Product sheet Portfolio guarantee for SMEs, intended to support investment projects in energy efficiency: ENERGO-IMM

The financial instrument dedicated to the technological upgrading of micro, small and medium-sized enterprises represents an essential step towards increasing the competitiveness of the Romanian economy. In a business environment increasingly geared towards energy efficiency, digitalisation and sustainability, SMEs operating with outdated equipment face high production costs, low productivity and difficulties in complying with the new European standards. By accessing this financing mechanism, SMEs will be able to replace energy-hungry, underperforming equipment with modern technologies, thereby reducing resource consumption, optimising operating costs and improving their competitive position on the market.

General characteristics of the guarantee	
BID strategic pillar	Pillar 1 – increasing access to finance for micro-enterprises and SMEs, including start-ups, innovative companies, microfinance and agriculture Ensuring better access to finance for the targeted SMEs (full advantage passed on to SMEs), addressing concrete and well-identified market failures
The need for a financial instrument for the technological upgrading of SMEs	Romanian industry faces significant challenges caused by the use of outdated production equipment, which affects the energy efficiency and competitiveness of SMEs. In many sectors, the technology in use is obsolete, leading to high energy consumption, high greenhouse gas emissions and significant losses of resources. These shortcomings prevent SMEs from meeting the new European requirements on sustainability and energy efficiency. In an economic environment increasingly geared towards the green and digital transition, Romanian SMEs need support to modernise their production lines and adopt high-performance technologies that will also enable them to become more efficient. World Bank analyses (Report D3, July 2026) show that Romanian manufacturing generates almost twice the EU average of GHG emissions per euro of value added, that bringing this intensity down to the EU27 average would reduce Romania's total emissions by 14%, and that, if firms below the sector median brought their energy efficiency up to the median level, private-sector emissions would fall by 57% - the instrument targets precisely this broad mass of below-median SMEs.
Type of instrument	**Capped portfolio guarantee with an energy audit grant component and capital rebate** ➢ **Guarantee component** The capped portfolio guarantee provides intermediaries with credit risk coverage on a loan-by-loan basis, up to a set guarantee rate, for the creation of a portfolio of new loans to SMEs, up to a maximum guarantee cap rate known as the CAP, which represents the maximum portfolio loss that BID (Romanian Investment and Development Bank) undertakes to pay.

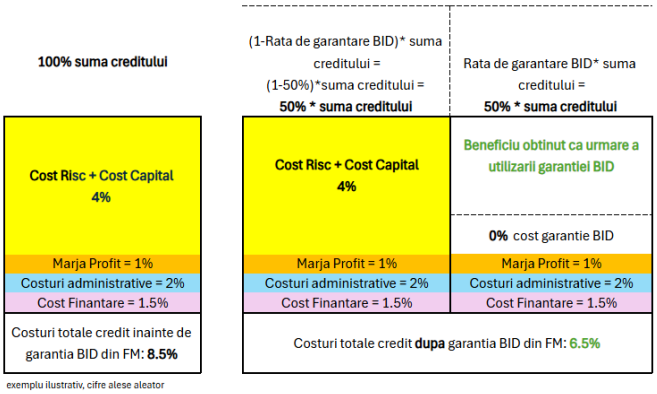
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	➢ **Interest rate reduction component for the financing granted to the SME as a result of the BID guarantee** The existence of the BID guarantee developed from the Modernisation Fund optimises the risk costs of the financial intermediaries (FIs) participating in the instrument, and this has the effect of reducing the total costs at which SMEs access the credit facility under the instrument. Details on the impact of this guarantee developed by BID on the cost of credit granted to SMEs are provided under the point "Calculation of the benefit transfer" ➢ **Energy audit grant component** The instrument provides for a grant of EUR 20,000 for consultancy on optimising energy consumption, selecting efficient equipment and drawing up tailored energy plans, or for carrying out the energy audit required to underpin the entire technological upgrading and energy efficiency plan that the SME wishes to implement. In addition to the baseline energy consumption, the initial energy audit also establishes the baseline GHG emissions of the equipment / installations concerned (tCO2e/year, scope 1 - fuels burned on site - and scope 2 - purchased electricity and heat), on the basis of nationally and European-recognised emission factors. The grant-funded audit may also fulfil the energy audit obligation laid down in Article 11 of Directive (EU) 2023/1791 for enterprises with an average annual consumption of more than 10 TJ (deadline: 11 October 2026, then every 4 years). ➢ **Capital rebate component** The instrument provides for a 10% reduction of the principal upon completion of the investment (capital rebate) for projects that achieve an energy efficiency improvement of at least 30% within the perimeter of the equipment and/or installations replaced through the financing The final energy audit, on which the capital rebate is conditional, also quantifies the avoided GHG emissions (tCO2e/year); reporting of avoided emissions is mandatory for all beneficiaries, regardless of whether the 30% threshold is reached.
Distribution model	Through financial intermediaries (banks and other financial intermediaries)
Application process for financial institutions	1. Pre-selection process based on the formal request of financial intermediaries to benefit from the BID portfolio guarantee (capped or uncapped) by submitting a guarantee application 2. Analysis and assessment process for the pre-selected financial institutions (due diligence) 3. Formal approval of the participation of financial intermediaries in the portfolio guarantee of BID 4. Negotiation of guarantee agreements with the financial institutions and signing of the documents 5. Advice and support in implementation
Guarantee rate	**50%**
Maximum guarantee cap rate (for CAPPED guarantees only)	**20%**
Volume of guarantees administered by BID	**1.2 billion EUR**

