Boosting the Financing of Innovation for Green Growth Sectors through Innovative Clusters Services in the MED Area

Project co-financed by the European Regional Development Fund

A3.2 Analysis of existing instruments (EIB, European Commission, National funds) for financing innovation in green sector

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D3.2.1 Report on existing instruments and mechanisms for financing innovation for green growth

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EXECUTIVE SUMMARY

Report focuses on an analysis of existing European Union financial instruments or other solutions and mechanism for financing innovations in green sectors (both public funds and market-based instruments) that are directly or indirectly managed by European Commission, EIB Group (European Investment bank and European Investment Fund) and national funds.

Report is delivered through a desk analysis of EU Commission Funds and EIB Group acting as a financial intermediary or co-investor, and more interactive phase with the collaboration of Project Partners to gather information about interesting National Funds and potential main barriers to use existing financial instruments or their implementation.

Chapter I outlines European commission's priorities, policies and its strategies whilst focusing on two Investment Plan for Europe (Juncker plan) and Europe 20020 Strategy.

Chapter II focuses on the structure of EU funding sourcing from EU budget and its implementation. The EU budget (public funds) can be implemented through shared management in cooperation with Member States that assign the management of EU funding mainly to managing authorities such as ministries and other public bodies, direct management by European Commission's departments or through executive agencies and indirect management by entrusting budget implementation tasks to third countries or to different entities.

Chapter II defines as well the role of National Promotional Banks and Institutions, European Union financial instruments, its financial products and investment platforms.

European Union financial instruments are defined as delivery tools to provide financial support from the EU budget through the form of financial products such as equity or quasi-equity investments, loans or guarantees, or other risk-sharing instruments, and may, where appropriate, be combined with grants.

Chapter III defines the European Union Programmes that are the instruments used to finance EU policies from the EU budget. It constitutes a set of actions undertaken by the European institutions to carry out specific projects or activities that represent an added value for the application of the Community policies, such as the Investment Plan for Europe, or so-called Juncker Plan and Europe 2020 strategy.

Chapter III continues with detailed analysis of European Union financial mechanisms and financial instruments implemented as a delivery tools to provide financial support from the **EU budget** and its different **funds**, such as **European Fund for Strategic Investments (EFSI), European Structural and Investment Funds (ESIF)** and the **combination of ESI Funds**

and EFSI at a project level or a combination of ESI Funds with EFSI at financial instrument / investment platform level.
Chapter III provides as well information about specific deployment of funding from ESI Funds:

- **Flexible SME funding (JEREMIE)** instrument was set up to deploy part of the EU Structural Funds allocated to the regional and national Managing Authorities through new risk finance initiatives for SMEs. In this regard, JEREMIE is a predecessor to the current ESIF-backed programs managed by EIF under the new 2014-2020 programming period.
- **Urban Development Technical Assistance (JESSICA)** supported integrated, sustainable urban-renewal projects. A range of sophisticated financial tools were used including equity investments, loans and guarantees, offering new opportunities for the use of EU Structural Funds.

Chapter IV focuses on **Horizon 2020** - the biggest EU Research and Innovation programme and a financial instrument implementing the Innovation Union, a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness.

Horizon 2020 supports SMEs with a new instrument that runs throughout various funded research and innovation fields, enhances EU international research and Third Country participation, attaches high importance to integrate social sciences and humanities encourages to develop a gender dimension in project. There's a clear differentiation between Horizon non- market financial instruments (grants) and InnovFin (market driven financial instruments).

There are other financial instruments funded under the Horizon 2020 programmes:

- **ELENA** (European Local Energy Assistance) is a joint initiative by the EIB and the European Commission under the Horizon 2020 programme. ELENA provides grants for technical assistance focused on the implementation of energy efficiency, distributed renewable energy and urban transport projects and programmes.
- **The Innovation and Networks Executive Agency (INEA)** is managing the funding and following up the research & innovation projects under the four Horizon 2020 societal challenges (Smart, green and integrated transport; Smart Cities and Communities; Secure, clean and efficient energy; Food security, sustainable agriculture and forestry, marine, maritime and inland water research and the bioeconomy).
- **COST** is an intergovernmental framework for European Cooperation in Science and Technology, allowing the coordination of nationally-funded research on a European level.

Chapter V continues with the analysis and overview of other funding programmes and financial instruments:

- **COSME** is the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises running from 2014 – 2020. COSME financial instruments are managed by the European Investment Fund (EIF) in cooperation with financial intermediaries in EU countries.
- **INEA** - Innovation and Networks Executive Agency implements the following EU programmes:

    - Connecting Europe Facility (CEF)
    - Parts of Horizon 2020 – Smart, green and integrated transport + Secure, clean and efficient energy
    - Legacy programmes: TEN-T and Marco Polo 2007-2013
- **LIFE** programme is the EU's funding instrument for the environment and climate action. The European Commission (DG Environment and DG Climate Action) manages the LIFE programme. LIFE introduces two key financial instruments – Natural Capital Financing Facility (NCCF) and Private Financing for Energy Efficiency Instrument (PF4EE).
- **EEEF (European Energy Efficiency Fund)** aims to support the goals of the European Union to promote a sustainable energy market and climate protection. EEEF facilitates investments in the public sector and it pursues its environmental goals by offering funding for energy efficiency and small scale renewable energy projects.
- **IEE** (Intelligent Energy – Europe Programme) is now closed, although a number of projects funded under the programme are continuing. The EU's Horizon 2020 programme now supports the research, demonstration and market up-take of energy-efficient technologies.
- **2020 European Fund for Energy, Climate Change and Infrastructure (Marguerite Fund I and II)** is an independent fund investing in European infrastructure. Marguerite I is now fully invested and has accomplished its initial targets. The successor fund, Marguerite II, continues the work of Marguerite I as a Pan-European equity fund which aims to act as a catalyst for greenfield and brownfield infrastructure investments in renewables, energy, transport and digital infrastructure, implementing key EU policies in the areas of climate change, energy security, digital agenda and trans-European networks.

Chapter VI continues highlighting the role of the **European Investment Bank (EIB) -** the European Union's bank. EIB works closely with other EU institutions to implement EU policy.

EIB is the world's largest multilateral borrower and lender who provides finance and expertise for sustainable investment projects that contribute to EU policy objectives.

- **EIB co-finances and manages several funds, funding programmes and financial instruments whilst blending public funds with private capital,** such as Project Bonds, InnovFin, Trust Funds, JEREMIE initiative (Joint European Resources for Micro to Medium Enterprises), European Structural and Investment Funds, Joint European Support for Sustainable Investment in City Areas (JESSICA), Private Finance for Energy Efficiency (PF4EE), Natural Capital Financing Facility (NCFF), Guarantee Fund for Greek SMEs, Risk Capital Facility for the Southern Neighbourhood, Transport Infrastructure - cash-flow guarantees (LGTT), Italian Risk Sharing Initiative for RDI and others.
- **Advisory services,** such as European public-private partnerships (PPPs) Expertise Centre, JASPERS, ELENA, FELICITY and Municipal Project Support Facility (MPSF), complement the EIB's lending activity and form an integral part of its lending, blending and advising strategy.

Chapter VII focuses on **European Investment Fund (EIF)**, a European Union agency for the provision of finance to SMEs. EIF is a part of the EIB Group. **By offering an Integrated Risk Finance Product Range of SME finance to the intermediaries**, EIF complements the products offered by the European Investment Bank (EIB).

By developing and offering targeted financial products to EIF's intermediaries, such as banks, guarantee and leasing companies, micro-credit providers and private equity funds, EIF enhances SMEs access to finance. Its main operations are in the areas of venture capital and guaranteeing loans. EIF is a specialist provider of risk finance to benefit small and medium-sized enterprises (SMEs) across Europe. EIF does not lend money to SMEs directly. EIF carries out its activities using its own resources or those provided by the European Investment Bank, the European Commission, by EU Member States or other third parties.

- **EIF** co-finances and manages several funds, funding programmes and market-driven financial instruments **for financial intermediaries**, such as European Angels Fund (EAF), Social Impact Accelerator (SIA) – fund-of-funds, Lower mid-market fund, Mezzanine Facility for Growth, Pan-European Venture Capital Fund(s)-of-Funds programme, Single EU Equity Financial Instrument, EIF's private equity secondary market transactions, EIF-NPI Equity Platform, EIF's AGRI, Cultural and Creative Sectors Guarantee Facility (CCS GF), ENSI - EIF and National Promotional Institutions (NPIs) Securitisation Initiative, Erasmus+ Master Loan Guarantee Facility, EIB Group Risk Enhancement Mandate (EREM), Single EU Debt Financial Instrument, SME Initiative, Asset Management Umbrella Fund (AMUF), Inclusive Finance (EaSI Capacity Building Investments Window and EaSI Guarantee Instrument and EFSI Financial Instruments for Financial Intermediaries.
- **EIF** has been promoting regional development and EU cohesion policy through JEREMIE (Joint European Resources for Micro to Medium Enterprises) and country and sector-specific initiatives. Chapter VII focuses on **MED countries' targeted financial instruments** - Central Europe Fund of Funds (CEFoF), ESIF Fund-of-Funds Greece, La Financière Région Réunion, FOSTER TPE-PME Occitanie, Slovene Equity Growth Investment Programme (SEGIP), Western Balkans Enterprise Development & Innovation Facility II (WB EDIF II) and others like EIB Group Risk Enhancement Mandate (EREM).

Chapter VIII continues with the analysis of the funding programmes and financial instruments that are financed, co-financed and managed by **European Bank for Reconstruction and Development (EBRD)**, such as Green Economy Transition approach (GET), Green Economy Finance facilities (GEFFs), EBRD's Small Business Initiative and others.

- **Green Economy Transition approach** supports a wider range of projects that promote the sustainable use of resources and protection of natural assets. The GET uses the full range of the EBRD's financial instruments, including direct EBRD financing and syndication in the form of private, non-sovereign and sovereign guaranteed loans, direct equity, equity funds and Green Economy Finance facilities (GEFFs).

- **Green Economy Finance Facilities (GEFFs)** enables the EBRD to provide credit lines to local financial institutions so that they can finance the green investments of a large number of eligible beneficiaries.
- EBRD has launched the **Small Business Initiative**, a strategic initiative integrating the tools the EBRD offers to support small enterprises. EBRD provides loans and investments through financial institutions and risk-sharing facilities and finances small businesses directly.
- EBRD provides as well **loans for smaller and larger projects, equity investments, syndication and trade finance.**

Chapter IX provides a brief overview of **Council of Europe Development Bank (CEB)**, a multilateral development bank with an exclusively social mandate.

Chapters I - IX provide a general overview of existing financial instruments and mechanisms for withdrawing financial support from the EU budget and blended financial sources. At the end of each Chapter (except Chapter VII) is an overview table titled “Financing Innovation in Green Sectors”. It outlines how financial instruments targets broad green sector, if applicable.

Most of the analysed **financial instruments and mechanism on a European level are not targeted and tailored for financing innovation in green sectors** defined as energy efficiency, renewable energy, waste and resources management, eco-innovation and clean technologies.

Project partners agreed to adhere to the **broader definition of green sector** including for example, bio-based industries, energy in general, environment and climate action; financial mechanisms / instruments targeting SMEs in general; or innovation in general across different sectors; or both SMEs business activities related to innovation in a particular industry, etc.

Chapter X summarises **collaborative work** of the partners to share their practices from **regions’ and countries’ specific financial mechanisms and instruments.**

Participating MED partner countries and eight of their regions identified 145 different financial instruments that are mostly implemented on a national level.

Public source (EU, national or regional budgets) for funding different financial instruments on national/ regional level prevails. Private funding is lagging behind public and blended sources.

Grants are most widely used for deployment of funding programmes, followed by financial products such as loans and guarantees.

46% of all financial instruments are tailored to target SMEs in different developmental and growth phases. 54% of financial instruments set very general and broad eligibility criteria for final recipients that includes SMEs in most cases.

48 financial instruments (33%) more specifically (but not exclusively) target investments in broad green sector.

The majority of financial instruments doesn’t address directly green sector but targets industries or activities that could be considered as a part of the broadly defined green economy.

It may be concluded that most of the existing financial instruments could be used for financing innovation in green sector.

Chapter XI reviews main barriers to implement and use of existing financial instruments on a European and financial intermediaries’ level.

It’s evident that most of the European financial mechanism and instruments focuses on or are tailored for financial intermediaries rather than for final recipients/ beneficiaries.

We identified Special report from the European Court of Auditors that reports a number of significant issues that limited the efficiency of financial instruments as a mechanism to implement the EU budget during the 2007-2013 programme period.

Chapter XII analyses barriers to implement and use of existing financial instruments on national and regional levels.

Project partners from Italy, Greece, Slovenia, France and Spain with five regions (Piemonte, Sardinia, Western Macedonia, Provence-Alpes-Côte d'Azur – PACA and Andalusia) identified 13 financial instruments with one or more barriers (total 24) associated with the implementation and use of financial instruments.

Majority of the outlined financial instruments with barriers are deployed directly by EU or nationally via managing authorities and financial intermediaries.

Most of the identified barriers refer to financial intermediaries and their request to beneficiaries to comply with set financial eligibility’s’ criteria (considered as financial barriers).

Legal barriers mostly refer to the terms and conditions for participating on calls – set either by managing authorities or financial intermediaries.

Political barriers are related to the activities of managing authorities; such as delays in processing public tenders or acquiring qualified financial intermediaries for the deployment of funds via financial instruments.

CHAPTER 1
European Commission's Priorities and Policies

Chapter I - Contents

Chapter I

outlines European commission's priorities, policies and its strategies whilst focusing on two Investment Plan for Europe (Juncker plan) and Europe 20020 Strategy.

1.1 European Commission’s Priorities

1.1.1 Jobs, growth and investment - stimulating investment and creating jobs

The Investment Plan for Europe, the so-called Juncker Plan, focuses on creating jobs and boosting growth by making smarter use of financial resources, removing obstacles to investment and providing visibility and technical assistance to investment projects.

Policy Areas:

- Investment Plan for Europe: the Juncker Plan - getting Europe investing again. The Investment Plan for Europe, the so-called Juncker Plan, focuses on creating jobs and boosting growth by making smarter use of financial resources, removing obstacles to investment and providing visibility and technical assistance to investment projects.
- European Semester - implementation of the EU’s economic rules is organised annually in a cycle, known as the European Semester. The European Semester provides a framework for the coordination of economic policies across the European Union. It allows EU countries to discuss their economic and budget plans and monitor progress at specific times throughout the year.
- Towards a circular economy - helping European businesses and consumers make the transition to a stronger and more circular economy where resources are used in a more sustainable way. The proposed actions will contribute to "closing the loop" of product lifecycles through greater recycling and re-use, and bring benefits for both the environment and the economy. The plans will extract the maximum value and use from all raw materials, products and waste, fostering energy savings and reducing Green House Gas emissions.

The proposals cover the full lifecycle of products: from production and consumption to waste management and the market for secondary raw materials. This transition will be supported financially by the European Structural & Investment Funds (ESIF), which include €5.5 billion for waste management. In addition, support will be provided by €650 million under Horizon 2020 (the EU funding programme for research and innovation) and investments in the circular economy at national level.

1.1.2 Digital Single Market - Bringing Down Barriers to Unlock Online Opportunities

Policy Areas:

- Better access for consumers and business to online goods - helping to make the EU's digital world a seamless and level marketplace to buy and sell.
- The right environment for digital networks and services - designing rules which match the pace of technology and support infrastructure development.
- Economy and Society - ensuring that Europe's economy, industry and employment take full advantage of what digitalisation offers

1.1.3 Energy Union & Climate - making Energy Secure, Affordable & Sustainable

The EU's energy union strategy is made up of five closely related and mutually reinforcing dimensions:

- **Security, solidarity and trust -** diversifying Europe's sources of energy and ensuring energy security through solidarity and cooperation between Member States.
- **A fully-integrated internal energy market -** enabling a free flow of energy throughout the EU through adequate infrastructure and without any technical or regulatory barriers – an efficient way to secure supply and give consumers the best energy deal.
- **Energy efficiency -** improved energy efficiency will reduce our dependence on energy imports, reduce emissions and drive jobs and growth.
- **Climate action -** decarbonising the economy - An ambitious climate policy is integral to creating the Energy Union. Actions include the EU Emissions Trading System (EU ETS), strong but fair national targets for sectors outside the ETS to cut greenhouse gas emissions, a roadmap towards low-emission mobility and an energy policy which makes the EU world leader in renewables. The EU is committed to a quick ratification of the Paris Agreement, an ambitious new global climate change agreement approved in Paris in December 2015.
- **Research, innovation and competitiveness -** supporting breakthroughs in low-carbon and clean energy technologies by prioritising research and innovation to drive the transition of the energy system and improve competitiveness.

1.1.4 Internal Market - a Deeper and Fairer Internal Market

- Reducing fragmentation in financial markets, diversifying financing sources, strengthening cross border capital flows and improving access to finance for businesses, particularly SMEs.
- Financing for innovation, start-ups and non-listed companies

1.1.5 Other European Commission’s Non-Green Sector Related Priorities

- Deeper and fairer economic and monetary union - combining stability with fairness and democratic accountability
- Justice and fundamental rights - enhancing cooperation between different EU justice systems and preserving the rule of law
- Migration - towards a European agenda on migration
- Stronger global actor - bringing together the tools of Europe’s external action
- Democratic change - making the EU more democratic

1.2 European Commission's Strategies for The Implementation of its Key Policies

1.2.1 Investment Plan for Europe - Juncker Plan

The Investment Plan for Europe, the so-called Juncker Plan, has three objectives: to remove obstacles to investment; to provide visibility and technical assistance to investment projects; and to make smarter use of financial resources.

Investment Plan for Europe consists of three pillars:

- European Fund for Strategic Investments (EFSI), which provides an EU guarantee to mobilise private investment. The Commission works together with its strategic partner, the European Investment Bank (EIB) Group.
- European Investment Advisory Hub and the European Investment Project Portal which provide technical assistance and greater visibility of investment opportunities:
    - The European Investment Advisory Hub (EIAH or the Hub) is a partnership between the European Investment Bank Group and the European Commission as part of the Investment Plan for Europe. The Hub is designed to act as a single access point to various types of advisory and technical assistance services. It supports the identification, preparation and development of investment projects across the European Union.
    - The European Investment Project Portal is the speed-dating, online, central platform for EU projects and investors worldwide. It is hosted by the European Commission.
- Improving the business environment by removing regulatory barriers to investment both nationally and at EU level.

The Investment Plan for Europe also encourages more extensive use of financial instruments, instead of traditional grants in European Structural and Investment Funds (ESIF), in areas such as SME support, R&I, CO_2 reduction, environmental and resource efficiency, ICT and sustainable transport.

The Investment Plan for Europe emphasises that synergies will need to be exploited between the EFSI and the European Structural and Investment Funds (ESIF).

The concept of “crowding-in” private investment is also strongly emphasised in order to achieve greater leverage of EU funds. Since the EIB Group is never the only investor in a project, each euro of EIB financing will generate third-party investment worth several times this amount. This process of attracting co-investment is called “crowding in”.

1.2.2 Europe 2020 Strategy

The Europe 2020 strategy was adopted by the European Council on 17 June 2010 as the successor to the Lisbon strategy. It emphasises smart, sustainable and inclusive growth as a

way of strengthening the EU economy and preparing its structure for the challenges of the next decade.
The Europe 2020 strategy puts forward three mutually reinforcing priorities to make Europe a smarter, more sustainable and more inclusive place to live:

- Smart growth, through the development of an economy based on knowledge, research and innovation.
- Sustainable growth, through the promotion of resource-efficient, green and competitive markets.
- Inclusive growth, through policies aimed at fostering job creation and poverty reduction.

In a rapidly changing world, these priorities are deemed essential for making the European economy fit for the future and for delivering higher employment, productivity and social cohesion.

Under the three key priorities, the EU adopted eight targets in five thematic areas. These five areas are strongly interlinked. For example, higher educational levels are associated with improved employability and increasing the employment rate helps to reduce poverty. A greater capacity for R&D and innovation across all sectors of the economy, combined with increased resource efficiency, would improve competitiveness and foster job creation. Investing in cleaner, low carbon technologies would help the environment, contribute to the fight against climate change and create new business and employment opportunities.

