COMMISSION DECISION
OF

Establishing a multi-beneficiary programme for the Small And Medium-Sized Enterprise Finance Facility Phase 2,

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 3906/89 of 18 December 1989 on economic aid to certain countries of Central and Eastern Europe, as last amended by Regulation (EC) No 1266 of 21 June 1999, and in particular Article 9 thereof,

Whereas Regulation No 3906/89 lays down the rules and conditions for the granting of economic aid to certain countries of Central and Eastern Europe,

Whereas the measures provided for by this Decision are in accordance with the opinion of the Committee on Aid for Economic Restructuring in certain countries of Central and Eastern Europe,

HEREBY DECIDES AS FOLLOWS:

Article 1

The programme for the Small And Medium-Sized Enterprise Finance Facility Phase 2 as described in the Annex to the present decision is hereby adopted.

Article 2

The maximum amount of Community assistance shall be 30 MEUR to be financed through Budget line B7-030 in 2000.

Done in Brussels,

For the Commission
FINANCING PROPOSAL

SME FINANCE FACILITY PHASE 2

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)

1 IDENTIFICATION

Countries: The 10 applicant countries from Central and Eastern Europe  
Programme title: Small and Medium-Sized Enterprise Finance Facility Phase 2 (EBRD)  
Year: 2000  
Cost: 30 MEUR  
Implementing Authority: European Commission  
Disbursement - 31.12.2005  
Sector: PR  
Group: L  
Budget Line: B7-030  
Task Management: Bardo Gavazzoli (DG ELAR) - implementation will be assured through a sub-delegation arrangement with the ECFIN DG

2 SUMMARY

A strong small and medium-sized enterprise (SME) sector is an essential element in the ten CEE applicant countries’ transition to a market economy and in their accession to the European Union.

Agenda 2000 and the Phare New Orientations identify the lack of a dynamic and sound SME sector as a key stumbling block to accession and note that one of the main factors preventing the growth of the sector is the reluctance and inexperience of the region’s financial sector to provide equity and debt finance to SMEs. In response, these two key documents call on the Phare programme to establish a new financial instrument - the SME Finance Facility - to induce financial intermediaries in the ten applicant countries from Central and Eastern Europe to expand and to maintain in the long term their debt and equity financing of SMEs.

A pilot Phase 1 of the Facility was launched by Phare in co-operation with the EBRD in 1999. Under that pilot Phase EBRD and Phare funds have been jointly mobilised through a special fund to provide tailored SME loans, technical assistance, guarantee, equity and management support to financial intermediaries (i.e.: banks and investment funds) in the region, which then provide funding as sub-loans or equity to their SME clients.
With the pilot Phase 1 fully operational, the Facility has entered into Phase 2 where other additional sponsors are also being attracted to join the programme\(^1\).

In this context, the Commission also launched on June 2000 an assessment exercise on the activity led under the Phase 1 of the Facility with the EBRD. The final report is due to be issued early November. Nonetheless, in the light the preliminary assessment on the Facility, the Commission has agreed to consolidate the scheme and to enter into a new arrangement under Phase 2 of the SME Finance Facility with the Bank for the Loan and Guarantee Window (LGW) and the Equity Window (EW). However, within in the framework of the Phase 2 the present Financing Proposal will only cover the participation of the EBRD under the LGW, as most of the Phare financing under the EW is still to be committed.

The additional Phare contribution to the Facility will be 30 MEUR, and the EBRD will increase its contribution to this programme by an additional amount of 150 MEUR. These EBRD and Phare resources will be used for Projects under the Loan and Guarantee Window. The revised procedures for implementing this Financing Proposal will be set down in a new Contribution Arrangement to be signed following the approval of this Financing Proposal and replacing the Contribution Arrangement presently in force for Phase 1.

The revision of the management procedures has been agreed in accordance with the preliminary findings of the draft Assessment Report and of the experience acquired from both parties. Some management changes specifically related to the co-ordination aspect – notably to the role of the Steering Committee- have also been introduced following the joining of other new partners in the scheme of Facility. If needed, further management improvements may also be agreed between the parties before the signature of the arrangement to take the conclusions of the final report into account.

3. STRATEGY

It is widely recognised that SMEs play a vital role in the generation of a dynamic economy and in particular in the creation of new employment in the EU as well as in the candidate countries. However SMEs are often undercapitalised and face significant problems in raising debt finance and in obtaining risk capital, or subordinated debt.

3.1 The Policy Framework

Financing problems of SMEs in the CEE accession countries are becoming increasingly serious because of the rapid growth in the sector combined with the continued reluctance and inexperience of banks and investment funds to provide finance to the sector.

According to EUROSTAT surveys, in most of the candidate countries between 70-85% of the SMEs indicated that a lack of funds is a primary constraint on their development.

It is usual for most emerging SMEs, especially the small ones, to have no access to risk capital other than the personal resources of the founders. The raising of debt finance is also difficult for SMEs as banks are often reluctant to lend to them. The lending risk inherent in new firms and expanding SMEs is high and difficult to assess, and is increased by their usual low

\(^1\) Cfr. the Financing Proposal with the CEB/KfW approved at the 80\(^{th}\) Phare Management Committee of 18 July 2000.
capitalisation. Loans are often not available to SMEs because of lack of collateral, making new projects particularly difficult to finance. Also, there is frequently a perception that the costs of administering small loans are disproportionately high and that larger loans generate a higher income stream, leading banks to concentrate their efforts on larger companies. Experience in most industrialised countries shows that unless stimulated through focused schemes such as the SME Finance Facility, banks tend to focus on large companies, thereby undermining SME and micro enterprises financing.

On this background the New Orientations of Phare specifically called for the establishment of a horizontal SME Facility for the region as a whole: “A horizontal facility for small and medium enterprises (SME) will be available to remedy the shortage of investment capital available to SMEs.”

In response to these policy indications, the Commission launched the SME Finance Facility Phase I with the EBRD, approved by the Phare Management Committee on 19 November 1998. This programme proved to be successful so far. The Commission has therefore decided to consolidate this scheme providing additional support to the EBRD as well as inviting other FIs to participate in the programme.

