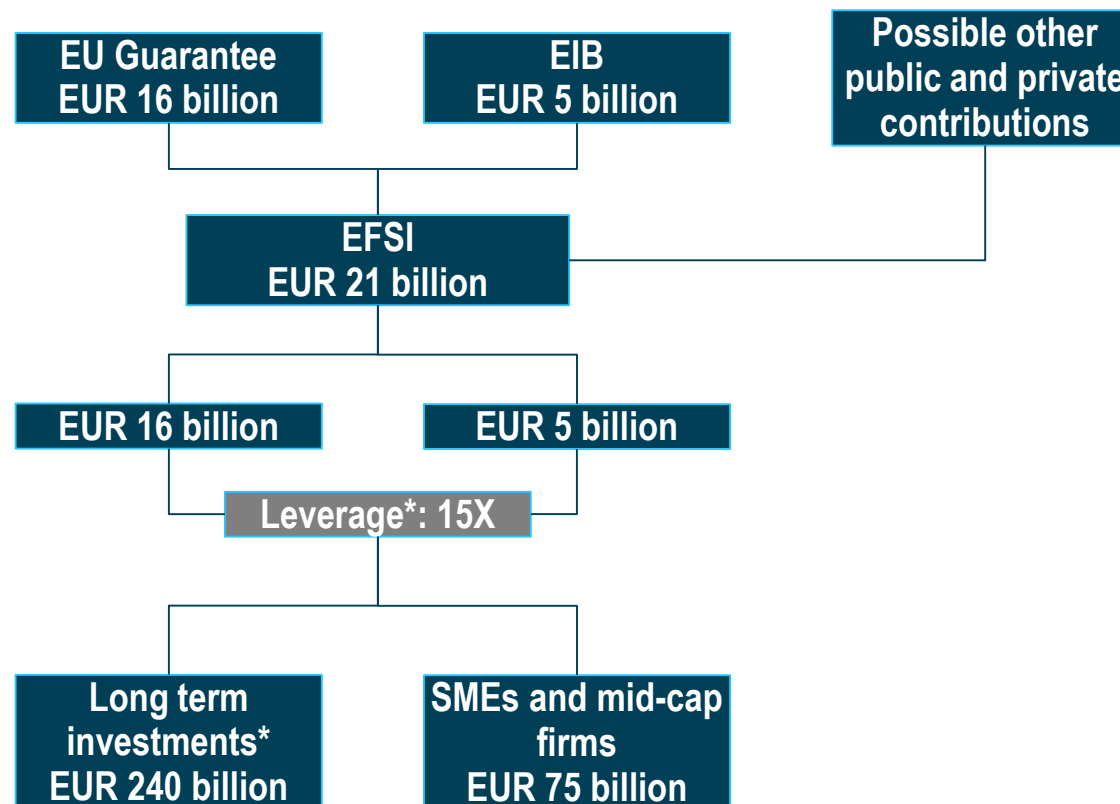
- The Investment Plan for Europe aims to help project promoters in the development of the financing application through the European Investment Advisory Hub
- Furthermore, as a means to connect projects with investors, the IPE has also built an European Investment Project Portal

3 Regulatory environment improvement

- One of the current priorities of the Commission seems to be the identification and elimination of regulatory bottlenecks that slow down investments

The total investment facilitated through the EFSI is projected at EUR 315 billion over 2015 – 2017, spread among different sectors

Financing outline for the Investment Plan for Europe



- To establish the EFSI, the EU is financing a guarantee from its own budget valued at EUR 16 billion
- To the same guarantee fund, the EIB will contribute with another EUR 5 billion
- Member states, directly or through their National Promotional Banks, will be able to contribute to the fund in capital

*Leverage rationale, acc. to the EIB:

- For each euro from the EU guarantee, 3 euro of subordinated debt can be facilitated in financing
- For each euro of subordinated debt, 5 euro can result as financing in the form of
 - 1 euro as subordinated debt
 - 4 euro in senior debt

* Long term investments: projects on which the share of public investment is >50%

EFSI essentially represents a boost to already existing financing programs from the EIB group, designed to facilitate more investment