Thematic areas:

- Employment
    - 75% of people aged 20–64 to be in work
- Research and development (R&D)
    - 3% of the EU's GDP to be invested in R&D
- Climate change and energy
    - greenhouse gas emissions 20% lower than 1990 levels
    - 20% of energy coming from renewables
    - 20% increase in energy efficiency
- Education
    - rates of early school leavers below 10%
    - at least 40% of people aged 30–34 having completed higher education
- Poverty and social exclusion
    - at least 20 million fewer people in – or at risk of – poverty/social exclusion

Targets:

a) Smart Growth
Targets:

- Increasing combined public and private investment in R&D to 3 % of GDP
- Reducing school drop-out rates to less than 10 %
- Increasing the share of the population aged 30–34 having completed tertiary education to at least 40 %

Flagship initiatives:
- Innovation Union
- Youth on the move (ended in December 2014)
- A digital agenda for Europe

b) Sustainable Growth
Targets:
- Reducing greenhouse gas emissions by at least 20 % compared to 1990 levels
- Increasing the share of renewable energy in final energy consumption to 20 %
- Moving towards a 20% increase in energy efficiency

Flagship initiatives:
- Resource efficient Europe
- An industrial policy for the globalisation era

c) Inclusive Growth
Targets:
- Increasing the employment rate of the population aged 20–64 to at least 75 %
- Lifting at least 20 million people out of the risk of poverty and social exclusion

Flagship initiatives:
- An agenda for new skills and jobs
- European platform against poverty and social exclusion

The targets are monitored using a set of nine headline indicators and additional sub-indicators related to various dimensions of the data (such as the multidimensional concept of poverty and social exclusion).

The EU targets have been translated into national targets. These reflect each Member State's situation and the level of ambition they are able to reach as part of the EU-wide effort for implementing the Europe 2020 strategy.

To ensure progress towards the Europe 2020 goals, a broad range of existing EU policies and instruments are used, including the single market, the EU budget and external policy tools.

The ten priorities of the Commission guide the EU policies and help ensure progress towards smart, sustainable and inclusive growth.

CHAPTER 2
Definition of Financial Mechanism and Instruments (European Institutions)

Chapter II - Content

Chapter II

Chapter II focuses on the structure of EU funding sourcing from EU budget and its implementation. Chapter II defines as well the role of National Promotional Banks and Institutions, European Union financial instruments, its financial products and investment platforms.

2.1 Structure of EU Funding

EU funding sources are:
- Public funds (either EU budget or national/ regional)
- Blended: EU or national/ regional public (budget) with private funds

The EU budget can be implemented through:
- Shared management (i.e. in cooperation with Member States such as in cohesion policy) - EU countries assign the management of EU funding mainly to managing authorities such as ministries and other public bodies. These institutions are responsible for organising and publishing calls for proposals or tender procedures. In practice some 80 % of EU funding is managed under shared management.
- Direct management (i.e. by its departments or through executive agencies) includes awarding grants, transferring funds, monitoring activities, selecting contractors, etc.
- Indirect management (i.e. by entrusting budget implementation tasks to third countries or to different entities).

Types of EU funding:
- Grants: managed by European Commission departments, at its headquarters, in the EU delegations or through EU executive agencies
- Subsidies: managed directly by EU national governments
- Loans, guarantees, equity and blended instruments: managed by European, national and local financial institutions (financial intermediaries) – such as banks, guarantee societies or equity investors
- Prizes
    - Rewards to winners of contests from Horizon 2020
    - Challenge prizes or inducement prizes

Where the European Commission directly manages funding, it does so by awarding grants and launching tendering procedures. It manages the budget of projects carried out by its departments, at its headquarters, in the EU delegations or through EU executive agencies.

Some funding programmes are implemented by national authorities either inside or outside the EU, international organisations, or development agencies of EU countries.

2.2 The Role of National Promotional Banks and Institutions

National promotional banks and institutions (NPBIs) are legal entities carrying out financial, development and promotional activities on a professional basis which are given a mandate by a Member State at national, regional or local level. NPBs are public entities, whereby a substantial share of their equity is owned by the state.

The purpose of National Promotional Bank is to facilitate access to finance for start-ups and SMEs that face obstacles to raising financing from the market.

National promotional banks act as financial intermediaries for EIB Group investments directed to small-scale projects. They channel EIB's loans to businesses and local authorities in their home countries and collaborate with the European Investment Fund (EIF) in the implementation of its guarantee or equity mandates.

NPBs have an important role to play in assisting the EIB Group in identifying strategic projects at national level under the EFSI, including the important role played by investment platforms to be established at national level bringing together the EIB, NPBs and other relevant stakeholders with an interest.

The NPBs/NPIs can contribute to EFSI by participating in Investment Platforms and/or as co-financiers at the level of individual EFSI-financed projects.

The EFSI Regulation offers the possibility to finance Investment Platforms (to channel a financial contribution to a number of investment projects with a thematic or geographic focus) and operations with National Promotional Banks (NPBs).

On the supply side, NPBs may step in to the SME lending space when commercial banks have partially or fully withdrawn from the SME lending space, for instance, due to the comparatively high transaction costs in administering SME loan portfolios. Since such institutions have a public mandate, they are arguably better placed than private operators to address structural problems within the market.

2.3 European Union Financial Instruments

European Union financial instruments are a delivery tool to provide financial support from the EU budget through loans, guarantees and equity (or quasi-equity) investments for the implementation of projects.

European Union financial instruments are Union's measures of financial support provided on a complementary basis from the budget to address one or more specific policy objectives of the Union. Such instruments may take the form of financial products such as equity or quasi-equity investments, loans or guarantees, or other risk-sharing instruments, and may, where appropriate, be combined with grants.

Financial instruments are used in different parts of the EU budget:

- Shared management financial instruments in the area of cohesion are set up mainly under the European Regional Development Fund (ERDF), and to a lesser extent under the European Social Fund (ESF). Since the 2014-2020 programme period, financial instruments can also be used for the Cohesion Fund (CF). Each instrument has to be implemented within the framework of an operational programme (OP), which is decided by the managing authorities responsible for that programme, together with its size and design. Financial instruments are also used under the European Agricultural Fund for Rural Development (EAFRD) and the European Fisheries Fund (EFF).
- Centrally managed financial instruments are financed from various budgetary areas such as research, enterprise and industry, education and culture, etc. For these instruments

the Commission, together with its partners, is directly involved in their design and in developing their investment strategy and endowment. The decision to set up these instruments is taken by the budgetary authorities (i.e. the European Parliament and the Council) on the basis of a Commission proposal.

EU financial instruments are market-driven – there are no country allocations and the availability of funding depends on the interest of local financial institutions taking part in the scheme. It is the financial intermediaries who create individual products, for example suited to the needs of SMEs in their market.

EU financial instruments are risk-sharing schemes such as guarantees backed by EU funds to financial intermediaries who provide lending, lease finance, or co-investments with venture capital funds.

2.3.1 Investment Platforms

Investment platforms are co-investment arrangements structured with a view to catalysing investments in a set of projects (as opposed to individual projects). Investment platforms are a means to aggregate investment projects, reduce transaction and information costs and provide for more efficient risk allocation between various investors.

Investment platforms can be special purpose vehicles, managed accounts, contract-based co-financing or risk sharing arrangements or arrangements established by any other means by which entities channel a financial contribution in order to finance a number of investment projects.

A Member State can set up an investment platform. This could take the form of a Fund-of-funds, which in turn would have to select financial intermediaries, or it could be a financial intermediary directly supporting projects. Selection procedure would have to respect public procurement rules of the respective Member State.

Investment platforms have the potential to attract investment from private institutional investors, such as pension funds, and thus boost the impact of the public funds.

Private investors can set up a thematic/sectorial investment platform. Member States could support the setting up of an investment platform by private investors on the basis of a thematic (multi-regional) project portfolio. The latter would request EIB financing with EFSI support on a project-by-project or portfolio basis.

The scope of investment platforms may include national or sub-national platforms that regroup several investment projects on the territory of a given Member State, multi-country or regional platforms, that regroup partners from several Member States or third countries interested in projects in a given geographic area, or thematic platforms that gather investment projects in a given sector.

A number of multilateral platforms, such as the Marguerite infrastructure fund, the European Energy Efficiency Fund (EEEF) and the European Fund for Southeast Europe (EFSE), are already in use and could be developed further. Each of these funds has a number of core investors, including the EIB and NPBs such as CDC, KfW, CDP, ICO and PKO Bank Polski SA.

2.3.2 Financial Products

Financial instruments may take the form of financial products such as:

a) Grants

Grants are the traditional way of providing funding from the EU budget and they are not financial instruments. Grants are a form of complementary financing. The EU usually does not finance projects up to 100 %.

b) Loans

Loan is an agreement which obliges the lender to make available to the borrower an agreed sum of money for an agreed period of time and under which the borrower is obliged to repay that amount within the agreed time. Under a financial instrument, a loan can help where banks are unwilling to lend on terms acceptable to the borrower. They can offer lower interest rates, longer repayment periods or have lower collateral requirements.

c) Guarantee

Guarantee is a written commitment to assume responsibility for all or part of a third party's debt or obligation or for the successful performance by that third party of its obligations if an event occurs which triggers such guarantee, such as a loan default. Guarantees normally cover financial operations such as loans.

d) Equity

Equity is a provision of capital to a firm, invested directly or indirectly in return for total or partial ownership of that firm and where the equity investor may assume some management control of the firm and may share the firm's profits'.

The financial return depends on the growth and profitability of the business. It is earned through dividends and on the sale of the shares to another investor ("exit"), or through an initial public offering (IPO).

e) Quasi-equity

Quasi-equity is a type of financing that ranks between equity and debt, having a higher risk than senior debt and a lower risk than common equity.

Quasi equity investments can be structured as debt, typically unsecured and subordinated and in some cases convertible into equity, or as preferred equity.

The risk return profile typically falls between debt and equity in company's capital structure.

CHAPTER 3
European Union Funding and Financing Programmes

Chapter III - Contents

Chapter III

Chapter III defines the European Union Programmes that are the instruments used to finance EU policies from the EU budget. It constitutes a set of actions undertaken by the European institutions to carry out specific projects or activities that represent an added value for the application of the Community policies, such as the Investment Plan for Europe, or so-called Juncker Plan and Europe 2020 strategy.

Chapter III continues with detailed analysis of European Union financial mechanisms and financial instruments implemented as a delivery tools to provide financial support from the EU budget and its different funds, such as European Fund for Strategic Investments (EFSI), European Structural and Investment Funds (ESIF), the combination of ESI Funds and EFSI and finally as well the information about specific deployment of funding from ESI Funds - Flexible SME funding (JEREMIE) and Urban development Technical Assistance (JESSICA).

The European Union Programmes are the instruments used to finance the EU policies. It constitutes a set of actions undertaken by the European institutions to carry out specific projects or activities that represent an added value for the application of the Community policies.

In the 2014-2020 period, there has been a general shift in EU funding approaches away from one-off grant finance towards the greater use of innovative financial instruments. The objective is to strengthen the longer-term availability of finance for SMEs by maximising the sustainability of EU funds. This is facilitated by the revolving nature of EU financial instruments schemes (i.e. the funds can be recycled in the case of loan guarantees and in the case of equity, provided that successful exits are achieved). A further advantage is the opportunity to generate leverage on EU funds by attracting additional national public and private investment/co-financing.

3.1 European Fund for Strategic Investments (EFSI)

The European Fund for Strategic Investments (EFSI) that was jointly launched by the EIB Group and the European Commission to mobilise private investment in projects which are strategically important for the EU.

EFSI is not a legal entity separate from the EIB – but its operations are clearly distinguished from other operations of the EIB.

It has a distinct governance structure, comprising a Steering Board (SB), an Investment Committee (IC) and Managing and Deputy Managing Directors (MD and DMD).

EFSI is not a “fund” in the traditional sense. It should be emphasised however that whilst funds channelled through EFSI can be invested in financial instruments, EFSI from a legal point of view, is neither a financial instrument under the Financial Regulation applicable to EU level budgetary operations nor under the definition of the Common Provisions Regulation (the "CPR") applicable for ESI Funds. The EFSI Regulation and EFSI Agreement (between the EC and the EIB) apply.

It is a guarantee instrument that enables the EIB Group to accelerate projects and take more risks when investing in them. The EU guarantee is granted on a portfolio basis; not on a project basis.

With EFSI support, the EIB Group is providing funding for economically viable projects, especially for projects with a higher risk profile than usually taken on by the Bank. It focuses on sectors of key importance for the European economy, including:

- Strategic infrastructure including digital, transport and energy
- Education, research, development and innovation
- Renewable energy and resource efficiency
- Support for small and mid-sized businesses

3.1.1 ESFI Financing Mechanism

EFSI beneficiaries follow the same procedures in place for a traditional EIB loan or for lending organised via an EIB partner. If the project meets the EFSI criteria, it is presented to a group of eight independent experts called the Investment Committee. This group decides if the project qualifies for backing by the EU guarantee.

The EIB performs its standard due diligence in respect of any proposed EFSI operations, to determine the project's eligibility, mobilisation of private capital, consistency with Union policies as well as its economic, technical and financial viability.

EFSI can support investments in equity, hybrid or debt funds with a focused investment strategy addressing EU priorities and through the EIF funds focusing on small and medium-sized companies. Under EFSI, the EIB provides finance that takes the form of loans, guarantees or equity investments and therefore resembles financial instruments.

No grant funding is provided under the EFSI.

The EIB may co-invest or provide co-financing to eligible projects alongside third parties, such as investment platforms, either under fully delegated structures or with active EIB involvement into the due diligence and structuring process.

EFSI support may be alongside support from national promotional banks or institutions, banks acting as financial intermediaries in operations, institutional investors, funds operating in the market and investment platforms.

EFSI's lending and equity investment operations take place within two "windows":

- the Infrastructure and Innovation Window (IIW), managed by the EIB, which aims to provide financing to strategic projects; and
- the SME Window (SMEW), managed by the EIF, which aims to support SMEs.

Each of the windows has debt-type operations, such as standard loans, guarantees and counter guarantees, and equity-type operations, such as direct and indirect equity and quasi-equity participations and subordinated loans.

EFSI has no geographical or sectorial allocation or quotas; however, the Steering Board establishes indicative sectorial and geographical concentration limits. EFSI is demand-driven and will provide support for projects across the EU, including cross-border projects. Projects are considered and appraised based on individual merits.

Any public and private promoter investing in Europe is potentially able to benefit from EFSI. These can be entities of all sizes (including utilities, special purpose vehicles, SMEs and mid-caps).

EFSI therefore will help deliver projects, which have to be economically and technically viable and potentially of a high risk profile (evaluated on a case-by-case basis).

3.1.2 EFSI Financing - Terms and Conditions

Eligible objectives:

a) Research, development and innovation, in particular through:

- projects that are in line with Horizon 2020;
- research infrastructures;
- demonstration projects and programmes as well as deployment of related infrastructures, technologies and processes;
- support to academia including collaboration with industry;
- knowledge and technology transfer.

b) Development of the energy sector in accordance with the Energy Union priorities, including security of energy supply, and the 2020, 2030 and 2050 climate and energy frameworks, in particular through:

- expansion of the use or supply of renewable energy;
- energy efficiency and energy savings (with a focus on reducing demand through demand-side management and the refurbishment of buildings);
- development and modernisation of energy infrastructure (in particular interconnections, smart grids at distribution level, energy storage and synchronisation of networks).

c) Development of transport infrastructures, and equipment and innovative technologies for transport, in particular through:

- projects and horizontal priorities eligible under Regulations (EU) No 1315/2013 and (EU) No 1316/2013;
- smart and sustainable urban mobility projects (targeting accessibility, reduction of greenhouse gas emissions, energy consumption and accidents);
- projects connecting nodes to TEN-T infrastructures.

d) Financial support through the EIF and the EIB to entities having up to 3 000 employees, with a particular focus on SMEs and small mid-cap companies, in particular through:

- provision of working capital and investment;
- provision of risk financing from seed to expansion stages for SMEs, start-ups, small mid-cap companies and midcap companies, to ensure technological leadership in innovative and sustainable sectors.

e) Development and deployment of information and communication technologies, in particular through:

- digital content;
- digital services;
- telecommunications infrastructures of high speed;
- broadband network.

f) Environment and resource efficiency, in particular through:

- projects and infrastructures in the field of environmental protection and management;
- strengthening of eco-system services;

- sustainable urban and rural development;
- climate change actions; L 169/18 Official Journal of the European Union 1.7.2015 EN.

g) Human capital, culture and health, in particular through:
  - education and training;
  - cultural and creative industries;
  - innovative health solutions;
  - new effective medicines;
  - social infrastructures, social and solidarity economy;
  - tourism

Considering that it is an investment loan from a credit institution, all costs are eligible relating to capital investments, and eligibility depends instead on the business plan, objectives and capacity.

Whether to apply through EIB or EIF not only depends on the size of the enterprise, but also on the value of the requested financing:
- Between EUR 25K and EUR 7.5M for SMEs and Small Mid-Caps - EIF
- Between EUR 7.5M and EUR 25M for Mid-Caps – EIB
- Between EUR 25M and EUR 300M for Large Caps - EIB

Categories of beneficiary enterprises for an investment loan from a credit institution are:
- SMEs (<500 employees)
- Mid-Caps (500-3000)
- Large Caps (>3000)
- SPV (special purpose vehicle)

3.1.3 EFSI and the SME Window

Within the Investment Plan for Europe, the EFSI will provide additional support to enable funding for existing financial instruments to be expanded through risk finance for small businesses and in research and innovation (“R&I”), including through the use of equity and quasi-equity instruments.

NPBs play a role as financial intermediaries in implementing EIB and EIF-led EU SME financial instrument schemes. This includes financial instruments being implemented under the principle of shared management in the 2014-2020 period, such as ESIFs and instruments being managed by the European Commission but implemented by the EIB Group under EC programmatic mandates issued through delegated acts, such as the COSME and Horizon 2020 loan guarantee and equity instruments.

NPBs help to implement instruments in a financial intermediary capacity and have direct contact with SMEs, whereas the EIB administers the instrument overall at an EU level (including an important role in checking the eligibility of financial intermediaries responding to calls for expressions of interest).

In addition, NPBs play an important information and awareness-raising role and help to draw the attention of SMEs at national level to the possibility of obtaining finance through different EU funding schemes.

There are strong complementarities between the role of the European Commission (EC), the EIB Group and NPBs in implementing EU Financial Instruments.

The EIB focuses on the provision of loan and debt-based instruments to mid-caps whilst the EIF deals with loan guarantee schemes (e.g. COSME, InnovFIN, Creative Europe and PF4EE).

These in turn enable financial intermediaries, including National and Regional Promotional Banks, to offer loan products and other types of financial instruments to SMEs either directly, or in an intermediary capacity through on-lending to other commercial and public banks and others.

In addition, some national governments also provide NPBs with state guarantees and with funding to lend to SMEs. However, it should be stressed that not all NPBs are involved in SME lending, some are focused on lending for other purposes, such as to local authorities to invest in infrastructure and through public-private partnerships.

3.1.4 EFSI's Financing Innovation in Green Sectors

Table 3-1 Financing innovation in green sector – EFSI

Funding Programme	Public (Budget); Private or Blended Sources	Direct or Shared Management	Financial Instrument	Financial Product	Green Sector (Broad Definition)
EFSI	public	EIB (for the II Window) and EIF (for the SME Window)	Infrastructure and Innovation Window; SME Window	standard loans; guarantees and counter guarantees; direct and indirect equity; quasi-equity participation; subordinated loans	**a)** Research, development and innovation **b)** expansion of the use or supply of renewable energy; energy efficiency and energy savings; development and modernisation of energy infrastructure **c)** Development of transport infrastructures, and equipment and innovative technologies for transport **d)** Environment and resource efficiency e) Financial support through the EIF and the EIB to the SMEs to ensure technological leadership in innovative and sustainable sectors.

3.2 European Structural and Investment Funds (ESIF)

The Investment Plan for Europe also encourages more extensive use of financial instruments, instead of traditional grants in European Structural and Investment Funds (ESIF), in areas such as SME support, R&I, CO2 reduction, environmental and resource efficiency, ICT and sustainable transport.

Funds committed to innovative financial instruments in the 2014-2020 period through ESIF are expected to have a direct leverage effect and generate additional investment of EUR 40bn–70bn, with a higher multiplier effect in the real economy by attracting private investment.

The EU Member States who receive funding under the ESIF have a national body known as the Managing Authority (MA) which oversees the use of the available resources. MAs use ESIF allocations and place them in FIs through a Fund of Funds or a financial intermediary from which eligible projects can be financed.