3.2 The SME Finance Facility Overall

The SME Finance Facility objective is to persuade financial intermediaries in the CEEC to expand and sustain their business to SMEs through providing incentives and other support to overcome their lack of experience and to cover the special administrative costs and risks involved.

A SME Finance Facility Project is defined as a tailored package of financial incentives (including Phare and IFI funding) to a financial intermediary (ie. investment fund or bank) which are combined where applicable to additional co-financing from that financial intermediary, to be channelled onto individual micro-enterprises or SMEs as equity or loans (termed Sub-Projects).

As for the eligible support envisaged, the specific incentives financed through the Phare programme on specific Projects may be granted through two co-ordinated Windows:

A SME Equity Window (EW) through which the Commission is willing to finance the following types of incentives:

(1) equity co-investment with a view to share the overall investment risk with the co-investing IFI and investment fund;

(2) funding of management and operating costs of the investment fund on a grant basis.

A SME Loan and Guarantee Window (LGW) through which the Commission is willing to finance the following types of incentives:

(1) performance incentives on loans or credit lines provided by IFIs to banks for on-lending to SMEs;

(2) a partial first-loss guarantee on the SME loan portfolio;
(3) technical assistance to strengthen the bank’s capacity to service microenterprises and SME customers on a grant basis;

(4) other types of incentives which can be proposed by sponsors as far as they meet the objectives and enhance the Facility.

3.3 From Phase 1 to Phase 2: the context

Following the launch of the operations with EBRD under Phase 1, the Commission carried out a marketing initiative towards other IFIs to elicit additional interest and possible commitments to Phase 2 of the Facility.

The Commission therefore extended the invitation to participate in the Facility Phase 2 to the Nordic Environmental Finance Corporation (NEFCO), the Nordic Investment Bank (NIB), the Council of Europe Development Bank (CEB), the European Bank for Reconstruction and Development (EBRD) and to the International Finance Corporation (IFC). These IFIs have been invited to the Facility because already contacted in the preparation of Phase 1, as well as in quality of signatory bodies of the Memorandum of Understanding on Co-operation for Pre-Accession Preparation of Central and East European Countries\(^2\). In addition the EIB was also invited to participate in the Facility.

To date, following the approval of the Financing Proposal by the 80\(^{th}\) Phare Management Committee of 18/7/00, another agreement will become effective in the second half of the year 2000 with the Council of Europe Development Bank (CEB/KfW) for its participation to the Facility under the Loan and Guarantee Window.

In relation to the EBRD, the table thereafter shows that the resources dedicated by Phare and by the EBRD to the SME Finance Facility will be a total of 380 MEUR including the present Financing Proposal, of which:

* 330 MEUR in total will be dedicated to the LGW and
* 50 MEUR will be dedicated to the EW.

<table>
<thead>
<tr>
<th></th>
<th>LGW</th>
<th></th>
<th>EW</th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EBRD resources</td>
<td>Phare resources</td>
<td>EBRD resources</td>
<td>Phare resources</td>
<td></td>
</tr>
<tr>
<td>Phase 1</td>
<td>50</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>125</td>
</tr>
<tr>
<td>Additional financing through the present Proposal</td>
<td>75(^3)</td>
<td>/</td>
<td>/</td>
<td>/</td>
<td>75</td>
</tr>
<tr>
<td>Phase 2</td>
<td>150</td>
<td>30</td>
<td>0</td>
<td>0</td>
<td>180</td>
</tr>
<tr>
<td>Total with EBRD</td>
<td>275</td>
<td>55</td>
<td>25</td>
<td>25</td>
<td>380</td>
</tr>
</tbody>
</table>

\(^2\) The Memorandum of Understanding was signed with these IFIs on 30\(^{th}\) March 2000.

\(^3\) The original financing from the EBRD was 50MEUR. Following the EBRD Board decision of April 2000, the Bank replenished its contribution of additional 75MEUR.
Following the recent approval of the Financing Proposal concerning the involvement of CEB and KfW, the overall resources of the SME Finance Facility for the sponsors currently involved in the Facility are as follows:

**Resources under Phase 2 with EBRD (MEUR)**

<table>
<thead>
<tr>
<th>Resources from EBRD</th>
<th>Resources from Phare</th>
</tr>
</thead>
<tbody>
<tr>
<td>LGW</td>
<td>EW</td>
</tr>
<tr>
<td>275</td>
<td>25</td>
</tr>
</tbody>
</table>

**Resources under Phase 2 with CEB/KfW (MEUR)**

<table>
<thead>
<tr>
<th>Resources from CEB/KfW</th>
<th>Resources from Phare</th>
</tr>
</thead>
<tbody>
<tr>
<td>LGW</td>
<td>EW</td>
</tr>
<tr>
<td>113</td>
<td>0</td>
</tr>
</tbody>
</table>

These resources must now be committed and used within the SME Finance Facility under a co-ordinated approach.

This implies that under Phase 2, it will be up to the Commission to ensure that:

- The procedure of approval of Projects takes into account the necessity to meet the legitimate confidentiality requirements of the respective sponsors.
- The necessary co-ordination between the sponsors is in place so as to ensure the maximum efficiency of the Facility and to allow exchanges of experience.

These aspects are detailed in Section 5. To complement the information on the Commission role of co-ordination the following diagram highlights the major changes of the management structure of the Facility from Phase 1 to Phase 2.
PHASE 1

STEERING COMMITTEE
to approve the Projects and supervise the implementation of the Facility
(COMMISSION + EBRD)

PHASE 2

STEERING COMMITTEE
Commission to co-ordinate the Facility
(COMMISSION + EBRD + CEB/KfW + other future partners)

CO-FINANCING MEMBERS
to approve the Projects

EUROPEAN COMMISSION

EBRD

LGW

EW

EBRD

LGW

EW

EBRD

LGW

CEB/KfW

Future new partners

Future LGW

Future EW
3.4 The progress achieved so far under Phase 1 with the EBRD

The Loan and Guarantee window:

At August 2000 the following Projects have been approved and signed under the Loan and Guarantee Window:

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>Headquarters</th>
<th>BANK</th>
<th>EBRD LOAN</th>
<th>PHARE total contr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>Poznan</td>
<td>WBK</td>
<td>10,00</td>
<td>1,99</td>
</tr>
<tr>
<td>Poland</td>
<td>Katowice</td>
<td>Bank Slaski</td>
<td>10,00</td>
<td>2,26</td>
</tr>
<tr>
<td>Poland</td>
<td>Krakow</td>
<td>PPA</td>
<td>10,00</td>
<td>1,64</td>
</tr>
<tr>
<td>Romania</td>
<td>Cluj</td>
<td>Banca Transilvania</td>
<td>4,90</td>
<td>1,42</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Sofia</td>
<td>UCB</td>
<td>3,00</td>
<td>0,84</td>
</tr>
<tr>
<td>Latvia</td>
<td>Riga</td>
<td>LUB</td>
<td>10,00</td>
<td>1,78</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>Headquarters</th>
<th>BANK</th>
<th>EBRD LOAN</th>
<th>PHARE total contr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slovenia</td>
<td>Maribor</td>
<td>NKBM</td>
<td>10,00</td>
<td>2,03</td>
</tr>
<tr>
<td>Hungary</td>
<td>Budapest</td>
<td>Budapest Bank</td>
<td>10,00</td>
<td>1,78</td>
</tr>
<tr>
<td>Czech republic</td>
<td>Praga</td>
<td>Ceska Sporitelna bank</td>
<td>10,00</td>
<td>2,28</td>
</tr>
<tr>
<td>Slovenia</td>
<td>Ljubljana</td>
<td>SKB</td>
<td>10,00</td>
<td>1,78</td>
</tr>
</tbody>
</table>

It can be noticed from the above table that one major improvement already obtained from the Facility is the leverage applied to the Phare funds. Although the Phase 1 was designed with a ratio between the EBRD and the Phare resources equal at or higher than 2, the actual leverage of resources is currently close to 5 in favour of Phare.

One direct consequence of this leverage of resources under Phase 1 is that the original amount of 50 MEUR allocated by the EBRD for the LGW was replenished with additional 75 MEUR following the decision of the EBRD Board of April 2000.

One of the objective set by the Commission under Phase 1 is also to ensure that at least 1 Project per CEE candidate country be operational. On August 2000 7 out of 10 CEECs are benefiting -or are going to benefit- from the LGW. The EBRD repeatedly confirmed to the Commission its maximum effort to cover all of the 10 eligible countries by the end of 2000. According to this objective, the EBRD has also anticipated to commit the total of the funding available under the Phase 1 for LGW by the end of 2000.

In addition, last June the Commission decided to launch an assessment exercise in order to verify the quality and effectiveness of the technical assistance provided, to identify any difficulty restricting the efficient implementation of the Facility and identify possible improvements of the delivery mechanism before entering into Phase 2. The first draft of the Assessment Report under discussion with the assessor -although highlighting some initial difficulties due to the start-up of this new scheme- also recognises the potentiality and the relevance of such a instrument to facilitate increased SME lending.

All these results have given the necessary background to the Commission to enter into Phase 2 with the EBRD.
**The Equity Window:**

At this stage, the Commission does not envisage the need for additional funding for the Equity Window for Phase 2. The take off of the Equity Window resulted slower than originally foresaw due to the more complex schemes that the equity participation implies and the necessity of a particular careful evaluation of all the implications that the participation in the newly created Equity Funds may cause.

In order to catch-up the delay, at the Steering Committee of last June the EBRD presented a new strategy to the Commission. In short, the Bank proposed that instead of negotiating the participation in the newly created equity funds, the EBRD would seek collaboration with the most successful private equity funds among those 30 funds active in the candidate countries where the EBRD is already investing. The aim is to establish specific SME funds alongside other existing funds in the countries concerned.

Thanks to this revised strategy the EBRD envisages that, by end 2000, around 50% of the Facility’s resources committed for Phase 1 are invested. In particular, under the EW one Project with a fund in the Baltic States and 2 Projects with funds in Hungary are being envisaged in the pipeline till the end of 2000. More Projects are also expected in 2001. Although much effort is being done by the EBRD to ensure the use of Phare fund, it would be nonetheless premature to seek additional funding for the Equity Window at this stage.

At August 2000 the following Project has been approved and signed under the Equity Window:

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>FINANCIAL INTERMEDIARY</th>
<th>EBRD</th>
<th>PHARE</th>
<th>OTHERS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czech &amp; Slovak Republics</td>
<td>GIMV Czech Ventures</td>
<td>3,00</td>
<td>3,00</td>
<td>6,00</td>
<td>12,00</td>
</tr>
</tbody>
</table>

**4. OBJECTIVE OF THIS FINANCING PROPOSAL**

The primary objective of the SME Finance Facility with the EBRD is to induce financial intermediaries in the ten candidate countries from Central and Eastern Europe to expand and to maintain in the long term their financing operation to SMEs.

Through this Financing Proposal the Commission intends i) to further expand the current range of the participating financial intermediaries from the candidate countries in the Facility as well as ii) to expand the existing operations under the Loan and Guarantee Window of the Facility to meet the new and maturing needs of SMEs in the applicant countries.

Secondary objectives of this Financing Proposal are:

1. to leverage the largest amount of co-financing with the Commission grant through co-financing with the EBRD;

2. to ensure greatest efficiency of the management of these complex financial schemes by delegating implementation to the EBRD, whose expertise is extensive in these areas.
The means to achieve these objectives is now to mobilise further financing through the existing SME Facility’s special fund in the EBRD so as to provide additional tailored credit lines to support banks in the Eligible Countries which then provide sub-loans to their SME clients.

5 DESCRIPTION OF SME FACILITY PHASE 2 (EBRD)

Phase 2 of the SME Finance Facility differs from Phase 1 as other sponsors than EBRD are involved. In particular under Phase 2 the EBRD as well as the other sponsors are authorised to commit Phare resources into those Projects meeting the Facility requirements under a co-ordinated approach. This implies defining mechanisms which are applicable to all sponsors for:

(a) the approval of Projects which will be submitted respectively by the EBRD or CEB/KfW;

(b) the co-ordination on the implementation of the Facility so that to make sure that:

- there is no overlap between the Projects of the respective sponsors and that
- an appropriate country coverage is reached between the sponsors.

