

# EIF IN ROMANIA



Investing in  
the future  
of Romanian  
SMEs



EUROPEAN  
INVESTMENT  
FUND

## What is the EIF?

The EIF helps small and medium-sized enterprises (SMEs) grow and prosper in Europe, promoting innovation, supporting employment and improving the economy.

As part of the European Investment Bank (EIB) Group, we design and deploy financial instruments, which enable banks and funds (financial intermediaries) to better serve SMEs.

As a result, we attract more private capital into the SME space, we kick-start new financing markets and ecosystems, and ultimately make more financing available to SMEs across the EU and associated countries.

The EIF manages resources on behalf of the EIB, the European Commission (EC), national and regional authorities and other third parties.

The EIF is a public-private partnership whose tripartite shareholding structure includes the EIB, the EU represented by the European Commission and various public and private financial institutions.

# 9.3 billion€

of transactions signed across the EU and associated countries in 2017

# EIF in Romania

## Investing in the future of Romanian SMEs



## EIF and Romania: a longstanding partnership

The EIF began its journey with Romania in 2010. Since then, we have provided over EUR 2.5bn in new SME financing to the Romanian market, which has reached over 18,000 SMEs.

The EIF's partnership with the Romanian authorities has seen many milestones, including the launch of the JEREMIE initiative in 2008. JEREMIE was one of the EIF's most successful mandates in the country which provided a toolbox of both equity and debt instruments for SMEs, carefully developed specifically for the Romanian market. During the same period, the EIF cemented its presence on the market by opening its Bucharest office.

Following the success of JEREMIE, the SME initiative Romania was launched in 2016 as a collaborative approach by the EU, EIB Group and the local Romanian authorities to catalyse private investment and to foster job creation across the national SME market.

The SME initiative Romania is expected to provide EUR 554m in new financing for SMEs, with a top-up discussion underway which would bring new funding to Romanian SMEs to over EUR 1bn.

Besides these regional mandates, which are co-financed by the European Regional Development Fund and national funding, the EIF is also deploying various other financial products across the country via EU mandates such as Competitiveness of Enterprises and Small and Medium-Sized Enterprises (COSME), InnovFin, and the Employment and Social Innovation (EaSI). These central EU mandates are crucial to delivering additional impact to the SME market, particularly in the areas of innovative, micro and high-risk SMEs. In line with market changes, the EIF is also developing new initiatives for the Romanian market, find out more on page 7.



**Pier Luigi Gilbert**  
CEO of EIF

## -POTENTIAL-

"The EIF has had the privilege of watching the Romanian economy grow; before, during and well beyond its accession to the EU in 2007. We continue to see great **potential** in the country and will carry on supporting the local SME market. In particular, via the European Fund for Strategic Investments SME Window, the EIF is able to respond even faster to the growing market demand."

## -FINANCING-

"JEREMIE was really a clear milestone for us; a substantial amount of work went into creating this innovative instrument, both from the EU and the EIF, as well as from the Romanian authorities. As a result of our joint approach, and thanks also to the confidence which the Romanian authorities entrusted to the EIF in implementing the ERDF programme, JEREMIE has reached almost 7,000 SMEs with over EUR 668m of EU and national **financing**. A great collaboration which laid the ground work for other European initiatives such as InnovFin."



**Hubert Cottogni**  
Director of Mandate  
Management, EIF

## -PARTNERSHIPS-

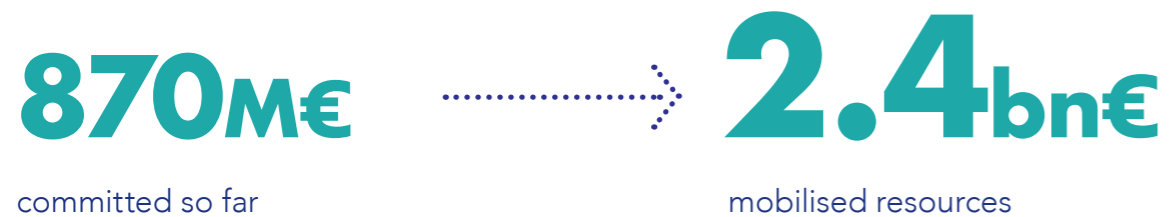


**Piotr Stołowski**  
Head of Division, Northern &  
Central Eastern Europe, Mandate  
Management - Debt, EIF

"Over time we have established unique **partnerships** in the local market in view of jointly supporting the growth of Romanian companies with ever-more sophisticated financial instruments; thus making every euro of EU and national funding go further. We are excited to see some new and tailored instruments being developed for the country, as well as the progression of the local venture capital ecosystem in support of young innovative businesses."