Financial Instruments (FIs) transform EU resources under the European Structural and Investment Funds (ESIF) into financial products such as loans, guarantees, equity and other risk-bearing mechanisms:

Table 3-2 ESIF specific financial instruments

Specific Financial Instruments	Description of FI
2014-2020 European Structural and Investment Funds (ESIF)	The ERDF, ESF and Cohesion Fund are most relevant, because EU SME financial instruments schemes have been set up by Managing Authorities (MAs) or on their behalf by an entrusted agency or an implementing agency. The common regulatory framework (and thematic objectives) of the five ESIFs offer the possibility of pooling different ESI funds in one FI operation, using the implementation structure, whether through a fund of fund structure or an alternative mechanism
2014-2020 The "SME Initiative"	The SME Initiative is a joint financial instrument of the EC and the EIB Group. Alongside the European Structural and Investment Funds ("ESIF") resources contributed by the Member States, the SME Initiative is co-funded by the EU through COSME and/or Horizon 2020 resources as well as EIB Group resources.
2007-2013 ERDF Structural Funds JEREMIE: Joint European Resources for Micro to Medium Enterprises	JEREMIE is an EC initiative developed together with the EIF. It promotes the use of financial engineering instruments to improve access to finance for SMEs via Structural Funds interventions.
2007-2013 ERDF Structural Funds JESSICA: Joint European Support for Sustainable Investment in City Areas	JESSICA is an EC initiative developed in cooperation with the EIB and the Council of Europe Development Bank (CEB). It supports sustainable urban development and regeneration through financial engineering mechanisms.

MAs can tailor financial products according to their needs and capabilities or structure the FI based on terms and conditions provided by the Commission for 'off-the-shelf' instruments.

FIs aim to put EU funds to good and efficient use, ensuring that grants are complemented by other financial products so that EU funding can be used time and time again in a revolving fashion. FIs can be combined with technical support or guarantee/interest rate subsidies. FIs target investment projects which encourage smart, sustainable and inclusive growth and are able to repay the investment.

ESIF FIs can be developed for allocations from five EU funding sources:

- European Regional Development Fund (ERDF)
- Cohesion Fund (CF)
- European Agricultural Fund for Rural Development (EAFRD) and
- European Maritime and Fisheries Fund (EMFF)
- European Social Fund (ESF)

From 2014-2020, the EIB Group will be involved in ESIF Financial Instruments through a technical assistance platform for Financial Instruments:

- Bilateral ex-ante assessments and advisory activities
- Blending activities
- Fund management activities

EIB Group combines its finance with other sources to maximize financial impact. For certain projects, EIB financial products are combined with ESI Funds and/or other public funds.

The EIB Group can provide Member States or MAs with specific support on the design, set-up and implementation of specific FIs within particular programmes. The MAs can take advantage of synergies between FIs and other forms of support, such as grants, by combining several financing sources into one FI operation.

In accordance with Art. 38(3)(a) of the CPR (Common Provisions Regulation (EU) No 1303/2013 of the European Parliament and the Council of 17 December 2013), the MAs can provide financial contributions to financial instruments complying with the standard terms and conditions for off-the-shelf FIs. The Commission has defined the following 'model' templates in Regulation (EU) No 964/2014 of the European Parliament and the Council of 11 September 2014:

a) **Loan fund for SMEs based on a portfolio risk-sharing loan model (Risk Sharing Loan - RSL):** This is set up with contributions from the ESIF programme and additional resources of the financial intermediaries to finance a portfolio of newly originated loans. The ESIF programme contribution and the additional resources provided by the financial intermediaries bear, at any time, the losses and benefits in proportion to their contributions (pro-rata).
b) **Guarantee fund for SMEs (Capped Guarantee Portfolio):** This provides credit risk protection in the form of a first loss portfolio capped guarantee which reduces the barriers that SMEs face in accessing finance. It leverages EU funds to support SME financing.
c) **Loan fund for energy efficiency and renewable energy in the residential building sector (Renovation Loan):** The loan supports renovation works that implement energy efficiency or renewable energy measures, with a particular focus on multi-apartment residential buildings

3.2.1 European Regional Development Fund (ERDF)

The ERDF focuses its investments on several key priority areas. This is known as 'thematic concentration':

- Innovation and research;
- The digital agenda;
- Support for small and medium-sized enterprises (SMEs);
- The low-carbon economy.

Under the European Territorial Cooperation programmes, at least 80 % of funds will be concentrated on these four priority areas mentioned above.

European Territorial Cooperation (ETC), better known as Interreg, is one of the two goals of cohesion policy and provides a framework for the implementation of joint actions and policy exchanges between national, regional and local actors from different Member States. The overarching objective of European Territorial Cooperation (ETC) is to promote a harmonious economic, social and territorial development of the Union as a whole.

Interreg is built around three strands of cooperation: cross-border (Interreg A), transnational (Interreg B) and interregional (Interreg C).

In accordance with the new design of the European Cohesion Policy 2014-2020 and the targets set out in Europe 2020, Interreg has significantly been reshaped to achieve greater impact and an even more effective use of the investments.

The fifth period of Interreg is based on 11 investment priorities laid down in the ERDF Regulation contributing to the delivery of the Europe 2020 strategy for smart, sustainable and inclusive growth.

Cohesion Policy has set 11 thematic objectives supporting growth for the period 2014-2020:

- Investment from the ERDF will support all 11 objectives, but 1-4 are the main priorities for investment.
- Main priorities for the ESF are 8-11, though the Fund also supports 1-4.
- The Cohesion Fund supports objectives 4-7 and 11.

	1. Strengthening research, technological development and innovation
	2. Enhancing access to, and use and quality of, information and communication technologies
	3. Enhancing the competitiveness of SMEs
	4. Supporting the shift towards a low-carbon economy
	5. Promoting climate change adaptation, risk prevention and management
	6. Preserving and protecting the environment and promoting resource efficiency
	7. Promoting sustainable transport and improving network infrastructures
	8. Promoting sustainable and quality employment and supporting labour mobility
	9. Promoting social inclusion, combating poverty and any discrimination
	10. Investing in education, training and lifelong learning
	11. Improving the efficiency of public administration

At least, 80% of the budget for each cooperation programme has to concentrate on a maximum of 4 thematic objectives among the eleven EU priorities.

The ERDF resources allocated to these priorities will depend on the category of region:

- In more developed regions, at least 80 % of funds must focus on at least two of these priorities;
- In transition regions, this focus is for 60 % of the funds;
- This is 50 % in less developed regions.

Furthermore, some ERDF resources must be channelled specifically towards low-carbon economy projects:

- More developed regions: 20%;
- Transition regions: 15%;
- Less developed regions: 12%.

The ERDF also gives particular attention to specific territorial characteristics. ERDF action is designed to reduce economic, environmental and social problems in urban areas, with a special focus on sustainable urban development. At least 5 % of the ERDF resources are set aside for this field, through 'integrated actions' managed by cities. Areas that are naturally disadvantaged from a geographical viewpoint (remote, mountainous or sparsely populated areas) benefit from special treatment. Lastly, the outermost areas also benefit from specific assistance from the ERDF to address possible disadvantages due to their remoteness.

3.2.2 Cohesion Fund (CF)

Cohesion fund is aimed at Member States whose Gross National Income (GNI) per inhabitant is less than 90 % of the EU average. It aims to reduce economic and social disparities and to promote sustainable development.

It is now subject to the same rules of programming, management and monitoring as the ERDF and ESF though the Common Provisions Regulation.

For the 2014-2020 period, the Cohesion Fund concerns Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia.

The Cohesion Fund allocates a total of € 63.4 billion to activities under the following categories:

- trans-European transport networks, notably priority projects of European interest as identified by the EU. The Cohesion Fund will support infrastructure projects under the Connecting Europe Facility;
- environment: here, the Cohesion Fund can also support projects related to energy or transport, as long as they clearly benefit the environment in terms of energy efficiency, use of renewable energy, developing rail transport, supporting intermodality, strengthening public transport, etc.

Financial instruments can be co-funded by the Cohesion Fund to support the investment priorities outlined in the CF operational programmes of EU Member States. Financial instruments can be used in most areas covered, provided that they address an identified market gap, i.e. areas where banks are unwilling to lend and/or where the private sector is unwilling to invest.

Financial instruments can thus contribute to the achievement of the following objectives of the CF:

- promoting the production, distribution and use of energy derived from renewable sources;
- supporting energy efficiency and smart energy management;

- investing in the waste sector and water sector;
- improving the urban environment, including decontamination of brownfield sites;
- supporting a multimodal Single European Transport Area;
- developing and improving environmentally-friendly (including low-noise) and low-carbon transport systems in order to promote sustainable regional and local mobility;
- developing and upgrading comprehensive, high quality rail, river and sea transport, intermodal transport systems and their interoperability.

3.2.3 Cohesion Fund Financial Instruments

A broad range of CF-supported financial instruments can be implemented:

- Loans, which may be available where none are offered commercially (e.g. from banks), or may be on better terms (e.g. with lower interest rates, longer repayment periods, or fewer collateral requirements). For instance, long-term loans could fund investment to improve railway infrastructure and reduce journey times or to upgrade inland waterways and increase the capacity of river transportation.
- Guarantees, where assurance is given to a lender that their capital will be repaid if a borrower defaults on a loan. This can unlock access to commercial loans for investments which lenders might otherwise consider too risky. For example, an energy service company (ESCO - an organisation specialised in energy solutions and innovative financing methods) could be used to replace street lighting to lower electricity consumption, phase out environmentally harmful technologies and reduce maintenance costs.
- Equity, where capital is invested in return for total or partial ownership of a firm or investment vehicle; the equity investor may assume some management control and may share the profits. The return depends on the growth and profitability of the business and is earned when the investor sells its share of the business (“exits”) to another investor or through an initial public offering (IPO). Equity is most likely to be relevant for higher risk activities, such as construction projects or operations (like tunnels or bridges) where costs are partly covered by tolls. Financial instruments may also be offered in combination with grants.

3.3 European Fund for Strategic Investments (EFSI) and European Structural and Investment Funds (ESIF)

The Investment Plan for Europe emphasises that synergies will need to be exploited between the EFSI and ESIF. In the next few years, EFSI and ESI Funds will be able to finance significant levels of investment in Member States and their regions. They are both set to play an essential role in the delivery of European policy objectives. While rationale, design, legislative framework and timeframe for implementation are different, there is considerable scope for ensuring coordination, synergies and complementarity for additional investments.

The rationale of EFSI is to allow the EIB Group to take higher risk and mobilise private capital to provide additional financing for strategic investments and SMEs and mid-caps. ESI Funds programme resources cannot be directly transferred to EFSI, which is an additional and separate mechanism.

ESI Funds programmes should contribute to the achievement of the objectives of the Investment Plan in complementarity with EFSI support, in a way which brings demonstrable added value and also ensures coordination and synergies.

The EFSI Regulation allows Member States to use ESI Funds programme resources (including resources programmed to be delivered through financial instruments) with a view to contributing to the financing of projects receiving EFSI support.

At the same time, the CPR, as the legal basis for the ESI Funds, allows that beneficiaries and final recipients receiving support from grants and financial instruments under ESI Funds programmes may also receive assistance from other instruments supported by the Union budget.

Combination of ESI Funds and EFSI is possible either at individual project or at financial instrument level in cases where the respective applicable eligibility criteria are satisfied. EFSI and ESI Funds programmes may cover different risks and may support different or same parts of the capital structure of a project or layered investment platform (e.g. equity or debt financing) provided that the rules on double funding and preferential remuneration are complied with.

3.3.1 Combination of ESI Funds and EFSI at Project Level

An operation may receive support from one or more ESI Funds or from one or more programmes and from other Union instruments, provided that the expenditure item included in a request for payment for reimbursement by one of the ESI Funds does not receive support from another fund or Union instrument, or support from the same fund under another programme.

Thus, in case of combination in a single project, the part of the project supported by an ESI Funds programme (consisting of ESI Funds plus the respective national co-financing) cannot receive support from EFSI; otherwise this would constitute double-financing.

This also means that EFSI support to the project cannot count as national co-financing of ESI Funds programme and the EFSI supported part of the project consequently cannot be declared as eligible expenditure for ESI Funds' support.

3.3.2 Case study of a Combination at Project Level

ESI Funds may be combined with EFSI support in cases where the respective applicable eligibility criteria are satisfied. Such combination of EU support should result in an overall higher value added of EU funds. In practice, there will also be cases where this complementarity will equally lead to co-investing EFSI supported resources with ESI Funds programme(s) support in one single project. This may be the case in certain countries or sectors, where the associated risks would make it unlikely for granting EFSI support without the presence of ESI Funds programme contributions.

3.3.2.1 Infrastructure and Innovation Window (IIW)

Under the IIW, the EIB is expected to support viable strategic infrastructure and innovation projects taking on higher risk, where necessary, or meeting the additionality principle in line with the EFSI Regulation (Article 5).

ESI Funds programme support may cover a portion of the project cost. For example, a project has the commitment of the project promoter and/or other investors for the provision of an initial investment amount. In order to close the remaining funding gap, the ESI Funds programme contribution, in the form of a grant, and an EFSI loan may cover the remaining part of the project cost.

3.3.3 Combination of Support from ESI Funds Delivered through a FI & EFSI

In case of combination of support from ESI Funds delivered through a financial instrument and EFSI (e.g. in an investment platform) separate records have to be maintained between the support from an ESI Funds programme and from EFSI. The ESI Funds financial instrument shall be part of an operation with eligible expenditure distinct from the EFSI support.

Thus, as indicated above, EFSI support to the project cannot count as national co-financing of an ESI Funds programme and consequently cannot be declared as eligible expenditure. In such a case national co-financing of an ESI Funds programme could still be provided through another EIB/EIF financial product, either through a Structural Programme Loan or through intervention at project level.

It is possible to consider that any additional resources leveraged and triggered by the combined ESI Funds and EFSI interventions can be treated as national co-financing for the ESI Funds programme: for example, an ESI Funds financial instrument receives a parallel investment from EFSI and both interventions trigger additional co-investments by other investors (public and private). If such additional co-investments are neither directly nor indirectly supported by the EU budget but are directly linked to the ESI Funds intervention, they can be treated as national co-financing for the ESI Funds programme provided that these resources are paid out to final recipients in line with the applicable rules (CPR, respective ESI Fund programme, national eligibility rules and funding agreement). For the EAFRD, the co-financing for the programme only takes into account public resources made available at the level of the managing authority.

The ESI Funds can be used to support the risk-bearing capacity of an EFSI Investment Platform in the form of a "layered fund", and leverage other sources of finance, most notably private investors as well as NPB.

3.3.4 Case study - ESI Funds and EFSI Combination at Financial Instrument / Investment Platform Level

ESI Funds programme and EFSI may also be combined at a higher level than individual projects, such as through a financial instrument and/or an investment platform. Such financial instruments and investment platforms could be set up at national, regional or supra-regional level. The use of ESI Funds programme resources would have to be in line with the ESI Funds regulatory framework and the priorities of the participating programmes (which would generally imply inter alia national or sub-national geographical restrictions). In addition, other investor contributions may be foreseen at financial instrument level, for example by national promotional banks.

In general, the possible modalities could be as follows:

a) The managing authority could set up a new investment platform (considered as a financial instrument under CPR) in which EFSI and other investors would invest their resources.
b) The managing authority could make an ESI Funds programme contribution into an existing investment platform (considered as a financial instrument under CPR) set up with EFSI resources at national, regional, transnational or cross-border level (This may also apply to NPBs). The investment platform would then invest EFSI and distinct ESI Funds programme contributions in final recipients (other investors may participate);
c) The managing authority could set up a financial instrument (with or without a Fund of Funds) in which the investment platform set up with EFSI support could participate as an investor (at the level of Fund of Funds or financial intermediary) and other investors may also participate (This may also apply to NPBs);
d) The managing authority could set up a financial instrument with ESI Funds programme contributions (other investors may participate). The investment platform set up with EFSI support would intervene directly at project level on a deal by deal basis

3.4 Flexible SME Funding (JEREMIE)

JEREMIE is a joint initiative set up in 2007 by the European Commission (Directorate-General for Regional and Urban Policy) in co-operation with the European Investment Bank Group and other financial institutions to enhance cohesion across the EU. The JEREMIE instrument was set up to deploy part of the EU Structural Funds allocated to the regional and national Managing Authorities through new risk finance initiatives for SMEs. In this regard, JEREMIE is a predecessor to the current ESIF-backed programs managed by EIF under the new 2014-2020 programming period.

JEREMIE offered EU Member States, through their national or regional Managing Authorities, the opportunity to use part of their EU Structural Funds to finance SMEs in a more efficient and sustainable way. JEREMIE's financial resources have been deployed through selected financial intermediaries across the EU, which have provided loans, equity and guarantees to SMEs.

As an umbrella fund, JEREMIE targeted financial intermediaries, not SMEs directly. The JEREMIE Holding Fund provided SME-focused financial instruments including guarantees, co-guarantees and counter-guarantees, equity guarantees, (micro) loans, securitisation, venture capital, Business Angel Matching Funds, and investments in Technology Transfer funds to Financial Intermediaries. These Financial Intermediaries provided SMEs (the final beneficiaries) with loans and equity participation.
JEREMIE didn't provide any grants to SMEs.

EU Member States implemented the JEREMIE initiative by establishing a Holding Fund funded through their Structural Funds. The Holding Fund could be managed either by the EIF or by other financial institutions, according to the EU Structural Funds legislation applicable (EC Regulation 1083/2006 and Implementation Regulation 1828/2006).
Managing Authorities could award management either directly to the EIF or any national institution or indirectly by way of tender to a financial institution through a service contract.

The Holding Funds could be set up either as a "ring-fenced block of finance" managed by the Holding Fund manager on behalf and in the name of the Managing Authority, or as an independent legal entity (Special Purpose Vehicle – SPV).

Acting as an umbrella fund, the Holding Fund partnered a wide spectrum of local SME financial institutions such as SME finance operators, venture capital funds, loan funds, technology transfer vehicles, microfinance providers, banks and guarantee funds.

At the end of 2015, EIF managed 13 JEREMIE holding funds for a total of EUR 1.1bn, involving 50 financial intermediaries and resulting in 84 transactions. In the course of 2015, additional commitments were made to the holding funds in Romania (EUR 75m) and Slovakia (EUR 40m) with the implementation period of the financial instruments being extended into 2016. Furthermore, given the revolving nature of financial instruments, several Member States and regions have entrusted the management of reflows from initial JEREMIE investments to EIF. Accordingly, EIF will redeploy these legacy funds in the respective markets through existing and new financial instruments targeting the support of SME access to finance.

3.5 Urban Development Technical Assistance (JESSICA)

Joint European Support for Sustainable Investment in City Areas (JESSICA) was a policy initiative of the European Commission (EC) developed jointly with the EIB and in collaboration with the Council of Europe Development Bank (CEB).

Integrated, sustainable urban-renewal projects were supported through JESSICA. A range of sophisticated financial tools were used including equity investments, loans and guarantees, offering new opportunities for the use of EU Structural Funds.
The main benefits of JESSICA:

- To make Structural Fund support more efficient and effective by using "non-grant" financial instruments, thus creating stronger incentives for successful project implementation.
- mobilise additional financial resources for public-private partnerships and other urban development projects with a focus on sustainability/recyclability.

- To use financial and managerial expertise from international financial institutions such as the EIB

EIB involvement in JESSICA was threefold:

- Advising and assisting national, regional and local authorities in implementing JESSICA
- Promoting the use of Urban Development Funds and best practice across Europe
- Acting as a Holding Fund, when requested by Member States or managing authorities.

These investments were delivered to projects via urban development funds and, if requested, holding funds. They had to be aligned with Structural Funds operational programmes agreed for the current programming period.

