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## EU and Helenos back microfinance in Lithuania through investments in the Lithuanian Central Credit Union

- The EIF and Helenos, a private equity fund managed by Inpulse, will strengthen the capacity of the Lithuanian Central Credit Union (LCCU) through two investments totalling EUR 3m.
- The EIF investment is backed by the European Union under the capacity building' window of the EU programme for Employment and Social Innovation (EaSI).
- The financing will support LCCU's digital infrastructure, risk management and IT system, to strengthen its capital base and scale-up its micro-lending activities in Lithuania.

With EU-backing, some EUR 3 million will become available for the Lithuanian Central Credit Union to strengthen its position and capacity in providing credit to Lithuanian small and micro-businesses. Under the 'Capacity Building Investments' window of the [EU's programme for Employment and Social Innovation \(EaSI\)](#) the European Investment Fund (EIF) will invest EUR2 million in the LCCU, with the private equity fund Helenos investing a further EUR 1 million. The LCCU is an institution with a strong social mission, dedicated to serving a particularly vulnerable target group: small and micro-enterprises in the agricultural sector and rural areas in Lithuania with limited access to traditional bank finance.

The LCCU, together with its network of 48 credit unions (the "LCCU Group"), is an important financier of these micro-enterprises in Lithuania. 50% of its clients are women and it has a strong regional outreach with its 48 credit unions covering the entire country. The LCCU has also developed a dedicated microloan product catering for start-ups and complements its financial offering with non-financial services such as tailored support in business plan drafting.

**European Commissioner for Jobs and Social Rights, Nicolas Schmit**, said: *"The past months have shown us how important it is to invest in our local economies and support small businesses hit hard by the Covid-19 pandemic. Therefore, I welcome this agreement under the EU Programme for Employment and Social Innovation which will enable the Lithuanian Central Credit Union to provide financing to even more microenterprises in Lithuania's agricultural sector, as well as offering them crucial advisory services."*

*"Small businesses have always been struggling with traditional bank finance, and the economic fallout of the COVID 19 pandemic might further deteriorate their access to finance,"* said **EIF Chief Executive Alain Godard** *"That is why we are particularly glad about this agreement. It strengthens LCCU as an important financier of micro enterprises in the rural areas of Lithuania, with many of its clients being women entrepreneurs, and will help to scale up the accessible financing for their clients considerably."*

*"Through this investment, Helenos is glad to support LCCU in this period of the coronavirus crisis, when access to financial services becomes especially important for micro entrepreneurs and their families. With 60% share of the national credit union sector and thanks to forward-thinking management, guided by best cooperative principles, the LCCU group is well positioned to continue the development and to provide well-tailored services to poorer households in Lithuania over the next decade."* said **Nicolas Blondeau**, manager of Helenos, fund managed by [Inpulse](#), Impact Manager based in Brussels.

*"By providing subordinated loans, well-known financial institutions in Europe will contribute to the smooth development of this sector in Lithuania. We have the potential to grow and become even closer to our customers, while recent events have confirmed that our international partners trust in the validity of this vision. We are pleased with the confidence shown, which builds preconditions for sustainable growth of the LCCU Credit Union Group,"* said **Mindaugas Vijūnas**, Chief Executive Officer and Chairman of the Board of LCCU.

## Background information:

The **European Investment Fund** (EIF) is part of the European Investment Bank Group. Its central mission is to support Europe's micro, small and medium-sized businesses (SMEs) by helping them to access finance. The EIF designs and develops venture and growth capital, guarantees and microfinance instruments which specifically target this market segment. In this role, the EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment.

The EIF does not provide any type of finance to micro-entrepreneurs or social enterprises directly. Through this window, EIF will invest in financial intermediaries operating in the microfinance and social entrepreneurship space, which are selected after an application submitted under a call for expression of interest followed by a due diligence process. Once selected by the EIF, these partners act as EaSI financial intermediaries.

The **European Union Programme for Employment and Social Innovation (EaSI)** aims at contributing to the implementation of the Europe 2020 strategy by supporting the EU's objective of high level employment, guaranteeing adequate social protection, fighting against social exclusion and poverty and improving working conditions. Under EaSI, the EIF has been entrusted by the European Commission to manage [several financial instruments](#), the Capacity Building Investments Window being one of them.

The [EaSI Capacity Building Investments Window](#) is funded by the [EU programme for Employment and Social Innovation](#). The objective of this instrument is to build up the institutional capacity of selected financial intermediaries that have not yet reached sustainability or are in need of risk capital to sustain their growth and development. An amount of EUR 37m has been earmarked within the EaSI Programme for this initiative.

**Helenos** is the first private equity fund for inclusive finance in Europe. Helenos support the growth of promising greenfield, small and medium financial institutions targeting micro and social enterprises. The main objective is to improve access to tailored financial services for entrepreneurs, to create jobs and improve their well-being. Helenos has an initial investment capacity of EUR 10.5m and is planning to expand to EUR 25m. At present Helenos is funded a.o. by: EIF, Crédit Coopératif, Mirova, BNP Paribas, Prometheus, BRED, France Active and Soficatra.

Helenos is managed by **Inpulse**, a Brussels-based investment manager with special know-how on social investments and microfinance. Inpulse has a core expertise in cooperative equity financing, strong skills in managing alternative investment funds providing long-term financing to socially driven financial intermediaries. Through a team based in three countries (Belgium, Poland and France), Inpulse currently advises two other active MIVs (CoopEst and CoopMed) for a total aggregate investment capacity of EUR 56m.

The **LCCU Group** is a cooperative founded in 2002 and the larger of the two central credit unions operating in Lithuania. The LCCU Group actively finances micro, small and medium-sized business projects, start-up companies, farmers and businesses engaged in agricultural activities. **LCCU** and its credit unions have continued to increase the volume of loans granted to customers in the recent years. Total amount of loans issued in the first half of 2020 amounted to EUR 383m, i.e. 9.5 percent more than at the end of 2019. Credit unions offer their members an opportunity to save by concluding term and savings deposit contracts. Term and savings deposits portfolio of the LKU Credit Union Group amounts to over EUR 281m.

In the context of the COVID-19 crisis, the LCCU Credit Union Group is active in the field of assistance to business: It has already issued EUR 7m under the financial assistance facility "Loans to the Businesses Most Affected by COVID-19" and loans under the facility "Portfolio Guarantees for Loans 2", which aim to facilitate access to credits for companies in order to improve their liquidity. It also participates in the financial facility "Loans to Ensure the Liquidity of Operators in the Production, Processing And Marketing of Agricultural And Fishery Products During the COVID-19 Outbreak", helping agribusinesses by financing their working capital.

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