## Key figures in Romania

### Guarantees, securitisation and funded instruments



### Microfinance and social entrepreneurship



### EFSI

More than 3,249 SMEs have received financing so far under the European Fund for Strategic Investments (EFSI) SME Window, which committed EUR 94 million in the country, aiming to mobilise more than EUR 837 million.

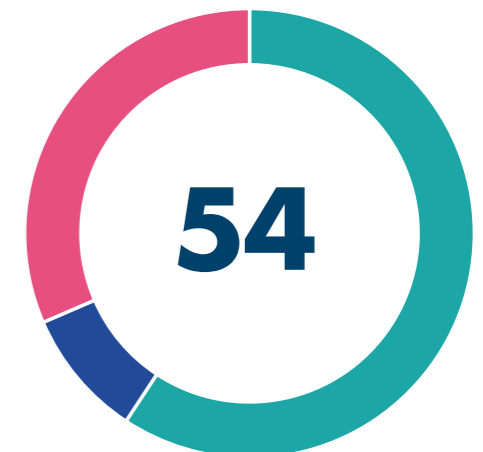
**94M€**  
COMMITTED

### Equity



### Number of transactions

- 32** Guarantees, securitisation and funded instruments
- 5** Equity
- 17** Microfinance and social entrepreneurship



Figures as of June 2018

Over **1 billion€** committed so far in Romania, aimed at mobilising

**2.8 billion€**

OVER

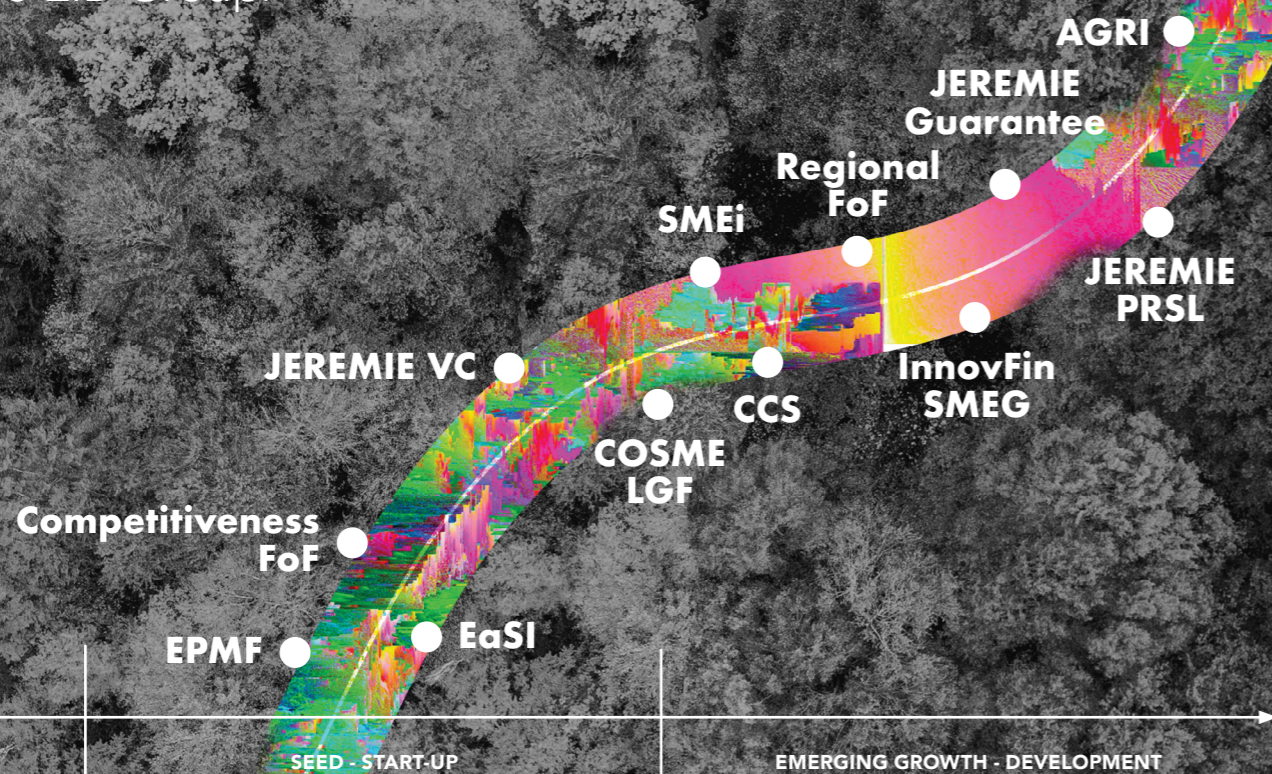
**19,000**  
**ROMANIAN SMEs**

have benefited from EIF transactions so far

## Helping SMEs at every stage

Entrepreneurs need financing and support at every stage of their development.

In close collaboration with our Romanian partners, we have developed a toolbox of financial instruments that pools resources from EU and national budgets and combines these with the commitment and expertise of the EIB Group:



### What is the SMEi Initiative?

The SME Initiative (SMEi) combines European Structural Investment Funds (ESIF) with EIB, EU and EIF resources, allowing different levels of risk to be assumed across the capital structure and ultimately mobilising a much larger volume of loans to SMEs in Europe. This combination of funds promotes economies of scale and larger investments. Alongside ESIF, the SMEi is co-funded by the EU through COSME and/or Horizon 2020 resources as well as EIB Group resources.

To find out more about our diverse set of programmes please refer to page 24.

## The future

The EIF has deployed many instruments across the country and has seen the impact EU funding has had; both in improving access to finance for SMEs but also more broadly in fostering growth and innovation within the small business ecosystem.

This does not mean that our work stops here. We are developing many exciting avenues for further collaboration in Romania, especially under the new generation European Structural and Investment Funds. For example, the EIF recently launched its first agricultural mandate in the country, targeted to improve access to finance for farmers.

The EIF also remains invested in areas needing further development and targeted resources, especially in the sphere of equity and venture capital financing. This is why new fund-of-funds have been launched to foster growth of the equity ecosystem, both for start-up and growth stage SMEs.

Last, but by no means least, owing to the success of the SME initiative, an extension is under discussion. This would channel another half billion euros to Romania to support and sustain small businesses, which constitute the backbone of the national economy.

