



EU and EIB Group join forces to support up to €48 billion in R&I investment

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The European Commission and the European Investment Bank Group (EIB and EIF) have today launched a new generation of EU financial instruments and advisory services to help innovative firms access finance more easily. Over the next seven years, it is expected that the "InnovFin – EU Finance for Innovators" products will make available more than €24 billion of financing for research and innovation (R&I) by small, medium and large companies and the promoters of research infrastructures. This finance is expected to support up to €48 billion of final R&I investments.

"InnovFin – EU Finance for Innovators" will consist of a range of tailored products – from guarantees for financial intermediaries to direct loans to enterprises as well as advisory services – to support the smallest to the largest R&I projects in the EU and countries associated to Horizon 2020, the new EU research programme for 2014-20. InnovFin builds on the success of the Risk-Sharing Finance Facility developed under the seventh EU framework programme for research and technological development (FP7), which financed 114 R&I projects to the tune of €11.3 billion and in addition provided loan guarantees worth over €1.4 billion.

European Research, Innovation and Science Commissioner Máire Geoghegan-Quinn said: "Financial instruments provide an innovative way of investing in growth-enhancing companies and activities. The EU lags behind its global competitors in terms of business investment in innovation, so we must encourage banks to lend to these projects and help research-intensive companies get access to this finance. This will help us reach our EU target to invest 3% of GDP in R&D by 2020."

Philippe de Fontaine Vive, EIB Vice-President responsible inter alia for innovation, stated: "Europe today needs sustainable economic growth to maintain living standards, secure welfare and jobs. Investment in innovation is key to this end. The Europe 2020 strategy aims at smart growth achieved in a smart way. We need to ensure that a limited EU budget is used to maximum effect. This is why EIB Group and European Commission join again forces for a new range of financial instruments and advisory services."

Wilhelm Molterer, EIB Vice-President responsible for EIB Advisory Services, added: "InnovFin Advisory will utilise the expertise of the EIB Group to enable investors and promoters to launch innovative, new investment as well as build on the success of existing achievements. This advisory service is expected to support public and private sector investments of over €20 billion in the next 7 years."

EIF Chief Executive Pier Luigi Gilibert said: "Horizon 2020 provides the EIF with an opportunity to reach out to even more innovative companies via financial intermediaries across the EU in the next 7 years. Managing the Risk Sharing Instrument, InnovFin's SME Guarantees predecessor enabled us to support 29 banks lend over €3 billion to innovative businesses to help promote smart, sustainable and inclusive growth in Europe and we will reach out to more businesses under Horizon 2020."

The launch took place at a two-day conference, organised by the Greek Presidency of the EU, that brought together organisations offering or improving access to finance. Showing their commitment to help Greece recover from the financial and economic crisis, representatives of the European Commission, the EIB Group, the World Bank, UNEP, the OECD and private and public financial institutions discussed how to use debt and equity finance to encourage more investment in research and innovation and hence stimulate growth, create jobs and improve competitiveness.

An awareness-raising session organised by the EIB and the EIF informed Greek banks about the opportunities that will be offered by this new generation of EU financial instruments with the aim of closing the financing gap for innovative enterprises in Greece and throughout the EU.

Commenting on the launch event, Greek Secretary for Research, Technology and Innovation, Dr. Christos Vasilakos, representing the Greek EU Presidency, said: "Research, innovation, science and education will be the cornerstones of our new growth policies, and it is important that both our financial institutions and our innovative entrepreneurs are made aware of the great opportunities that the EU offers in the domain of access to risk finance. On behalf of the Greek government and the people, I would like to pay tribute to the experts on innovation finance that were here over the

past two days and showed that their commitment to get Greece back on its feet is real and tangible, and offers genuine prospects on a better future for Greece and the EU.”

InnovFin guarantees and loans will be backed by funds set aside under Horizon 2020 and by the EIB Group for the purpose of supporting R&I activities, which by nature are riskier and harder to appraise than traditional investments. All are demand-driven instruments, with no prior allocations between sectors, countries or regions. These debt instruments will be complemented in the near future by a suite of equity instruments managed by the EIF.

Background on InnovFin products

InnovFin Large Projects aims to improve access to risk finance for R&I projects emanating from larger firms; universities and public research organisations; R&I infrastructures (including innovation-enabling infrastructures); public-private partnerships; and special-purpose vehicles or projects (including those promoting first-of-a-kind, commercial-scale industrial demonstration projects). Firms and other entities located in Member States and Associated Countries will be eligible as final beneficiaries. Loans from €25 million to €300 million will be delivered directly by the European Investment Bank.

InnovFin MidCap Guarantee provides guarantees and counter-guarantees on debt financing of up to EUR 50 million, in order to improve access to finance for innovative midcaps (up to 3000 employees) which are not eligible under the InnovFin SME Guarantee. This will be rolled out through financial intermediaries such as banks, other financial institutions. Under InnovFin MidCap Guarantee, financial intermediaries will be guaranteed against a portion of their potential losses by the EIB.

InnovFin MidCap Guarantee offers guarantees or contingent loans of between €7.5 million and €25 million, in order to improve access to finance for innovative larger midcaps (up to 3000 employees) in particular. This facility is implemented by the European Investment Bank, and is to be delivered through financial intermediaries – banks and financial institutions – in EU Member States and Associated Countries.. Under this facility, financial intermediaries will be guaranteed against a portion of their potential losses by the EIB, which will also offer counter-guarantees to guarantee institutions.

InnovFin SME Guarantee provides guarantees and counter-guarantees on debt financing of between €25,000 and €7.5 million, in order to improve access to loan finance for innovative small and medium-sized enterprises and small midcaps (up to 499 employees). This facility is implemented by the European Investment Fund, and will be rolled out through financial intermediaries – banks and other financial institutions – in EU Member States and Associated Countries. Under this facility, financial intermediaries will be guaranteed by the EIF against a proportion of their losses incurred on the debt financing covered under the facility.

InnovFin Advisory aims to improve the 'bankability' and investment-readiness of large projects that need substantial, long-term investments. It will also provide advice to improve the conditions for access to risk finance for R&I. It builds on a successful pilot operated under the Risk-Sharing Finance Facility in FP7. The main clients foreseen are promoters of large R&I projects that meet Horizon 2020's Societal Challenges.

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