

SME Finance Facility - Phase I

Period of implementation: 22.12.2010 - 22.12.2020

EaP countries:

Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine

EU contribution: € 15 500 000

Implementing organisation(s):

EBRD, KfW, EIB



Social media account links:

Project website: eu4business.eu/programme/sme-finance-facility-phase-i?destination=programmes%3Fpage%3D5

Project description:

The SME Finance Facility combines European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB) and KfW (Kreditanstalt für Wiederaufbau, or Reconstruction Credit Institute) loans with EU grant resources, to support SME lending in the Eastern Partnership region.

Expected results:

EBRD/KfW Window:

- The project provides credit enhancement support for SME lending in EaP countries/regions where lending to SMEs has decreased considerably or even stopped due to a heightened risk aversion of the PFIs resulting from the crisis.
- Under the EBRD/KfW window, the Credit Enhancement support takes the form of loss risk sharing cushion for PFIs, provided for the portfolio of sub-loans funded under the EBRD/KfW credit lines. Partner Financing Institutions can obtain up to a 50% recovery, capped at the limit of 10% of the disbursed amount of their respective credit lines.
- In addition, the project provides technical assistance to participating Partner Financing Institutions, on a case-by-case basis in order to maximise the ability of the PFI to service the needs of the SME sector as well as to expand their SME financing to new areas and to develop new products for the target group, particularly in key, underbanked regions of the eligible countries.

EIB Window:

- Provides loans and credit enhancement support in the form of interest-free loan co-financing of up to 10% of a traditional EIB loan to the PFIs, which passes this interest-free co-financing on to the SMEs. The EC grant is also used as a risk-sharing cushion to the loans granted by PFI to SMEs for up to 10 % of the sub-loan amount.