### What is the Competitiveness Fund-of-Funds for SMEs in Romania?

Using resources from the Competitiveness Operational Programme 2014-2020, co-financed through the European Regional Development Fund (ERDF), was launched in September 2016 in close co-operation with the Romanian Ministry of European Funds. The initiative supports new early stage venture capital fund management teams committed to invest into start-ups and seed stage SMEs in Romania, as well as local financial institutions eligible to provide loans to innovative SMEs.

# FUTURE

### What is AGRI Romania?

AGRI Romania is the first agricultural mandate to support local farmers and rural businesses in Romania. It is established under the National Rural Development Programme, and financed by the European Agricultural Fund for Rural Development (EAFRD) and national co-financing. The mandate will allow EIF to roll out a new risk sharing product, which will lower the interest rates and will provide improved collateral requirements on loans for farmers and agricultural companies.

### What is the Regional Fund-of-Funds Romania?

Regional Fund-of-Funds Romania: Using resources from the Regional Operational Programme of Romania 2014-2020, mandate was launched in July 2017 on the basis of a funding agreement between the EIF and the Government of Romania, represented by the Ministry of Regional Development and Public Administration. These resources shall be used to create one or more equity funds or co-investment facilities to support growth stage SMEs located in the less developed regions of Romania.

# Financing Success Stories

**"This financing was [...] a crucial help for us. Here in Romania there isn't any real alternative."**

Ada Solomon  
Founder of HiFilms

**"With the EU guarantee, it was much easier to receive the funds; the process was faster and required less paperwork, which was a big advantage."**

Cătălin Dumitrache  
Founder of Small Flower Garden Dumitrache

# 123FormBuilder

**FLORIN CORNIANU AND TUDOR BASTEA**, founders of 123FormBuilder, originally worked as engineers for multinational companies while developing software in their free time 'for the extra buck'. In the process of creating websites for clients, they designed an online tool that gave users the ability to create forms for different purposes with no need for any sort of expertise. The product had potential and people liked it, so they took the leap and dedicated themselves full-time to this project.

"We realised this was useful for small businesses, service providers, event organisers, website owners and many others", explains Florin, CEO. "It was a simple, easy-to-use solution. That's why we initially named the company 123ContactForm and later 123FormBuilder".

