

## **CRITERIA FOR THE SELECTION OF FINANCIAL INTERMEDIARIES UNDER THE SME SUPPORT PROGRAM OF THE INTERNATIONAL INVESTMENT BANK FOR FURTHER FINANCING OF SME PROJECTS**

### **Financing through Financial Intermediaries of the IIB member states**

Under the small and medium-sized enterprises (SME) support program the IIB uses mainly a two-tier lending system whereby the financing of small and medium-sized enterprises is carried out through the system of agents - partner commercial banks, leasing companies, etc.

When implementing the SME support program the IIB follows its mission and takes into consideration the specific factors of each of the IIB member states, selection criteria, and the focus of financing on delivery of added value and sustainable development of the member states.

### **Primary types of Financial Intermediaries**

- national development banks;
- banks with state participation and/or the participation of national and international development banks that provide funding to SME;
- commercial banks – leaders in SME lending sector in national and regional markets;
- leasing companies that provide leasing products to SME segment;
- microfinance companies that work with SME segment.

### **General criteria for Financial Intermediaries selection**

- carrying out financial activity in IIB member state;
- availability of a license authorizing to perform activities in accordance with the counterparty's profile;
- availability of positive audit opinions for the last reporting period;
- positive business reputation;
- credit rating (if any) taking into account the specific factors of the member states;
- availability of SME loan portfolio;
- conformity of the counterparty's SME support program to the principles and priorities of the IIB (economic cooperation, social and economic development, "green" bank);
- availability of a branch network in a member state which is sufficient for the implementation of the SME support program and financing the target segment;
- an approval of the IIB member state for the extension of a loan ("no objection") if the potential counterparty has any pending lawsuits with state agencies of such member state of the IIB.

### **Financial criteria**

When assessing the intermediary's financial standing the Bank takes into account both the type of the intermediary and specific factors of a member state.

### **Project selection criteria**

The IIB provides financing for SME support through financial intermediaries. In addition to the general and financial criteria for the selection of intermediaries the Bank has a number of criteria related to the intended use of funds and ensures the continuous monitoring of the proper use in view of individual projects (transactions / tranches):

- client SME segmentation;
- conformity of the project to be financed with the strategic goal of the IIB SME Support Program (availability of loan funds for small and medium-sized enterprises in those segments that ensure the sustainable development of the member states);
- conformity of the project with the priority areas of the IIB:
  - environment and "clean" technologies;

- resource-saving and energy efficiency;
- innovation and modernization;
- social and infrastructural development;
- contribution to the development of export/import operations and exchange of experience and technology between the IIB member states.