As far as the EBRD is concerned, this implies that from the signing of the new Contribution Arrangement creating the Phase 2 with the EBRD, all Projects being submitted or to be submitted in the future by the EBRD will be approved according to the mechanisms of the Phase 2.

5.1 The rationale for Phase 2 with the EBRD

In the light of the results achieved so far, the Commission intends to further expand the Facility within the candidate countries so as to maximise the impact of this programme by ensuring maximal geographical coverage as well as to avoid any disruption of the activities and to keep the momentum.

The Commission also launched early June an assessment exercise on the Facility. Although at the time this Proposal is drafted the assessment is still on going, the preliminary findings discussed with the assessors have confirmed that -despite some delays in the presentation of the projects with the participating banks compared with the original schedule- this programme as a whole is considered as useful and relevant in terms of the objectives the Commission wants to achieve.

On this background, at the last Steering Committee meeting of 27 June 2000 between the Commission and the EBRD it was agreed to ensure the development of the programme and to proceed to the Phase 2 of the Facility.

The Commission will therefore grant through this Financing Proposal the necessary support to the Loan and Guarantee Projects by providing an additional amount of 30MEUR to the LGW. The EBRD Board, with decision to be taken early October at the latest, is expected to agree a parallel additional contribution of 150 MEUR to the LGW of the Facility.

As for the management, the findings of the Assessment Report have been taken into account - notably in relation to the co-ordination aspects- in the amendment of existing Contribution Arrangement to be signed after the approval of the present Financing Proposal.
Further improvement in the management and co-ordination of the programme have also been considered in the light of the participation of new partners in the Facility. In particular, the role of the Commission within the Steering Committee is modified to guarantee the necessary co-ordination between the partners while ensuring the confidentiality of the operations of each partner with the CEEC financial intermediaries.

5.2 The Contribution Arrangement and its amendment

The implementation of this programme will take into account the findings of the Assessment report and the experience gained by the Commission and the EBRD in managing this programme so far.

To maximise the efficiency of the programme’s implementation, the Commission will transfer the Phare contribution to the existing Facility’s Fund. The EBRD will administer the Fund as well as manage and supervise the Projects co-financed under this programme.

Although this Proposal do not provide any further contribution to the equity participation due to the slower progress made under Equity Window, the amendment of the Contribution Arrangement shall cover both Equity (EW) and Loan & Guarantee Windows (LGW) activities of the SME Finance Facility. This will allow a coherent approach vis-à-vis the management of the Facility as a whole in case the Commission decides to increase its support to the EW in the future.

To be noted that, apart from the increase of resources under the LGW, the amendment mainly concerns the procedure for the approval of Projects and the role of the Steering Committee which have to be adapted following the joining of new partners in the Facility (see point 5.4.2). However, if needed further management improvements may also be agreed between the parties to take the conclusions of the final report into account.

Under the framework of this Financing Proposal the Commission will finance the following types of incentives in parallel to the EBRD credit lines:

1. performance incentives on loans or credit lines provided by the EBRD to Participating Banks (PBs) for on-lending to SMEs;

2. a partial first-loss guarantee on the SME loan portfolio of PBs;

3. T. A. assistance to strengthen banks capacity to service microenterprise and SME customers;

4. other type of incentives which can be proposed by the EBRD as far as they meet the objectives and enhance the Facility.

5.3 The Operations to be financed

The SME Facility’s operations both under EW and LGW within the Phase 2 will be similar to those undertaken under Phase 1. These are described in the diagram overleaf.

As the present financing proposal does not deal with additional resources to the EW, the description under the section 5.4. is given for LGW Projects only. However the conditions specified for the EW Projects under Phase 1 in the Financing Proposal approved by the Phare Management Committee of November 1998 remain applicable.
The effect of the present Financing Proposal on the EW Projects is limited to procedural aspects: approval of Project and role of the Steering Committee. As for the LGW, it should be noted that the EBRD will provide the loan funds or credit lines to the Participating Banks at market rates. On the other hand, the Phare contribution is intended to stimulate the local Participating Banks to develop and sustain their loan operations with SMEs.

Phare and the EBRD are designating an additional amount of 180MEUR for LGW Projects supported under the Facility. These funds will finance Projects that are defined as SME loans and credit lines to the Participating Banks in the CCE candidate countries and shall generally be 5-15 MEUR in size.
The SME Facility Phase 2 with the EBRD

**FUNDS**
Phare / EBRD

**PROJECT PROPOSALS**
Tailored packages directed at Participating Banks (or Investment Funds) in the CEEC

**PROJECT APPROVAL BY THE CO-FINANCING MEMBERS**
Commission and the EBRD approve project proposals

**PROJECT AGREEMENTS**
- EBRD contracts signed with relevant Participating Banks (or Investment Funds).
- Contain tailored components from the Loan and Guarantee Window (or from the Equity Window) of the Facility

**PARTICIPATING BANK (or INVESTMENT FUND)**
Implement the agreement signed with the EBRD by providing individual loans (or equity) to individual SMEs.
5.4 Project description

LGW Projects financed under the Facility will involve provision of Phare funds and EBRD resources through specific agreements with Participating Banks (PBs), which shall on-lend directly to SMEs.

The resources will be attributed to each Project with local PBs with a leverage not lower than 3/1 in favour of Phare.

The size of each Project agreed with the PB will be, in principle, between 5-15 MEUR and the maximum size of loans per SME beneficiary shall be 250,000 EUR.

The Project with the PBs supported under the Facility will include EBRD loan or credit line and a contribution from Phare, which may be used for one or more of the following components in varying proportions depending on the Project’s specific needs:

(a) Performance fee

In the form of a grant partly compensating for the interest to be paid by the PBs to EBRD. The Phare incentive will be determined on a downward sliding scale and be paid only in relation to actual performance of the PB on the SME lending.

No more than 50% of overall Fund Resources may be used for performance fees. This 50% ceiling may be raised up to 70% by the Co-financing Members - representing the Commission and the EBRD - if considered as necessary for the objectives of the Facility. The specific portion of performance fee may however vary between Projects.

