



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

<b>PROJECT PRESENTATION</b>	
<b><u>Project name</u></b>	EUROPEAN GROWTH FINANCE FACILITY
<b><u>Promoter or financial intermediary</u></b>	ACCEPTABLE CORPORATE(S)
<b><u>Country of implementation</u></b>	Regional – EU Countries
<b><u>Summary project description</u></b>	The European Growth Finance Facility (“EGFF”) is a Global Authorisation operation allowing the EIB to provide direct quasi-equity loans (“venture debt”) to small and mid-cap companies across the EU-28. The programme targets mainly highly innovative companies that suffer from systemic market failure in terms of access to non dilutive, risk-absorbing growth capital across the EU. The Bank had developed a venture debt product under EGFF that addresses specifically this well defined market gap. The Bank also set up new operational procedures and changed its organizational set up in order to address the needs of this entirely new client group. The programme has been well-received by clients, investors, policy-makers and advisors across the EU. It generated substantial positive coverage for EFSI and it had supported more than 6,500 highly innovative jobs.

<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5.5 (protection of commercial interests) and 5.6 (protection of the Bank’s internal decision-making process), have been replaced by the symbol [...].

## PROJECT PILLAR ASSESSMENT

### **Pillar 1**

Contribution to EU policy	Significant
<b>Cross-cutting objectives</b>	
EIB Cohesion Priority Regions / Economic and Social Cohesion	20.00%
<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%
Other financial support through the EIF and the EIB to entities having up to 3 000 employees	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	High
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 support SMEs and Mid-Caps across Europe for which access to finance remains limited. A particular focus of the operation is on innovative, venture-backed companies entering a rapid growth phase which requires substantial additional investments.

The European Growth Finance Facility (EGFF) represents an important new product developed and deployed by the Bank under EFSI. This product was designed to address a (quasi-)equity gap linked to structural market failures across the EU in the provision of risk capital to late stage venture backed companies. Such European SME and Mid-Caps suffer from systemic shortages of large, non-dilutive financing for growth investments, both tangible and intangible. EGFF aims to provide equity type funding to certain innovative companies and riskier projects, which play an increasingly important role in the EU's competitiveness and growth.

EGFF targets a specific sub-optimal investment situation in a market segment that spans across all EU Member States and all EFSI eligible sectors. The target companies for this product are usually in their early commercialization stages and therefore they cannot rely yet on long-term and sizeable bank finance. They usually lack assets and/or history of sales and stable cash generation. Usually, the target companies have also raised already several equity rounds from strategic and/or financial investors but further equity investments of the sizes needed are either not available and/or too dilutive. Additionally, the target companies also demonstrate information opacity that is typical for highly innovative and specialized research and development activities. Assessment of the risks require specialized knowledge and experience. Finally, innovation in renewable energy technologies, biotechnologies and disruptive software, to name a few, require high investments in intangibles long before the commercial success materialises.

At the First European Venture Debt Summit held at the EIB premises in March 2018, stakeholders confirmed the persistent market gap, and the EIB and EFSI unique and important roles in addressing it. This operation which is an extension of the original program shall allow for continuity in responding to the clear market needs. The proposed extension of the facility is the second extension in a period of 1.5 years, reflecting the success of implementation and the crucial role of EFSI in this operation that could not have happened otherwise.

With the help of the EFSI, the EIB managed to create a unique product that addresses the specific needs of the target companies while creating an incentive for other investors to participate later on. The EGFF venture debt has a strong catalytic effect for attracting private financing later into the growth stage of innovative companies. The partnership with European equity venture funds is strong and many fund managers actively seek the support of EIB through EGFF. Coordination with private banks also allows to attract additional non-dilutive capital.

EIB Advisory Services are instrumental to the success of some of EGFF financing, helping reaching out target companies where the market failure is most acute.

## Set of indicators related to the macroeconomic environment

### Regional - EU countries - Economic environment

#### Economic Performance

	EU	EU	US	EU
	2016	2016	2016	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 Computer programming, consultancy, and information service activities (% of total)	--	--	--	--	2.0
Value added in Manufacture of basic pharmaceutical products and pharmaceutical preparations (% of total)	--	--	--	--	0.7
Value added in Manufacture of food products; beverages and tobacco products (% of total)	--	--	--	--	2.0
Value added in Manufacture of machinery and equipment n.e.c. (% of total)	--	--	--	--	1.7
Employment in Computer programming, consultancy, and information service activities (% of total)	--	--	--	--	1.5
Employment in Manufacture of basic pharmaceutical products and pharmaceutical preparations (% of total)	--	--	--	--	0.3
Employment in Manufacture of food products; beverages and tobacco products (% of total)	--	--	--	--	2.2
Employment in Manufacture of machinery and equipment n.e.c. (% of total)	--	--	--	--	1.4

#### 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	3,386,585	3,869,368	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	3,500.00 MEUR
EIB/EFSI eligible investment mobilised	3,500.00 MEUR
External EFSI multiplier	2.00
External EIB (non-EFSI) multiplier	
Amount of private financing	
Quick start (% of expenditure during 2015-2018)	
Co-financing with national promotional banks	
Co-financing with structural funds (ESIF)	
Co-financing with other EU instruments (i.e. Horizon 2020, Connecting Europe Facility, etc)	
Energy efficiencies realised	0.00 MWh/a
Climate Action indicator	
Employment during construction - temporary jobs	0 person years
Employment during operation - new permanent jobs	0 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.