

MINUTES OF INFO SESSION MEETING

Call for Proposal: InvestEU Blending Facility for Microfinance

Project Reference: CfP 2024-1

1. Time and place of info session meeting

The info session meeting was held on 27 November 2024, starting at 10h00 (Paris time), via ZOOM video conference.

2. Attendees

- Representatives of the Council of Europe Development Bank: KRASNIQI Nida, MASLAUSKAITE Kristina, POSTOLACHE Emilia, CVOROVIC Svetlana and UJDUR Anya.
- Representatives of the potential applicants as per the list given in Annex 1.

3. Introduction

In the opening remarks, Ms. CVOROVIC informed the attendees that the meeting would be recorded to facilitate the preparation of notes. Ms. KRASNIQI explained that the meeting's purpose was to provide participants with details about the Call for Proposals launched by the CEB, which is exclusively open to CEB InvestEU partners in the Microfinance segment.

4. Brief presentation of the Call for Proposal: InvestEU Blending Facility for Microfinance

Ms. KRASNIQI presented the Call for Proposal, funded by the European Commission through the European Social Fund Plus (ESF+), which is designed to be blended with CEB loans in the microfinance segment. The grant aims to strengthen the work CEB does under InvestEU in microfinance and through it to achieve larger impact and to address existing access-to-finance barriers for the ultimate beneficiaries.

The presentation, provided in Annex 2, covered the following items:

- Overview of the InvestEU Blending Facility for Microfinance;
- The objective of the Call of Proposal;
- Timeline of the project;
- Eligible activities;
- Eligible ultimate beneficiaries;
- Simplified Cost Option (SCO);
- Proposal:
 - Application form
 - Budget template

5. Q&A

The following questions were raised during the meeting:

No.	Question	Answers
1.	The Business Development Services (BDS) should be ideally connected to a loan. If, we are going towards more vulnerable groups – training will be crucial to understand if they are ready for a loan. Is it possible not to have a loan in certain cases?	Yes, that is possible. Business development services (BDS) can be offered not only to existing entrepreneurs but also to prospective entrepreneurs whom the microfinance provider identifies as having the potential to start a business or who need access to credit to scale their existing activity. BDS should be offered to the vulnerable groups that would have difficulties to obtain credit for their business activities otherwise.
2.	Regarding the Interest Rate Subsidies (IRS): taking into account the fact that duration of the project is up to 30 (thirty) months, in cases when if the MFI provides a loan whose maturity is longer than the duration of the project, would IRS be applicable to such loans or shall the MFI build a portfolio with loans of maturity within the project timeline?	Answer provided in the Q&A sheet.
3.	Should the trainers or consultants engaged to provide the BDS within the project have specific qualifications or certifications?	While the CEB encourages you to always engage individuals or firms that are qualified to deliver the BDS supported under the project, the purpose of the call for proposals is for applicants to design the proposal based on their experience and needs, including the types of services provided and by whom. The CEB will assess the proposal as a whole based on the evaluation grid.
4.	Is it recommended to address within the application/ project more than one vulnerable group, or should the focus be only on one vulnerable group?	The project can support more than one vulnerable group. The vulnerable groups should be well defined and explained in the presentation. The microfinance provider should also explain why these groups need access to BDS and how such services would help them develop their business (idea) and access credit.
5.	Could an investment fund be eligible for the Facility in order to target an MFI wanting to outreach final clients in line with the scope of the Facility?	Only microfinance providers that are eligible borrowers under the CEB's InvestEU portfolio; an investment fund would not be eligible.