3.6 ESIF's Financing Innovation in Green Sectors

Table 3-3 Financing innovation in green sector - ESIF

Funding Programme	Public (Budget); Private or Blended Sources	Direct Or Shared Management	Financial Instrument	Financial Product	Green Sector (Broad Definition)
ESIF	public and attracting private investments (leverage effect); blending by EIB	National Managing Authorities (MAs)	financial instrument schemes set up by national MAs; MAs use ESIF allocations and place them in FIs through a Fund of Funds or financial intermediaries	grants; loans, guarantees, equity and other risk-bearing mechanisms; off-the-shelf instruments: Risk Sharing Loan (RSL); Capped Guarantee Portfolio; Renovation Loan	Cohesion Policy has set 11 thematic objectives. Following are relevant for green sectors: 1. Strengthening research, technological development and innovation; 2. Enhancing the competitiveness of SMEs; 3. Supporting the shift towards a low-carbon economy; 4. Promoting climate change adaptation, risk prevention and management; 5. Preserving and protecting the environment and promoting resource efficiency
ESIF	public & private	Member States established umbrella Holding Fund funded through their Structural Funds	JEREMIE Flexible SME funding - SME-focused financial instruments for financial intermediaries	guarantees, co-guarantees and counter-guarantees, equity guarantees, (micro) loans, securitisation, venture capital, Business Angel Matching Funds, and investments in Technology Transfer funds	SMEs - no sector/ industry limits
ESIF	public & private	EIB	JESSICA (Urban Development Technical Assistance)	equity investments, loans and guarantees	Integrated, sustainable urban-renewal projects: urban infrastructure - including transport, water/waste water, energy; redevelopment of brownfield sites - including site clearance and decontamination; creation of new commercial floor space for SMEs, IT and/or R&D sectors; energy efficiency improvements

CHAPTER 4
The Horizon 2020

Chapter IV - Contents

Chapter IV

Chapter IV focuses on Horizon 2020 - the biggest EU Research and Innovation programme and a financial instrument implementing the Innovation Union, a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness.

Horizon 2020 supports SMEs with a set of instruments that runs throughout various funded research and innovation fields, enhances EU international research and Third Country participation, attaches high importance to integrate social sciences and humanities encourages to develop a gender dimension in project. There's a clear differentiation between Horizon non-market financial instruments (grants) and InnovFin (market driven financial instruments).

Chapter IV ends with the analysis of other financial instruments funded under the Horizon 2020 programmes - ELENA (European Local Energy Assistance), The Innovation and Networks Executive Agency (INEA) and COST as an intergovernmental framework for European Cooperation in Science and Technology, allowing the coordination of nationally-funded research on a European level.

EU financial instruments schemes where the European Commission has set up EU-level instruments, are either managed directly, or more commonly indirectly through a delegated act to the EIF and/ or EIB. These schemes are then implemented using financial intermediaries, such as national/ regional promotional banks and institutions.

Innovation Union is the EU strategy to create innovation-friendly environment and it’s one of the seven flagship initiatives of the Europe 2020 strategy for smart, sustainable and inclusive growth as a way to overcome the structural weaknesses in Europe's economy, improve its competitiveness and productivity and underpin a sustainable social market economy.

Horizon 2020 is the biggest EU Research and Innovation programme and a financial instrument implementing the Innovation Union, a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness.

Horizon 2020 supports SMEs with a new instrument that runs throughout various funded research and innovation fields, enhances EU international research and Third Country participation, attaches high importance to integrate social sciences and humanities encourages to develop a gender dimension in project.

Areas of Horizon 2020:

- Agriculture and forestry
- Aquatic Resources
- Bio-based Industries
- Biotechnology
- Energy
- Environment & Climate Action
- Food & Healthy Diet
- Funding Researchers
- Health
- ICT Research & Innovation
- Innovation
- International Cooperation
- Key Enabling Technologies
- Partnerships with Industry and Member States
- Raw Materials
- Research Infrastructures
- Security
- SMEs
- Social Sciences & Humanities
- Society
- Space
- Transport

4.1 Horizon Non-Market Financial Instruments (Grants)

European Innovation Council pilot (EIC pilot) was launched on 27th October 2017 as part of the Horizon 2020 Work programme 2018-2020, when the SME Instrument, the Fast Track to Innovation (FTI), Future and Emerging Technologies (FET) Open and Horizon Prizes, were brought under the EIC pilot umbrella, to provide a 'one stop shop' for funding of innovators/innovations in the EU.

The EIC pilot aims to support top-class innovators, entrepreneurs, small companies and researchers with bright ideas and the ambition to scale-up internationally.

It brings together the parts of Horizon 2020 that support high-risk/high-return, breakthrough research or market creating innovation and will experiment with a number of new approaches that:

- are radically different from existing products, services or technologies
- are highly risky
- need additional investment to get to market

On-line Participant Portal is the entry point for electronic administration of EU-funded research and innovation projects, and hosts the services for managing your proposals and projects throughout their lifecycle.

The network of National Contact Points (NCPs) is the main structure to provide guidance, practical information and assistance on all aspects of participation in Horizon 2020. NCPs are also established in many non-EU and non-associated countries ("third countries").

NCPs are national structures established and financed by governments of the 28 EU member states and the states associated to the framework programme. NCPs give personalised support on the spot and in applicants' own languages. The NCP systems can vary from one country to another from highly centralised to decentralised networks, and a number of very different actors, from ministries to universities, research centres and special agencies to private consulting companies.

As the NCPs are national structures, the type and level of services offered may differ from country to country. In general, the following basic services are available in accordance with the NCP Guiding Principles agreed by all countries:

- Guidance on choosing relevant H2020 topics and types of action
- Advice on administrative procedures and contractual issues
- Training and assistance on proposal writing
- Distribution of documentation (forms, guidelines, manuals etc.)
- Assistance in partner search

4.1.1 SME Instrument

Small and Medium-sized Enterprises that are EU-based or established in a country associated to Horizon 2020 can now get EU funding and support for breakthrough innovation projects with a market-creating potential under revamped SME instrument, which is rolled out as part of the European Innovation Council (EIC) pilot. The SME instrument will boost fast company growth and market-creating innovation thanks to staged funding and ramped up business acceleration services.

Horizon 2020 funds high-potential innovation developed by SMEs through the SME instrument. The SME instrument offers Europe's brightest and boldest entrepreneurs the chance to step forward and request funding for breakthrough ideas with the potential to create entirely new markets or revolutionise existing ones.

Provided with about € 1.6 billion in funding over the period 2018-2020, the SME Instrument will support ground-breaking innovative ideas for products, services or processes that are ready to conquer global markets. Available to SMEs only, the new scheme offers phased, progressive and complementary support to the development of out-of-the-box ideas. There are no predefined topics for the SME instrument call; only the most excellent and impactful ideas will receive support.

The SME instrument supports close-to-market activities, with the aim to give a strong boost to breakthrough innovation with a market-creating potential. Highly innovative SMEs with a clear commercial ambition and a potential for high growth and internationalisation are the prime target.

The SME Instrument offers small and medium-sized businesses the following:

- Business innovation grants for feasibility assessment purposes (optional phase I): EUR 50,000 (lump sum) per project (70% of total cost of the project);
- Business innovation grants for innovation development & demonstration purposes (possible phase II): an amount in the indicative range of EUR 500,000 and 2,5 million (70% of total cost of the project as a general rule);
- Free-of-charge business coaching (optional) in order to support and enhance the firm’s innovation capacity and help align the project to strategic business needs;
- Access to a wide range of other business acceleration services and facilitated access to risk finance, to facilitate the commercial exploitation of the innovation.

4.1.1.1 Feasibility Assessment (Phase I)

Funding is available for exploring and assessing the technical feasibility and commercial potential of a breakthrough innovation that a company wants to exploit and commercialize.

Activities funded could be:

- risk assessment
- design or market studies
- intellectual property exploration
- launching a new product, service or process in the market, possibly through an innovative application of existing technologies, methodologies, or business processes

The project should be aligned to the business strategy, helping internal growth or targeting a transnational business opportunity. The evaluation of phase I proposals happens remotely by a panel of independent experts.

- Amount of funding: lump sum of €50,000 (per project, not per participating business).
- Duration: around 6 months
- Outcome: The outcome of a phase I project is a feasibility study (technical and commercial), including a business plan.

Should the conclusion of the study be that the innovative concept has the potential to be developed to the level of investment readiness/market maturity, but requires additional funding in view of commercialisation, the SME can apply for Phase II support.

4.1.1.2 Innovation Project (Phase II)

Funding is available for innovation projects underpinned by a sound and strategic business plan (potentially elaborated and partially funded through phase 1 of the SME Instrument).

Activities funded in phase II can be of several types: prototyping, miniaturisation, scaling-up, design, performance verification, testing, demonstration, development of pilot lines, validation for market replication, including other activities aimed at bringing innovation to investment readiness and maturity for market take-up.

The evaluation of phase II proposals happens both remotely and face-to-face (via an interview) by two panels of independent experts.

- Amount of funding: in the indicative range of €500,000 – € 2.5 million or more (covering up to 70% of eligible costs).
- Duration: around 1 to 2 years

Outcomes:

- a greatly innovative product, process or service that is ready to conquer the market;
- a business innovation plan incorporating a detailed commercialisation strategy and a financing plan in view of market launch (e.g. on how to attract private investors, if applicable).

4.1.1.3 Business Acceleration (Phase III)

With the view of facilitating the commercial exploitation of the innovation activities resulting from phase II or phase II, the SME instrument proposes business acceleration services.

These include support for further developing investment readiness, linking with private investors and customers through brokerage activities and events (including trade fairs), assistance in applying for further EU risk finance, and a range of other innovation support activities and services offered via the Enterprise Europe Network (EEN).

4.1.1.4 Coaching

Innovation and Business Development Coaching is offered in parallel throughout phases I and II to help SMEs:

- enhance the company's innovation capacity
- align the project to the identified business development strategy
- develop the commercial/economic impact and long term sustainability.
- obtain access to follow-on finance

Coaching is provided by experienced business coaches, selected through the Enterprise Europe Network (EEN).

4.1.2 EIC Fast Track to Innovation (FTI)

The Fast Track to Innovation (FTI) is now central part of the European Innovation Council (EIC) pilot, targeting radically new, breakthrough products, services, processes or business models that open up new markets.

Fast Track to innovation (FTI) is a fully-bottom-up measure in Horizon 2020 promoting close-to-the-market innovation activities that is open to all types of participants. FTI aims to reduce the time from idea to market and to increase the participation in Horizon 2020 of industry, SMEs and first-time industry applicants.

FTI also aims to nurture trans-disciplinary and cross-sector approaches. All kinds of innovation actors can work together to develop sustainable innovations addressing societal needs or areas under 'Leadership in enabling and industrial technologies' and, at the same time, create viable business opportunities. This is why FTI projects must be business-driven and clearly demonstrate a realistic potential for quick deployment and market take-up of innovations.

- On offer is a maximum EU contribution of €3M per proposal with time-to-grant (from the cut-toff to the signature of the grant) of around 6 months.
- Proposals for funding must be submitted by consortia comprising between three and five legal entities established in at least three different EU Member States or countries associated to Horizon 2020.
- Within each consortium there must either be an allocation of at least 60% of the budget to industry participants or the consortium must include a minimum of two industry participants in a consortium of three or four partners, or three industry participants in a consortium of five partners.

4.1.3 Future and Emerging Technologies (FET) Open

FET Open offers grants of typically €3 million to promote collaborative, inter-disciplinary research and innovation on future and emerging technologies. These grants are for consortia of at least 3 entities.

FET Open also offers 'FET Innovation Launchpad' grants of up to €100,000 for short individual or collaborative actions to help turn the results of FET Open projects into innovations.

FET Open has a total budget of around €700 million for 2018-2020.

4.1.4 EIC Horizon Prizes

The EIC Horizon Prizes are awarded to whoever can most effectively meet a defined challenge, without prescribing how that challenge should be solved. These will boost breakthrough innovation across sectors by fostering cutting-edge solutions which bring major benefits to citizens and society.

Individual prizes amount to 5 or 10 million euro.

The total budget for EIC Horizon Prizes until 2020 is €40 million.

4.1.5 Other financial instruments funded under the Horizon 2020 programmes

4.1.5.1 ELENA (European Local Energy Assistance)

ELENA is a joint initiative by the EIB and the European Commission under the Horizon 2020 programme. ELENA provides grants for technical assistance focused on the implementation of energy efficiency, distributed renewable energy and urban transport projects and programmes.

The grant can be used to finance costs related to feasibility and market studies, programme structuring, business plans, energy audits and financial structuring, as well as to the preparation of tendering procedures, contractual arrangements and project implementation units.

The ELENA facility is led by a team of experts consisting of engineers and economists with extensive experience in the transport and energy sector. Established in 2009, the ELENA facility has awarded around EUR 100 million of EU support triggering an estimated investment of around EUR 4 billion on the ground.

ELENA supports programmes above EUR 30 million with a 3-year implementation period for energy efficiency and 4-year for urban transport and mobility, and can cover up to 90% of technical assistance/project development costs. Smaller projects can be supported when they are integrated into larger investment programmes.

The annual grant budget is currently around EUR 20 million. Projects are evaluated and grants allocated on a first-come-first-served basis. ELENA may co-finance investment programmes in the following fields:

- Energy efficiency and distributed renewable energy
  - public and private buildings (including social housing), commercial and logistic properties and sites, and street and traffic lighting to support increased energy efficiency
  - integration of renewable energy sources (RES) into the built environment – e.g. solar photovoltaic (PV) on roof tops, solar thermal collectors and biomass
  - investments into renovating, extending or building new district heating/cooling networks, including networks based on combined heat and power (CHP), decentralised CHP systems
  - local infrastructure including smart grids, information and communication technology
  - infrastructure for energy efficiency, energy-efficient urban equipment and link with transport
- Urban transport and mobility
  - investments to support the use and integration of innovative solutions for alternative fuels in urban mobility
  - investments to introduce on a large-scale new, more energy-efficient transport and mobility measures in urban areas including passenger transport, freight transport, etc.

Energy Cities created a study focused on how ELENA can help unlock investment in cities. The study found that ELENA can be beneficial to trigger investment for climate action in cities by providing the necessary push for cities and local authorities to change the way they plan their investments, and develop projects to achieve their climate objectives.

4.1.5.2 Innovation and Networks Executive Agency (INEA) projects under Horizon 2020

INEA is managing the funding and following up the research & innovation projects under the following Horizon 2020 societal challenges as set in the Table 3.

Table 4-1 Innovation and Networks Executive Agency (INEA) projects under Horizon 2020

Smart, Green And Integrated Transport	Secure, Clean And Efficient Energy
€2.3 billion in 2014-2020, of which €950 million in 2018-2020: Mobility for Growth Green Vehicles Automated Road Transport	€3.0 billion in 2014-2020, of which €1.3 billion in 2018-2020: Competitive Low-Carbon Energy
Smart Cities and Communities	Food security, sustainable agriculture and forestry, marine, maritime and inland water research and the bioeconomy
Smart Cities & Communities (part of the Secure, clean and efficient energy budget)	Blue Growth (part of the Smart, green and integrated transport and Secure, clean and efficient energy budgets)

4.1.5.3 Cost

COST is an intergovernmental framework for European Cooperation in Science and Technology, allowing the coordination of nationally-funded research on a European level.

COST contributes to reducing the fragmentation in European research investments and opening the European Research Area to cooperation worldwide. As a precursor of advanced multidisciplinary research, COST plays a very important role in building a European Research Area (ERA). It anticipates and complements the activities of the EU Framework Programmes, constituting a “bridge” towards the scientific communities of emerging countries.

It also increases the mobility of researchers across Europe and fosters the establishment of scientific excellence in the nine key science and technology fields: Biomedicine and Molecular Biosciences, Food and Agriculture, Forests, their Products and Services, Materials, Physics and Nanoscience, Chemistry and Molecular Sciences and Technologies, Earth System Science and Environmental Management, Information and Communication Technologies, Transport and Urban Development, Individuals, Societies, Cultures and Health.

COST is a unique means for European researchers to jointly develop their own ideas and new initiatives across all scientific disciplines through trans-European networking of nationally funded research activities.

COST key features are building capacity by connecting high-quality scientific communities throughout Europe and worldwide; providing networking opportunities for early career investigators; increasing the impact of research on policy makers, regulatory bodies and national decision makers as well as the private sector.

Through its inclusiveness COST supports integration of research communities, leverages national research investments and addresses issues of global relevance.

COST is a building block of the European Research Area, instrumental for successful innovation strategies and global cooperation.

COST Actions are bottom-up science and technology networks, open to researchers and stakeholders with a duration of four years. They are active through a range of networking tools, such as workshops, conferences, training schools, short-term scientific missions (STSMs), and dissemination activities.

Actions are networks centred around nationally funded research projects in fields that are of interest to at least five COST countries. The financial support averages EUR 130.000 per year for a four-year period.

COST Actions are active through a range of networking tools, such as meetings, workshops, conferences, training schools, short-term scientific missions (STSMs) and dissemination activities. COST Actions are open to researchers from universities, public and private research institutions, as well as to NGOs, industry and SMEs.

Scientists and researchers from the 35 COST Member Countries and the Cooperating State can participate in science and technology networks known as COST Actions by submitting a proposal for a new COST Action, joining an existing COST Action, becoming involved in specific COST Action activities, becoming a COST Expert.

COST does not fund research itself.

COST Actions can also pave the way to or establish synergies with EU-funded research projects. Moreover, collaboration within research projects can also lead to new Actions, thus enhancing the networking potential of such consortia.

Participation is open to researchers in universities, research centres, large and small, public and private organisations from all 35 COST Member Countries and its Cooperating State from any science and technology field at any career stage having any original, innovative idea.

The average COST Action budget depends on the number of COST Countries participating in the Action. The funding is provided via a yearly grant agreement. COST is supported by the EU Framework Programme for Research and Innovation Horizon 2020.

Beneficiaries are companies, research centres and universities.

COST invites researchers throughout Europe to submit proposals for COST Actions through a continuous Open Call. Following a thorough evaluation and selection process, the decision for funding a proposal is taken by the COST Committee of Senior Officials (CSO) within eight months from the collection date. Successful proposals are approved to become COST Actions and can expect to 'kick-off' within three months thereafter.
Researchers can also apply to join an existing COST Action or become involved in various COST Action activities.

A Memorandum of Understanding (MoU) provides the formal basis for COST Action. The proposal for a new Action must fulfil certain formal and qualitative criteria, and if the Committee of Senior Officials (CSO) approves the MoU, the COST Member States wishing to take part in the Action can agree to it. A COST Action is launched when at least seven COST Member States have agreed the MoU and starts with the first Management Committee (MC) meeting of the Action. A COST Action runs for an average of four years.

COST Actions are also open to international cooperation, by allowing the participation of researchers from Near Neighbour Countries and International Partner Countries on the basis of mutual benefit.

The minimum number of countries included in the network has increased to seven Full or Cooperating COST Members. Out of the seven, a minimum of 50% must be Inclusiveness Target Countries.

4.1.6 Horizon 2020 non-market instruments for financing innovation in green sectors

Table 4-2 Financing innovation in green sectors - Horizon 2020 non-market financial instruments

Funding Programme/ Financing Mechanism	Public (Budget); Private or Blended Sources	Direct or Shared Management	Financial Instrument	Financial Product	Green Sector (Broad Definition)
Horizon 2020	public - private partnership	direct - on-line participant portal; National Contact Points (NCPs) provide support to beneficiaries	SME instrument	Business innovation grants	Research & Innovation - exploring the feasibility of a business idea and breakthrough innovation & international growth
Horizon 2020	public - private partnership	direct - on-line participant portal; National Contact Points (NCPs) provide support to beneficiaries	European Innovation Council (EIC) Fast Track to Innovation (FTI)	grants	Financial instrument focused on radically new, breakthrough products, services, processes or business models that open up new markets; close-to-market innovation
Horizon 2020	public - private partnership	direct - on-line participant portal; National Contact Points (NCPs) provide support to beneficiaries	Future and Emerging Technologies (FET) Open	grants	Collaborative, inter-disciplinary research and innovation on future and emerging technologies; turn the results of FET Open projects into innovations; radically new technologies
Horizon 2020	public/ private - under the Horizon 2020 programme	joint initiative by the EIB and the European Commission	ELENA (European Local Energy Assistance)	grants for technical assistance	implementation of energy efficiency, distributed renewable energy and urban transport projects and programmes

Horizon 2020	public/ private - under the Horizon 2020 programme	The Innovation and Networks Executive Agency (INEA)	Smart, green and integrated transport + Secure, clean and efficient energy	grants	Smart, green and integrated transport; Secure, clean and efficient energy; Smart Cities and Communities; Food security, sustainable agriculture and forestry, marine, maritime and inland water research and the bio-economy
Horizon 2020	Public - COST is supported by the EU Framework Programme for Research and Innovation Horizon 2020	coordination of nationally-funded research on a European level	COST - intergovernmental framework for European Cooperation in Science and Technology	grants	Biomedicine and Molecular Biosciences, Materials, Physics and Nanoscience, Chemistry and Molecular Sciences and Technologies, Earth System Science and Environmental Management

4.2 Market Based Financial Instruments - Innovfin

InnovFin – EU Finance for Innovators is a joint initiative launched by the European Investment Bank Group (EIB and EIF) in cooperation with the European Commission under Horizon 2020.