Volume of financing expected on the market (investment projects developed by SMEs for technological upgrading)	**2.4 billion EUR**
Number of SMEs impacted	**3,500 companies**
Contribution from the Modernisation Fund	**TOTAL contributie din Fondul de Modernizare, astfel: 610 mio euro** *acoperire pierderi pt emitere garantii* **300** *grant audit energetic* **70** *10% grant pt reducere a consumului energetic de peste 30% față de situația inițială* **240**
Contribution of the Financial Intermediaries (FIs)	✓ The financing is 100% covered from the FIs' own resources ✓ In return, the FIs benefit from a guarantee on the financing granted to SMEs, from the contribution of the Modernisation Fund administered under mandate by BID, as follows: ▪ The Modernisation Fund (through BID) assumes 50% of the losses, in line with the guarantee rate ▪ The FIs assume 50% of the losses, under a 'risk-sharing' mechanism
Guarantee fee	**0%** for SMEs **X**% for BID, in its capacity as fund administrator
Purpose of the guarantee	Facilitating access to finance for eligible micro-enterprises and SMEs (EU definition) that make investments for: - replacing outdated production / storage / processing equipment with equipment certified for high energy efficiency - reducing energy consumption and greenhouse gas emissions. - adopting green technologies - priority for investments that electrify thermal processes or eliminate the burning of fossil fuels (industrial heat pumps, furnaces / dryers / electric boilers, waste-heat recovery, refrigeration systems using natural refrigerants), in line with the Electrification Action Plan (COM(2026) 595) and with the orientation of the Modernisation Fund. The guarantee involves a mechanism whereby financial advantages are passed on to the final beneficiaries by the selected financial institutions. The guarantee covers loans or leasing.
Guarantee currency	RON and EUR
Availability period	Until 2040
Inclusion period	Throughout the availability period + 6 months thereafter, provided that all included transactions are approved before the end of the availability period.

Inclusion mechanism	All eligible transactions of all eligible beneficiaries, in accordance with the provisions of the guarantee agreements, which the selected financial intermediary decides to include in the cap, following internal approval. Inclusion in the guarantee will take place quarterly, on the basis of the reporting framework established between BID and the financial intermediary.
Guarantee coverage	The guarantee covers losses incurred under the agreements with the financial institutions, on the basis of the guarantee rate and the guarantee cap rate specified in each agreement with the financial intermediary.
Definition of default	includes, with respect to a loan granted to the final beneficiary: (i) the financial institution can demonstrate at any time that a final beneficiary is unlikely to meet its payment obligations; **or** (ii) a final beneficiary has failed to meet any payment obligation under the loan contracted for at least 90 consecutive calendar days
Losses covered and loss sharing	Covered losses are the outstanding principal balance and standard interest (excluding overdue interest, fees and any other outstanding costs and expenses) The sharing between the FI and BID, in its capacity as fund administrator, of the amounts resulting from the enforcement of the collateral securing the financing and from amicable recoveries shall take place as these amounts are recovered, in proportion to each party's share of the risk assumed. The amounts thus obtained, net of the costs incurred in recovering the claim, shall be distributed in proportion to the risk assumed by each party and shall reduce, in proportion to the guarantee rates, the claim arising from the enforcement value of the guarantee paid to the FI by BID.
Payment of the guarantee to the Financial Intermediaries (FIs)	Upon the occurrence of a loss arising from a default, BID shall make guarantee payments to the FI under the guarantee within 60 days.
State aid	The two types of portfolio guarantee are granted under the de minimis regulations Regulation (EU) 2023/2831 and Regulation (EU) 2024/3118 respectively) The conditions to be met in order to comply with the provisions of these regulations are as follows: - Maximum aid amount: EUR 300,000 over any rolling 3-year period, or EUR 50,000 for the agricultural sector, per single undertaking - the beneficiary is not subject to collective insolvency proceedings and does not meet the criteria under national law for being placed in collective insolvency proceedings at the request of its creditors. - The FI shall pass on the benefit in full ***Other conditions specific to SMEs and conditions for FIs, where applicable, in accordance with State aid/de minimis legislation (the choice between one option and the other will be made at BID level, after an analysis of the conditions and of the ease of implementation)***
Calculation of the benefit pass-through	The portfolio guarantee provided by BID reduces the risk assumed by financial institutions when granting financing to SMEs. This risk reduction allows FIs to adjust financing conditions in favour of SMEs by lowering the risk margin applied to guaranteed loans. SMEs thus benefit from a lower total cost of financing.