(b) Technical Co-operation (TC)

Phare resources may be provided to PBs for institution building purposes. The aim of TC is among other things to:

- install management information systems specifically geared towards SME portfolios;
- recruit and train PBs staff in SME customer support and small loan appraisal, supervision and loan administration skills;
- assist in the introduction and implementation of organisational and managerial procedures and practices involved with SME lending;
- strengthen administrative, credit and management capacities.

No more than 50% of Fund Resources may be used for technical assistance. This 50% ceiling may be raised up to 70% by the Co-financing Members if considered as necessary for the objectives of the Facility. The specific portion of technical assistance may vary between Projects.

(c) Loan Guarantee
Phare contribution may be used, where appropriate, to provide a partial guarantee on the SME sub-loan portfolio managed by the PBs. This guarantee is limited to a maximum of 40% of the loss per Sub-Project.

(d) Other incentives

Subject to specific approval of the Co-financing Members -representing the Commission and the EBRD- other appropriate incentives for the benefit of Participating Banks, may be granted.

Arrangement. An arrangement offered to a Participating Bank on a Project might consist of:

(1) A loan or credit line for on-lending to the SMEs. The combination of EBRD loan funds with a Phare interest rate incentive shall produce the attractive margin required to induce Participating Banks to take the loan and undertake the necessary organisational changes, most notably the specialisation of loan officers and branches to SME lending.

(2) Where justified, a partial first-loss guarantee for a fixed percentage of losses on the SME loan portfolio managed by the Participating Bank.

(3) Technical assistance to perform institution building in the Participating Banks (e.g. adjust organizational structure, train loan officers in appraisal and supervision, introduce new management information systems, etc.) to meet the special administrative needs of lending to the SME sector, which is very different from the requirements of lending to a small number of large clients.

The precise mix of the support offered under individual Projects may vary country by country and may depend on the Project’s specific circumstances.

5.5 Procedure of approval and management

The EBRD shall prepare the Project proposals for support under the SME Facility with the relevant Participating Bank in the applicant countries.

The Co-financing Members (the Commission and the EBRD) will approve the Project proposals and supervise the implementation of the activities to be carried out under the Facility through reports and audits and co-ordinate the implementation of the Facility through the Steering Committee.

The Facility’s support to Projects will be provided through loans and credit lines for Participating Banks combined with the incentives provided from Phare through the Fund (performance fee, guarantees, technical support and others)

The maximum sub-loan per SME beneficiary will be of 250,000 EUR, thereby establishing a clear additionality vis-à-vis the existing financial instruments available to SMEs in Central and Eastern Europe.

In accordance with the existing practice, the EBRD shall manage the Projects and engage the Participating Banks in the applicant countries to provide finance to SMEs (ie Sub-Projects) on a day to day basis.
The amount involved in each Project is estimated to vary between 5 MEUR and 15 MEUR. Obviously, each Project with the Participating Bank shall finance many more Sub-Projects in individual SMEs.

SMEs eligible for support through Sub-Projects are enterprises employing not more than 250 people\(^4\).

The procedures and guidelines outlined in this Financing Proposal - including eligibility criteria applied, support offered, financial intermediaries used, final SMEs selected and the implementation conditions and approaches adopted - shall be followed as a general rule.

5.6 The Administrative Structure

The Fund

The Commission and the EBRD have agreed to allocate this further financing in the already existing Special Fund created in the framework of the SME Finance Facility and managed by the EBRD.

The Steering Committee and co-ordination issues

Since the involvement of CEB/KfW, the SME Facility has entered into Phase 2, where different partners are involved in the financing operations to support the SMEs in the candidate countries. It is therefore important to ensure the necessary co-ordination between the different IFIs involved so as to avoid overlaps of activity and all risk of duplication of funds to the same Participating Banks.

The tasks of the Steering Committee have been revised accordingly in the addendum to the Contribution Arrangement to be signed. In particular the Steering Committee will ensure co-ordination and complementarity between the Projects supported with the Phare contribution under the Facility.

The Steering Committee under Phase 2 comprises three representatives of the Commission and one representative each, respectively, of other IFIs and FIs having signed similar Contribution Arrangements with the Commission.

The Commission through the Steering Committee will supervise the correct implementation of the Facility.

All decisions of the Steering Committee are made by unanimity. The Steering Committee convenes at the request of any of its members, but meets at least twice per year and a representative of the Commission chairs the meetings.

The Steering Committee shall, in particular:

1. monitor financial and operational progress of the Facility;
2. review, as appropriate, publications reporting on the Facility;

\(^4\) The definition of eligible SMEs derives from Commission Recommendation 96/280/EC of 3 April 1996.
(3) review the experiences of the Facility overall with a view to proposing improvements;
(4) co-ordinate activities of the Facility so as to avoid duplication and overlap between partners.

*The Co-financing Members and approval of Projects*

Project proposals will be submitted to and agreed only by the Co-Financing Members, i.e. those members of the Steering Committee representing the Commission and the financial institutions involved in the co-financing of each specific Project (in this case two representatives of the Commission and one representative of the EBRD).

By their approval of the Project, the Co-financing Members authorise the mobilisation of the Resources of the Fund.

The Commission will also ensure the confidentiality of the Projects proposed by the co-financing members.

*The Secretariat*

The Secretariat shall continue to be administered by the Commission (DG ECFIN) and shall ensure the coordination between the Commission and all the sponsors for matters related to Projects, Steering Committee organisation and administration of the Fund.

6. **BUDGET**

This Financing Proposal has a budget of 30 MEUR to be used out of the Community budget. Included in this figure is the management fee of up to 1.25% of the actual net amount paid out by EBRD under this Financing Proposal (corresponding to a maximum amount of 0.375 MEUR). The Commission shall pay to the EBRD a management fee equal to 1.25 percent of each tranche of the Contribution released to the Fund towards covering the cost of implementing all EBRD tasks under the Arrangement. The amount corresponding to the management fee is included in the amount of each tranche released to the Fund. The Commission shall not provide any additional amount to support the ordinary EBRD costs resulting from this Arrangement.

