

FINMEDIA Directories Series

# Romanian Financial Directory

2011  
2012

The 14th edition



# FONDUL ROMÂN DE CONTRAGARANTARE

The Romanian Counter-Guarantee Fund



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**Usual Name: FRC (RCF)**

Established: 2010  
 Fiscal code: 26308846  
 Commerce registry no.: J40/703/2010  
 IBAN code: RO69BTRL04301202U10055XX  
 Share capital: 400.000.000 RON  
 Employees no.: 38 (January, 2012)

Legal Division **Ms. Angela DUMITRESCU**, Director  
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## AUDITORS

Internal Internal Audit Compartment  
 External KPMG

## BRIEF HISTORY

Taking into account economic needs, but also major difficulties that SMEs are facing in the context of the effects of the economic crisis and based on the need for alignment on specific instruments of European public policies, Romanian Counter-Guarantee Fund (RCF) was established as a specialized financial institution in accordance with emergency Ordinance no. 23/2009 approved by Law no. 312/2009 and authorized to work as a legal entity on December 9, 2009, with the mission to contribute to alleviating the difficulties faced by the SMEs sector in accessing financing, while ensuring the operation of a sustainable, long-term, financial market segment made up of guarantee funds.

The institution started its operations on 04 March 2010. In order to accomplish the undertaken mission, RCF acted since inception in accordance with applicable national and Community rules and best practices in the area of granting counter-guarantees, managing soon to mark an effective contribution to improving access to finance of SMEs by taking a portion of the risk assumed by the guarantee funds and thereby supporting the functioning of the sustainable banking market in particular and economic activity in general.

## OWNERSHIP STRUCTURE

Romanian Counter-Guarantee Fund was created as a specialized financial institution, established as joint stock Company, having as shareholders the Romanian State through the Ministry of Economy, Trade and Business Environment – 68% and the Romanian Post-Privatization Fund – 32%, whose purpose is to counter-guarantee all guarantees granted by guarantee funds – Romanian legal persons – for credits and other financing instruments obtained by small and medium-sized enterprises from commercial banks and other sources. The Fund's aim is to improve the access of SMEs to financing, by taking over part of the risk undertaken by guarantee funds.

## BOARD OF MANAGING DIRECTORS

President of the **Mr. Ioan HIDEGCUTI**  
 Directorate E-mail: ioan.hidegcuti@contragarantare.ro  
 Members of the **Mrs. Elena KLEININGER**  
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**Mr. Vasile COMAN**  
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## DEPARTMENTS

Counter-Guarantee **Mr. Alexandru VLASE**, Director  
 Division E-mail: alexandru.vlase@contragarantare.ro

**MAIN ACTIVITIES**

Contribution to the development of SME sector by increasing its competitiveness;

Facilitating the co-financing of structural founded projects;

Increasing the exposure of the guarantee funds, by taking a part of the risk assumed by them to guarantee loans and other financial instruments;

Completing the institutional credit guarantee system for SMEs and improving the confidence of banks and other types of donors in solidity and solvency guarantee funds;

Economic growth, creation and maintaining of jobs;

Assuming the best practices in Europe for accessing finance for SMEs.

**PRODUCTS AND SERVICES**

The counter-guarantee mechanism is governed by the following *principles*:

- complies with the regulations of the National Bank of Romania in terms of expressive character, irrevocable and unconditional counter-guarantee commitments;
- counter-guarantee is fixed and payable on demand;
- sharing risk with the guarantee funds;
- non-discriminatory treatment of SMEs;
- transparent conditions for granting the facilities;
- priority support in the absorption of European funds.

RCF cover a rate of up to 80% of the value of a guarantee, issued for loans, letters of bank guarantee and other financing instruments for investments, working capital, co-financing projects financed from structural funds, financing innovative, research and development projects, the environment and young entrepreneurs involved projects, making the minimis aid in the form of a reduction in value due to the guarantee fee for obtaining the guarantee, between 35 and 150 basis points.

*Minimis aid*, according to RCF, is represented by the difference between the guarantee fee that the SME it pays in market conditions and reduced guarantee fee that it pays to

the guarantee fund as a result of counter-guarantee the guarantee by RCF. The maximum of exposure for one SME is 1,2 million EUR (for all sectors except the manufacturing of arms and ammunition, alcohol and tobacco, fisheries and aquaculture, coal, steel, shipbuilding, synthetic fibers, gambling) and 600.000 EUR to SMEs operating in the road transport sector, 45.000 EUR for SMEs working in primary production of agricultural products and 64.000 EUR for young entrepreneurs.