InnovFin aims to facilitate and accelerate access to finance for innovative businesses and other innovative entities in Europe. InnovFin has been developed as a series of integrated and complementary financing tools, consisting of a suite of debt and equity products and covering the entire value chain of research and innovation investment.

InnovFin financing tools cover a wide range of loans, guarantees and equity-type funding, which can be tailored to innovators' needs. Financing is either provided directly or via a financial intermediary, most usually a bank or a fund.

InnovFin targets research and innovation (R&I) investment projects such as:

- Promoters' R&I programmes (typically over three to four years), including related capital expenditure (facilities, prototypes)
- Deployment of innovative technologies (in particular key enabling technologies), including capital expenditure related to commercial launch
- R&I activities including investments in ICT infrastructure and R&I investments made by research institutes/organisations or universities
- R&I infrastructures (both multi-country and national) and enabling infrastructures
- Activities falling under the scope of the EUREKA network or the European Research Area (ERA)
- Innovative demonstration projects and pre-commercial innovative solutions

Table 4-3 Horizon 2020 market-driven financial instruments

European Investment Fund		European Investment Bank			
Early-Stage Enterprises	SMEs	Corporate	Science	Thematic Finance	Advisory
InnovFin Technology Transfer	InnovFin SME Guarantee	InnovFin Emerging Innovators	InnovFin Science	InnovFin Energy Demo Projects	InnovFin Advisory
InnovFin Business Angels		InnovFin MidCap Guarantee		InnovFin Infectious Diseases	
InnovFin Venture Capital		InnovFin Corporate Research Equity		InnovFin Thematic Investment Platforms	
InnovFin Fund-of-Funds					
Early-Stage Enterprises, SMEs and Small Midcaps < 500 Employees	SMEs and Small Midcaps < 500 Employees	SMEs, Midcaps, Large Caps, SPVs	Research Institutes, Universities, Research Organisations	SMEs, Midcaps, possibly Large Caps, SPVs	Public and Private Sector Promoters
Intermediated Equity Financing	Intermediated Debt Financing	Direct and /or Intermediated Financing (including equity type)	Direct Financing (including equity type)	Direct and/or Intermediated Financing (including equity type)	Financial Advisory

Direct products Indirect products Direct or Indirect products

Note: InnovFin Large Projects succeeded by InnovFin Emerging Innovators
InnovFin MidCap Growth Finance is deployed under the European Fund for Strategic Investments (EFSI) since November 2016

With InnovFin – EU Finance for Innovators, the EIB Group (the European Investment Bank and the European Investment Fund) can provide financing starting at EUR 25 000 for investments in research and innovation (R&I) to companies and other entities of all sizes and age:

- start-up
- small or medium-sized enterprise (SME)
- mid-cap
- larger private company
- research institute/organisation
- university
- R&I-driven entity

4.2.1 Early Stage Enterprises – Innovfin Equity

InnovFin Equity is a successor to the early stage window of High Growth and Innovative SME facility (GIF 1) under the Competitiveness and Innovation Framework Programme (CIP) implemented in 2007-2013.

Under EFSI Equity, EIF provides financing for the benefit of more vulnerable entities within the EU ecosystem, encompassing micro, small and medium enterprises, social enterprises, social sector organisations and small mid-caps, in specific EU policy areas.
EFSI Equity is deployed in the form of two windows which may be combined to pursue multi-stage investment strategies.

Under the Early Stage Window of EFSI Equity (InnovFin Equity), EIF provides equity investments and co-investments to or alongside funds focusing on early stage financing of – SMEs and small mid-caps operating in innovative sectors covered by Horizon 2020.

InnovFin Equity comprises four different products:

a) **InnovFin Technology Transfer (InnovFin TT)**
InnovFin Technology Transfer (InnovFin TT) supports technology transfer projects or technology rights, through commercial demonstration and commercialisation, by targeting investments into technology transfer funds operating in the pre-seed (including proof of concept) and seed stages. Its objective is to accelerate technological innovations, especially in the areas of key enabling technologies (including, but not limited to ICT, nanotechnology, bio-tech, clean tech, and med tech) and other Horizon 2020 objectives, such as IP promotion / exploitation (licensing, sale of patents) and spin-outs, spin-offs or joint venture activities.

b) **InnovFin Business Angels (InnovFin BA)**
InnovFin Business Angels (InnovFin BA) targets funds pooled by business angels or business angel co-investment funds investing into innovative early-stage enterprises and social enterprises established or active in Participating Countries operating in the sectors covered by Horizon 2020, including social impact. InnovFin BA is open for experienced business angels wishing to team up and set up their first BA funds, also in countries with less developed ecosystems for early stage investments.

c) **InnovFin Venture Capital (InnovFin VC)**
InnovFin Venture Capital (InnovFin VC) targets investments into venture capital funds that provide funding to enterprises (including social enterprises) in their early stage operating

in Horizon 2020 sectors. Under InnovFin VC EIF seeks to invest in first closing of the funds. It can also invest in other closings, especially if its intervention is catalytic to further fundraising. “First-time” or “emerging” investment teams seeking for the first time institutional fundraising are also eligible. Via selected venture capital funds, EIF provides risk capital financing to enterprises in their seed, start-up and other early stage phases investing predominantly in their seed and series A rounds.

d) **InnovFin Fund-of-Funds (InnovFin FoF)**
InnovFin Fund-of-Funds (InnovFin FoF) targets investments into fund of funds holding or targeting to build a portfolio of investments into underlying funds with significant early stage focus. It also provides significant funding to separately managed Pan European VC Fund-of-fund programme. EIF seeks to invest in fund-of-funds which have wide geographical coverage of more than 3 countries and focus on early stage or follow balanced strategies with at least 30% early stage target allocation.

4.2.2 Smes - Innovfin SME Guarantee for Financial Intermediaries

The InnovFin SME Guarantee Facility - managed by EIF - is, in addition to InnovFin Equity, part of “InnovFin – EU Finance for Innovators”, an initiative launched by the European Commission and the EIB Group in the framework of Horizon 2020.

The InnovFin SME Guarantee Facility is a demand-driven, uncapped instrument that builds on the success of the Risk Sharing Instrument (RSI), developed under FP7, the 7th EU Framework Programme for Research and Technological Development (2007-2013) managed and implemented by EIF.

The InnovFin SME Guarantee Facility is intermediated financing providing guarantees and counter-guarantees on debt financing in order to improve access to loan finance for innovative enterprises.

The InnovFin SME Guarantee Facility is deployed by eligible local banks, leasing companies, guarantee institutions, etc. which are selected after a due diligence process following the launch of a Call for Expression of Interest. Once selected by EIF, these local partners act as financial intermediaries.

EIF, acting for both EIF and the EU as the implementing body, covers a portion of the losses incurred by the financial intermediaries on loans, leases and guarantees between EUR 25 000 and EUR 7.5 million which they provide under the InnovFin SME Guarantee Facility. In this way, the EU and EIF allow the provision of more debt financing to innovative SMEs and Small Mid-caps (up to 499 employees).

4.2.3 InnovFin Corporate

InnovFin Corporate comprises five different products:

a) InnovFin Emerging Innovators
The InnovFin Emerging Innovators improves availability of risk finance for fast-growing or R&I-driven enterprises, R&I infrastructures, innovation-enabling infrastructures and other entities. The funding is being made available by the European Investment Bank or through a financial intermediary via loans and equity-type financing starting at EUR 7.5 million.

b) InnovFin Corporate Research Equity
InnovFin Corporate Research Equity increases the supply of equity-type financing under the European Fund for Strategic Investments (EFSI) to large research and innovation (R&I) programmes and to innovative large mid-caps and small or medium-sized enterprises (SME). It addresses the market gap for large equity-type investment in the form of contingent loans, in particular with mid- to long-term repayments profile that are directly linked to product development cycles. The investments are deployed by the European Investment Bank (EIB) or through a financial intermediary and target amounts of EUR 75 million.

c) Innovfin Midcap Guarantee

- Mid-Caps (<3,000 employees)
- Intermediated financing providing guarantees and counter-guarantees on debt financing in order to improve access to loan finance for innovative enterprises.

d) Innovfin Midcap Growth Finance

- Mid-Caps (<3,000 employees)
- Direct corporate lending from EIB that offers long term senior, subordinated or mezzanine loans for innovative eligible midcaps.

e) Innovfin Large

- Large Caps
- Provides loans and guarantees for R&I projects emanating from: 1. larger firms; 2. universities and public research organisations; 3. R&I infrastructures (including innovation-enabling infrastructures); 4. public-private partnerships □ special purpose vehicles or projects

4.2.4 InnovFin Science

R&I activities, R&I investments and R&I infrastructures under the Horizon 2020 programme, as well as R&I activities under the Euratom fission programme implemented by research institutes/organisations or universities are eligible to receive InnovFin Science funding.

InnovFin Science aims at supporting research and innovation (R&I) investments by public or private research institutes/organisations and universities, including the financing of buildings and other infrastructure directly related to R&I activity.

InnovFin Science is being made available directly by the EIB in the form of debt or equity-type financing from EUR 25 million.

4.2.5 InnovFin Thematic Finance

InnovFin Thematic Finance is being made available directly by the EIB or financial intermediaries (including equity type).

a) InnovFin Energy Demonstration Projects
InnovFin Energy Demonstration Projects provides loans, loan guarantees or equity-type financing typically between EUR 7.5 million and EUR 75 million to innovative demonstration projects in the fields of energy system transformation, including but not limited to renewable energy technologies, smart energy systems, energy storage, carbon capture and storage or carbon capture and use, helping them to bridge the gap from demonstration to commercialisation. The product is deployed directly by the EIB.

b) InnovFin Infectious Diseases Facility
The InnovFin Infectious Diseases Finance Facility (IDFF) provides financial products ranging from standard debt to equity-type financing for amounts typically between EUR 7.5 million and EUR 75 million, to innovative players active in developing innovative vaccines, drugs, medical and diagnostic devices or novel research infrastructures for combatting infectious diseases.
The product is being made available directly through the European Investment Bank.

c) InnovFin Thematic Investment Platforms
InnovFin Thematic Investment Platforms catalyses third-party financing for thematic areas, such as the circular bio-economy. The platforms provide access to finance via debt or equity-type products to innovative projects in specific thematic areas and is managed by financial intermediaries and fund managers selected through open call for expression of interest. Other Thematic Investment Platforms are expected to be added throughout the Horizon 2020 framework programme.

4.2.6 InnovFin Advisory

InnovFin Advisory was set up as a joint EIB-European Commission initiative under Horizon 2020 to assist eligible public and private counterparts to improve the bankability and investment-readiness of large, complex, innovative projects that need substantial long-term investments.

InnovFin Advisory guides its clients on how to structure their R&I project in order to improve their access to finance.

InnovFin Advisory offers:

- Strategic planning
- Business modelling
- Capital structure, debt and risk allocation
- Classic or innovative financial instruments
- Funding sources and their eligibility criteria
- Governance
- Management of stakeholders
- More “efficient usage” of public financial instruments

To be eligible for InnovFin Advisory a project must:

- Require a minimum EUR 15 million R&I investment
- Fit the policy objectives of Horizon 2020; and
- Not yet be mature for financing appraisal.

InnovFin Advisory services are provided independently of the EIB's lending/investment decisions. EIB will assess all potential financing sources including, but not limited to, EIB funding.

4.2.7 Horizon 2020 Market Based Instruments for Financing in Green Sectors

Table 4-4 Financing innovation in green sectors – Horizon 2020 market based instruments

Funding Programme/ Financing Mechanism	Public (Budget); Private Or Blended Sources	Direct Or Shared Management	Financial Instrument	Financial Product	Green Sector (Broad Definition)
Horizon 2020	public - private partnership	EIF	InnovFin Equity - equity investments and co-investments to or alongside funds	intermediated equity financing	SMEs
Horizon 2020	public - private partnership	EIF	InnovFin Technology Transfer (InnovFin TT)	equity investment or co-investment - intermediated equity financing	Technological innovations in the areas of key enabling technologies (ICT, nanotechnology, bio-tech, clean tech, and med tech) and other Horizon 2020 objectives, such as IP promotion / exploitation (licensing, sale of patents) and spin-outs, spin-offs or joint venture activities.
Horizon 2020	public - private partnership	EIF	InnovFin Business Angels (InnovFin BA)	equity investment or co-investment - intermediated equity financing	innovative early-stage enterprises and social enterprises established or active in Participating Countries operating in the sectors covered by Horizon 2020, including social impact
Horizon 2020	public - private partnership	EIF	InnovFin Venture Capital (InnovFin VC)	equity investment or co-investment - intermediated equity financing	SMEs

Horizon 2020	public - private partnership	EIF	InnovFin Fund-of-Funds (InnovFin FoF)	equity investment or co-investment - intermediated equity financing	SMEs
Horizon 2020	public - private partnership	EIF	InnovFin SME Guarantee	guarantees and counter-guarantees on debt financing - intermediated financing to improve access to loan finance for innovative enterprises	green sector (broad definition)
Horizon 2020	public - private partnership	EIB	InnovFin MidCap Guarantee	guarantees and counter-guarantees on debt financing - intermediated financing to improve access to loan finance for innovative enterprises	green sector (broad definition)
Horizon 2020	public - private partnership	EIB	InnovFin MidCap Growth Finance	direct corporate lending from EIB that offers long term senior, subordinated or mezzanine loans for innovative eligible midcaps	green sector (broad definition)
Horizon 2020	public - private partnership	EIB	InnovFin Large	direct loans and guarantees for R&I projects emanating from larger firms; universities and public research organisations; R&I infrastructures; public-private partnerships; special purpose vehicles or projects	green sector (broad definition)
Horizon 2020	public - private partnership	EIB	InnovFin Emerging Innovators	loans and equity-type finance	green sector (broad definition)

Horizon 2020	public - private partnership	EIB	InnovFin Corporate Research Equity	equity-type finance in the form of contingent loans, in particular with mid- to long-term repayments profile that are directly linked to product development cycles	green sector (broad definition)
Horizon 2020	public - private partnership	EIB directly	InnovFin Science	debt or equity-type financing for R&I activities, R&I investments and R&I infrastructures under the Horizon 2020 programme, as well as R&I activities under the Euratom fission programme	green sector (broad definition)
Horizon 2020	public - private partnership	EIB directly	InnovFin Energy Demonstration Projects	loans, loan guarantees or equity-type financing	Innovative demonstration projects in the fields of energy system transformation, including but not limited to renewable energy technologies, smart energy systems, energy storage, carbon capture and storage or carbon capture and use, helping them to bridge the gap from demonstration to commercialisation
Horizon 2020	public - private partnership	EIB directly	InnovFin Infectious Diseases Finance Facility	financial products ranging from standard debt to equity-type financing	Innovative players active in developing innovative vaccines, drugs, medical and diagnostic devices or novel research infrastructures for combatting infectious diseases
Horizon 2020	public - private partnership	EIB	InnovFin Thematic Investment Platforms	loans and equity-type financing	Innovative projects in specific thematic areas, such as the circular bio-economy

CHAPTER 5
Other EU Financial Instruments

Chapter V - Contents

Chapter V

Chapter V continues with the analysis and overview of other funding programmes and financial instruments:

- COSME (EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises running from 2014 – 2020);
- INEA - Innovation and Networks Executive Agency implements EU programmes such as Connecting Europe Facility (CEF), Parts of Horizon 2020 (Smart, green and integrated transport + Secure, clean and efficient energy) and Legacy programmes: TEN-T and Marco Polo 2007-2013;
- LIFE programme is the EU’s funding instrument for the environment and climate action. LIFE introduces two key financial instruments – Natural Capital Financing Facility (NCCF) and Private Financing for Energy Efficiency Instrument (PF4EE);
- EEEF (European Energy Efficiency Fund) aims to support the goals of the European Union to promote a sustainable energy market and climate protection;
- IEE (Intelligent Energy – Europe Programme) is now closed, although a number of projects funded under the programme are continuing. The EU's Horizon 2020 programme now supports the research, demonstration and market up-take of energy-efficient technologies;
- 2020 European Fund for Energy, Climate Change and Infrastructure (Marguerite Fund I and II) is an independent fund investing in European infrastructure.

5.1 COSME

COSME is the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises running from 2014 - 2020 with a planned budget of EUR 2.3 billion.

COSME financial instruments build on experience from the financial instruments under the Competitiveness and Innovation Framework Programme (CIP) that ran from 2007 to 2013. Since 2007, more than 340,000 SMEs have benefited from a guaranteed loan or lease thanks to the SME guarantee facility (SMEG).

The programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) is improving access to finance for SMEs through two financial instruments that have been available since August 2014.

COSME has a budget of over EUR 1.3 billion to fund these financial instruments that facilitate access to loans and equity finance for SMEs where market gaps have been identified.

Thanks to this budget, it will be possible to mobilise up to EUR 25 billion in financing from financial intermediaries via leverage effects.

The financial instruments are managed by the European Investment Fund (EIF) in cooperation with financial intermediaries in EU countries.

5.1.1 Loan Guarantee Facility (LGF)

Part of the COSME budget will fund guarantees and counter-guarantees for financial intermediaries (e.g. guarantee organisations, banks, leasing companies) to help them provide more loan and lease finance to SMEs. This facility will also include the securitisation of SME debt-finance portfolios.

By sharing the risk, the COSME guarantees will allow financial intermediaries to expand the range of SMEs and types of financial transactions they can support. The impact is substantial - due to the leverage effect, every euro invested in a loan guarantee is expected to release up to 30 euros of financing for SMEs. These guarantees will help many SMEs who might otherwise not be able to obtain funding due to their perceived higher risk or a lack of sufficient collateral.

Based on the results of the previous Competitiveness and Innovation Framework Programme (CIP), it is expected that under COSME, 90% of beneficiaries will have 10 or fewer employees with an average guaranteed loan of about EUR 65,000. This is the category of SMEs who currently face the most difficulty obtaining finance.

Financing is also still available from CIP financial intermediaries that have been recently selected and approved.

5.1.2 Equity Facility for Growth (EFG)

Part of the COSME budget will be dedicated to investments in risk-capital funds that provide venture capital and mezzanine finance to expansion and growth-stage SMEs, in particular those operating across borders.

Fund managers working on a commercial basis will ensure that investments are focused on SMEs with the greatest growth potential.

It is expected that some 500 firms will receive equity financing through the programme, with overall investment reaching up to EUR 4 billion. It is also anticipated that further finance will be attracted through co-investments from other public and private sources.

5.2 Innovation and Networks Executive Agency (INEA)

The Innovation and Networks Executive Agency (INEA) is the successor of the Trans-European Transport Network Executive Agency (TEN-T EA), which was created by the European Commission in 2006 to manage the technical and financial implementation of its TEN-T programme.

INEA officially started its activities on 1 January 2014 in order to implement the following EU programmes:

- Connecting Europe Facility (CEF)
- Parts of Horizon 2020 – Smart, green and integrated transport; Secure, clean and efficient energy; Smart Cities and Communities; Food security, sustainable agriculture and forestry, marine, maritime and inland water research and the bioeconomy
- Legacy programmes: TEN-T and Marco Polo 2007-2013

5.2.1 Connecting Europe Facility (CEF)

The Connecting Europe Facility (CEF) is a key EU funding instrument to promote growth, jobs and competitiveness through targeted infrastructure investment at European level.

The Connecting Europe Facility finances projects which fill the missing links in Europe's energy, transport and digital backbone.

It also makes Europe's economy greener by promoting cleaner transport modes, high speed broadband connections and facilitating the use of renewable energy in line with the Europe 2020 Strategy.

The CEF brings together public (EU) funding with the aim of mobilising additional private financing sources and innovative financial instruments, such as guarantees and project bonds, to gain maximum leverage.

The CEF is divided into three sectors:

- CEF Transport: Budget of EUR 26.25 billion to co-fund TEN-T projects such as removing bottlenecks, enhancing rail interoperability, improving cross-border sections, and the transition to innovative low-carbon and energy-efficient transport technologies.
- CEF Energy: Budget of EUR 5.85 billion for key trans-European energy infrastructure projects between 2014 and 2020.
- CEF Telecom: Budget of EUR 1.14 billion, of which EUR 170 million is for Broadband activities, while EUR 970 million is dedicated to Digital Service Infrastructures (DSIs).

CEF financial support takes two forms:

- grants, which are non-reimbursable investments from the EU budget;
- contributions to innovative financial instruments such as the Marguerite Fund, the Loan Guarantee for TEN Transport and the Project Bond Initiative.

