

FNGCIMM / Romania

Total volume of outstanding guarantees in portfolio per 30/06/2020 **MEUR 152.7**

3,568 supported SMEs in portfolio (H1 2020)

New production (in units) in H1 2020 is **1,090**

Just like in many other EU countries, also in Romania the COVID-19 crisis has put an enormous pressure on SMEs. A bold intervention from the state was expected in order to mitigate the economic and social effects generated by the pandemic. So it comes, **FNGCIMM - the National Credit Guarantee Fund for small and medium enterprises** - has become one of the mainstays of the National Investment and Economic Recovery Plan launched by the Romanian Government.

Together with the Ministry of Public Finance and in cooperation with financing partners, **FNGCIMM** designed 3 new programmes aiming at helping SMEs to overcome the economic consequences of the pandemic.

1. **SME INVEST ROMANIA**, in place as of 28 April 2020 represents the largest capital injection in the Romanian economy over the last 30 years. With a total funding worth BRON 8.54 (BEUR 1.75), **SME INVEST ROMANIA** is intended to facilitate SMEs' access to finance by granting guarantee facilities to SMEs for investment and working capital loans (e.g. goods purchases, personnel costs). These guarantees are issued under the State aid Temporary Framework (TF). The maximum amount of state-guaranteed financing per beneficiary is MRON 10 (MEUR 2) for investments with a coverage rate of up to 80% and MRON 5 (MEUR 1) for working capital with a coverage rate of up to 90% of the value of the loan. In case of investment loans, the duration of the financing is up to 72 months with a grace period of maximum 18 months, where the interest rate is 3m-ROBOR + 2% per year subsidised 100% from the state budget. For working capital loans, the maximum duration of financing is 36 months with the possibility of extension for another 36 months. The interest rate is 3m-ROBOR + 2.5% per year, again 100% subsidised from the state budget. In both cases, the guarantee fee and other granting costs are 100% supported by the state.

Currently, the **SME INVEST ROMANIA** programme is in its fifth phase of implementation, meaning that most of the requested loans have already reached their beneficiaries. 22.000 loans worth BRON 15 (BEUR 3.08) were already approved, representing 1.5% of GDP.

For these loans, **FNGCIMM** has a total value sanctioned (refused guarantees) of about MRON 64.9 (MEUR 13.3) and around 18,119 guarantee beneficiaries.

More information on the **SME INVEST ROMANIA**, can be found under this link (in Romanian): <https://www.fngcimm.ro/imm-invest>

2. Another programme deployed by **FNGC IMM** is called **SME Leasing of equipment and machinery** and is aimed at stimulating the development of small and medium size enterprises with a total number of employees equal to or greater than 250. The programme supports SMEs' access to finance for the purchase of new or second-hand movable property and provides the necessary financial flows through specific sell-and-lease-back operations.

The product is structured as an indirect guarantee, capped at the amount of BRON 1.5 (MEUR 307.8) of the portfolio. The maximum guarantee rate is 80% of the financing value for the acquisition of IT equipment and information technology and 60% of the financing value for the acquisition of technological machinery and equipment, vehicles for transporting goods and persons, used for commercial purposes. The financing costs are subsidised by the state on the de minimis aid scheme, covering 50% of the interest cost, while the administration and the risk costs are 100% subsidised by the state. The maximum duration of the leasing is 72 months with the possibility of granting a grace period from 3 to 12 months.

The programme has been implemented since 26 October 2020 and more information can be found under the following link (in Romanian): <https://www.fngcimm.ro/imm-leasing-de-echipamente-si-utilaje>

3. Finally, **SME Factor** supports the access to finance of SMEs by granting guarantee facilities for short-term loans. The programme consists in granting state guarantees in favour of beneficiaries eligible for regressive factoring financing. The financial support is granted by the banks registered in the programme within a renewable financing cap and guaranteed by the state through the Ministry of Public Finance.

The maximum value of a guarantee for a factoring facility is KRON 750 (KEUR 152.9) where the guarantee rate is up to 50% of the total financing amount. Financing costs are covered by a state aid scheme in the form of grants under the TF. The maximum amount of grants granted per final beneficiary is up to KEUR 800. In case of pisciculture and aquaculture sectors the grants are limited to a maximum of KEUR 120 per beneficiary and KEUR 100 for enterprises operating in the field of primary agriculture. The commercial credit guarantee scheme is accessible until 30 June 2021.

Latest update: 2nd December 2020

Compared to 2019, in the last 10 months, **FNGC IMM** issued **twice as many** guarantees with a total volume of **5.5 times**.

The results have been achieved by adapting the guarantee products, by digitising the processes and improving the communication with the beneficiaries.