Key sectors



Strategic infrastructure, including digital, transport and energy



Expansion of renewable energy and resource efficiency



Environmental, urban development and social projects



Education and training, research, development and innovation



Support for smaller businesses and midcap companies

Instruments

Loans

Guarantees

Credit enhancement products

Equity type products

Eligible applicants

- Companies of all sizes, including small and medium enterprises (up to 250 employees) and midcaps (up to 3000 employees)
- Utilities
- Public sector entities
- National promotional banks or other banks delivering intermediated lending
- Bespoke investment platforms

Aside from the targeted sectors and applicant typologies, EFSI requires particular eligibility criteria and operational mechanics

Eligibility criteria

Commercially sound, economically and technically viable

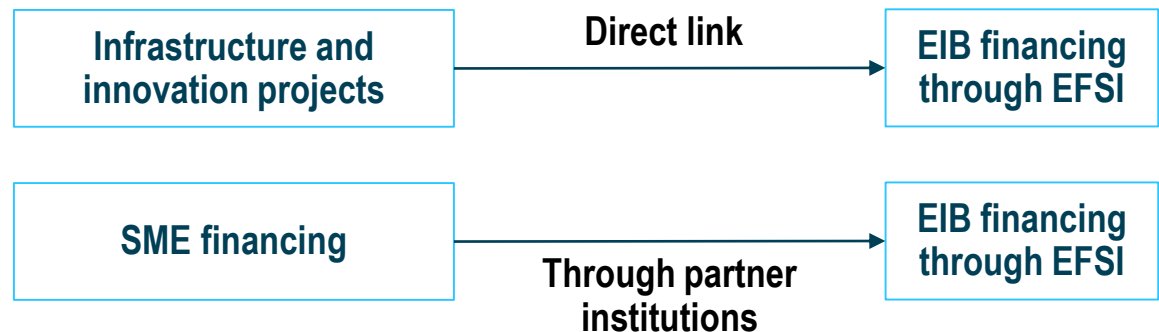
Contributing to EU objectives and to sustainable growth and employment

Mature enough to be bankable

Priced in a manner commensurate with the risk taken

Application mechanics

- As financing operations will be on the EIB's balance sheet, all applicants are subject to standard EIB due diligence and approval by its governing bodies
- Project promoters should follow standard EIB loan application procedures
- SMEs and midcaps interested in EFSI transactions should refer to information on EIF financial intermediaries
- SMEs, however, do have a wider range of possibilities to access EFSI funds: either through a financial intermediary (as stated below) or through a risk capital fund



SMEs and midcaps are best served by EIB's regional partners who manage EFSI funds and place capital according to their thesis

Financing method

Steps

Through financial intermediaries*

- As an SME or midcap looking to finance a project, address to the EIF financial intermediaries directly (http://www.eif.org/what_we_do/where/index.htm)
- Final approval lies with the financial intermediary

EU initiatives for intermediaries

- As a financial, guarantee or credit institution authorized to carry out lending activities to SMEs, an expression of interest for one of the following programs is mandatory:
 - InnovFin SME Guarantee Facility
 - COSME Loan Guarantee Facility