Beneficiaries are one or more Member States or, with the agreement of the Member State(s) in question, other bodies. If deemed appropriate, third countries and entities established in third countries may participate in actions contributing to projects of common interest.

CEF is centrally managed by the Commission with help from the Innovation and Network Executive Agency (INEA). Its investments are given through annual and multi-annual work programmes, which specify the set of priorities and the total amount of financial support to be committed.

The Connecting Europe Facility regulation sets out the rules for awarding EU financial support, priority projects and the maximum limits of EU co-financing per type of project. It also includes a list of projects where most CEF investments will be placed.

5.2.2 Horizon 2020 – Smart, green and integrated transport + Secure, clean and efficient energy (for more details see Chapter IV)

5.2.3 Marco Polo

The Marco Polo programme aimed to ease road congestion and the pollution it causes by promoting a switch to greener transport modes for European freight traffic. Companies with viable projects to shift freight from roads to greener modes could turn to Marco Polo for financial support.

Marco Polo co-funded direct modal-shift or traffic avoidance projects and projects providing supporting services which enable freight to switch from road to other modes efficiently and profitably.

Funding was in the form of an outright grant. It was not a loan to be repaid later. Grants covered a share of costs associated with the launch and operation of a new modal-shift project, but should be supported by results.

As of 1 January 2014 INEA is managing the legacy 2007-2013 Marco Polo programme, taking over from the former EACI (now EASME) Executive Agency.

5.3 LIFE

The LIFE programme is the EU's funding instrument for the environment and climate action. The general objective of LIFE is to contribute to the implementation, updating and development of EU environmental and climate policy and legislation by co-financing projects with European added value.

The European Commission (DG Environment and DG Climate Action) manages the LIFE programme. The Commission has delegated the implementation of many components of the LIFE programme to the Executive Agency for Small and Medium-sized Enterprises (EASME). External selection, monitoring and communication teams provide assistance to the Commission and EASME.

The LIFE programme pursues the following general objectives:

- Contribute to the shift towards a resource-efficient, low-carbon and climate- resilient economy, to the protection and improvement of the quality of the environment and to halting and reversing biodiversity loss, including the support of the Natura 2000 network and tackling the degradation of ecosystems;
- Improve the development, implementation and enforcement of Union environmental and climate policy and legislation, and to act as a catalyst for, and promote, the integration and mainstreaming of environmental and climate objectives into other Union policies and public and private sector practice, including by increasing the public and private sector's capacity;
- Support better environmental and climate governance at all levels, including better involvement of civil society, NGOs and local actors, and
- Support the implementation of the 7th Environment Action Programme.

LIFE projects shall be funded by action grants or, where appropriate, by financial instruments. Complementary financing to LIFE integrated projects may come from any source.

The LIFE multiannual work programme for 2018-2020 was adopted by the European Commission on 12 February 2018.

The new multiannual work programme (MAWP) details how the LIFE programme will allocate resources among areas of policy priority in 2018-2020. It clarifies budgets by specifying what kind of projects can receive support within sub-programmes for Environment and Climate Action. In total, €1.243,81 million will be earmarked for work on nature conservation and environmental protection, and a further €413,25 million for climate action.

The sub-programme for Environment covers the priority areas Environment and Resource Efficiency, Nature and Biodiversity and Environmental Governance and Information. Each of the priority areas covers several thematic priorities.

The sub-programme for Climate Action covers climate change mitigation, adaptation and governance and communication priority areas.

5.3.1 LIFE Financial Instruments

- Natural Capital Financing Facility: The EIB provides loans and investments in funds that support projects to promote the preservation of natural capital, including adaptation to climate change, in EU Member States.
- Private Financing for Energy Efficiency Instrument: PF4EE is a loan guarantee facility. The instrument targets projects which support the implementation of EU MS' National Energy Efficiency Action Plans or other energy efficiency programmes.

5.3.2 Natural Capital Financing Facility (NCFF)

The European Investment Bank (EIB) and the European Commission have partnered to create the Natural Capital Financing Facility (NCFF), a financial instrument that supports projects delivering on biodiversity and climate adaptation through tailored loans and investments, backed by an EU guarantee.

The Natural Capital Financing Facility (NCFF) is a financial instrument that combines EIB financing and European Commission funding under the LIFE Programme, the EU's funding instrument for the environment and climate action. The facility is currently in a pilot phase and can sign projects until the end of 2019. The first loan was signed in April 2017.
The Natural Capital Financing Facility (NCFF) offers funding to projects that promote the conservation, restoration, management and enhancement of natural capital for biodiversity and adaptation benefits, including ecosystem-based solutions to challenges related to land, soil, forestry, agriculture, water and waste inside the EU.

The NCFF consists of a combination of the following two components:

- The finance facility can provide financing of a minimum amount of EUR 2 million and a maximum amount of EUR 15 million
- The technical assistance facility can provide each project with a grant of up to a maximum of EUR 1 million for project preparation, implementation and the monitoring of the outcomes

At the same time projects financed through the NCFF need to generate revenues or demonstrate cost savings

The NCFF will support projects working on the following themes:

- Payments for Ecosystem Services: projects involving payments for the flows of benefits resulting from natural capital. They are based on the beneficiary pays principle: the beneficiary of an ecosystem service pays the provider for securing that service.
- Green Infrastructure: projects generating revenues or saving costs based on the provision of goods and services such as water management, air quality, forestry, recreation, pollination and increased resilience to the consequences of climate change.

Examples are green roofs, green walls, ecosystem-based rainwater collection / water reuse systems, flood protection and erosion control.

- Innovative pro-biodiversity and adaptation investments: projects involving the supply of goods and services, mostly by SMEs, which aim to protect biodiversity or increase the resilience of communities and other business sectors. Innovation may relate to new approaches to ecological restoration and/or conservation or innovative business models such as harnessing ethical investments and adding value to goods and services through certification and standards schemes.
- Biodiversity offsets: are conservation actions intended to compensate for the residual, unavoidable harm to biodiversity caused by development projects. They are based on the polluter pays principle, whereby offsets are undertaken for compliance or to mitigate reputational risks. The support provided under the NCFF shall not reduce the costs of compliance with legal obligations to deliver offsets that are to be borne by entities that are under a legal obligation to deliver such offsets.

The NCFF may support projects involving Natura 2000 sites under all the above themes, except for projects falling under the Biodiversity offset category which aim at compensating damage to Natura 2000 sites according to Article 6.4 of the Habitats Directive. These projects are not eligible for financing under the NCFF. The measures in Natura 2000 sites compensating for environmental damage elsewhere are eligible to receive NCFF financing.

The NCFF intends to provide finance to project developers both directly as well as indirectly through financial intermediaries. The financing will typically range from € 5 million and € 15 million per project. It may cover up to 75% of the total project costs. The funding will typically be granted for up to 10 years with possibility of a five-year extension. The NCFF may also invest in equity funds, matching other contributions to the maximum share of 33%.

To be eligible for the NCFF financing, a project must meet the following criteria:

- Promote one or both of the following objectives:
  - Conserve, restore, manage and enhance ecosystems, including through ecosystem-based solutions; and
  - Apply ecosystem-based approaches that enable businesses and communities to address identified risks associated with current and projected impacts of climate change, including through urban, rural, and coastal green infrastructure projects.
- Demonstrate financial and economic benefits, including the ability to generate revenues or save costs, with overall benefits exceeding costs;
- Contribute to the objectives of the EU LIFE programme for nature and biodiversity, and/or climate adaptation; and
- Meet the standard criteria set by the EIB for its investments.

Recipients of the NCFF financing can be public and private entities, including public authorities, land owners and businesses as well as private non-commercial organisations such as Non-Governmental Organisations. Financial institutions can also benefit from the NCFF as investors, providing match funding for the NCFF financing or as financial intermediaries helping the EIB to invest its funds. Both beneficiaries and financial intermediaries will need to demonstrate that they have the necessary technical, operational, and financial competence and skills to implement the proposed operation.

The NCFF includes a Support Facility of € 10 million for financing capacity building measures aimed at creating a healthy pipeline of eligible projects. The Support Facility will be used to pay for the specialist support in the development of technical and financial capacity of potential NCFF projects.

Support and capacity-building will be provided only to projects that are likely to meet the NCFF eligibility criteria. Maximum support will be limited to € 1 million per operation.

The Support Facility will consist of external advice and consultancy services to potential NCFF recipients. External experts will be selected by the EIB based on needs assessment developed in cooperation with project developers. Depending on this assessment, this service may cover technical, business and financial advice, training, assessment of social, economic and environmental aspects of individual projects or monitoring and reporting impacts on environment and ecosystems.

Financial intermediaries (including funds) may benefit from the Support Facility for the identification, screening and assessment of innovative projects in line with the project eligibility criteria set for the NCFF. This support should not, however, substitute normal operating costs.

At an early stage, the EIB will submit the preliminary project proposal to the Commission for checking compliance with the eligibility criteria. If eligibility is confirmed, the applicant and the EIB will further develop the project. On the basis of a full due diligence the EIB will decide on NCFF funding within the constraints of the available budget. The criteria for selecting projects include, inter alia:

- The capacity, experience and resources of the candidate;
- The strength and coherence of the business model;
- The structure of the investment;
- The contribution to the biodiversity and climate adaptation objectives;
- The potential for demonstration effect, replicability and transferability;
- The ability of the project to leverage additional project funding; and
- The creation and safeguarding of employment.

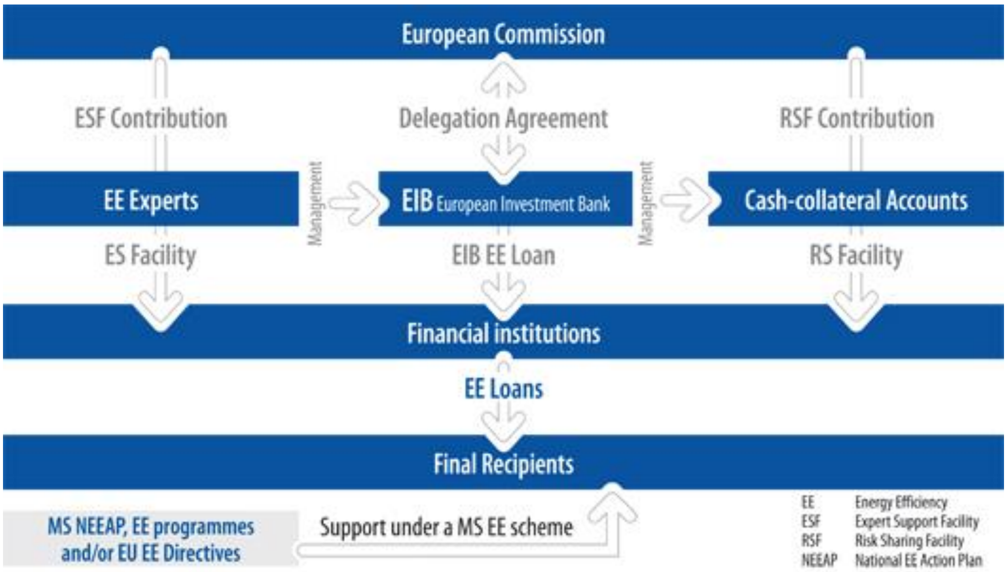
5.3.3 Private Finance for Energy Efficiency (PF4EE)

Private Finance for Energy Efficiency (PF4EE) instrument is a joint agreement between the EIB and the European Commission which aims to address the limited access to adequate and affordable commercial financing for energy efficiency investments.

The Private Finance for Energy Efficiency (PF4EE) aims to increase private financing for investments in energy efficiency enhancing projects. Its objective is therefore to support Member States in making progress in view of the EU's agreed targets on energy efficiency. It is also aligned to the Juncker Plan.

The instrument targets projects which support the implementation of National Energy Efficiency Action Plans or other energy efficiency programmes of EU Member States.

Table 5-1 Mechanism of Private Finance for Energy Efficiency (PF4EE) Instrument



The instrument is managed by the EIB and funded by the Programme for the Environment and Climate Action (LIFE programme).

The PF4EE instrument's two core objectives are:

- to make energy efficiency lending a more sustainable activity within European financial institutions, considering the energy efficiency sector as a distinct market segment;
- to increase the availability of debt financing to eligible energy efficiency investments.

The PF4EE instrument will provide:

- a portfolio-based credit risk protection provided by means of cash-collateral (Risk Sharing Facility), together with
- long-term financing from the EIB (EIB Loan for Energy Efficiency) and
- expert support services for the Financial Intermediaries (Expert Support Facility)

The PF4EE will combine lending from the EIB to financial intermediaries with protection against losses associated with making loans for energy efficiency projects. The Financial Instrument will help intermediary banks in Member States to develop and offer specific loan programmes for energy efficiency projects. These loan programs will be aligned with the national energy efficiency action plans. The Financial Instrument will also provide support and technical assistance aiming at effectively deploying the PF4EE Instrument by increasing the technical capacity of the financial intermediaries.

The target final recipients for the PF4EE will be private investors in Member States investing into energy efficiency enhancing projects. The beneficiaries could include SMEs and private individuals (e.g. house or hotel owners). Moreover, small municipalities or other public sector bodies undertaking small energy efficiency investments, capable of using energy savings to repay up-front borrowing could benefit from respective loan programs.

The size of the energy efficiency loans to be provided to the final beneficiaries could range between €40,000 up to €5 million and higher in exceptional cases.

These financial instruments should go hand in hand with implementation of related legislative framework, namely the Energy Performance of Buildings Directive and the Energy Efficiency Directive. Improving access to finance would contribute to boosting demand, helping this way also the construction sector which is characterised by high concentration of SMEs and strong potential to create local jobs.

To reach optimal diversification across the EU Member States, one PF4EE operation shall be implemented per country. The EIB has already signed an operation in the following EU Member States:

- Czech Republic
- Spain
- France
- Belgium
- Italy
- Portugal
- Croatia
- Greece
- Cyprus

5.4 European Energy Efficiency Fund (EEEF)

The EU countries have agreed on the 2030 Framework for climate and energy, including EU-wide targets and policy objectives for the period between 2020 and 2030. These targets aim to help the EU achieve a more competitive, secure and sustainable energy system and to meet its long-term 2050 greenhouse gas reductions target by cutting greenhouse gas emissions by 40%, increasing the use of renewable energy by at least 27% and improved energy efficiency by at least 27%.

EEEF therefore aims to support the goals of the European Union to promote a sustainable energy market and climate protection.

EEEF contributes with a layered risk/return structure to enhance energy efficiency and foster renewable energy in the form of a targeted private public partnership, primarily through the provision of dedicated financing via direct finance and partnering with financial institutions.

Investments should contribute significantly towards energy savings and the reduction of greenhouse gas emissions to promote the environmentally friendly use of energy.

EEEF facilitates investments in the public sector, which offers an enormous potential, but in which projects are often hindered or decelerated due to budget restrictions and lack of experience with this kind of investments.

EEEF pursues its environmental goals by offering funding for energy efficiency and small scale renewable energy projects. The Fund observes the principles of sustainability and viability, combining environmental considerations and market orientation. It does so by financing economically sound projects, allowing for a sustainable and revolving use of its means.

EEEF targets mainly public institutions but indirectly activates innovative investment in companies in the green sector.

5.4.1 EEEF Organisational Set-Up

EEEF is a public-private partnership open to investments from institutional investors, professional investors and other well informed investors within the meaning of the Luxembourg SIF law. In particular, targeted investors are donor agencies, governments, international financial institutions, and professional private investors.

Founding Investors are European Investment Bank and Cassa Depositi e Prestiti SpA (CDP) which is a joint-stock company under public control, with the Italian government holding 82.8 percent.

EEEF aims to provide commercial returns to its investors. The returns of its shares follow a waterfall principle and allow investments into three different categories.

The Supervisory Board conducts a permanent supervision of the management of the Fund and provides strategic advice to the Management Board on the overall development of the Fund's activities.

The Management Board has the power to administer and manage the Fund, to determine its investment objective, investment policy and investment guidelines as well as investment restrictions and the course of conduct of management and business affairs of the Fund.
Deutsche Bank, that is an investor and investment manager, conducts the fund’s business on behalf of the Management Board and the Investment Committee. The Investment Manager also manages the European Commission and the fund’s Technical Assistance Facility at arm’s length.

5.4.2 EEEF Eligible Investments

The European Energy Efficiency Fund) targets investments in the member states of the European Union.

The final beneficiaries are municipal, local and regional authorities as well as public and private entities acting on behalf of those authorities such as utilities, public transportation

providers, social housing associations, energy service companies etc. Investments can be made in Euro, or local currencies, however the latter is restricted to a certain percentage.
To reach its final beneficiaries, EEEF can pursue two types of investments:

a) Direct Investments

These comprise projects from project developers, energy service companies (ESCOs), small scale renewable energy and energy efficiency service and supply companies that serve energy efficiency and renewable energy markets in the target countries.

- Investments in energy efficiency and renewable energy projects in the range of €5m to €25m
- Investment instruments include senior debt, mezzanine instruments, leasing structures and forfeiting loans (in cooperation with industry partners)
- Also possible are equity (co-)investments for renewable energy over the lifetime of projects or equity participation in special purpose vehicles, both in cooperation directly with municipalities, or with public and private entities acting on behalf of those authorities.
- Debt investments can have a maturity of up to 15 years, equity investments can be adapted to the needs of various project phases
- The Fund can (co-)invest as part of a consortium and participate through risk sharing with a local bank

b) Investments into Financial Institutions

These include investments in local commercial banks, leasing companies and other selected financial institutions that either finance or are committed to financing projects of the Final Beneficiaries meeting the eligibility criteria of EEEF.

- Selected partner financial institutions will receive debt instruments with a maturity of up to 15 years
- These instruments include:
  - senior debt
  - subordinated debt
  - guarantees
- No equity investments in financial institutions
- Financial institutions on-lend to the beneficiaries of the Fund meeting the eligibility criteria to finance energy efficiency and/or renewable energy projects

The European Energy Efficiency Fund can invest in three categories of projects:

a) Energy Saving and Energy Efficiency investments

- Public and private buildings incorporating renewable energy and/or energy efficiency solutions including those based on the usage of Information and Communication Technologies (ICT)
- Investments in high energy efficient combined heat and power (CHP), including micro-cogeneration, and district heating/cooling networks, in particular from renewable energy sources
- Local infrastructure, including efficient lighting of outdoor public infrastructure such as street and traffic lighting, electricity storage solutions, smart metering, and smart grids, that make full usage of ICT

- Energy efficiency and renewable energy technologies with innovation and economic potential using the best available procedures

b) Investments in Renewable Energy sources

- Distributed generation from local renewable energy sources, to medium and low voltage (110kV and lower) distribution networks
- Smart-grids enabling higher renewable energy sources uptake
- Energy storage to allow storing part of the energy produced from intermittent sources during low-consumption hours and feeding this energy back at times of peak-demand
- Decentralised energy sources can also be the injecting of locally produced biogas into the natural gas network
- Microgeneration from renewable energy sources meaning distributed energy from renewable energy, typically providing below 50kW output that is concerned with heat and/or power production technology aimed at the individual domestic households, houses of multiple occupancy, multiple dwellings, and light commercial sectors. The technologies include but are not limited to photovoltaic, micro-wind power, micro-hydro power, ground-, water- and air source heat pumps, solar heating, solid biomass/biogas heating, and micro CHP using renewable energy sources

c) Investments in Clean Urban Transport

- Clean urban transport to support increased energy efficiency and integration of renewable energy sources, with an emphasis on public transport, electric and hydrogen vehicles and reduced greenhouse gas emissions. The projects will support a progressive substitution of oil by alternative fuels and the development of vehicles which consume less energy and generate fewer pollutant emissions.

5.5 Intelligent Energy – Europe Programme (IEE)

IEE ran from 2003 to 2013. For the second programming period (2007-2013) it was a part of the European Union's Competitiveness and Innovation (CIP) Framework Programme.

Intelligent Energy – Europe (IEE) is now closed, although a number of projects funded under the programme are continuing. The EU's Horizon 2020 programme now supports the research, demonstration and market up-take of energy-efficient technologies.

Funds were available to support energy-efficient buildings, industry, heating and cooling, SMEs and energy-related products and services, as well as for improving the attractiveness of energy-efficiency investments.

A large part of the programme budget was made available through annual calls for proposals to support projects putting the concept of 'intelligent energy' in practice. Carried out by public, private or non-governmental European organisations, they supported three main objectives - more energy efficiency, more renewables, and better transport and mobility. This covered, for instance, new training schemes, promotion campaigns, and the transfer of good practices between EU countries.