Based in Timisoara, 123FormBuilder offers a software tool that works as an online platform where clients can login, design a form, and easily embed it onto their website. The ease-of-use and functionality of 123FormBuilder's solutions meant the business

quickly expanded, as more clients adopted the software.

"In mid-2015, we started looking for investment to fund this growth and get more expertise to push the business forward", explains Florin, "we turned to Catalyst because we knew and trusted them. They provided us with good insights in many areas of the business." Catalyst Romania is the first private equity and venture capital fund designed for Romania, with backing from EIF.

The investment went mostly into developing R&D, marketing and sales, with the company growing organically across all departments and the team expanding from around 30 employees to 85. "Without the investment, we would have been limited in both size and ambition. Most of the knowledge we gathered over the last few years would be missing." The company has since quadrupled revenue, with most of its customers being international and the United States representing 60% of sales.



# "Online forms"

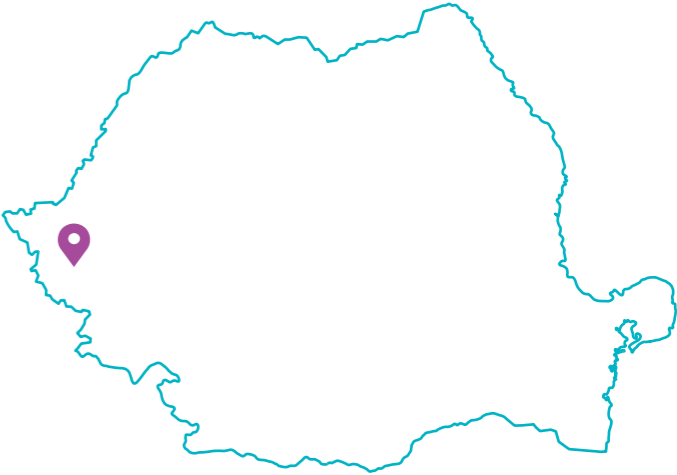
**Sector** **ICT**

**Instrument** **JEREMIE**  
Joint European Resources for  
Micro to Medium Enterprises

**Purpose** **Research & development,  
marketing & sales**

**Employees** **85** **30**  
at investment

**Location**



**CORNELIU ENACHE, CHIEF FINANCIAL OFFICER (CFO)** and co-founder of Barleta, is a firm believer in opportunity. "There is always room for new businesses. Even if the market seems saturated, there are always niches where businesses can successfully develop."

In 1994, Corneliu and six other young entrepreneurs saw an opportunity in the paper and packaging industry and set up their own company in Bacău, Romania. "There was a big industrial privatisation wave in Romania in the 1990s, but nobody set up private paper and packaging companies, leaving a large gap in the market and a chance for us", says Corneliu.

"We knew very little about this market, but we were confident about what we had to do. It was not very difficult to see that the industry was lagging behind, especially in comparison to the international market. Therefore, we committed ourselves to invest in high-quality technology and R&D to provide cutting-edge packaging solutions," explains Corneliu. "The rest was about following our intuition," he adds. As consumers have become more aware of waste and contamination, they have turned to alternatives to plastic, which has created openings for businesses like Barleta that specialise in sustainable

packaging. "We started off as a small company, but we have grown exponentially. We now have 203 employees and we are forecasting annual growth of 10-15%," says the CFO.

"EU regulation on plastic products has had a huge impact on our business. More and more shops and supermarkets look for environmentally friendly packaging solutions, like our partly recycled reusable paper bags" says Corneliu. "A greater interest in sustainable packaging from our EU counterparts also means that we have increased our European and international clients. Actually, we are currently exporting a large part of our output to 22 EU countries."

However, Barleta knows that it is not only about enjoying opportunities - it's about managing them well. To cater for the wider and more diverse demand, the company has recently expanded its production, moving into new areas, thanks to an EU-guaranteed loan from Raiffeisen, backed by the EIF. "We've purchased new machinery and developed three new product lines – colour bags, gift bags and tote bags," says Corneliu, "We are always innovating. With technology constantly on the move, there are always new markets to explore."



