

InvestEU Blending Facility for Microfinance

No.	Questions	Answers
1	What is your definition of migrants in relation to this facility? Third-country nationals, but what about children of migrant parents that were born in a certain EU country?	The term migrant encompasses both third-country nationals and other types of migrants. People born in an EU country and benefiting from project activities in that EU country would not be considered as migrants. However, as people of migrant background they may fall under the category of ethnic minorities, as per the EU definition (ref: https://home-affairs.ec.europa.eu/networks/european-migration-network-emn/emn-asylum-and-migration-glossary/glossary/minority_en#:~:text=A%20non%2Ddominant%20group%20which,%2C%20traditions%2C%20religion%20or%20language)
2	If our understanding for this facility is correct, we can now prepare a budget based on cost per participant in our training program, as opposed to a very detailed budget with many line items. Is this correct? Of course we have a detailed budget ourselves to support and justify the cost per participant.	That is correct. The budget should be constructed based on unit costs per beneficiary. We invite you to refer to the illustrative example published in the CEB website.
3	In our budget can we therefore state: <ul style="list-style-type: none"> • a price per participant and for the number of participants per school? • Cost for coaching during the program • Cost for coaching of high potential participants from schools ran under PAFMI that are still preparing to start their business. • Project coordinating personnel cost (human resources). 	The budget should only include unit cost per beneficiary and per different activity (in case more than one activity type is proposed). Any and all costs for the implementation of such an activity that the applicant wishes to cover by the project budget, should be apportioned and included in the unit cost per beneficiary. A lumpsum for audit costs should be budgeted as well.
4	How should Interest Rate Subsidies (IRS) be calculated and implemented in cases when the loan duration is longer than the implementation timeline of the grant?	The CEB will consider the costs related to IRS as costs incurred at loan signature between MFI and its client. In this way, the 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. We invite you to review the Corrigendum to the Guidelines for Applicants published in December.
5	Does the blending apply at the portfolio level, or shall it simply apply to the portion of the portfolio financed by the CEB loan?	The blending applies at the level of the portfolio which is (partially, 50%) funded by the CEB InvestEU-backed loan.
6	I am enquiring on the second eligibility criteria for the InvestEU Blending Facility for Microfinance call for proposals – namely “be prospective or existing borrowers with an InvestEU-backed loan from CEB in the area of microfinance”. We have no ongoing contract with the CEB, instead we do have a facility agreement signed with the EIF under the EaSI Funded Instrument – Microfinance, as well as a guarantee agreement under the InvestEU fund, signed with the EIF as guarantor. Would any of these agreements make as eligible to apply for the InvestEU Blending Facility for Microfinance?	As the blending facility is managed by the CEB, the grant component must be combined with a CEB InvestEU-backed loan. Hence, only existing or prospective borrowers of the CEB are eligible to apply in this Call.
7	How can it be determined that an entity is a prospective CEB borrower, meaning that <i>CEB has formally opened/ is conducting an appraisal procedure for a new InvestEU-backed loan</i> ?	The entities with whom the CEB is appraising an operation are in regular contact with the CEB and aware of the status of their operation.
8	Are the vulnerable groups categories limited to those described in the guidelines (<i>migrants, women, Roma, young people, and youth requiring (re)qualification, including NEETs (young people aged 15 to 29 who are not in employment, education, or training), as well as other low-income or underemployed individuals</i>) ? For example, are the following categories eligible: microentrepreneurs/ agro producers in rural areas, NGOs, SEs, students?	The groups of vulnerable categories listed in the Guideliens for Applicants are examples. Existing and prospective micro-entrepreneurs (who are eligible to be financed under the CEB's portfolio and pertain to a vulnerable group, are eligible to receive support under the blending. While the categories listed in the Guidelines for Applicants are examples of such groups, there might be other groups which are subject to other vulnerabilities which would have to be clearly explained and justified in the proposal.
9	We are an MFI beneficiary of a CEB grant (in the form of a grant for capacity building and a grant for Risk Mitigation Mechanism for the microloans portfolio). Should we consider the grant received when applying the threshold (de minimis aid) regarding the IRS? Which thresholds apply in the case of BDS? Should we consider the received grant when applying the threshold regarding BDS?	Interpretation of EU State Aid law goes beyond CEB’s remit. Due to the specificities of each case, applicants are encouraged to assess on their own (and in coordination with their local counsel if deemed pertinent) compliance with EU State aid rules and regulations. In the case of BDS, the threshold is set at EUR 300,000 for BDS provided by an applicant to an ultimate beneficiary over any period of three (3) years.
10	According to 2.3.2.2. in the guidelines, the duration of the project (30 months) is explained as the period within which funds may be allocated to ultimate beneficiaries. The microloans maturity could exceed the project deadline, so in this situation how could the IRS be considered to be allocated to ultimate beneficiaries within the duration of the project?	Please refer to the revised Guidelines for Applicants, corrigendum published on 13.12.2024 and to the response to question 4 above. Funds will be considered as allocated the moment when the applicant enters into a loan agreement with an ultimate beneficiary.