6.	<p>Roma Economic Development Fund (REDI) has specific expertise in catering to Roma peoples' economic and financial needs. Can REDI apply to the Call for Proposals either as a lead partner or in partnership with another institution.</p>	<p>Microfinance providers eligible to receive a loan by the CEB under the InvestEU portfolio are eligible to apply to the Call for Proposals. To the best of our knowledge, REDI acts as an intermediary funder to MFIs, in which case, in principle, would not be eligible for CEB-InvestEU lending under the microfinance segment. However, REDI can apply in partnership with a microfinance provider in one of the EU countries where it operates (provided that the provider is a prospective or existing CEB borrower and acts as the applicant). We invite you to address any specific questions related to the lending to the CEB Country Manager responsible for the country you would like to work in: CEB Organisation chart as at 1 October 2024.</p>
7.	<p>Please explain the suspensive clause (2.3.5 in the guidelines), especially the last condition.</p>	<p>While through the Commission Implementing Decisions C (2024)4359 and C (2023)7573, the EC allocated the funds to the CEB, at the moment of the launch of the Call for Proposals and the information session, the CEB and EU have not yet signed the respective agreement for this, hence the inclusion of the suspensive clause. In order for an applicant to receive a grant, i.e. the grant to be disbursed, the following conditions must be fulfilled:</p> <ol style="list-style-type: none"> 1) The CEB and the European Commission signed the respective agreement (expected in the beginning of 2025); 2) The CEB and microfinance provider have signed a Framework Loan Agreement for a loan which is backed by an InvestEU guarantee; 3) The microfinance provider has created a portfolio of micro loans that it will finance with CEB-InvestEU lending, apart from the those BDS cases where the MFI supports perspective entrepreneurs, which are not yet part of the said portfolio.
8.	<p>Can the beneficiaries of the loan be existing clients in cases when the MFI's CEB loan has been disbursed and (partially or fully) allocated? Could the grant-funded support be provided to clients that are part of the portfolio funded by the CEB but not directly receiving CEB funding (we know the CEB finances up to 50% of the portfolio) in the portfolio?</p>	<p>Existing clients can be beneficiaries of BDS in cases where such support is duly justified and additionality requirements are respected. In principle, if the person is already a client of the microfinance provider (and thus already has access to business microcredit), the intervention logic is weaker. We invite applicants to provide detailed justifications of additionality in their applications.</p>

		The blending applies at the level of the portfolio which is (partially, 50%) funded by the CEB InvestEU-backed loan.
9.	Is there certain proportion of existing versus potential clients as ultimate beneficiaries?	There is no predefined proportion in terms of the beneficiaries.
10.	Can you explain the budgetary thresholds mentioned in the Guidelines?	In the guidelines there are two separate thresholds: 1. the minimum size/amount of the grant request, which has to be at least EUR 500,000 or more. 2. From the total amount of the grant request, a maximum of EUR 300,000 for a period of three years, can be for IRS.
11.	The Guidelines for Applicants say the grant amount should be proportionate to the number of beneficiaries covered. Is there a specific method of calculation or proportion?	The amount of the grant should be proportionate to the number of beneficiaries, in such a way to justify the costs per beneficiary, which should be reasonable, equitable, and verifiable.
12.	Should activities (e.g. a training for people of the Roma community) be held at a certain frequency, be one-off, or continuous?	The duration and frequency of activities should be set by the MFI. The focus should not be on stand-alone trainings, but rather on activities that are continuous, personalized, and more long-term. Shorter, one-off trainings can also be part of the proposal, but only as a complement to the tailored, individual support provided.
13.	How to budget internal staff?	Costs related to internal staff can also be covered by the project. These should be included in the unit cost per beneficiary, with the efforts (e.g. amount of time spent) of the staff on a specific beneficiary be proportionate to the specific amount included in the unit cost. It must be kept in mind that this should be explained in the Simplified Cost Option (SCO) methodology and backed-up with accompanying documents (e.g. payslip for the respective staff, etc.). However, the applicants should clearly explain what additional services the internal staff will provide as part of the activities (or which new staff will be hired for those purposes).
14.	Can you share the example of the budget that was presented in the information session?	The example will be shared; however, it is an illustrative example intended solely for explanatory and informational purposes. The example should not be considered definitive or prescriptive, nor should it be relied upon as an official guideline from the CEB.
15.	The costs of project management & coordination activities, financial management, project communication &	These costs must be included as part of the unit cost and not as a flat rate. Again, the