# Packaging

**Sector**

**Manufacturing**

**Instrument**

**SMEi**

A joint financial instrument of the EU, EIB Group and the Romanian Authorities which provides partial risk cover for SME loan portfolios

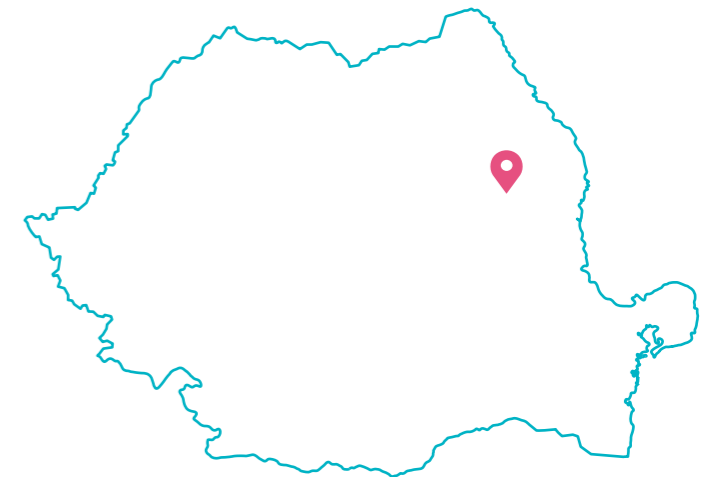
**Purpose**

**Purchasing machinery and diversification of products**

**Employees**

**203**

**Location**



[www.barleta.ro](http://www.barleta.ro)



**HIFILM IS A ROMANIAN PRODUCTION COMPANY**

that provides complete production services for documentaries, advertising, film and television. Founded in 2004 and based in central Bucharest, HiFilm maintains a vast network of connections in the global film industry, from acclaimed directors to specialized camera workers, through which it can recruit the right professional for every task. This enables HiFilm to carry out complex and challenging production projects, ranging from advertisements for Coca-Cola or Danone to feature films like Toni Erdmann, nominated for an Oscar at the 89th Academy Awards.

The company's services cover the full range of activities involved in a production, starting with location scouting, casting or set design, and going all the way to post-production.

While undergoing a period of growth, the company faced significant cash flow difficulties related to the gap between supporting production costs and

receiving the final payments. In order to support the business, HiFilm sought a loan from Libra Bank, with a guarantee from EIF under the EU's Cultural & Creative Sectors Guarantee Facility.

"This financing was definitely important, a crucial help for us", explains company founder Ada Solomon, "Here in Romania there isn't any real alternative. This type of activity has a very hard time accessing financing from traditional banking". Currently employing eight persons, the company has a strong portfolio of productions in both Romanian and international cinema, with customers across Europe. "After a period of significant growth and with a number of projects ongoing, we are currently trying to consolidate the business", explains Ada, "Without the financing, we wouldn't have been able to have this stability".



# -Production-

**Sector**

**Creative services**

**Instrument**

**CCS**

EU programme for cultural and creative sectors

**Purpose**

**Working capital**

**Employees**

**8**

**Location**



**OVER THE PAST YEARS, PHARMACISTS** have moved from the traditional dispensing role to become more actively involved in patient care. Good, unbiased advice alongside a sense of friendship and familiarity stemming from knowing customers well, have become as important as the transfer of products itself.

The Myosotis Pharmacies chain started as a family business in 1992 with the same objective: to offer a more attentive, respectful and qualitative service to their patients. Owner Bogdan Chiriac believes part of the company's success is due to the fact that they managed to remain independent. Not being directly affiliated to any producer or distributor of pharmaceuticals allowed them to maintain objectivity in their recommendations to customers, creating lasting relationships with them.

Today Myosotis is one of the most dynamically growing companies, counting approximately 200 employees and advising more than 200 000 patients per month in approximately 70 branches

located mostly in the eastern part of Romania. The company's strategy is to continuously extend their pharmacy network by opening additional selling points including in rural areas that represent a largely unexploited market.

In the light of Myosotis' solid business track record and development potential, Raiffeisen Romania – an EIF financial intermediary under the Jeremie instrument – provided the business with additional working capital in the form of an EU-guaranteed loan at more favourable conditions. This was used among others to open new branches and hire additional employees.

"EIF's support has allowed us to offer highly competitive banking products and to expand our portfolio with companies that are driving competitiveness and creating employment throughout the country", says Ileana Cioana, Head of Corporate Credits Directorate at Raiffeisen Romania.