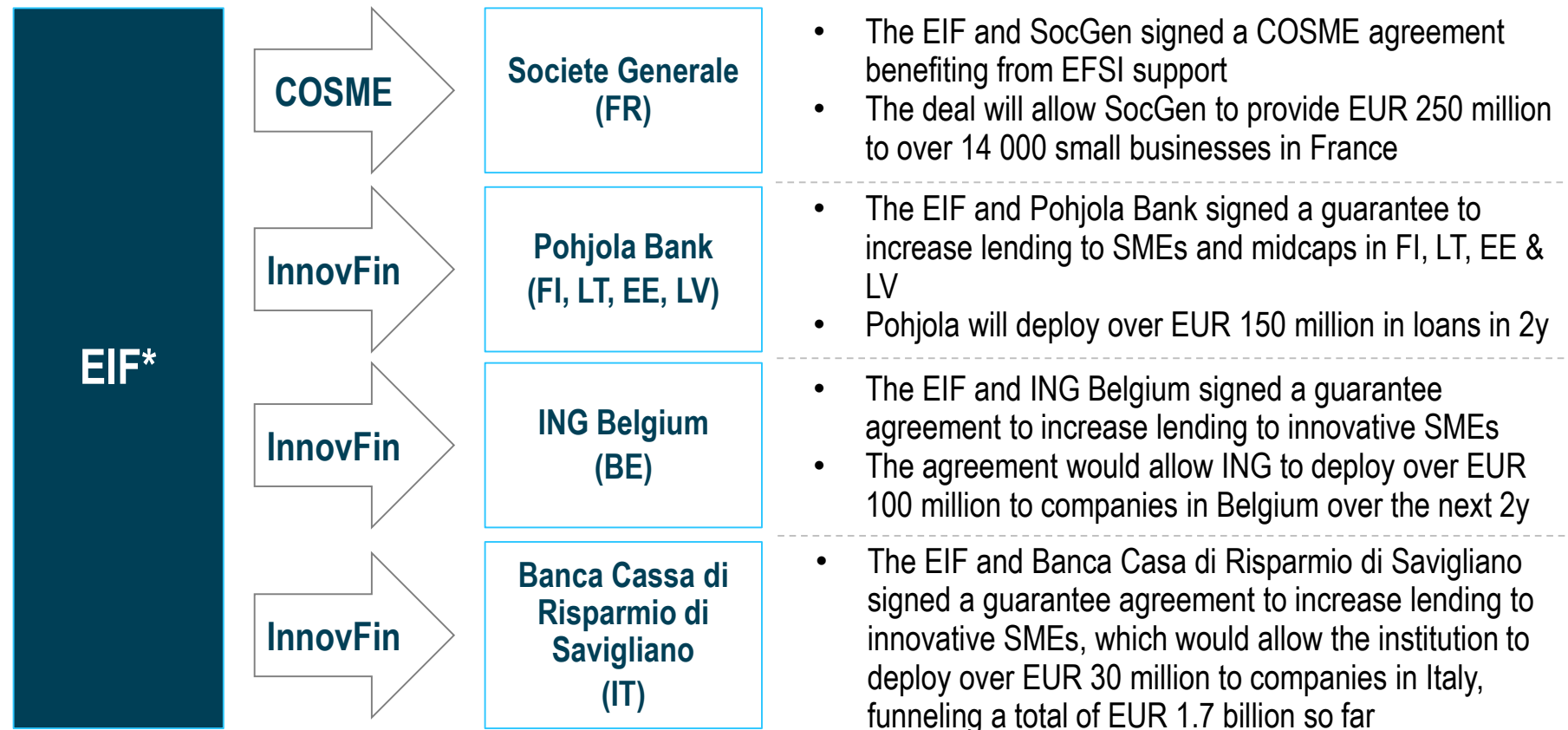
Risk capital funds targeting SMEs

- As a financial investor (risk capital fund targeting SMEs and small mid-caps), submit a concept paper and/ or a draft private placement memorandum to EIF's Equity Investment department

- Financial intermediaries represent financial institutions with which the EIF partners in order to support micro, small and medium sized enterprises; they can be funds, banks, guarantee and microfinance institutions
- In Romania, financial intermediaries only offer loans or micro-loans and there is only one financial institution financing SMEs through InnovFin SME Guarantee facility

Success stories involving SMEs do not imply them directly; SME growth through EFSI is achieved through intermediaries

