

Global Partners
Financial Sector Division

Value in intermediated facilities

European Investment Bank

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Measuring EIB's value

What?

- Longer maturities
- Local currency loans
- Technical assistance
- Under-served sector /
tailored targeting
- Modernising banking systems

How measured?

- bank balance sheets;
individual “allocations”
- info from balance sheet;
individual or group allocations
- for intermediary: self-evident
- for SMEs: feedback from
intermediary
- eligibility criteria;
individual or group allocations
- specific info from intermediary

Value in the market

Systemic

Specific



Value:
general
diffuse - risk of dilution

Value:
targeted
bounded - risk of 'capture'

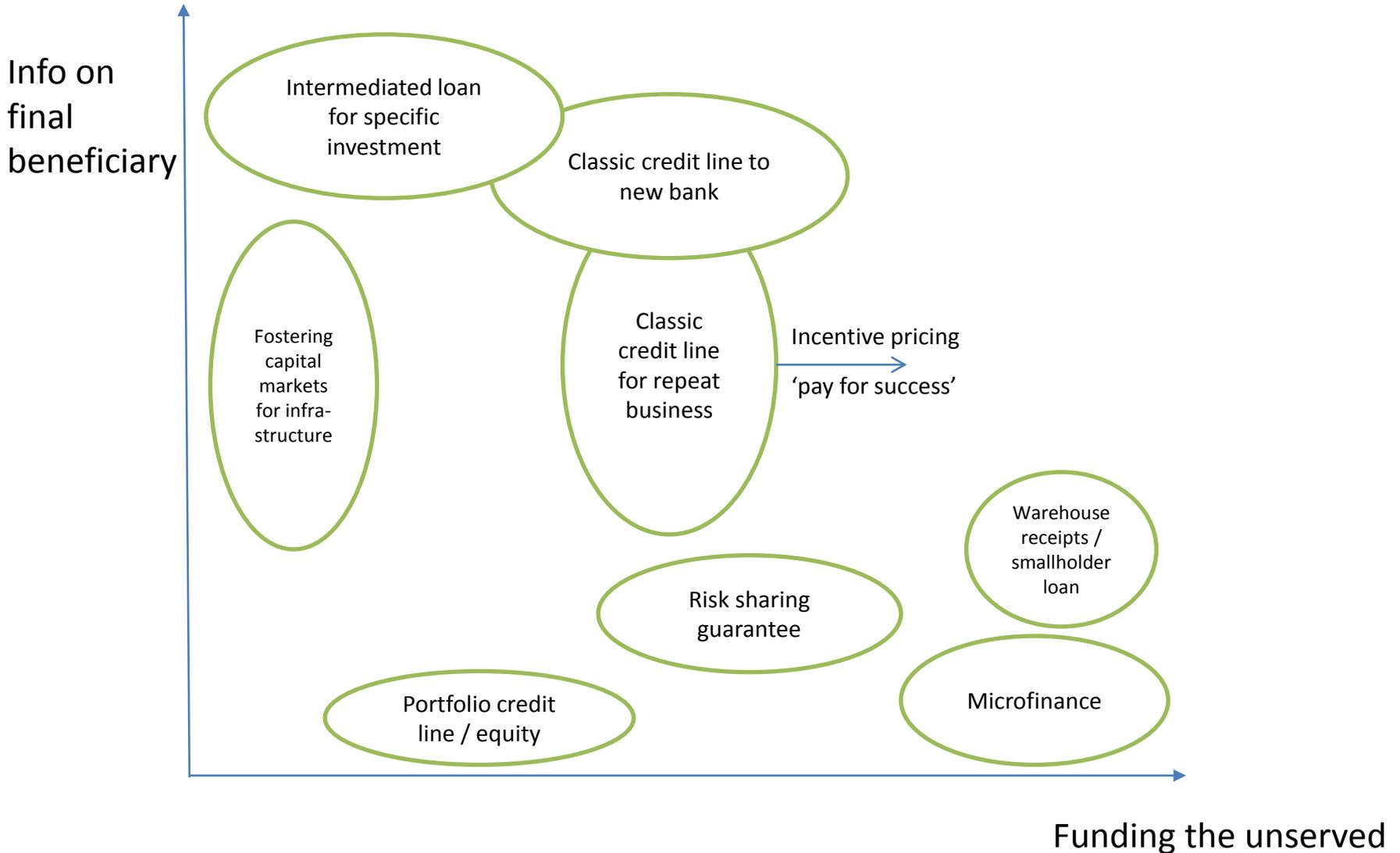
Capital market deals

Intermediated loans

Guarantees

Direct transactions

Variety of intermediated facilities



Study on intermediated loans in ECA

Objective: • To assess outcomes of recent intermediated loans in East and Central Africa, particularly at the end-beneficiary level.

Scope: • 28 operations (19 SME-focused, 9 microfinance), for the last 5 years.
• Kenya, Uganda, Rwanda and Tanzania.
• 518 sub-loans to SMEs.

Methodology: • Analysis of sub-loan data from allocation requests.
• MFI portfolio reports.
• Limited field visits in Kenya and Rwanda.

Study on intermediated loans in ECA: Key findings

- 72% of SME credit line beneficiaries were small firms or microenterprises.
- 16,600 jobs were expected to be created by the investments financed.
- 22,600 existing jobs in beneficiaries supported.
- 18% of beneficiaries were first time borrowers.
- Long average sub-loan tenor of 66 months.
- 92% of sub-loans in local currency – appears important for reaching smaller businesses.
- MFI portfolios supported 950,000 jobs.
- 28% of MF beneficiaries were women.

Study on intermediated loans in ECA: Some lessons

- Allocation requests provide useful, illustrative data on how EIB loans are used, but require a lot of cleaning.
- Information on how to optimise indicators and reporting requirements.
- Field visits provide good material for communication, but achieving a representative sample to draw conclusions would be v. expensive.
- Need to complement allocation data by examining the impact of intermediated loans on the portfolios and practices of intermediaries as a whole.