# - Pharmacy -

**Sector**

**Retail**

**Instrument**

**JEREMIE**

Joint European Resources for  
Micro to Medium Enterprises

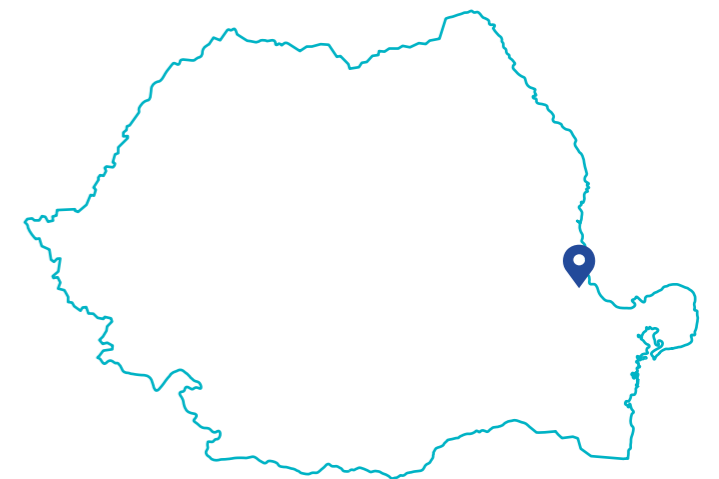
**Purpose**

**Extending their network across  
rural areas**

**Employees**

**200**

**Location**



[www.farmacilemyosotis.ro](http://www.farmacilemyosotis.ro)

# Small Flower Garden Dumitrache

**CATALIN DUMITRACHE WAS A VEGETABLE GARDENER** for 20 years, but his real interest was in flowers – geraniums, petunias, hyacinths and many others.

Catalin originally planned to grow the flowers for himself as a hobby, but decided to take it a step further and turn his passion into a real business. Located in the Prahova district, between Bucharest and Ploiesti, Small Flower Garden Dumitrache produces flowers for wholesale and in pots across 2200 m<sup>2</sup> of modern greenhouses equipped with automated heating and conveyor systems.

“The company currently has four employees”, explains Catalin, “we buy the seeds and bulbs from Germany and the Netherlands, grow the flowers, and sell them to flower shops or directly to customers. It’s a business that generates profits, but it requires a big investment. This is not easy in Romania - a lot of farms and producers are going bankrupt, but we want to be successful.”

In the process of expanding operations, Catalin secured a loan from Good.Bee Credit, backed by an EIF guarantee under the EU’s Employment and Social Innovation programme. “It’s very difficult for small enterprises to go directly to the bank for financing”, Catalin explains, “and because of the yearly flower production cycle, it is difficult for companies in this sector to show a profit on paper, which makes it harder to get a loan with lower interest. It’s also a slow process with a lot of paperwork involved. With the EU guarantee, it was much easier to receive the funds; the process was faster and required less paperwork, which was a big advantage.”

The loan enabled the company to expand the greenhouses and purchase new automated equipment such as heating stations that can be controlled from a mobile application and don’t require physical presence. “Quality requires technology”, Catalin concludes. Small Flower Garden Dumitrache is preparing to build a new greenhouse in the near future and continue improving production methods.



# -Gardening-

**Sector**

**Agriculture**

**Instrument**

**EaSI**

EU Programme for Employment and Social Innovation

**Purpose**

**Expanding greenhouses and buying automated equipment**

**Employees**

**4**

**Location**



[www.facebook.com/  
gratielacatalindumitrache2009/](https://www.facebook.com/gratielacatalindumitrache2009/)

# Violeta Boldizsar II

**THE CENTRAL PART OF ROMANIA HAS ALWAYS BEEN** at the crossroads of cultures. In this setting, a German, a Hungarian, a Romanian and a Roma wanted to demonstrate that common traditions can prevail over prejudices related to ethnic origins. Today they are united by three things: they bought an old mill, set up a bakery and founded an association with a daring social project - to transform a poor village into a tourist attraction site. The opportunity of bringing back hopefulness and offering new perspectives to Hosman arose in 2010 when the village's old mill was up for sale. Though significant restoration work was initially required, Violeta Boldizsár, the baker, is now able to enchant her customers with bread, cakes, pies and a local specialty, all based on traditional recipes preserved over generations. Her bakery is located on the premises of the old mill.