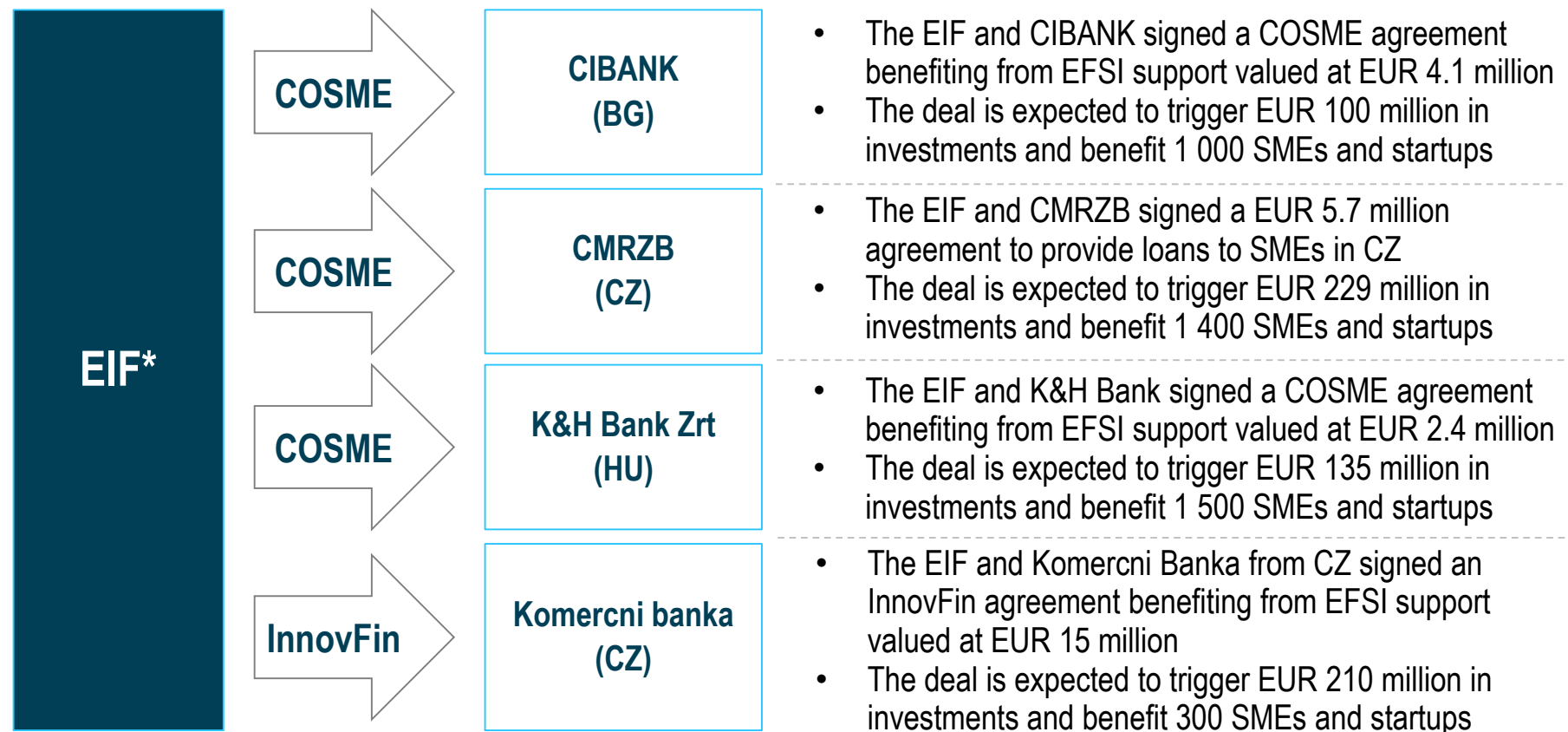
Selection of EU SME focused agreements benefiting from EFSI support



* The EIF uses the capabilities of the European Fund for Strategic Investments to boost its own already existing mechanisms (while maintaining the same risk) and help their local partners in deploying more capital in order to support the development of local SMEs

Although EU success stories are impressive, regional (BG, CZ, HU) ones catch up: in 2015, EFSI financing was at EUR 45 million

Selection of regional SME focused agreements benefiting from EFSI support



* The EIF uses the capabilities of the European Fund for Strategic Investments to boost its own already existing mechanisms (while maintaining the same risk) and help their local partners in deploying more capital in order to support the development of local SMEs

At the end of the day, the EFSI facilitates more financing to regular as well as to riskier projects, implying less bureaucracy

Key takeaways

Financing options are complementary

- A company/ project can be funded by structural funds as well as through the EFSI
- In fact, an unbankable project can apply for structural funds and, provided it is funded, can become bankable and apply for EFSI financing

Investors can fund riskier projects without damaging credit rating

- What the EFSI ultimately offers is the possibility for the EIB as well as for private investors to take on more risk and invest in innovative projects that would not be bankable otherwise
- In itself, this is a very relevant value proposition for venture capital and other risky funds

Project promoters and SMEs negotiate directly with banks

- Project promoters as well as SMEs negotiate directly with the financing institution (may it be EIB or the local partner),
- There are no specific obligations to be fulfilled towards the government