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11	<p>Are the suspensive clause (2.3.5) conditions applied to the entire grant amount, or are they depending on the project component (BDS, respectively IRS)?</p> <p>The suspensive clause (2.3.5) last condition means the entire grant will not be award unless the applicant establishes the portfolio (financed by the CEB loan)?</p> <p>As a portfolio is established gradually, this means that the MFI will need to (partially) support the IRS until the grant is disbursed.</p> <p>Please explain the suspensive clause and how the IRS mechanism will be applied.</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> <p>1) The CEB and the European Commission signed the respective agreement (expected in the beginning of 2025);</p> <p>2) The CEB and microfinance provider have signed a Framework Loan Agreement for a loan which is backed by an InvestEU guarantee;</p> <p>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. In cases of IRS, the loan portfolio should materialise for the IRS to materialise as well (please keep in mind that the first disbursement will be made on a forecast of amount of IRS to be provided, which will be reconciled with the reporting).</p>
12	<p>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?</p>	<p>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.</p>
13	<p>Could you list the categories of eligible costs?</p>	<p>Please refer to Guidelines for Applicants and Template Grant Agreement.</p>
14	<p>Is it recommended to address within the application/ project to more than one vulnerable group, or could focus on just one?</p>	<p>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.</p>
15	<p>If the MFI intends to partner with an organization that will provide the BDS, this organization will need to be identified/ described at the time of the application, and the grant related to the BDS activities will be destined to this partner organisation.</p> <p>Do you expect a partnership agreement to be signed between the partners?</p>	<p>The applicant will be the legal counterparty to the grant agreement and will thus hold the responsibility to ensure that their partners abide to any and all clauses of the grant agreement as applicable. In order to ensure smooth implementation it might be useful to have an implementation agreement between the partners, though the practical arrangements of project implementation are in the discretion of the applicant.</p>
16	<p>Should the micro-loans for the ultimate beneficiaries (i.e.micro-entrepreneurs) be financed only from the CEB loan?</p> <p>Would it be permitted to finance the ultimate beneficiaries from an InvestEU-portfolio guarantee product from EIF?</p>	<p>Please refer to the response to question 5 above. The blending applies to the whole portfolio, part of which is financed by the CEB loan</p>
17	<p>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?</p> <p>If yes, how could it be determined for a prospective CEB borrower?</p>	<p>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.</p>
18	<p>Regarding the budget preparation:</p> <p>Does the IRS support need to be included in the budget as a distinct activity?</p> <p>The costs of project management& coordination activities, financial management, project communication& visibility, and other costs which refer to the entire project need to be included in the unit costs or could be included separately (i.e. as the audit is presented as a distinct line in Annex B)?</p>	<p>IRS must be included as a distinct activity. Implementation costs must be included in the unit cost, while audit expenses are the only ones presented in the form of a lump-sum cost.</p>