	visibility could be included as flat rate costs?	additionality of the proposed activities should be clearly indicated.
16.	Is the audit annual or at the end of the project	Audit modalities are described in the grant agreement template. According to the wording in the template grant agreement, which may be revised on a case-by-case basis depending on project implementation timeline, the audit is annual and there can be up to 3 audits. Any subsequent disbursement after the first tranche will be subject to audit report confirmation that targeted results have been achieved.
17.	Regarding the implementation arrangements, should the applicant have in-house experience/ expertise to implement the project? Or outsourcing of the specific tasks would be accepted?	Both are possible. The applicants should demonstrate that they have experience and expertise in implementing such projects, providing similar support, and/or serving to these groups. However, provision of such support can be outsourced to another institution, such as a training institute or a consulting company.
18.	Can you please provide more explanations on the audit modalities?	Clear instructions are provided under section 2.3.2 of the Guidelines for Applicants, and upon conclusion of the Grant Agreement the CEB will provide a template Terms of Reference document to be used by the applicant. In short, it is not a financial audit, but an “agreed upon procedure” (AUP) audit whereby the auditor will perform only the checks that are asked from it.
19.	What about price changes during the life of project? How to proceed in this case?	The unit prices/costs/rates are assessed ex-ante and upon approval by the CEB will be fixed throughout the implementation period.
20.	Is the amount or portion of pre-financing set?	The project is intended to be implemented based on pre-financing. In the template grant agreement, you will see that the first pre-financing tranche can be up to 50% of the total amount of the grant, depending on budget forecast for expenses during the first year.
21.	Taking note of the fact that the IRS amount cannot be higher than EUR 300,000 in a period of three years, how shall MFIs treat cases of loans with tenors longer than the project implementation timeline? Will MFIs be eligible for more funds?	Any transfer of funds from the CEB to the MFI will happen within the implementation timeline of the grant and must be allocated by the MFI within this implementation timeline. Due to state-aid considerations, it is hence not possible for the CEB to transfer to the MFI more than EUR 300,000 in a period of three years.
22.	In the budget should IRS be expressed as a percentage or as an absolute amount?	Absolute amounts must be included in the budget in order to be able to calculate the total amount of the grant. Percentages can be included for illustrative purposes and as an additional information.

23.	Is there a targeted proportion between the BDS and IRS provided?	There is no percentage set-up by CEB ex-ante. There is no set proportion between the BDS and IRS provided, granted that IRS is only provided as an addition to the BDS and only in cases of clear identified need.
24.	Should the standard interest rate needed for the calculation of the subsidy amount be the interest rate offered by the MFI calculated in relation to the CEB loan financing? If yes, how could it be determined for a prospective CEB borrower?	The standard interest rate that the MFI would apply to the borrower should be considered. We encourage that the ultimate beneficiary still pays a certain level of interest in order to encourage their familiarization with loan products and the financial sector, as well as to improve their financial literacy.
25.	According to the indicative timetable the grant agreement signature is envisaged in April. Should contracts with trainers or other parties in the project be concluded by that time or before? Is that a condition?	Applicants should be ready to start with project activities as soon as possible in Q2 next year, bearing in mind the time that the contracting of service providers/staff might take. The CEB will tentatively be ready to sign Grant Agreements (with priority given to those MFIs who have signed a loan agreement with the CEB) in April, after having reviewed proposals (following the January 20 deadline).
26.	Relating to the budget, could you please explain what it means that the applicants must prepare the budget for the entire period of the project, but to forecast at least for the first year?	At the application stage it is important, for financial planning and management purposes, to make clear how much of the total budget will be spend in the first calendar year. This will also dictate the amount of the first disbursement. Budget forecasting for the next years will be done with regular progress reporting.
27.	In case an MFI wishes to obtain an InvestEU loan from the CEB, should the loan application be sent together with the grant, or it has to be separate?	The loan and the grant application should be kept separate. In order to initiate discussions on a potential loan from the CEB, interested parties must establish contact with the CEB Country Manager responsible for their country (see here the organigram:). For the grant, interested entities must apply specifically to this Call for Proposals. We encourage you to apply for the grant regardless if the loan discussions are advanced or not. We also encourage you to propose additional activities or additional number of beneficiaries to be reached, in case additional funds become available (e.g. from budgetary savings). Having such an indication in the proposal stage, allows us to proceed easily with providing the additional funds if they become available.
28.	It was mentioned that we cannot include project management cost as a flat rate. Is	Yes, project management costs can be included in the unit cost, though some cost

