

InvestEU Scoreboard

Presentation of the financing or investment operation:

Implementing Partner: [Council of Europe Development Bank \(CEB\)](#)

Name of the Operation: [Framework Operation - Microfinance and Social Economy Finance](#)

Type of approval:

- ☐ Individual financing or investment operation or
☒ Framework Operation

For Framework Operations: Type of Final recipients/Financial Intermediaries:

[Private or public sector organizations, such as microfinance institutions, other non-bank financial institutions, loan and/or investment funds, credit unions, active in the social investment space.](#)

Country(-ies) of implementation:

[All EU Member States, excluding Austria which is not a CEB Member State](#)

Short description of the financing or investment operation:

[Thanks to the InvestEU guarantee support, the CEB Framework Operation aims at alleviating key funding constraint faced by market players active in microfinance and social economy finance by providing them with longer-term and affordable loans, thereby contributing to addressing market failures that affect the supply of finance to microenterprises and microentrepreneurs, as well as social economy organizations.](#)

Public Statement

Eligible areas for the operation in accordance with Annex II to the InvestEU Regulation:

[Item \(12\) social investments, including those supporting the implementation of the European Pillar of Social Rights, in particular through \(a\) microfinance, ethical, social enterprise finance and social economy.](#)

The additionality of a sub-project will be demonstrated by the following items, as per Annex V of the InvestEU Regulation:

[Item \(a\) and \(b\) of Annex V A \(2\) to the InvestEU Regulation: \(a\) support through subordinated positions in relation to other public or private lenders or within the funding structure; \(b\) support through debt with long tenors, pricing, collateral requirements or other conditions not sufficiently available on the market or from other public sources](#)

[The financing offered to MFIs will be in the form of loans that structurally or contractually contain elements of subordination compared to market funds, such as reduced collateral requirements, longer loan tenors and grace periods, lower pricing.](#)

[Item \(c\) of Annex V A \(2\) to the InvestEU Regulation: support to operations that carry a higher risk profile than the risk generally accepted by the implementing partner's own standard activities or support to implementing partners in exceeding own capacity to support such operations](#)

The sub-projects will carry a higher risk than the risk generally accepted by the CEB because of generally non-investment-grade rating of the borrowers to be combined with higher loan amounts, lower collateral requirements, and more favourable term structures.

Item (e) of Annex V A (2) to the InvestEU Regulation: support that catalyses additional private or public financing and is complementary to other private and commercial sources, in particular from traditionally risk-averse investor classes or institutional investors, as a result of the signalling effect of the support from the InvestEU Fund

The increased financial support by the CEB, thanks to the InvestEU guarantee, is expected to contribute to improve the financial profile of microfinance institutions and social economy financiers. Improving financial fundamentals is crucial for their enlarging of loan portfolio, thereby scaling-up, reaching new borrowers and contributing to achieving financial sustainability.

Pillar 3 - Market failure or sub-optimal investment situation addressed by the financing or investment operation (Excellent)

Pillar 4 - Financial and technical contribution by the Implementing Partner (Very Good)

Pillar 5 - Impact of the financing or investment operation (Very Good)

Pillar 7 - Complementary indicators

Leverage effect (at time of submission): indicatively 3.1x on average

Multiplier effect (at time of submission): indicatively 7.0x on average

SISW specific indicators

Number of microenterprises/microentrepreneurs and social economy organizations supported (KPI/KMI 7.2): Indicatively, about 10 000 micro and social enterprises are estimated to be supported.

Estimated number of final beneficiaries that receive advisory and other business development services under the operation. (KPI/KMI 7.3 - Number of individuals acquiring new skills or having their skills validated and certified: formal, education and training qualification): To be monitored by the CEB.

ESG aspects

The financial intermediaries (FIs) that will receive funding through this framework operation are involved in the microfinance sector and provide loans to microenterprises and microentrepreneurs and social economy organisations. Considering the nature and scope of investments expected to be financed, the anticipated environmental risks of the portfolio are low. With regards to social risks, considering the profile of the clients that the FIs provide funding i.e. persons or businesses that do not have access to credit from commercial banks, that can also belong to vulnerable groups, some social risks can be identified, more specifically risk of discrimination or over-indebtedness of a microentrepreneur or microbusiness requesting a loan. On this basis, the CEB, in its assessment of environmental and social governance (ESG) aspects for these FIs, would focus on the social aspects and more specifically the policies/procedures that are in place in order to minimise such risks. For example, the CEB would check whether policies such as a Code of Conduct, Code of Ethics, non-discrimination policies in the provision of financial services, anti-money laundering policies are in place, as well as the capacity of the FIs to implement them.