*Figure 6a: Phare Contribution*

<table>
<thead>
<tr>
<th>Sector</th>
<th>Allocation</th>
<th>Investment*</th>
<th>Institution Building</th>
<th>TA*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Window</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Loan/Guarantee Window</td>
<td>100%</td>
<td>100%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

*Investment Support and Technical Assistance cannot be separated out as distinct Phare actions under the SME Facility but are considered as integral components of each investment support Project financed under the Facility.
Figure 6b: Co-Financing to SME Facility

<table>
<thead>
<tr>
<th>WINDOWS</th>
<th>PHARE</th>
<th>EBRD</th>
<th>Financial Intermediary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Window</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Loan /Guarantee Window</td>
<td>+</td>
<td>+</td>
<td>+/-</td>
</tr>
<tr>
<td>Total</td>
<td>+</td>
<td>+</td>
<td>+/-</td>
</tr>
</tbody>
</table>

Co-financing from the Participating Banks in the Loan and Guarantee Window will vary depending on the circumstances of the Project but shall be pushed to the maximum possible.

7. IMPLEMENTATION ARRANGEMENTS

Implementation shall be delegated to the EBRD on the basis of the Contribution Arrangement. The Commission’s supervision will be exercised throughout the duration of the programme through the Steering Committee and through activities of monitoring and evaluation, various reports and audits.

Building on the general description of the programme made in section 5 of this Financing Proposal, this section explores in greater detail implementation principles.

7.1 Implementation Principles

As well as the basic aspects of the Facility set out in this Financing Proposal, there are certain principles of implementation that can be highlighted here:

(1) No Phare funds will be used for the purposes of a Project (under the LGW or the EW) without prior approval of that Project by the Co-financing Members.

(2) Those Projects which address key problems in the relevant country’s National Programme for the Adoption of the Acquis will be particularly welcomed, as well as those focusing on microenterprises.

(3) The financial and operational management of Commission funds under the SME Facility shall be delegated to the EBRD. To this end, the Commission Contribution shall be paid into the existing interest bearing account termed the “SME Facility Special Fund” in the EBRD. The modalities are set down in the Contribution Arrangement agreed between the Commission and the EBRD.

(4) After an initial advance, the Commission will approve the release of further funds to the SME Facility Special Fund in tranches. All funds remaining unused or revolving within the Special Fund will be reused for the purpose of the SME Facility according to the same rules and procedures.
At a minimum, the EBRD will provide three times the financial contribution of Phare to a Project financed through the Loan and Guarantee Window. The general objective for the LGW is to commit EBRD and Phare resources in the proportion of 5 to 1 for the SME Finance Facility Phase 2 (275MEUR/55MEUR).

The Commission shall exercise its responsibility over the use of its funds for the duration of the Facility on the basis of monitoring reports and accounts provided by the EBRD in accordance with the rules set down in the Contribution Arrangement.

The Facility will be available for all eligible countries from Central and Eastern Europe and an effort will be made to reach a balanced country usage although, of course, final Project selection must be on the basis of the quality of the proposals.

The specific procedures relating to the implementation of the Project will be set down in Project agreements with the Participating Bank. Project agreements will specify the terms and conditions applicable to the use of EBRD and Fund Resources and will ensure that relevant provisions will be incorporated in the agreements between the Participating Banks and the SMEs.

Interest earned on the account and possible funds paid out from the Fund and recovered from Projects shall be returned to the SME Facility Special Fund for use again on new Projects, until termination of the SME Facility Special Fund’s activities. The EBRD is also committed to the continuation of the operations until the termination of the SME Facility Special Fund’s activities. Any funds remaining at termination shall be returned to the Commission.

7.2 Eligibility Criteria

Eligible Participating Banks

Selection of Participating Banks will concentrate on their credit worthiness and branch networks, possibly already involved in institution building programmes. The criteria will include, among other things, geographic location, market competition between banks business potential, branch management competence, commitment to SME lending, openness to new technology and willingness to devote personnel.

On an exceptional basis, a state-owned bank may also participate in the SME Facility. Criteria for participation of a state-owned bank will include geographic outreach, assistance to its privatisation and the existence of credible financial and commercial autonomy.

Eligible SMEs

Enterprises eligible for Sub-Projects must comply with the definition of SME as per Commission Recommendation of 3 April 1996 (OJ L 107 of 30 April 1996). The term SME includes the individual entrepreneur. Eligible SMEs must:

1. have majority private ownership and control or be in the final stage of the process of privatisation;

2. not be conducting business in activities such as, gambling, real estate, banking, insurance or financial intermediation and the manufacture, supply or trade in arms, as well as activities on EBRD’s Environmental Exclusion List.
**Eligible Expenditure at SME level**

Funds utilisation by SMEs may be for the financing of investment in fixed assets and working capital and may involve new Projects, or the modernisation or expansion of existing business within sectors in the following non-exhaustive list: manufacturing industry, agro-allied business, hotel, tourism, energy saving and environment, construction, trade and services.

**Eligible Countries**

The Facility Phase 2 is open to Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. An effort will be made to reach a balanced country usage.

### 7.3 Project Selection and Approval

After preparation by the EBRD, Project proposals will be presented to the Co-financing Members representing the Commission and the EBRD. The approval will be given through written procedure and the acceptance or rejection of a Project proposal by the Co-financing Members will be confirmed within twenty working days of its submission.

The Secretariat organised by the Commission shall ensure the co-ordination of the written procedure.

The unanimous agreement from the Co-financing Members is required.

Subject to the legal obligation of bank secret and the rules of confidentiality, the Commission shall have access to all relevant information in connection with the Project proposals.

The Co-financing Members shall assess Project proposals according to their compliance with the following criteria:

1. the compliance with the Arrangement and its appendices, including degree of compliance with eligibility criteria;
2. the impact of the proposed Projects on accession and on SME development in the Eligible Countries;
3. the country in which the Project is located, taking into account the objective of the Facility to be implemented over time in all Eligible Countries;
4. the degree to which the requested grant leverages additional funds from Partners and PBs;
5. the coherence of the proposed allocation of Fund resources with other approved Projects.