	there any other way to include it in the unit costs, together with rental cost for building or other indirect costs applicants may have?	appropriation will have to be applied, as mentioned under question 13.
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6. Closing remarks

In the case of a large number of requests for clarification, the possibility of an additional info session meeting will be considered.

Individual questions are encouraged to be sent in writing.

The meeting was closed at 12h00 (Paris time).

○ *Enclosed:*

Annex 1: List of participants

Annex 2: Presentation of the Call of Proposal

Annex 3: Budget preparation example

Annex 1 - List of participants

No.	Organization
1	<i>CEVED, Italy</i>
2	<i>PerMicro, Italy</i>
3	<i>BCR Social Finance IFN, Romania</i>
4	<i>QREDITS, The Netherlands</i>
5	<i>PATRIA CREDIT INSTITUTIE FINANCIARA NEBANCARA SA, Romania</i>
6	<i>Adie, France</i>
7	<i>Filbo, Romania</i>
8	<i>Noviti Finance, Lithuania</i>
9	<i>Redi NGO, Slovakia</i>
10	<i>European Center for Social Finance, Germany</i>
11	<i>Vitas IFN, Romania</i>
12	<i>SIS Credit, Bulgaria</i>
13	<i>Cooperative Bank of Karditsa, Greece</i>
14	<i>Lithuanian Central Credit Union, Lithuania</i>
15	<i>AdVision Finance, The Netherlands</i>
16	<i>Vitas IFN, Romania</i>
17	<i>Impulse, Belgium</i>
18	<i>CASSA DEL MICROCREDITO SPA, Italy</i>

Council of Europe Development Bank (CEB)

InvestEU Blending Facility for Microfinance

Call for Proposals - Information Session

July 2024



Outline

- Overview of the InvestEU Blending Facility for Microfinance
- Grant beneficiaries
- Activities
- Beneficiaries
- Proposal:
 - Application form
 - Budget template

InvestEU Blending Facility for Microfinance

- Funded by the European Social Fund Plus (ESF+)
- Grant funding to be blended with CEB loans in the microfinance segment, which are guaranteed under InvestEU
- **Objective:** address existing access to finance barriers and labour market failures; create/maintain jobs, including through self-employment; reduce poverty; and promote financial and social inclusion of vulnerable groups.
- **Overall budget:** EUR 9.3 million
- **Duration:** up to 30 months
- **Proposals:** ≥ EUR 500,000.00
- **Maximum amount** that can be provided for **IRS:** EUR 300,000.00 in a period of 3 years
- Signature of grant agreements -> priority given to existing borrowers

Eligible Activities – BDS

- Business Development Services (BDS)
 - Long-term (12 to 18 months) tailored individual mentoring and/or customized individual/group training sessions;
 - Courses offered primarily in-person and complemented through digital platforms
 - Business academies
 - Activities focused on developing soft skills,
 - Initiatives to enhance digital skills
 - Support for formalizing businesses

Eligible Activities – IRS

- Interest Rate Subsidies (IRS) targeted at specific individuals/micro-entrepreneurs to help them start and scale their microbusinesses through more affordable interests on their loans
- IRS can only be available to ultimate beneficiaries as a complement to BDS financed by the Blending Facility (and not as a stand-alone measure), and in well justified cases
- The CEB will consider the costs related to IRS as costs incurred at loan signature between MFI and its client.
- Loan maturity can span beyond the implementation timeline of the grant.
- Potentially unused IRS amounts resulting from defaults or early repayments can be reallocated to support other eligible beneficiaries.