5.6 2020 European Fund for Energy, Climate Change and Infrastructure (Marguerite Fund I and II)

Marguerite is an independent fund investing in European infrastructure.

Core sponsors are:

- Caisse des dépôts et consignations (France)
- Cassa Depositi e Prestiti (Italy)
- European Investment Bank
- Instituto de Crédito Oficial (Spain)
- KfW (Germany)
- PKO Bank Polski SA (Marguerite I) – Poland
- Bank Gospodarstwa Krajowego (Marguerite II) – Poland

The first fund managed by Marguerite, the 2020 European Fund for Energy, Climate Change and Infrastructure ("Marguerite I"), was established in 2010 with the backing of six major European public financial institutions and the European Commission, with EUR710m of commitments, to make capital-intensive infrastructure investments within the EU.

Marguerite I is now fully invested and has accomplished its initial targets, having committed over EUR 700m equity and quasi-equity capital to 20 investments in 13 member states, across all target sectors, acting as a catalyst for projects with an aggregate size of over EUR 10 billion.

The successor fund, Marguerite II, continues the work of Marguerite I as a Pan-European equity fund which aims to act as a catalyst for greenfield and brownfield infrastructure investments in renewables, energy, transport and digital infrastructure, implementing key EU policies in the areas of climate change, energy security, digital agenda and trans-European networks.

The European Investment Bank has committed EUR 200 million, of which EUR 100 million are guaranteed by the European Fund for Strategic Investments (EFSI), alongside EUR 100 million each from five National Promotional Banks. Marguerite II has a capacity to invest in projects across the EU and in the pre-accession countries, and has a 10-year fund life (with up to 2 one year extensions).

Marguerite has a focus on the following Target Sectors:

i. Transport: Trans-European transport networks (TEN-T)

- Road
- Rail
- Inland waterway networks
- Seaports
- Airports
- Interconnection points
- Rolling stock

ii. Energy: Trans-European energy networks (TEN-E)

- Electricity & gas transportation, including interconnection (pipelines / high-voltage transmission)
- Electricity & gas distribution
- Oil & gas storage
- Electricity/gas/oil production
- Carbon capture & storage
- Energy storage

iii. Renewables

- Sustainable energy production
- Clean transport infrastructure
- Energy distribution and systems for hybrid transport
- Wind, solar, geothermal
- Biomass, biogas, hydro
- Waste-to-energy projects

iv. Energy Efficiency

- Public lighting
- Energy Efficiency in industrial facilities and SMEs
- High efficiency Co-Generation of Heat and Power
- District Heating and Cooling
- Energy Savings in buildings

v. Information and Communications Technology Infrastructure

- Very high speed broadband networks
- Backbone networks
- Data Centres
- Wireless local loops
- Submarine cable

vi. Water Infrastructure

- Water treatment
- Supply and distribution
- Irrigation networks

Marguerite also manages Marguerite Pantheon SCSp, an investment vehicle wholly owned by a pool of funds and managed accounts run by Pantheon, a global private markets fund investor. Marguerite Pantheon SCSp was established to acquire a portfolio of renewable and concession-based assets from the Marguerite Fund. Marguerite Pantheon SCSp enabled Pantheon to acquire what it assessed to be a mature, stable and well diversified portfolio of renewable and concession-based assets across diversified jurisdictions, sectors and technologies in Europe. All assets are fully operational and are currently generating predictable stable cash distributions, underpinned by robust regulatory regimes, feed-in-tariffs, and/or contracted revenues with strong creditworthy counterparties.

5.7 Other Financial Instruments for Financing Innovation in Green Sectors

Table 5-2 Financing innovation in green sectors - other financial instruments

Funding Programme/ Financing Mechanism	Public (Budget); Private Or Blended Sources	Direct Or Shared Management	Financial Instrument	Financial Product	Green Sector (Broad Definition)
COSME	public/ private	EIF in cooperation with financial intermediaries in EU countries	Loan Guarantee Facility (LGF)	guarantees and counter-guarantees	green sector (broad definition)
COSME	public/ private	EIF in cooperation with financial intermediaries in EU countries	Equity Facility for Growth (EFG)	venture capital and mezzanine finance	green sector (broad definition)
EU budget	public	centrally managed by EU Commission with help from the Innovation and Network Executive Agency (INEA)	Connecting Europe Facility (CEF)	grants and contributions to innovative financial instruments such as the Marguerite Fund, the Loan Guarantee for TEN Transport and the Project Bond Initiative	energy, transport and digital backbone - CEF makes Europe's economy greener by funding cleaner transport modes, high speed broadband connections and facilitating the use of renewable energy in line with the Europe 2020 Strategy
EU budget	public (Marguerite I) - six major European public financial institutions and the European Commission	independent fund investing in European infrastructure	Marguerite I and Marguerite II	equity and quasi-equity capital	greenfield and brownfield infrastructure investments in renewables, energy, transport and digital infrastructure, implementing key EU policies in the areas of climate change, energy security, digital agenda and trans-European networks.
EU budget	public	EACI/ EASEME	Marco Polo	outright grant	switch to greener transport modes for European freight traffic

EU budget - LIFE funding programme	public	European Commission (DG Environment and DG Climate Action), Executive Agency for Small and Medium-sized Enterprises (EASME) and EIB	Natural Capital Financing Facility (NCFF)	direct and intermediate action grants; loans and investments in funds	green infrastructure; payment for ecosystem services; nature-based solutions for adaptation to climate change; pro-biodiversity and adaptation businesses; biodiversity offsets / compensation beyond legal requirements; blue infrastructure: nature-based flood protection, sustainable urban drainage systems, retention basins, lakes, ponds, watershed management
EU budget - LIFE funding programme	public	EIB and the European Commission	Private Finance for Energy Efficiency (PF4EE)	long-term loans for energy efficient projects	The instrument targets projects which support the implementation of National Energy Efficiency Action Plans or other energy efficiency enhancing projects of EU Member States
European Energy Efficiency Fund (EEEF)	public-private partnership; founding Investors are European Investment Bank and Cassa Depositi e Prestiti SpA (CDP)	Supervisory and Management Board		senior debt, mezzanine instruments, leasing structures and forfeiting loans (in cooperation with industry partners); equity (co-) investments for renewable energy over the lifetime of projects or equity participation in special purpose vehicles, both in cooperation directly with municipalities, or with public and private entities acting on behalf of those authorities.	Energy Saving and Energy Efficiency ; Renewable Energy sources
European Union's Competitiveness and Innovation (CIP) Framework Programme	IEE ran from 2003 to 2013	The EU's Horizon 2020 programme now supports the research, demonstration and market up-take of energy-efficient technologies.	Intelligent Energy – Europe Programme (IEE)		energy-efficient buildings, industry, heating and cooling, SMEs and energy-related products and services

CHAPTER 6
European Investment Bank (EIB)

Chapter VI – Contents

Chapter VI

Chapter VI highlights the role of the European Investment Bank (EIB) - the European Union's bank. EIB works closely with other EU institutions to implement EU policy.

EIB is the world's largest multilateral borrower and lender who provides finance and expertise for sustainable investment projects that contribute to EU policy objectives.

EIB co-finances and manages several funds, funding programmes and financial instruments whilst blending public funds with private capital. EIB provides as well advisory services, such as European public-private partnerships (PPPs) Expertise Centre, JASPERS, ELENA, FELICITY and Municipal Project Support Facility (MPSF), complement the EIB's lending activity and form an integral part of its lending, blending and advising strategy.

The EIB is the European Union's bank. It's the only bank owned by and representing the interests of the European Union Member States. EIB works closely with other EU institutions to implement EU policy.

EIB is the world's largest multilateral borrower and lender who provides finance and expertise for sustainable investment projects that contribute to EU policy objectives via:

- Lending: The vast majority of financing is through loans, but EIB also offers guarantees, microfinance, equity investment, etc.
- Blending: EIB's support unlocks financing from other sources, particularly from the EU budget. This is blended with loans to form a full financing package.
- Advising: EIB helps with administrative and project management capacity to facilitate investment.

EIB supports projects that make a significant contribution to growth and employment in Europe. Its activities focus on four priority areas:

- Innovation and skills
- Access to finance for smaller businesses
- Infrastructure
- Climate and environment

6.1 Lending

6.1.1 Project Loans

EIB lends to individual projects for which total investment cost exceeds EUR 25m.

In certain cases, it can also provide direct loans to Midcap companies with up to 3 000 employees where the loan volume requested is between EUR 7.5m and EUR 25m.

The EIB also provides loans to finance research and innovation programmes.

EIB also finances multi-component, multi annual investment programmes using a single "framework loan". This funds a range of projects, usually by a national or local public sector body, most frequently regarding infrastructure, energy efficiency/renewables, transport and urban renovation.

Interest rates can be fixed, floating, revisable or convertible (i.e. allowing for a change of interest rate formula during the lifetime of a loan at predetermined periods).

Loan repayment is normally on a semi-annual or annual basis. Grace periods for capital repayment may be granted for a project's construction phase.

6.1.2 Intermediated Loans

EIB makes loans to local banks and other intermediaries which subsequently "on-lend" to the final beneficiaries:

- Small-and-medium-sized businesses
- Midcap businesses
- Large businesses
- Local authorities
- National administrations
- Public sector bodies

All intermediated loans must support at least one of our public policy goals:

- Increase in growth and employment potential – including SME and Midcap support
- Economic and social cohesion by addressing economic and social imbalances, promoting the knowledge economy/skills and innovation and linking regional and national transport infrastructure
- Environmental sustainability - including supporting competitive and secure energy supply
- Action for climate-resilient growth

Loan conditions can be flexible in terms of the size, duration, structure etc. On-lending decisions remain with the intermediary institutions, which also retain the financial risk of the on-lending. Under intermediated loans, EIB normally has no contractual relationship with final beneficiaries, although final beneficiaries need to be informed about EIB involvement.

6.1.3 Venture Capital

This activity is managed in Europe by the European Investment Fund (EIF), part of the EIB Group.

The EIF focuses on establishing a sustainable venture capital ecosystem in Europe, supporting innovation and entrepreneurship. The EIF works with venture capital funds (acting as intermediaries) that invest into innovative high-tech small and medium sized enterprises (SMEs) in their early and growth phases.

The EIF's equity activity is principally backed by resources from its main shareholders, the European Investment Bank (EIB) and the European Commission. In addition, the EIF is advising, sponsoring or managing a number of equity funds-of-funds and guarantee / debt funds on behalf of third party investors, including national and regional governments as well as private strategic investors.

6.1.4 Venture Debt

Venture debt targets European companies with up to 3 000 employees in the field of Biotech & Life sciences, Software & ICT, Engineering & Automation, Renewables & Clean tech - finance for small, high-risk and incredibly innovative projects.

EIB commits sizeable amount of capital for the long-run which allows innovative companies to focus more on growing their business than constantly chasing investors. Venture debt gives a unique advantage to strategic investors as the investee companies can use the capital to scale up the business. Additionally, the EIB's venture debt provides a quality stamp and positive signalling effect, catalysing additional financing from other sources.

EIB provides capital to innovative, new companies without making them focus more on repaying their debts than on growing the business.

- Financing is not dilutive and it is complementary to equity investments
- EIB commits large volumes of venture debt from EUR 7.5 million up to EUR 50 million
- Longer repayment periods of 5 years with 2-3-year availability periods

6.1.5 Equity and Fund Investments

EIB stimulates and catalyses private capital through investment in equity and funds.

EIB makes selective investments in funds which have a focused investment strategy addressing EU priority objectives:

- Infrastructure & environment: In the EU and in Mediterranean partner countries EIB invests in equity and an innovative range of debt funds. To date, EIB has invested in infrastructure equity funds, infrastructure debt funds and environmental funds.
- Carbon funds: EIB has established a number of market-based instruments to encourage carbon trading in order to boost market capacity and complement private sector activity.
- Beyond the EU: EIB also invests in equity and funds in the Africa, Caribbean & Pacific and in the Mediterranean regions.
- Urban areas: EIB supports sustainable urban development through equity investment, loans and guarantees through the JESSICA initiative.
- Venture capital and private equity: The EIB Group's European Investment Fund (EIF) is a specialist provider of risk finance to small and medium-sized enterprises in Europe.
- Energy efficiency and renewables: EIB provides equity capital for energy efficiency and renewable energy projects in developing countries through its innovative fund-of-funds GEEREF.

6.1.6 Microfinance

The EIB Group provides funding to financial institutions offering microfinance services in the form of loans, guarantees, equity participations and technical assistance grants. EIB can either be a direct investor in or indirectly finance these financial institutions through specialised intermediaries, such as microfinance investment vehicles (MIVs) or microfinance holding groups.

6.2 Blending

6.2.1 Structured Finance

EIB can give additional support for priority projects using certain instruments with a higher risk profile than it normally accepts. These priority areas include trans-European transport and energy networks and other infrastructure, the knowledge economy, energy and SMEs.

This support is provided by EIB Structured Finance Facility (SFF) using a mix of the following instruments:

- senior loans and guarantees incorporating pre-completion and early operational risk
- subordinated loans and guarantees ranking ahead of shareholder subordinated debt
- mezzanine finance, including high-yield debt for SMEs experiencing high-growth or are undergoing restructuring
- project-related derivatives

6.2.2 Guarantees

EIB provides guarantees covering risks of large and small projects, as well as loan portfolios to make them more attractive to other investors or to provide potential economic and regulatory capital relief.

EIB provides guarantees for senior and subordinated debt, either in a standard form or as a debt service guarantee similar to that offered by mono-line insurers. Beneficiaries can be large private and public projects or partner intermediaries providing financing to medium-sized enterprises (Midcaps).

Guarantees for SME portfolios are provided by the EIF.

The EIB offers a variety of guarantee instruments, covering risks of a single or several projects. Instruments may also be provided in collaboration with the European Commission, e.g. the Project Bond Credit Enhancement or the SME funding schemes such as InnovFin, which boosts research, development and innovation.

6.2.3 Project Bonds

The Europe 2020 Project Bond Initiative - Innovative infrastructure financing - is a joint initiative by the European Commission and the EIB.

Its objective is to stimulate capital market financing for large-scale infrastructure projects in the sectors of transport (TEN-T), energy (TEN-E) and information and communication technology (ICT).

The Project Bond initiative is designed to enable eligible infrastructure projects promoters, usually public private partnerships (PPP), to attract additional private finance from institutional investors such as insurance companies and pension funds.

This will be achieved by providing credit enhancement to those promoters, whose debt will effectively be divided into two tranches: senior and subordinated.

The subordinated debt, or Project Bond Credit Enhancement (PBCE) can take the form of a loan from the Bank, with the support of the European Commission and is given to the promoter at the outset. It may also take the form of a contingent credit line which can be drawn upon if the revenues generated by the project are not sufficient to ensure senior debt service.

The PBCE underlies the senior debt and therefore improves its credit quality, offering peace of mind to institutional investors.

The bonds themselves will be issued by the promoters not by the Bank or the Member State in question. The support will be available during the lifetime of the project, including the construction phase.

Project bonds are one of the financial instruments foreseen under the proposed “Connecting Europe Facility” (CEF), which is part of the wider “Europe 2020” strategy. The aim of the CEF is to provide a longer-term financial framework ensuring that energy, transport and telecommunications projects are developed and implemented in a timely and effective manner.

6.2.4 InnovFin – EU Finance for Innovators – under the programme Horizon 2020 – see Chapter V

The InnovFin products which are delivered directly by the EIB cater to specific financing needs of certain segments of the innovative value chain:

- InnovFin Emerging Innovators
- InnovFin Corporate Research Equity
- InnovFin Science
- InnovFin Energy Demonstration Projects
- InnovFin Infectious Diseases Finance Facility

6.2.5 Trust Funds

Donors play a crucial role in EIB’s activities outside the European Union and in developing countries. They provide funds as part of their Official Development Assistance budget which EIB keeps in trust through various trust funds.

The funds are then provided to final beneficiaries directly or combined with financial products from the EIB or other international financial institutions. The goal of these funds is to make a development impact and help to improve peoples’ lives in different regions around the world - for example, in the Eastern Neighbourhood, the Mediterranean and Southern Neighbourhood as well as in sub-Saharan Africa. Trust funds also operate across sectors (e.g. transport), in support of small and medium sized enterprises (SMEs) or to help tackle global challenges such as climate change.

The current donors of EIB-managed trust funds are the European Commission and European Union Member States.

6.2.6 European Structural and Investment Funds (ESIF) Financial Instruments

From 2014-2020, the EIB Group will be involved in ESIF Financial Instruments through:

- Technical assistance platform for Financial Instruments
- Bilateral ex-ante assessments and advisory activities
- Blending activities
- Fund management activities
- Technical Assistance Platform for Financial Instruments

The EIB Group will manage and deliver a technical assistance platform for financial instruments (the platform) to facilitate the use of FIs in ESI Funds.

Under the platform, the EIB Group will provide methodological guidance, in the form of handbooks and manuals, and capacity building services through classroom training or e-learning.

Blending is one of the EIB Group's core products, along with advising. It means that EIB combines its finance with other sources to maximize financial impact. Blending is also possible when using ESI Funds: for certain projects, EIB financial products are combined with ESI Funds and/or other public funds.

The EIB Group can provide Member States or MAs with specific support on the design, set-up and implementation of specific FIs within particular programmes. The MAs can take advantage of synergies between FIs and other forms of support, such as grants, by combining several financing sources into one FI operation. For instance, in the case of the FI targeting apartment blocks renovation in Lithuania (available here) grants, loans and technical assistance have been combined into one operation.

The ESIF 2014-2020 regulations allow for much more flexibility in combining grants, loans and technical assistance than was previously the case. MAs finance this type of services through the technical assistance budget of the involved programme. Typical services here include, but are not limited to, the formulation of investment strategies for specific sectors or territories, the design of specific loan, equity or guarantee products, the development of procurement procedures, etc.

6.2.7 The Mutual Reliance Initiative (MRI)

To enhance the effectiveness of development cooperation, EIB is one of the partners in the Mutual Reliance Initiative (MRI), which sees the Bank join forces with the French Agency for Development (AFD) and Germany's KfW Development Bank.

The initiative allows the promoters of investment projects co-financed by the three development institutions in EU partner countries to benefit from a larger project finance capacity through a structured division of labour.

6.2.8 Private Finance for Energy Efficiency (PF4EE) – see Chapter V

6.2.9 Natural Capital Financing Facility (NCFF) – see Chapter V

6.2.10 Guarantee Fund for Greek SMEs

The Guarantee Fund for Greek SMEs is a joint initiative between the Hellenic Republic, Ministry of Development and Competitiveness, and the EIB with the objective of supporting the real economy and counteracting the impact of the crisis. The Fund is financed by the European Regional Development Fund in the context of the National Strategic Reference Framework for Greece.

The Guarantee Fund aims to maximise the use of part of the European Union (EU) Structural Funds for Greece to finance small and medium-sized enterprises (SMEs) as well as midcaps through a revolving mechanism.

The Guarantee Fund exclusively targets:

- small and medium-sized enterprises with fewer than 250 employees
- midcaps, namely enterprises with:
    - a number of employees ranging from 250 to 3 000 (full-time equivalent) and
- a sub-project cost of up to EUR 50 million

In both cases, the company must operate in Greece. If the case of an investment in fixed assets, the location of the investment must be in Greece.

6.2.11 Risk Capital Facility for the Southern Neighbourhood

The Risk Capital Facility for the Southern Neighbourhood will provide access to equity and debt financing to SMEs in the Mediterranean region in order to support private sector development, inclusive growth and private sector job creation.

The main activities of the Facility will be:

- Investing in private equity funds;

- Investing in and lending to microfinance institutions and microfinance investment vehicles;
- Providing Technical Assistance to financial intermediaries or final beneficiaries.

Geographical coverage:
Algeria, Morocco, Tunisia, Egypt, Jordan, Lebanon, Syria and Palestine.

6.2.12 Transport Infrastructure - Cash-Flow Guarantees (LGTT)

The Loan Guarantee Instrument for Trans-European Transport Network Projects (LGTT) can partially cover risks for projects or part-projects that are deemed of common interest (as defined in Decision No 1692/96/EC) and receive income from user-charges.

6.2.13 Italian Risk Sharing Initiative for RDI

Launched by the European Investment Bank, the Italian Ministry for Economic Development and the Ministry of Economics and Finance, the Italian Risk Sharing Initiative for RDI has been established to finance industrial innovation projects in Italy which are principally promoted by SMEs and Midcaps.

