



**Involvement of CEC Bank in supporting projects
with European Funds**

Bucharest, 25 May 2017



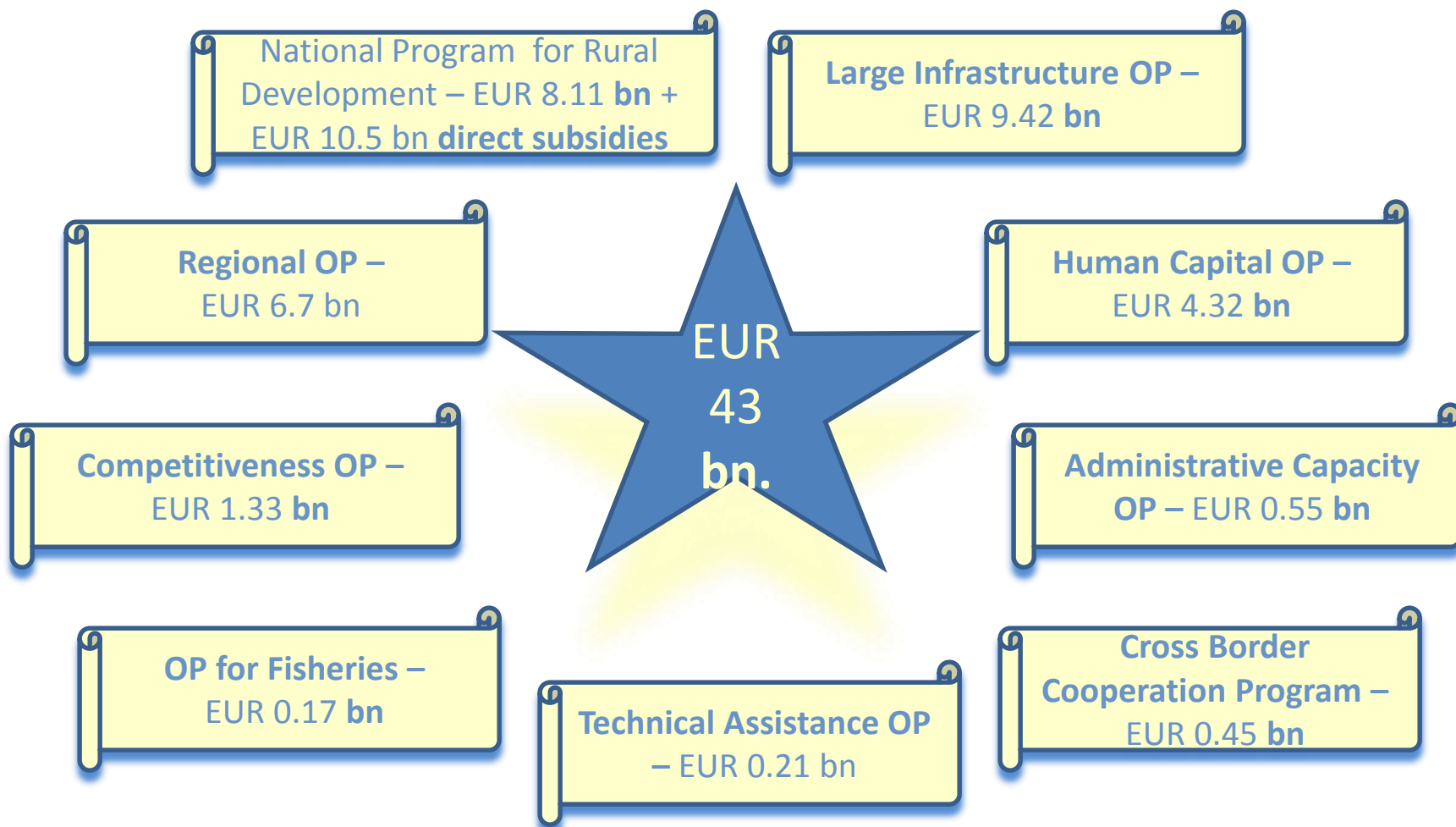
CEC Bank Mission



"CEC Bank is a competitive universal commercial bank, mainly focusing on financing the SME, agriculture and public sectors, as well as on banking projects which, by their nature, contribute to the economic development of Romania and to job creation and maintenance.

The Bank actively supports the clients interested to access European funding, as well as the implementation of Government Programs. Also, a special focus is placed on servicing the Romanian population."