Eligible ultimate beneficiaries

- Eligible ultimate beneficiaries are (prospective) micro-entrepreneurs from vulnerable groups in urban and rural areas, such as:
 - migrants;
 - ethnic minorities;
 - female microentrepreneurs with no/limited access to finance;
 - young entrepreneurs/young people who need (re)qualification, including NEETs (young persons, aged between 15 and 29 who are 'not in employment, education or training');
 - persons soon to be de-institutionalized (e.g. from the justice systems);
 - income-poor/ under-employed persons

Simplified Cost Option (SCO)

- Reimbursement of expenditures according to predefined methods based on results
- Unit Costs (for services provided) & flat rate (for audit costs)
- Budget estimated using data in a manner that is **fair** (the calculation has to be reasonable, i.e. based on reality), **equitable** (i.e. not favour one type of activity/ultimate beneficiary over another), and **verifiable** (based on documentary evidence that can be verified).
- **SCO methodology must include:** description of method & calculation, data sources used, audit trail documentation
- **Supporting documentation:** Statistical data, previous/ongoing project data, pro-forma invoices, market research, etc.

Application form

Deadline for submission of full application:

20 January 2025 at 10:00 CET (Paris time)

Applicant	
Address	
Contact person (name & position)	
Contact person email & telephone	

Description of the project (max 5 pages)

1. Briefly outline the relevance of the project to the objectives of the call for proposals and to the particular needs and constraints of the target country/ targeted region(s)
2. Define and describe the target groups and final beneficiaries, their needs and constraints, and state how the project will address these needs and improve their situation.
3. List the objectives of the project, alongside the expected outcomes.
4. Present and describe in detail each proposed activity, justifying the choice of activity, the targeted beneficiary and objective(s) it aims to address and the outcomes it is expected to have, and its timeline.

Implementation Approach (max 5 pages)

1. Describe the proposed implementation arrangements, including the institutional set-up and proposed team. Implementation in partnership with other public and/or non-governmental organisations will be considered an advantage.
2. Briefly explain your previous experience in managing similar activities/projects, including those funded by the EU
3. Describe the planned monitoring arrangements and subsequent follow-up
4. Describe the planned communication and visibility activities
5. Provide a risk analysis and contingency plan. This should include a list of risks associated with each proposed activity, accompanied by relevant mitigation measures.
6. Explain how you plan to ensure the project sustainability after completion

Implementation timeline

Provide a Gantt chart to depict the implementation timeline of each activity per implementation months (e.g. month 1, month 2... etc.). This must be detailed for the 1st year of implementation, but can be more general for the subsequent year(s).

Budget (to be provided under Annex B and Annex B-1)

1. Provide a budget for the project using the Simplified Cost Option (SCO) method, representing unit costs per activity/beneficiary
2. Describe the methodology used to draw-up the unit costs for the SCO, in line with requirements of Section 2.3.3 of the Guidelines for Applicants.

What makes a good application?

- It is clearly written and concise, following the instructions provided
- Additionality of proposed activities is clear, i.e. the project allows the grantee to expand its activities and/or better serve a vulnerable group
- Shows clearly why the proposed activities are relevant to the geographical area/vulnerable groups covered
- Previous experience is capitalised and partnerships are reinforced/set-up for the implementation of the project
- The simplified cost option methodology is well explained and backed-up with supporting information/proof
- Sustainability of activities in the future is considered
- Rationale behind a specific IRS rate is grounded, well explained and makes sense



Thank you for your attention.

