

## Social Investment & European Investment Fund

11<sup>th</sup>, August 2020



### What is the European Investment Fund?

The [European Investment Fund](#) (EIF) is part of the European Investment Bank group. It aims to support Europe's micro, small and medium-sized businesses by helping them to access finance. EIF designs and develops both venture and growth capital, guarantees and microfinance instruments which specifically target this market segment. By doing so, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth and employment.

### What has been done in the last six months?

- [EIF and European Commission launch new Covid-19 measures supporting micro- and social enterprises under the EUR 400m EaSI Guarantee instrument](#)

The EaSI programme supports financial intermediaries that offer microloans to entrepreneurs or finance to social enterprises in order to increase the access to microfinance for vulnerable groups who want to set up or develop their business.

In response to Covid-19 and together with the European Commission, EIF further incentivize financial intermediaries to lend money to small businesses for:

- Mitigating the sudden increase in perceived risk triggered by the coronavirus pandemic
- Alleviating working capital and liquidity constraints of final beneficiaries targeted by the EaSI programme.

To do so, they put in place new measures (i.e. higher risk coverage) and broadened certain parameters, such as an increase of the maximum exposure for micro and social enterprises.

- ***Good practices***

- [BNP Paribas and EIF launch EUR 10m fund for co-investment into Social Impact Bonds in the EU](#)

This co-investment agreement will enable BNP Paribas and the European Investment Fund to invest together in Social Impact Bonds (SIB)<sup>1</sup> structured by BNP Paribas within the EU.

If the initial three SIBs met their social impact objectives:

- Over 1 000 students will have benefited from targeted support to improve their ambition and school completion
- Over 130 children will have avoided being placed into care

Therefore, this dedicated fund will promote social innovation via financial innovation, thereby closing a financing gap.

- [Social Finance Foundation announces two funding initiatives for community organisations and social enterprises in Ireland](#)

In 2007, the Irish Government created the Social Finance Foundation. It is an independent organisation and provides loan funding through its lending to social organisations, which do not meet the credit criteria of mainstream financial institutions.

Thanks to these two new funding initiatives, organisations in the social sector will have a greater access to social finance loans:

- The Irish banks<sup>2</sup> will make available an additional €44 million in low cost funding to the Foundation over the period 2021 to 2025
- The European Investment Fund has agreed to provide loan guarantees of €25m to support new lending by the Foundation.

**Drafted 11 August 2020 by Rym Gouvier-Seghrouchni, EASPD.**

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<sup>1</sup> A Social Impact Bond is an original and multi-party financing tool promoting experimentation and prevention in social action and public policy, and also helps deliver savings for authorities.

<sup>2</sup> AIB/EBS, Bank of Ireland, permanent tsb and Ulster Bank