By their approval of the Project, the Co-financing Members authorise the mobilisation of Fund resources.
7.4 Implementation of Projects

In accordance with the current management of the Facility Phase 1, the administration of the Phare funds shall be undertaken by the EBRD under the monitoring of the Commission, and shall not be implemented according to the standard Phare Decentralised Implementation System.

The Commission shall be continuing to exercise its responsibilities over the use of funds throughout the duration of the programme and the implementation shall be assured through a sub-delegation arrangement with DG ECFIN/SOF.

The precise procedures for implementation of the Projects shall continue to be set down in the specific Project agreements (i.e. contracts) signed between the EBRD and the Participating Bank. These Project agreements will specify the terms and conditions applicable to the use of funds. Subject to the rules of confidentiality, the Secretariat of the Steering Committee shall be provided with copies of these Project agreements. To be noted that the documents thereof will be available only to the Co-financing Members.

Project agreements shall specify the terms and conditions applicable to the use of Partners and Fund resources and shall ensure that those relevant provisions resulting from the Arrangement will be incorporated in the agreements between the PBs and the SMEs.

Project agreements shall encompass specific, objectively verifiable criteria by which Sub-Project compliance with agreed rules will be controlled.

In the case of default on project agreements, the EBRD will undertake recovery proceedings in a manner consistent with the care and diligence applied in EBRD projects financed out of its ordinary resources. The Commission will assist in this process where required.

8. MONITORING, ASSESSMENT AND EVALUATION

The EBRD will continue to be responsible for monitoring the implementation of actions under the Contribution Arrangement and for providing the following reports.

(1) Monthly financial statements – a summary statement of the Fund account indicating the situation of the Fund, at the beginning and the end of the month, any transaction (with value date) and providing explanation and justification of any transaction.

(2) Quarterly pipeline report – a summary of the Projects in the pipeline and a forecast of commitments and disbursements from the Fund.

(3) Semi-annual progress report: this will be a substantial assessment of activities under the Arrangement for the first six months including:

(a) all financial matters relating to the Arrangement’s operation, including duration of sub-loans and relation of other loan terms to general market conditions in the country concerned;
(b) compliance of Sub-Projects with Project agreements and articles of the Arrangement;

(c) information on Sub-Projects including, as a minimum, numbers of Sub-Projects, sectors covered, number of employees per beneficiary SME and total assets and turnover and interest rates. To meet confidentiality requirements, data may be provided on an aggregated basis.

(4) An annual report on the Arrangement’s operations from the end of each year. It will include for the second half of the year the same kind of information as requested above to assess the activities under the Arrangement and also cover as a minimum:

(a) contribution of activities under the Arrangement to pre-accession efforts of the country concerned;

(b) the leverage achieved by Fund Resources on additional Partner and private sector funds. The number of PBs still maintaining their SME operations after termination of support from the Fund;

(c) any other information deemed useful to measure the impact of the Facility in terms of its original objective "to alleviate the financing problems of small and medium-sized enterprises in the Phare eligible countries".

(5) A final report established at the termination of the Arrangement shall include information deemed necessary to assess the overall impact of the Arrangement since its commencement.

The Commission may also carry out, from time to time, assessments of the activities under the Arrangement.

The Commission shall exercise its responsibilities through reviewing the audited accounts and reports produced by the EBRD and through its own independent assessment and audits.

9. AUDIT

The Commission shall have the right to send its own agents or duly authorised representatives to carry out any audit it considers necessary with respect to European Community Resources down to the Sub-Project level. The same rights shall be extended to the Court of Auditors of the European Communities in accordance with its mission as laid down in article 87 of the Financial Regulation applicable to the general budget of the European Communities. The Project Agreements to be concluded by the EBRD with the financial intermediaries, as well as agreements between the latter and beneficiaries of Sub-Projects, shall contain provisions to this effect. Relevant documentation should be maintained at all levels for a period of five years after closure of the Project.

There shall be full coordination between the EBRD, the Commission and Court of Auditors to minimise any potential disruption to activities.

The Commission services shall ensure that an ex-post evaluation is carried out after completion of the programme.
10. VISIBILITY

All Projects financed under the Facility involving Commission funds shall reflect explicitly the input of the Commission through: (i) announcements in the Official Journal and in the national press of the FI concerned; and; (ii) inclusion of specific clauses promoting visibility in the Sub-Projects supported at the FI level.

In addition, under Phase 2, EBRD will report accounts for the SME Facility Special Fund for inclusion in its Annual Report at the same visibility level granted to other special funds.

11. SPECIAL CONDITIONS

11.1 Termination

The funding of the SME Facility Phase 2 Special Fund may terminate on 31.12.2002 if the resources as outlined in this Financing Proposal are not designated for Projects by the Steering Committee. The Phase 2 of the Facility with the EBRD shall terminate on 19 April 2009.

The funding of the SME facility Special Fund may be terminated if the EBRD or Commission fails to perform any of their material obligations under the Facility.

Any Phare funds on the SME Facility Special Fund at termination of the Phase 2 with the EBRD shall be returned to the Commission in accordance with the Rules and Regulations of the SME Facility Special Fund. Any funds remaining due to the SME Facility Special Fund at termination shall be returned to the Commission when such resources are received in the SME Facility Special Fund.

The Commission shall exercise its responsibility over the use of funds through the duration of the programme in accordance with its Financial Regulation applicable to the General Budget of the European Communities of 21st December 1977 as amended.

11.2 Transfers between the Windows

The EBRD will develop the activities under both Window according the resources allocated respectively to each Window. However, in order to maximise the performance of the Facility in the exceptional circumstance that the resources available under one of the two Windows are not sufficient to allow the approval of a Project the EBRD may be allowed, subject to unanimous agreement of the Co-financing Members, to use the available resources from the other Window for this specific Project.

12. RISKS AND ASSUMPTIONS

At the operational level, the principal risk is that the Participating Banks Funds supported by the SME Facility will not continue their operations once the SME Facility support has ended. This risk is considered very low, since experience with similar programmes elsewhere clearly shows that financial intermediaries tend to continue on their own once they have the capacity to
administer such loans, have gone through the learning curve and have realised the profit potential of such SME operations.

