

## EIB support for the financial sector

# “Price for Results” credit lines to financial intermediaries

### Highlights:

- EIB funding is made available to financial intermediaries to support projects with a high development impact (HDI), implemented by final beneficiaries.
- A loan agreement is signed between the financial intermediary and the EIB.
- “Price for Results”: different pricing levels are applied to the EIB loan to the financial intermediary to incentivise projects that have positive development outcomes in predetermined sectors/areas.
- The EIB takes credit risk on the financial intermediary.
- The financial intermediary takes credit risk on the final beneficiaries.
- The EIB loan to the financial intermediary finances up to a pre-agreed percentage of each of the sub-loans to the final beneficiaries.

### Product description

Medium and long-term funding for a financial intermediary, using pricing lower than the EIB would normally apply when the financial intermediary uses the funds to finance projects with high development impact carried out by eligible final beneficiaries.

The size of the EIB credit line to the financial intermediary (FI) will be set within prudential limits according to the expected pipeline of final beneficiaries’ projects over the subsequent two years.

Under “Price for Results”, the financial intermediary commits to financing the HDI projects at an interest rate which reflects the EIB’s lower pricing. The tenor of the individual sub-loans granted by the financial intermediary shall be similar to that of the credit line, which can range up to ten years.

Final beneficiaries can be private sector or commercially run public sector enterprises.

Projects are new investments or expenditures undertaken by final beneficiaries, carried out over a period of up to three years. They can also include investments in working capital, which should be funded by sub-loans with a minimum two-year tenor.

### How it works

The EIB provides credit lines to financial intermediaries to finance up to 100% of the sub-loan. Agreement from the EIB is required on proposed final beneficiaries on the basis of standard summary project information.

The financial intermediary bears the risk concerning the final beneficiaries. Portfolio performance remains the responsibility of the financial institution and must be reported to the EIB on a regular basis.

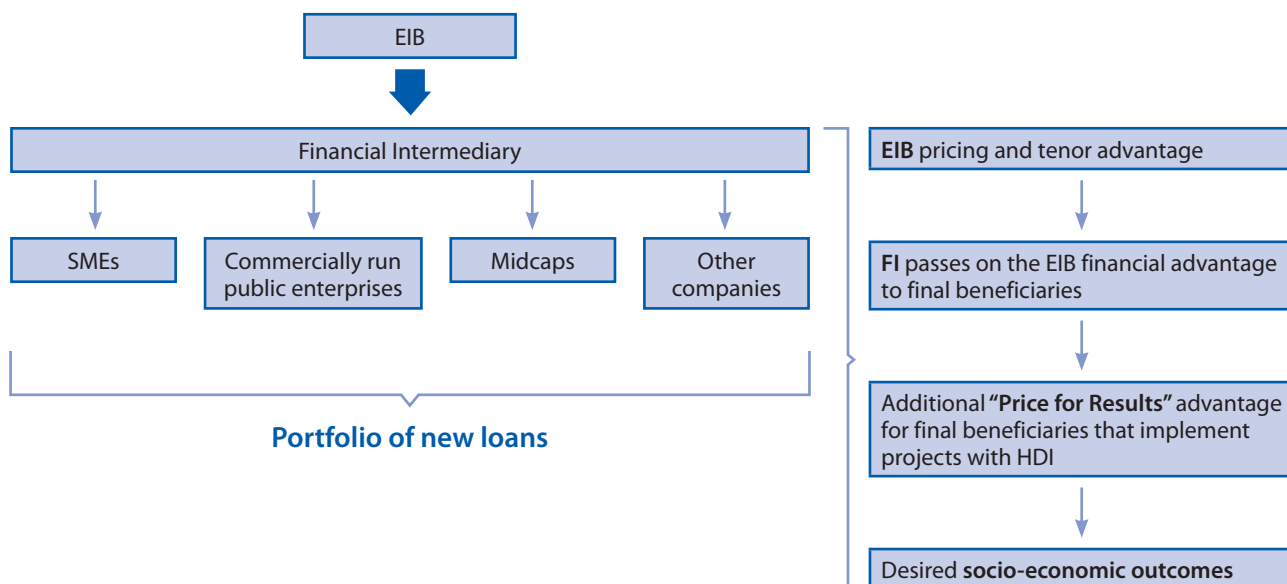
### Overview of benefits

The “Price for Results” credit line enables the EIB to support developmental priorities in the countries where the final beneficiaries are located.

It also makes it possible for the financial intermediary to form a partnership with the EIB that enables it to develop its lending portfolio, providing greater access to credit to a wider range of clients and growing its loan book.

Financial intermediaries benefit from the EIB’s standard financial value (longer tenors and attractive pricing) and transfer the advantage to final beneficiaries. Final beneficiaries that implement projects with HDI benefit from an additional “Price for Results” advantage.

In conjunction with the credit line, the EIB can provide technical assistance for capacity building to the financial intermediary as well as to the final beneficiaries.



## The EIB at a glance

The EIB is both a policy-driven bank and an institution of the European Union. As such, we are happy to be fully transparent about how we make decisions, work and implement EU policies. We cooperate with external controls such as the European Court of Auditors and the European Commission.

In house, we have a team focused on the financial sector, as well as lawyers, technical experts and teams dedicated to microfinance and private equity.

As a public development financial institution, the EIB is inherently interested in the impact on local markets and on the development of private enterprises engendered by the projects that it finances. The EIB will work with its intermediary banking clients and beneficiaries to set reporting requirements and assess information on the development impact generated.

The EIB invests EUR 75bn in over 400 projects in a typical year. This includes EUR 7.5bn invested outside the European Union, in around 50 separate projects.



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