The bakery has an on-site shop, but products are also distributed to shops in Sibiu city and at weekly local fairs of traditional products. Individual orders are fulfilled as well with deliveries to events or family gatherings. The mill is a tourist attraction on its own,

but it also hosts events such as symphonic concerts, the "Day of the Mill", theatre performances or workshops that Violeta tirelessly organises in addition to her bakery work. The "Hosman Durabil" (Sustainable Hosman) association's project has therefore grown to be an exemplary undertaking admired throughout the country. Vitas, a microfinance institution and an EIF financial intermediary in Romania, helped Violeta Boldizsár's bakery with three different loans at the various development stages.

The first one contributed to repairing the oven and the furnace in the old mill. The second loan was used to purchase the raw materials needed to ensure a continuous production capacity and finance the distribution at ecoand traditional fairs. The third financing – supported by EIF under European Progress Microfinance Facility (EPMF) – enabled the renovation of the showroom where products can be exhibited and events held. The next steps foresee the renovation of the barn that will be able to accommodate a movie theatre and host the Old Mill's own arts and crafts fair where other artisans from nearby villages could also present their talents and traditions to a larger audience.



# -Bakery-

**Sector**

**Production**

**Instrument**

**EPMF**  
The European Progress  
Microfinance Facility

**Purpose**

**Renovating the showroom where  
products can be exhibited and  
events held**

**Employees**

**5**

**Location**



## Programmes deployed by the EIF in Romania

The EIF has deployed capital in Romania under a wide range of EU programmes and mandates.

In addition to **SME initiative Romania, AGRI Romania, Competitiveness Fund-of-Funds for SMEs in Romania, and Regional Fund-of-Funds Romania** – as highlighted on page 7, here are the details of further programmes which EIF deploys:

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## COSME

COSME is the EU programme for the Competitiveness of Enterprises and SMEs. It facilitates access to finance for SMEs, promotes competitiveness and encourages an environment favourable to entrepreneurs. Set up in 2014 by the European Commission with a budget of EUR 2.3bn, COSME is deployed at EIF via loan guarantee facilities (COSME LGF) and equity investments (COSME Equity Facility for Growth or EFG).

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## CCS GF

The Cultural and Creative Sectors Guarantee Facility is an initiative managed by EIF on behalf of the European Commission. It was launched in June 2016 in the framework of the Creative Europe programme (2014-2020). The CCS GF benefits micro-businesses and small and medium-sized enterprises (SMEs) in the cultural and creative sectors, which often face difficulties in accessing affordable debt financing for their projects.

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## JEREMIE

Under the 2007-2013 programming period, JEREMIE offered EU Member States the opportunity to use part of their EU Structural Funds to finance SMEs in a more efficient and sustainable way. Set up in 2007 as a joint initiative of the European Commission, the EIB Group and other financial institutions to enhance cohesion across the EU, JEREMIE is a predecessor to the current ESIF-backed programmes managed by EIF under the 2014-2020 programming period.

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## InnovFin

InnovFin aims to facilitate and accelerate access to finance for innovative businesses and other innovative entities in Europe. It covers both debt and equity financing. The InnovFin SME Guarantee (SMEG) offers a 50% uncapped guarantee or counter guarantee to financial intermediaries to allow them to provide debt financing on more favourable terms to innovative SMEs and small mid-caps. Meanwhile, InnovFin Equity provides equity investments and co-investments to or alongside funds focusing on companies in their pre-seed, seed and start-up phases operating in innovative sectors.

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## EFSI

The European Fund for Strategic Investments (EFSI) was launched in July 2015 as a joint initiative between the EU and the EIB Group. EFSI is the financial pillar of the EU's Investment Plan for Europe and has two components: the Infrastructure and Innovation Window managed by the EIB and the SME Window implemented by the EIF.

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## EPMF

The European Progress Microfinance Facility (EPMF) is a microfinance initiative established in March 2010 with EUR 200 million of funding from the European Commission and the European Investment Bank. EPMF, which will be operational in all EU Member States, aims to increase access to finance for individuals who have lost or are at risk of losing their job or have difficulties entering or re-entering the labour market. It also targets disadvantaged individuals, including people at risk of social exclusion. In addition to individuals, EPMF will also support micro-enterprises, including those in the social economy providing jobs for the unemployed or the disadvantaged.

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## EaSI

The Employment and Social Innovation (EaSI) programme promotes quality and sustainable employment, improves working conditions and decent social protection, while combating social exclusion and poverty. This EU-level instrument has been active since 2014 with a budget of EUR 919m in 2013 prices.

# Programmes -

To find out more, please visit  
[www.eif.org](http://www.eif.org)