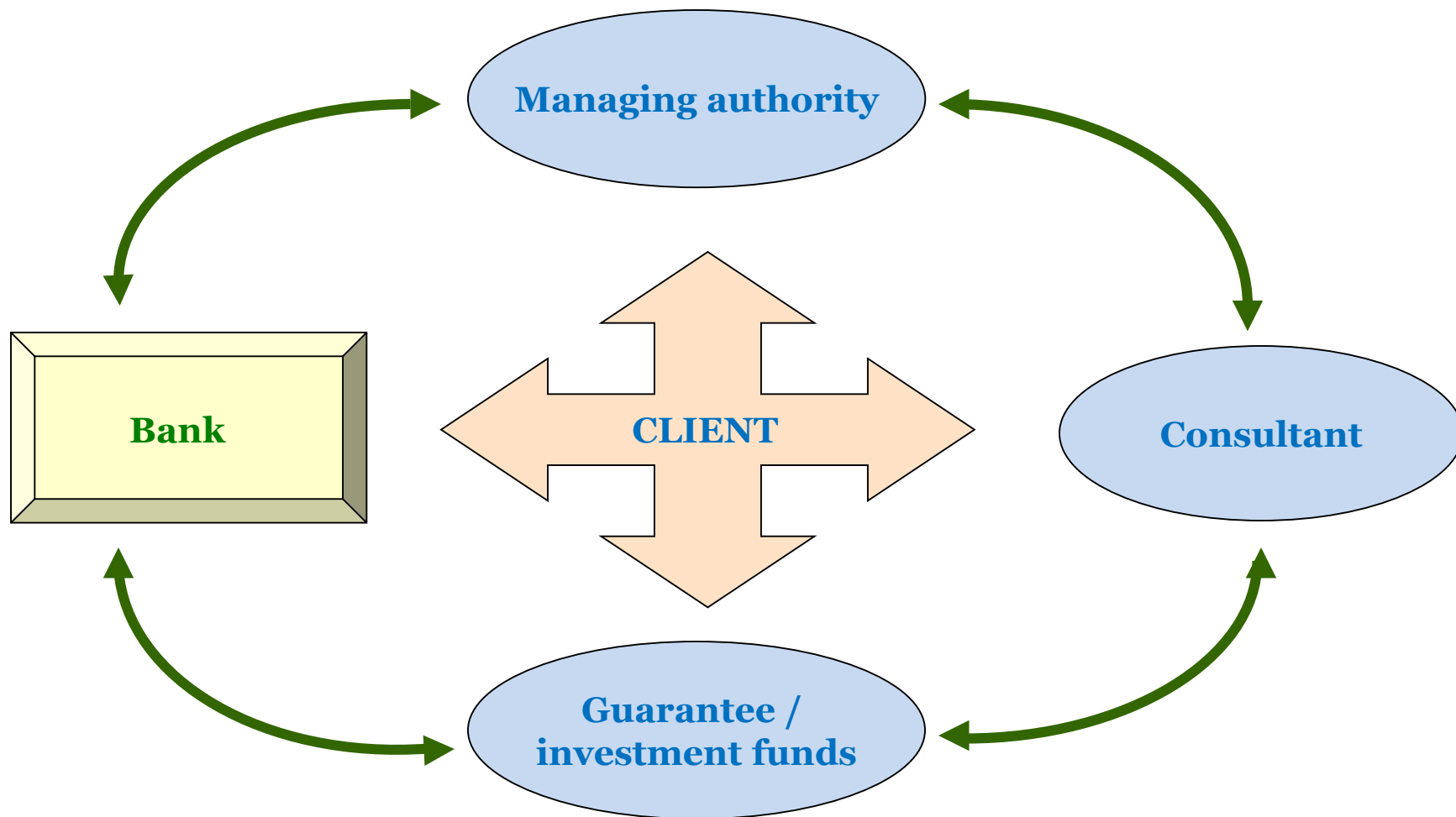
EU funds allocated to Romania



Business opportunities for 2014 - 2020

	Eligible beneficiaries
Regional OP	SMEs; Public authorities; NGOs; Cultural / religious organizations
Competitiveness OP	Large, medium and small enterprises; Public administrations; Collaborative partnerships
Human Capital OP	Central and local public authorities; NGOs; Universities; Private businesses; Training providers; Unions; Employer Associations; Romanian Academy; Chambers of Trade, Industry and Agriculture
Large Infrastructure OP	Central and local public authorities; NGOs; Administrators of railroad, railway, waterway, sea / river port infrastructure; Metrorex (subway company); Fiscal Authority
PO for Fisheries	Medium, small and micro enterprises; Local authorities; Fisheries local action groups
Other Programmes	
OP	
National Program for Rural Development	Medium, small and micro enterprises; Public authorities; ; Farmers; Groups of producers and cooperatives; Local action groups
Direct subsidies in agriculture (APIA)	
TOTAL	