At the policy level, the Facility assumes a sustained effort by eligible countries to press ahead with making further progress in relation to SME regulations and laws, most particularly in the adoption of the acquis communautaire as it relates to SMEs.

A further risk is that Sub-Projects financed will have limited impact on SME development. Given the experience of the JOP and other SME programmes and the changes which the Facility has introduced, the risks of poor impact would seem reduced.

Annexes

1. Definitions
2. Project proposal format
3. Log-frame Matrix
4. Cumulative contracting and disbursement schedule
5. Visibility/ Publicity
6. Article 118 summary for the Official Journal
ANNEX 1

DEFINITIONS

Except as defined otherwise herein, capitalised terms shall have the meanings attributed to them in this article:

(1) **Contribution** – the contribution to the Fund of 80 MEUR (55 MEUR under LGW and 25 MEUR under EW) by the European Community.

(2) **Co-financing Members**: Members of the Steering Committee involved in the decision of financing a Project: 2 representatives of the Commission, 1 representative of the EBRD.

(3) **Eligible Countries** – Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

(4) **Facility**: The SME Finance Facility involving Facility Phase 1 and Facility Phase 2.

(5) **Facility Phase 1** - the first phase of the SME Finance Facility where the sponsors are the Commission and the EBRD.

(6) **Facility Phase 2** – the second phase of the SME Finance Facility where the sponsors are the Commission, the EBRD and other IFIs, possibly working in association with national Financing Institutions.

(7) **Fund resources**: they consist of the Contribution, interest earned on the Fund account and funds initially paid out from the Fund and recovered from Projects.

(8) **IFIs** – International Financial Institutions.

(9) **Participating Bank (PB)** – the Bank establishing a Project with the EBRD, which shall lend directly the SMEs. The PBs are banks operating in the Eligible Countries, including locally registered entities and also subsidiaries or branches of EC banks.

(10) **Project** - a financial package with a PB, which would include Fund and EBRD resources and comprise one or more of the components according to the arrangement: performance fee, technical assistance, guarantee and other approved incentives.

(11) **Sub-Project** – sub-loan to an individual SME.
ANNEX 2

PROJECT PROPOSAL FORMAT

The EBRD submits Project proposals which will in principle comprise the following items. These proposal format may be changed with the agreement of the Co-Financing Members Steering Committee if so required:

1 The PB
   1.1 Introduction
   1.2 Current financial position and due diligence statement on PB.

2 The Project
   2.1 Objectives
   2.2 Description, including impact on employment
   2.3 Outline of Agreement: Principal terms and conditions
   2.4 Environmental Issues
   2.5 Indicators of achievement for monitoring and evaluation
   2.6 Risks and risk-mitigating measures

3 The SME Facility’s Involvement
   3.1 Eligibility criteria, including any exceptions to the rules set down in the Rules of Procedure and justification for these exceptions and monitoring criteria
   3.2 Accession and transition impact, including PB policy statement on commitment to long term lending to SMEs
   3.3 Additionality
   3.4 Modalities of Project support, including a breakdown of use of Fund Resources and any exceptions to the rules set down in the Rules of Procedure and supporting justifications for such exceptions

4 Implementation
   4.1 Start-up and implementation timetable
   4.2 Disbursement schedule
   4.3 Monitoring and reporting, including reports to Steering Committee
   4.4 Termination
   4.5 Visibility, including specific provisions for Commission visibility
**ANNEX 3**

**LOG-FRAME MATRIX**

<table>
<thead>
<tr>
<th>Prog Number: ZZ 00 / Title: SME Finance Facility Phase II (EBRD)</th>
<th>Period: Jan 2000 - Jan 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives</strong></td>
<td><strong>Indicators of Achievement</strong></td>
</tr>
<tr>
<td>1. To induce financial intermediaries in the ten eligible countries to expand and to maintain in the long term financing operation to SMEs</td>
<td>1. Participating financial intermedia-ries’ approach to SME operations after Facility’s closure.</td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td><strong>Indicators of Achievement</strong></td>
</tr>
<tr>
<td>1. Greater access to finance among participating SME’s in the region. 2. Expanded capacities of Participating Banks to serve the needs of SMEs. 3. Example to other potential financial intermediaries that operating with SME’s is possible.</td>
<td>1. Increased SME lending related to the Facility operations in each PB compared with the number of general SME lending as monitored by the national central bank. Level of increased successful investment taken by the Investments Funds compared with the overall level of investment as known in the sector. 2. Approach of PB to SME operations in terms of: lending policy in place; SME tailored system of appraisal; trained staff. 3. Interest of other financial intermediaries in the Facility and SME’s in general, although such a general indicator cannot be used to directly gauge the Facility’s performance.</td>
</tr>
<tr>
<td><strong>Inputs</strong></td>
<td><strong>Projects with Financial Intermediaries in support of SME’s. The Facility’s support to Projects shall be provided through a 1. Loan and Guarantee Window for Participating Banks/On-Lending Banks including - loan funds, performance fees, guarantees, technical assistance and other approved incentives. 2. Each Project will then finance individual Sub-Projects which are defined as loans in individual SMEs</strong></td>
</tr>
</tbody>
</table>
ANNEX 4

Cumulative contracting and disbursement schedule

<table>
<thead>
<tr>
<th>MEUR</th>
<th>31.03.01</th>
<th>30.06.01</th>
<th>30.09.01</th>
<th>31.12.01</th>
<th>31.03.02</th>
<th>30.06.02</th>
<th>30.09.02</th>
<th>31.12.02</th>
<th>31.03.03</th>
<th>30.06.03</th>
<th>30.09.03 to 31.12.05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracted</td>
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<td>30</td>
<td>30</td>
<td>30</td>
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<td>30</td>
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<tr>
<td>Disbursed</td>
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<td>7</td>
<td>7</td>
<td>14</td>
<td>14</td>
<td>21</td>
<td>21</td>
<td>28</td>
<td>28</td>
<td>30</td>
</tr>
</tbody>
</table>

Please note that this disbursement table is an approximation. The actual disbursements will depend on the demand of the Projects financed under the Facility which have not yet been selected.
ANNEX 5

Visibility / Publicity
ANNEX 6
Article 118 summary for the Official Journal