	The benefit of the guarantee is passed on to SMEs by adjusting the interest rate and other costs associated with the loan, as established in the Due Diligence process and in the bilateral Guarantee Agreements. **Benefit = CCs−CCg** CCs - the standard cost of the loan, which the FI would apply without the BID guarantee, reflecting the total perceived risk CCg – the adjusted cost of the loan after application of the guarantee, reflecting the reduced perceived risk.  A lower final cost of financing indicates that the perceived risk of default has been significantly reduced thanks to the BID guarantee, which allows financial institutions to offer SMEs a lower total cost of financing. The mechanism thus ensures that the benefit of the guarantee is effectively passed on to final beneficiaries through more advantageous financing conditions.
State aid monitoring	**In accordance with the provisions of the specific State aid rules**
Recovery of unlawful and incompatible State aid	BID has in place a procedure for the recovery of unlawful and incompatible State aid
DNSH	The DNSH principle applies in accordance with the Modernisation Fund methodology: new fossil-fuel-based energy generation equipment is not eligible; investments that maintain natural gas consumption are accepted only if the initial energy audit demonstrates a net reduction in GHG emissions compared with the baseline. Verification is carried out through the initial and final energy audits.
General characteristics of the loan granted to SMEs under the BID guarantee administered on behalf of the MF	
Loan purpose for SME final beneficiaries	The loans will be used exclusively **for investments in tangible and intangible assets,** for the purpose of: - replacing outdated production equipment with equipment certified for high energy efficiency - reducing energy consumption and greenhouse gas emissions. - adopting green technologies - no new fossil-fuel-based energy generation equipment (see DNSH).

	NEW LOANS, NO refinancing
Eligible SMEs	Eligible final beneficiaries are: • SMEs, as defined in EU Recommendation 2003/361, which constitute a single risk, in accordance with Article 2(2) of the regulation; • Active on the Romanian market; • Not subject to collective insolvency proceedings and not meeting the criteria laid down in the relevant Romanian legislation Eligible industrial sectors: • SMEs with industrial (production) and manufacturing activity. • SMEs in sectors of strategic importance for the Romanian economy (e.g. automotive, agri-food, construction, IT). • SMEs active in agriculture
Eligible equipment	• Modern machinery and equipment or systems that optimise production processes, with high energy efficiency. • Digital solutions for energy efficiency control and production optimisation
Maximum transaction amount	**Max 5** million EUR in RON equivalent (the maximum amount will be adjusted in line with the provisions of State aid legislation)
Min./Max. Tenor	12 months / 14 years (until 2040, in line with the extension of the Modernisation Fund)
Eligibility criteria for SMEs	• No non-performing loans with banks and no overdue tax/budgetary obligations • Not in litigation with the Ministry of Finance (MF) or ANAF, nor with BID • no overdue loans on record, including for leasing financing, at the date of application or, where arrears are recorded, these are classified in categories A or B in the Central Credit Register (C.R.C.) database; • not recorded in the Payment Incidents Register database with a ban on issuing cheques or with major incidents involving promissory notes in the 6 months preceding the date of the application for the state guarantee; • not subject to preventive composition proceedings, a restructuring agreement or collective insolvency proceedings, and not meeting the criteria laid down in national law for collective insolvency proceedings to be opened at the request of its creditors/not subject to enforcement proceedings; • Undertake to use the loan proceeds **exclusively** for the purposes declared in the loan agreement and not to use these amounts for: ▪ Repayment of loans granted by associates/shareholders and the granting of loans to third parties (within and outside the group); ▪ Distribution of dividends or other payments to associates/shareholders. ▪ Payment of debts to the state budget, exclusively. Must submit **a technological upgrading plan** showing the impact on efficiency and competitiveness. The plan includes baseline GHG emissions and estimated post-investment emissions (tCO2e/year), based on the initial energy audit.
Monitoring mechanisms	**Independent audit** to ensure the proper use of funds and access to the grant components (both for the provision of the energy audit and for the achievement of the energy efficiency performance indicator of at least 30%) **Performance indicators** (number of SMEs financed, productivity growth, reduction in energy consumption, volume of greenhouse gas emissions reduced, etc.). Mandatory

	climate indicators, reported in the format used by the Ministry of Energy for Modernisation Fund programmes: - energy saved (MWh/year), - avoided GHG emissions (tCO2e/year, scope 1 and 2), - share of electrification investments in the guaranteed portfolio. Annual aggregation at instrument level by BID.