Possible partners in implementing successful European projects



EU funding opportunities for the private sector (1)

- **Investment Priority 2.2** – Improvement of economic competitiveness through increasing work productivity of SMEs from the competitive sectors identified in the National Competitiveness Strategy
- **Eligible activities:**
 - **By regional State support:** investments in tangible assets, construction / modernization and extension works for production / services spaces, purchasing equipment, installations etc.
 - **By de minimis support:** certifying / recertifying products, services or processes by an authorized entity
- **Eligible beneficiaries:** non-agricultural SMEs from urban areas and non-agricultural medium enterprises from rural areas with experience in the field of at least one full fiscal year and which have registered profit from this activity in the fiscal year prior to submitting the grant request

EU funding opportunities for the private sector (2)

➤ National Program for Rural Development

- **Sub-measure 4.1 – Investments in agricultural activities**
- **Eligible activities:**
 - ✓ building, extending, modernizing and equipping the farm constructions, intended for productive activities
 - ✓ Developing and equipping the commercial / deposit facilities
 - ✓ Purchasing machinery and equipments, means of transportation intended for trading agricultural products in the framework of an integrated food chain
 - ✓ Expenses generated by establishing plantations etc.
- **Eligible beneficiaries :** farmers whose activities are situated on the Romanian territory and developing agricultural activities

EU funding opportunities for the private sector (3)

- **Sub-measure 4.1 a – Investments in orchard activities**
- **Eligible activities:**
 - ✓ Investments in creating and modernizing fruit-growing farms, including the establishment or conversion of orchards, purchasing agricultural machinery and equipment
 - ✓ Developing and equipping the commercial /deposit facilities
 - ✓ Investments in the production and use of renewable energy sources, etc.
- **Eligible beneficiaries:** farmers whose activities are situated on the Romanian territory and developing agricultural activities

EU funding opportunities for the private sector (4)

- **Sub-measure 6.2 – Support for development of non-agricultural activities in rural areas**
- **Eligible activities:** set up of new non-agricultural activities for farmers who own small agricultural operations and microenterprises
- **Eligible beneficiaries:**
 - ✓ Farmers who diversify their activity by founding a non-agricultural activity for the first time in the rural area
 - ✓ New microenterprises and small businesses, established in the same year or maximum three consecutive fiscal years prior to submitting the financing application, which did not carry out any activity prior to submission (start-ups)

EU funding opportunities for the private sector (5)

- **Sub-measure 6.4 – Support for investments in set-up and development of non-agricultural activities**
- **Eligible activities:** production activities, crafts, touristic or service activities, manufacture of pellets and biomass briquettes
- **Eligible beneficiaries:**
 - ✓ Microenterprises and existing or new small non-agricultural enterprises (start-ups) in the rural area
 - ✓ Farmers in the rural area who diversify their current business with non-agricultural-based activities, which can fall in the microenterprise or small business category, except registered sole traders

CEC Bank, your partner for project implementation

- The Bank's goal is to adapt to the market demands by continuously diversifying its credit offer and consolidating the relationship with customers by supporting their projects with new and innovative credit products;
- 75% of the Bank's business customers are Small and Medium Enterprises (SMEs);
- Why us?
 - Because we have an extended representation at territorial level (over 1000 units);
 - Because we have dedicate and flexible products;
 - Because we have 48 free SMEs counseling offices to support their business development and the accessing of EU funds.