Questions in writing: tenders@coebank.org

1. Estimated budget

Costs	All Years					Year 1			
	Unit*	# of units	Unit value (in EUR)	Total Cost (in EUR)	Comments/ Description	Unit	# of units	Unit value (in EUR)	Total Cost (in EUR)
1. BDS									
1.1. Twelve-month one-on-one coaching for prospective Roma microentrepreneur	beneficiary	50	100	5000	12-month, one-on-one business coaching provided to prospective Roma micro-entrepreneurs	beneficiary	25	100	2500
1.2. Three-month group training on business communication for migrant microentrepreneurs	beneficiary	20	50	1000	3-month group training on business communication for migrant microentrepreneurs	beneficiary	10	50	500
1.3 Business plan development & mentoring for women in rural areas	beneficiary	40	240	9600	Support & mentoring provided by MFI's loan officers during 3 months for women in rural areas to develop and implement business plans	beneficiary	20	80	1600
Subtotal BDS				15600		4600			
2. IRS									
2.1 10% IRS for microloans to Roma microentrepreneurs	beneficiary	25	1000	25000	10% IRS to reduce cost of funding for Roma microentrepreneurs who have a higher risk profile	beneficiary	10	1000	10000
Subtotal IRS				25000		10000			
3. Audit				5000					2500
Subtotal Audit				5000		2500			
Total estimated costs				45600		17100			

<Name of the lead applicant>

<Title of the application>

<Name of the call>

*Unit is always 'beneficiary', the unit cost shall represent the costs per beneficiary per activity. Example: Unit cost X is the cost of providing a 10 week training to one beneficiary. Audit costs are lumpsum

DISCLAIMER: The illustrative example provided herein is intended solely for explanatory and informational purposes. It does not create any commitments, obligations, or guarantees on behalf of the Commission. Beneficiaries should always read the call for proposals carefully and consult relevant sources when applying similar concepts to their specific circumstances.

Simplified Cost Option methodology (ILLUSTRATIVE EXAMPLE)				
Description of cost item	Cost sub-categories	Calculation of unit cost	SCO supporting documentation	Audit trail documentation
Cost of providing a 12-month one-on-one business coaching program to a Roma entrepreneur is EUR 100.00	Coach fee = EUR 80 EUR per beneficiary; Venue: EUR 500 per 12 months or EUR 10 per beneficiary; Printed materials: EUR 10 per beneficiary	100	Coach payslips from previous EU-funded project; Venue rental contract; Pro-forma invoice from printing company stating printing costs per material	Proof of coaching sessions, e.g. sign-up sheets per session
Cost of providing a 3-month group training on business communication for migrant entrepreneur	Pro-forma invoice provided by training institute/implementation partner -> EUR 1000 for 20 persons	50	Pro-forma invoice	Attendance sheets, completion certificate
Cost of providing support for preparation and implementation of business plan, as well as mentoring, by the MFI's loan officer, throughout 3 months, with at least 4, 2-hour, meetings per month	MFI Loan Officer monthly salary (40 hrs/week for 4 weeks) = EUR 1600 -> hourly salary 10 EUR	240	MFI Loan Officer payslips	Prepared business plan, proof of meeting (e.g. attendance sheet)
10% interest rate subsidy provided to Roma microentrepreneurs benefitting from 12-month business coaching. Standard interest rate provided to this profile is 15% for loans with max amount EUR 5000, maturity 24 months.	Without IRS: Standard IR = 15%; Average Loan Amount EUR 5000; maturity 24 months; IR amount EUR 1500. With IRS= 10% -> final IR = 5%, final IR amount EUR 500	1000	Market research/previous experience on affordability; internal documentation on financing conditions for "less risky" borrowers of otherwise similar profiles	Allocation of IRS to borrower; loan agreement with borrower; loan repayment data
costs for performing 3 audits during the implementation timeline	estimated cost per audit = EUR 2000	6000	Pro-forma invoice from auditing company	audit report

<Name of the lead applicant>

<Title of the application>

<Name of the call>

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half of the CEB. The example should not be considered definitive or prescriptive, nor should it be relied upon as an official guideline. Users are advised to exercise their own judgment