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EIF together with IIB launches a EUR 80m Central Europe Fund of Funds to support SMEs and small mid-caps

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The European Investment Fund (EIF), together with the Development Bank of Austria (OeEB, administering investment for the Austrian Ministry of Finance), the Czech-Moravian Guarantee and Development Bank (ČMZRB), the SZRB Asset Management (SZRB AM, asset management subsidiary of the Slovak Guarantee and Development Bank), the Slovene Enterprise Fund (SEF) and the International Investment Bank (IIB), launched a regional fund-of-funds initiative focused on boosting equity investments in Austria, Czech Republic, Hungary, Slovakia and Slovenia. The fund of funds is expected to mobilize at least around EUR 160 million in equity investments into SMEs and small mid-caps in the five countries, as well as additional investments in the wider region.

The CEFoF, managed by EIF, will invest in approximately eight venture capital and private equity funds based or active in Central Europe and focused on later stage and growth investments, as well as potentially co-invest in opportunities in the region. It is strongly complementary to the early stage equity initiatives set up by the countries, both independently as well as through mandates managed by EIF, and is a result of careful market assessment combined with long consultations with the countries' authorities.

Commenting on the new initiative, **EIF's Chief Executive, Pier Luigi Gilibert**, said: *"We are proud that, with support from our partners, we have been able to bring the Central Europe Fund of Funds to fruition, which will foster the further development of the equity financing ecosystem in Central Europe. CEFoF will contribute to the defragmentation of the region's equity markets by supporting regional fund managers, mobilizing private capital from other investors and attracting new investors to Central Europe. The initiative also reflects our efforts to work more closely with national promotional institutions, many of which participate in our [NPI Equity Platform](#)."*

Chairman of the Board of Directors and CEO of ČMZRB, Jiří Jirásek, said: *"Support of innovations we consider as a crucial element helping Czech companies to survive in today's highly competitive environment. Participation of ČMZRB through the investment in the CEFoF we consider as a great opportunity to enlarge the scale of our activities, so far focused on providing preferential loans and guarantees for SMEs. We believe this support of risk capital investments will help increase the performance of innovative companies not only in the Czech Republic, but due to positive synergy effects also in the Central European region as a whole."*

Chairman of the Board of SZRB AM, Ivan Lesay, said: *"We are very excited about the CEFoF initiative. The equity market in this region, including in Slovakia, has been historically underdeveloped. A new regional equity fund under the management of the EIF presents an excellent opportunity to address this market gap. We consider this initiative to be highly complementary to the other SZRB AM activities in the area of equity, guarantee and loan*

investments for SMEs. We also very much appreciate that CEFoF is an example of a cross-border cooperation in which contributions from several countries and two international financial institutions came together to create investment synergies in the SMEs market.”

Director of the Slovene Enterprise Fund, Maja Tomanič Vidovič, M.Sc., said: “We welcome this long-term partnership between EIF and Central European countries. CEFoF is a good example of cooperation among countries, since it allows smaller capital markets, like the one in Slovenia, together to be more attractive to investors, and at the same time it creates new, additional financing opportunities for enterprises. In this way, Slovenian SMEs will be able to obtain alternative sources of financing. We also think that this initiative will have a positive impact not only for further development of the Slovene venture capital and private equity ecosystem, but certainly will stimulate the growth of employment and economic competitiveness.”

Deputy Chairman of the IIB Board, Jozef Kollár, said: “Our participation in the CEFoF’s creation and its launch is the first practical result of the interaction between the IIB and the EIB Group. I am convinced that our cooperation will provide an additional impetus to IIB’s support for SMEs in the member states in the CEE region, which is an area of strategic focus for us. CEFoF is an example of feasible synergy of different local contributors with IFIs. I think this is a real example of fulfilment of our mission – to support connectivity between our member states.”

The CEFoF has a four-year investment period until the end of 2021. As its commitment to any fund is capped at 50% of the fund’s size, each fund manager selected by EIF will be expected to attract additional private financing equal at least to the size of the commitment received from the programme. Similarly, selected funds shall invest at least twice as much as the amount contributed by the CEFoF into companies in the five Central European countries.

EIF has contributed 40% of the EUR 80.3m size of the CEFoF, which includes commitments of EUR 12m by OeEB, EUR 8.2m by ČMZRB, EUR 10m by SZRB AM and EUR 8m by SEF, topped-up by EUR 10m from the IIB, another international financial institution. The CEFoF’s size may later increase, particularly if a new investor from the target region joins.

The initiative builds on EIF’s proven fund-of-funds experience and previous regional projects such as the Baltic Innovation Fund (BIF). It is open to both established and emerging fund managers, including first time teams.

About the European Investment Fund

The European Investment Fund (EIF) is part of the European Investment Bank group. Its central mission is to support Europe's micro, small and medium-sized businesses (SMEs) by helping them to access finance. EIF designs and develops venture and growth capital, guarantees and microfinance instruments which specifically target this market segment. In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment. More information: www.eif.org

About OeEB

Oesterreichische Entwicklungsbank AG (OeEB) has been operating as the Development Bank of Austria since March 2008. It specialises in the provision of long-term finance for the implementation of private sector projects in developing countries which create sustainable

development. Additionally, OeEB provides technical assistance, which can be used to enhance the developmental impact of projects. More information: www.oe-eb.at

About ČMZRB

The Czech-Moravian Guarantee and Development Bank (ČMZRB) is the only promotional bank in the Czech Republic entrusted with the administration of funds disbursed within the programmes of assistance launched by the Government to help the development of small and medium-sized entrepreneurship (SME) using financial resources from national or EU funds for guarantees and loans. The Bank's activities result from its long-term strategy oriented to contributing to the implementation of the economic policy of the Government of the Czech Republic and its regions. More information: www.cmzrb.cz

About SZRB AM

SZRB Asset Management (SZRB AM) is an investment management company in charge of implementing EU financial instruments in Slovakia. Its main purpose is to provide favourable financing to SMEs, transport infrastructure, social economy, energy efficiency, waste management and renewable energy. SZRB AM provides financing in the form of equity, guarantee and loan products. More information: www.szrbam.sk

About SEF

The Slovene Enterprise Fund (SEF) is a public financial fund and a national promotional financial institution in ownership of the Republic of Slovenia established for the purpose of granting financial support and incentives to the entrepreneurial sector in Slovenia. SEF supports Slovene SMEs including start-ups and scale-ups (3S) by improving their access to finance through debt financing financial instruments in the form of guarantees for bank loans with interest rate subsidy, direct loans-microloans, special incentives for innovative start-ups, and equity financing financial instruments in form of seed capital for innovative start-ups and venture capital for a rapid growth of innovative start-ups.

More information: <http://www.podjetniskisklad.si>

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