48 counseling desks for clients

- Free counseling for SMEs on accessing EU funds and on business development;
- Identify national/European financing programs suitable for the project;
- Identify available financing schemes ;
- Provide information on the eligibility criteria under the different financing programs;
- Inform on the possibility to pre-finance, finance and co-finance projects expenses ;
- Presenting loan products dedicated for implementation of projects ;



CEC BANK products for EU funded projects

CREDIT LINE FOR INVESTMENTS

- Financing of complex, multi-stage projects
- Maturity: Maximum 10 years (revolving during project implementation)
- Funding value: Total project value minus own contribution (minimum 15% of project's total value minus the grant)

INVESTMENT LOAN

- Financing of simple, single-stage projects
- Maturity: Maximum 10 years (revolving during project implementation)
- Funding value: Total project value minus own contribution (minimum 15% of project's total value minus the grant)

CEC BANK products for EU funded projects

BRIDGE LOAN

- Full or partial pre-financing of the grant
- Maturity : Maximum 6 months
- Funding value: Maxim 100% of grant value

LETTER OF GUARANTEE

- Guarantees reimbursement of pre-financing / advance payment by beneficiary

Frequent mistakes in EU funded projects

- Confusion between the eligibility rules of the project imposed by the Managing Authorities and the eligibility rules required by Banks to grant a loan;
- Beneficiary goes to the Bank only when the project reaches an advanced stage;
- Low involvement of the beneficiary in the first phase of the process when the project is written;
- Tendency to oversize the project value;
- The beneficiary doesn't quantify all risk factors before starting the project (Eg: his capacity to co-finance the project, the authorizations required by the company etc);
- The beneficiary initiates a project without possessing adequate skills.

Suggestions for an accurate implementation of EU funded projects (1)

- Contact your Bank as soon as you have the idea of your project, so that a realistic financing structure can be agreed upon;
- Work with a carefully selected consultant, based on his experience, reputation and recommendations received;
- Prepare a thorough market analysis documenting the business development assumptions over the relevant period of time;
- Use realistic / conservative business development forecasts;
- Determine your real financing needs – correlate the date of reimbursement request /grant payment with the grant settlement (collection) date ;
- Start your investment project only after the financing structure is clarified;
- Set up a reasonable implementation timetable, correlated with the real span of implementation stages;

Suggestions for an accurate implementation of EU funded projects (2)

Work with an experienced partner (Bank, consultant) during project implementation , as it will help you avoid issues such as:

- Difficulties / delays in collecting the grant, or having to repay the grant partially or in full due to breaches of acquisition procedures, upon audits conducted by competent authorities;
- Breach of contractual terms under the financing agreement / financing request, which may trigger penalties or even cancellation of the financing contract;
- Late or incomplete payment / reimbursement requests under the non-refundable financing contract, negatively impacting the timely and successful implementation of your investment project;
- Insufficient understanding of beneficiary's rights and obligations under the non-refundable financing contract.

Case Study 1: “ABC Ltd.”

- **ABC Ltd.** was established in October 2003, performing in the aluminum metallurgy sector;
- The company processes rough aluminum by heat extrusion, powder coating, etc., with the purpose of obtaining aluminum profiles which are used especially in the construction industry;
- The general objective of the project ***“Hall setup and industrialization for extrusion of aluminum profiles”*** is to strengthen market share and increase the company’s ability of dealing with the rising pressure from competition by capitalizing on the existing opportunities in the field of aluminum metallurgy;

Case Study 1: ABC Ltd.(2)

- Total project value was 15,3 million lei, of which the grant value was 5,3 million lei;
- CEC Bank financing: 8,1 million lei investment credit line and 2 million lei Letter of Guarantee for down payment;
- Successful implementation of the project with European funds has led to:
 - ✓ Increase of the portfolio of products offered by the company;
 - ✓ Increase of work productivity by more than 36%;
 - ✓ Creation of 39 new jobs.

Case Study 2: “DEF Ltd.” (1)

- **DEF Ltd.** was established in October 2008, with the main activity in the field of engineering services and related technical consultancy;
- The company proposed an investment in the renewable electric power production sector, which is considered to have great potential in Romania;
- The main objective of the project “***Wind-driven electric power station***” – **POS CCE, AP.4, DMI 4.2** was the construction of a wind-driven Energy Center, composed of two high capacity wind turbines, with a power of 1.8 MWh each;

Case Study 2: “DEF Ltd.” (2)

- Total project value was 33 million lei, of which the grant value was 17,11 million lei;
- CEC Bank financing: 19 million lei investment credit line and 6 million lei Letter of Guarantee for downpayment;
- The implementation of this project has led to ***an annual production capacity of green energy of 12.190 MWh and the creation of two new jobs.***

Thank You!

Ramona Ivan
Manager, CEC Bank