RCF operate with the following norms:

- Norm no. 1/2010 on counter-guarantee the guarantees related to financing of small and medium sized enterprises contracted from banks and non-bank financial institutions;
- Norm no. 2/2010 on counter-guarantee the guarantees provided in support of the establishment and development of SMEs (start-up);
- Norm no. 3/2011 on counter-guarantee the guarantees related to contracted financing of small and medium sized enterprises active in primary production of agricultural products;
- Norm no. 4/2011 on counter-guarantee the guarantees provided in support of the establishment and development of microenterprises by the young entrepreneurs.

**PROJECTS AND STRATEGIES****Main targets in 2012:**

- Reduction the counter-guarantee fee in order to decrease the funding costs and loans revival.
- Increase to 80% the counter-guarantee coverage rate for all categories of investments.
- The investments will be sustained also by applying the increased coverage rate of 80% for working capital finance related to investments. In the present there is no delimitation for this category of financing.
- Setting up a state aid counter guarantee scheme for rescuing and restructuring firms in difficulty.

INDICATORS				
	2010		2011	
	(1st semester)	(2nd semester)	(1st semester)	(2nd semester)
No. of counter-guarantees granted	255	1.616	3.645	4.124
Value of the counter-guarantees granted (mil.EUR)	17	69	107	140
Value of the sustained financings (mil.EUR)	71	255	366	435
Value of the sustained guarantees (mil.EUR)	31	129	174	216
No. of jobs supported/newly established*	9.110	45.500	92.500	126.500

\*Cumulated values at end of the period.

- Developing a supporting instrument dedicated to facilitate access to finance for SMEs which promote innovative projects in accordance with the criteria covered by the Competitiveness and Innovation Framework Programme.

- Strengthening the prudential mechanisms related to assuming risks in counter-guaranteed guarantees (with a value exceeding EUR 552 000).

**RCF strategic priority objectives:**

- Development of SMEs access to finance by increasing the number and volume of counter-guarantees, the number of beneficiary SMEs and the number of jobs supported or newly established.

- Improvement of the aid schemes and their implementing rules correlated with the dynamics of European legislation and national state aid.

- Development and flexibilisation of the facilities offered in the access to finance for SMEs with projects under the convergence with the Strategy for EUROPE - 2020, with benchmarks related to smart growth, sustainable development and promoting an inclusive growth social economy.

- Development and diversifying of RCF operating capacity by assuming counter-guarantee mechanisms in commercial terms, access to European financing schemes and participation in the capital of SMEs financing institutions.

- Development of the cooperation with institutions, guarantee and counter-guarantee bodies from the EU member states and other countries with experience in the field, capitalizing the potential and the opportunities given by European Association of Mutual Guarantee Societies in order to assume best practices and experiences relevant at European and international level.

- Achievement and development of a system of IT services concerning instruments, mechanisms and consultancy related to counter-guarantee and guarantee field and SMEs access to finance.

- Development and diversifying the communication and institutional relations with the guarantee funds, banks, businesses, media and public authorities so that they understand the content and the dynamics of mechanisms and RCF operating instruments.

- Improving the RCF management, improving lifelong learning for staff and obtaining the recognition of quality in the operating system.

- Strengthening the proper economic management, ensuring RCF payment capacity for effects resulting from occurrence of the risk and improving the RCF logistics.

- Upgrading and improving the legislation concerning the organization and functioning of RCF, in order to increase the impact of counter-guarantees in supporting the access to finance for SMEs.

**OTHER INFORMATION**

**Institutional partners:**

National Credit Guarantee Fund for SMEs (NCGFSME);

Local Guarantee Fund Focșani - NCGFSME branch;

Local Guarantee Fund Sfântu Gheorghe - NCGFSME branch;

Local Guarantee Fund Craiova - NCGFSME branch;

Credit Guarantee Fund for Romanian Private Investors;

Rural Credit Guarantee Fund.

**Association membership:**

Since 2010, RCF has been a member of the European Association of Mutual Guarantee Societies (AECM), association which brings together guarantee and counter-guarantee institutions from more than 22 EU countries and Turkey and which has as main objectives the promotion of the guarantee and counter-guarantee instruments for SMEs, representation of the sector interests in dialogue with European and international institutions and sharing of the information and best practices among its members.

FONDUL ROMÂN DE

**FRC**

CONTRAGARANTARE S.A.



“UN PARTENER DE ÎNCREDERE  
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