This initiative, which represents an efficient way of using public resources, is expected to facilitate investments in research, development and innovation to develop new technologies as well as investment plans by innovative or fast growing SMEs and Midcaps. Italian Risk Sharing Initiative for RDI aims to increase credit availability for projects with a higher risk profile and support employment and economic growth in Italy.

6.3 Advisory

Advisory services complement the EIB's lending activity and form an integral part of its lending, blending and advising strategy.

The European Commission and the European Investment Bank have established the European Investment Advisory Hub as part of the Investment Plan for Europe. The Hub aims to strengthen Europe's investment and business environment and offers a single access point to a 360 degree offer of advisory and technical assistance services.

6.3.1 European Public-Private Partnerships (Ppps) Expertise Centre

Its mission is to support the public sector across Europe in delivering better public-private partnerships (PPPs).

EPEC was created in 2008 to support Member States of the EU, EU Candidate States and others in their work on PPPs.

Today, EPEC's team of experienced PPP professionals, based in the Advisory Services Department of the European Investment Bank (EIB), serves 41 EPEC member organisations. These organisations are typically national or regional PPP units, and other public entities in charge of PPPs, as well as the European Commission.

As part of the Advisory Services of the European Investment Bank, EPEC does not provide any kind of financing or grant funding.

6.3.2 JASPERS

JASPERS is a technical assistance partnership between the EIB and the European Commission. JASPERS is an important instrument of the EU Cohesion Policy.

Projects supported in the following sectors:

- Roads
- Air
- Maritime
- Public transport
- Water
- Solid waste
- Smart development
- Energy

JASPERS focuses on large projects with total costs exceeding EUR 50 million for environmental projects and EUR 75 million for transport or other sectors. However, there is flexibility about these thresholds in the case of small countries or where projects serve as pilot actions to establish best practice.

Beneficiary countries as at 31/12/2017:

- 20 EU Member States (Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, France, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and United Kingdom)
- Four Accession countries (the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey).

JASPERS' project preparation support may be made available to other EU countries benefitting from EU Structural and Cohesion Funds, if there is demand and resources made available as well as to Albania, Bosnia and Herzegovina and Kosovo*

JASPERS provides technical expertise for any stage of the project cycle from the early stages of project conception through to the final application for EU funding. Assistance may cover:

- Project review and recommendations
- Horizontal tasks
- Strategic support
- Capacity building

- Implementation support
- Independent quality review

6.3.3 ELENA (European Local Energy Assistance) – detailed information available in Chapter IV

6.3.4 FELICITY

FELICITY stands for Financing Energy for Low-carbon Investment - Cities Advisory Facility, and is a joint initiative of the European Investment Bank (EIB) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). It is funded by the International Climate Initiative (IKI) of the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB).

FELICITY provides advisory services and capacity building tailored to the needs of municipalities and financial intermediaries in Brazil, China and Mexico.

6.3.5 Municipal Project Support Facility (MPSF)

MPSF provides technical assistance to municipalities in Eastern Partner countries – Ukraine, Belarus, Georgia, Armenia, Azerbaijan and Moldova – to prepare and implement bankable, sustainable and economically viable projects.

Officially launched in 2014 with an initial EU contribution of EUR 12 million, the MPSF is managed by a steering committee consisting of the EIB (Secretariat and Lead Delegatee body), the European Commission (EC), the European Bank for Reconstruction and Development (EBRD) and Kreditanstalt für Wiederaufbau (KfW).

The Facility aims to finance energy efficiency investment projects such as district heating, urban transport, street lighting and renewable energy as well as projects related to the water supply and sanitation and solid waste management.

6.4 Other Financial Instruments for Financing Innovation in Green Sectors

We summarised only those EIB's financial instruments that are relevant for EU Member States, Med countries, potential candidate countries, or those financial instruments that are not outlined in Chapters III to V.

Table 6-1 Financing innovation in green sectors – EIB financial instruments

Public (Budget); Private Or Blended Sources	Direct Or Shared Management	Financial Instrument	Financial Product	Green Sector (Broad Definition)
public/ private	EIB	venture debt	long-term loans financing is not dilutive and it is complementary to equity investments	Biotech & Life sciences, Software & ICT, Engineering & Automation, Renewables & Clean tech - finance for small, high-risk and incredibly innovative projects.
public/ private	EIB	Structured Finance Facility (SFF)	a mix of the following instruments: senior loans and guarantees incorporating pre-completion and early operational risk; subordinated loans and guarantees ranking ahead of shareholder subordinated debt; mezzanine finance, including high-yield debt for SMEs experiencing high-growth or are undergoing restructuring; project-related derivatives	EIB can give additional support for priority projects using certain instruments with a higher risk profile than it normally accepts. These priority areas include trans-European transport and energy networks and other infrastructure, the knowledge economy, energy and SMEs
public/ private	EIB Group joins forces with the French Agency for Development (AFD) and Germany's KfW Development Bank	Mutual Reliance Initiative (MRI)	loans	no specific sector; broad green sector definition could be exploited
public/ private - the Fund is financed by the ERDF in the context of the National Strategic Reference Framework for Greece.	It is a joint initiative between the Hellenic Republic, Ministry of Development and Competitiveness, and the EIB	Guarantee Fund for Greek SMEs	Long-term loans through a revolving mechanism provided by EIB; Fund provides a designated credit protection in the form of guarantee to the EIB	broad green sector definition: small and medium-sized enterprises (SMEs) operating in Greece as well as midcaps
public/ private	EIB, the Italian Ministry for Economic Development and the Ministry of Economics and Finance	Italian Risk Sharing Initiative for RDI	loans	industrial innovation projects in Italy - investments in research, development and innovation to develop new technologies as well as investment plans by innovative or fast growing SMEs and Midcaps

CHAPTER 7
European Investment Fund (EIF)

Chapter VII – Contents

Chapter VII

Chapter VII focuses on European Investment Fund (EIF), a European Union agency for the provision of finance to SMEs. EIF is a part of the EIB Group. By offering an Integrated Risk Finance Product Range of SME finance to the intermediaries, EIF complements the products offered by the European Investment Bank (EIB).

EIF co-finances and manages several funds, funding programmes and market-driven financial instruments for financial intermediaries.

EIF has been promoting regional development and EU cohesion policy through JEREMIE (Joint European Resources for Micro to Medium Enterprises) and country and sector-specific initiatives. Chapter VII focuses on MED countries' targeted financial instruments - Central Europe Fund of Funds (CEFoF), ESIF Fund-of-Funds Greece, La Financière Région Réunion, FOSTER TPE-PME Occitanie, Slovene Equity Growth Investment Programme (SEGIP), Western Balkans Enterprise Development & Innovation Facility II (WB EDIF II) and others like EIB Group Risk Enhancement Mandate (EREM). strategy.

The European Investment Fund, established in 1994, is a European Union agency for the provision of finance to SMEs, headquartered in Luxembourg. It does not lend money to SMEs directly; rather it provides finance through private banks and funds. Its main operations are in the areas of venture capital and guaranteeing loans. Its shareholders are the European Investment Bank, the European Union, represented by the European Commission and 30 privately owned EU financial institutions.

EIF is a specialist provider of risk finance to benefit small and medium-sized enterprises (SME) across Europe. EIF is a part of the EIB Group.

EIF carries out its activities using its own resources or those provided by the European Investment Bank, the European Commission, by EU Member States or other third parties.

By developing and offering targeted financial products to EIF's intermediaries, such as banks, guarantee and leasing companies, micro-credit providers and private equity funds, EIF enhance SMEs access to finance.

EIF's central mission is to support Europe's small and medium-sized businesses (SMEs) by designing innovative financial products addressed to its partners (banks, guarantee, leasing and microfinance institutions, private equity and venture capital funds, among others), acting as financial intermediaries.

By offering an Integrated Risk Finance Product Range of SME finance to the intermediaries, EIF complements the products offered by the European Investment Bank (EIB).

7.1 Equity Products

EIF is a leading financial institution in the European Private Equity market. Through its venture capital and private equity interventions, EIF plays a crucial role in the creation and development of high-growth and innovative SMEs by facilitating access to equity for these companies across the entire life cycle of corporate innovation.

EIF invests in venture and growth capital, from the very earliest stages of intellectual property development into technology transfer, to more mature phases of development.

EIF's equity activity is principally backed by resources from its main shareholders, the European Investment Bank (EIB) and the European Commission.

7.1.1 Technology Transfer: Converting Research into Products for the Market (for fund managers/ intermediaries)

Technology Transfer - the process of transforming the results of research and development into marketable products and services - is a strategic area for the EIF. This transformation can take place through the collaboration between research organisations and industry, the licensing of intellectual property rights, the creation of start-up businesses or university spin-out companies.

EIF supports financially sustainable Technology Transfer structures or funds. These intermediaries typically invest into projects or start-up companies, at proof of concept, pre-seed, seed, post-seed to A & B rounds, where the companies can be financed further by the normal Venture capital / Private equity investor.

EIF has become one of the main European investors providing guidance and cornerstone funding to players in this emerging market segment, notably K.U.Leuven/CD3 (Belgium), IP Group (UK), Chalmers Innovation Seed Fund (Göteborg, Sweden), the UMIP Premier Fund (Manchester, UK) and Karolinska Development (Sweden).

7.1.2 European Angels Fund (EAF) – for Financial Intermediaries

EAF is an initiative advised by EIF which provides equity to Business Angels and other non-institutional investors for the financing of innovative companies in the form of co-investments. EAF works hand in hand with Business Angels and helps them to increase their investment capacity by co-investing into innovative companies in the seed, early or growth stage. The activity of EAF is adapted to the Business Angels' investment style by granting the highest degree of freedom in terms of decision making and management of investments.
EAF has a current volume of EUR 320m, with more than EUR 200m already committed to some 80 selected Business Angels which have already built a portfolio of more than 340 SMEs co-investments.

EAF is currently operational in Austria, Denmark, Finland, Germany, Ireland, the Netherlands and Spain. In the future, EAF will be extended to other European countries and/or regions. EAF will foster and support cross border collaboration between Business Angels. It will also contribute to the establishment of European Business Angels and Family Offices as an attractive alternative asset class.

Instead of granting co-investments on a deal-by-deal basis, EAF enters long-term contractual relationships with Business Angels. Co-investment framework agreements (CFAs) are established through which EAF commits a predefined amount of equity for co-investments upfront to each Business Angel for future investments. For ease and speed, these CFAs are generally standardized while leaving room for adaptation to specific requirements of individual Business Angels. Such elements include for example timeframe, sector focus, and number of investments.

All investment decisions will be taken by the Business Angels and their investments will be matched on a pari passu basis, i.e. by the same amount, by EAF. The total volumes available under an individual CFA range typically between EUR 250k and EUR 5m. EAF does not pay a management fee to the Business Angel but shares investment-related costs on a pro-rata basis.

EAF wants to support innovative SMEs. Investments are possible in all sectors and throughout the entire range of development phases of a company (seed, early or expansion stage).

7.1.3 Venture Capital

EIF focuses on the establishment of a sustainable Venture Capital Ecosystem in Europe supporting innovation and entrepreneurship.

EIF works with venture capital funds - acting as its intermediaries – that invest into innovative high-tech SMEs in their early and growth phases. EIF focuses particularly on disruptive early-stage technology enterprises which typically face financing challenges but also provide outstanding investment opportunities.

EIF has built a strong expertise in the Life Sciences, Cleantech and ICT sectors and in setting-up, managing or advising tailored Fund-of-Funds, mostly with resources entrusted to EIF by third parties such as the European Investment Bank, the European Commission, national and regional authorities.

7.1.4 The Social Impact Accelerator (SIA) – Fund-of-Funds

The Social Impact Accelerator (SIA) is the first Pan-European public-private partnership addressing the growing need for availability of equity finance to support social enterprises.

SIA is a first step in the EIB Group's (European Investment Bank and EIF) strategy to pioneer the impact investing space and respond to the wider EU policy aim of establishing a sustainable funding market for social entrepreneurship in Europe. This segment of the business world is becoming increasingly instrumental in promoting social inclusion, providing alternative sources of employment for marginalised social groups, and contributing to growth.

SIA operates as a fund-of-funds managed by EIF and invests in social impact funds which strategically target social enterprises across Europe. In the context of the SIA, a social enterprise shall be a self-sustainable SME whose business model serves to achieve a social impact. It shall provide an entrepreneurial solution to a societal issue based on a scalable approach, and shall have a measurable impact.

7.1.5 Lower Mid-Market – for Funds

EIF lower mid-market activity covers growth, expansion and mid-market funds, offering SMEs in their growth phase access to equity and hybrid debt-equity finance. These funds may be generalist or sector focused, and may be managed either by first-time teams, emerging managers or more established managers.

EIF typically participates early in the fundraising process to catalyse and attract other investors' interest and to help the fund managers reach viable fund sizes.

7.1.6 Mezzanine Facility for Growth – for Funds

The Mezzanine Facility for Growth is a EUR 1bn fund of funds mandate granted by the European Investment Bank (EIB) to be invested in hybrid Debt /Equity funds throughout Europe, with a view to playing a catalytic role in this market segment.
The purpose of this particular asset class is to provide alternative financing to support, for instance, shareholding reorganisation or expansion for more mature businesses and late stage or expansion technology companies. It can be tailored to meet the specific financing requirements of these companies and in the current market situation where bank lending remains limited, it is well adapted to long term financing.

EIF is usually involved early in the launch process of mezzanine funds, taking a significant participation at first closing.

7.1.7 Pan-European Venture Capital Fund(s)-of-Funds programme - for funds

The Pan-European Venture Capital Fund(s)-of-Funds programme (VC FoF programme) aims to further address Europe's equity gap, the fragmentation of the VC market and to attract additional private funding from institutional investors into the EU venture capital asset class.

The Programme is sponsored by the European Union (EU) and forms part of the Investment Plan for Europe, the Capital Markets Union Action Plan, Digital Single Market strategy, the Single Market Strategy and Open Innovation strand of Horizon 2020.

Under the Pan-European VC FoF programme EIF is looking to invest, using resources of the Horizon 2020 InnovFin Equity facility, EFSI Equity Instrument, COSME Equity Facility for Growth and EIF's own resources, in private-sector led, market-driven Pan-European VC Fund(s)-of-funds (the Fund(s)-of-Funds).

Via the Programme, EIF will commit equity financing to the Pan-European VC Fund-of-Funds:

- on a pari-passu basis with other investors in the Fund;
- preferably in the first closing;
- at least 7.5% of the Fund's total commitments;
- up to 25% of the Fund's total commitments;
- within a limit of 300 million euros.

Under the Programme, EIF will commit to selected Fund(s)-of-Funds up to 25% of total commitments of the Fund-of-Funds at EIF's closing. The maximum size of each investment in a selected Fund-of-Funds is limited to EUR 300m. EIF will decide on the amount of investment to be made under the programme as well as funding sources depending on the results of the EC and EIF's assessment and the investment strategy of the Fund.
The Fund(s)-of-Funds will then in turn invest in investee funds on the basis of their investment strategy.

7.1.8 Single EU Equity Financial Instrument

Time framework: 07 July 2016 - 30 September 2020
The Single EU Equity Financial Instrument supports European enterprises' growth, research and innovation (R&I) from the early stage, including seed, up to expansion and growth stage.

The Single EU Equity financial instrument is financially supported by Horizon 2020 and COSME (Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises).

EIF is currently managing the Equity Facility for Growth (EFG) under COSME and InnovFin Equity under Horizon 2020.

7.1.9 COSME - Equity Facility for Growth (EFG) - for Financial Intermediaries (See Chapter V 1. COSME)

The Equity Facility for Growth (EFG) is a window of the Single EU Equity Financial Instrument which supports EU enterprises' growth and research and innovation (R&I) from the early stage, including seed, up to expansion and growth stage.

Through COSME EFG, EIF invests in selected funds – acting as EIF's financial intermediaries – that provide venture capital and mezzanine finance to expansion and growth stage SMEs, in particular those operating across borders.

7.1.10 InnovFin Equity – for Funds (See Chapter IV)

Via InnovFin Equity, EIF provides equity investments and co-investments to or alongside funds focusing on companies in their pre-seed, seed, and start-up phases operating in innovative sectors covered by Horizon 2020, including life sciences, clean energy and high-tech.

7.1.11 EIF's Private Equity Secondary Market Transactions

The secondary sale of single or portfolios of private equity funds is a new activity for the EIF that:

- manages the portfolio of private equity funds
- increases the liquidity in the market

7.1.12 EIF-NPI Equity Platform

EIF-NPI Equity Platform is a new collaborative initiative launched by the EIF in 2016 that promotes knowledge sharing and best practices between EIF and national promotional institutions (NPIs) or banks (NPBs) across EU Member States. Its ultimate goal is to enhance access to funding for SMEs and Midcaps, support defragmentation of equity markets, and match national, EU and private sources of funding.

7.2 Debt Products

EIF cooperates with a wide range of financial intermediaries such as banks, leasing companies, guarantee funds, mutual guarantee institutions, promotional banks or any other financial institution providing financing to SMEs, or guarantees for SME financing. EIF's guarantee instruments consist of two main products supporting access to finance for SMEs:

a) Credit enhancement / Securitisation (Guarantees for securitised SME financing instruments)
b) Guarantees/counter-guarantees for portfolios of micro-credits, SME loans or leases (Management of European Commission initiatives)

7.2.1 EIF's AGRI

EIF's AGRI is a new initiative managed by EIF on behalf of the European Commission that aims to facilitate greater access to finance to Farmers, Agricultural holdings, Cooperative, Rural micro- or small enterprise, Forestry business) in the EU member states who are often considered to be riskier final recipients.

By offering reduced overall interest rate and/or collateral requirements via selected financial intermediaries, the initiative's objective is to increase the amount of finance made available to agriculture, agro-food, forestry and rural businesses. It also supports the creation and development of non-agricultural activities in rural areas and forestry technologies.
This instrument provides a high leverage creating larger market impact of European Agricultural Fund for Rural Development (EAFRD) and national/regional resources. As a guarantor, EIF is acting in its own name but for and on behalf of, and at the risk of the region/ EU Member State participating in the Facility.

7.2.2 Credit enhancement - for the Selected Financial Institutions

EIF's credit enhancement operations aim to enhance access to finance to small and medium sized enterprises (SMEs) in the EU Member States and Candidate Countries as well as in the European Free Trade Association (EFTA) countries.

By facilitating the execution of securitisation transactions, EIF provides guarantees to banks and financial institutions allowing them to diversify their funding sources and to achieve economic and regulatory capital relief through credit risk transfer.

EIF focuses mainly on:
- SME loans
- SME loan guarantees
- Small ticket lease receivables
- SME trade receivables
- Venture financing (lease/loans)
- Micro-loans

7.3 Cultural and Creative Sectors Guarantee Facility (CCS GF) – for Financial Intermediaries

The CCS GF is an initiative managed by EIF on behalf of the European Commission. It was launched in June 2016 in the framework of the Creative Europe programme (2014-2020).

The CCS GF benefits micro-businesses and small and medium-sized enterprises (SMEs) in the cultural and creative sectors, which often face difficulties in accessing affordable debt financing for their projects.

Loans supported by the EU under CCS GF are now available for business in all of the participating countries. At end of June 2016, these included the EU Member States, Iceland and Norway.

The initiative is expected to create more than EUR 600 million of new loans and other financial products for final beneficiaries through the guarantee's catalytic effect.

The guarantee facility encourages financial intermediaries to adopt a specific credit assessment approach with SMEs and organisations.

7.4 ENSI - EIF and National Promotional Institutions (NPIs) Securitisation Initiative - for NPBs and financial intermediaries

ENSI is a cooperation and risk sharing platform between the European Investment Fund (EIF) and several National Promotional Institutions (NPIs) – and more generally, economic development institutions in the EU – to encourage SME lending via the capital markets. The ENSI partner institutions are EIF, the EIB, the European Bank for Reconstruction and Development (EBRD), bpifrance (FR), British Business Bank (BBB, UK), Cassa Depositi e Prestiti (CDP, IT), Kreditanstalt für Wiederaufbau (KfW, DE), Instituição Financeira de Desenvolvimento (IFD, PT), Instituto de Credito Oficial (ICO, ES) and Malta Development Bank Working Group (MT).

The objective of this joint cooperation in SME Securitisation transactions is to stimulate the availability of finance to SMEs in Europe by revitalizing the SME Securitisation market while catalysing resources from the private sector.

This reflects the spirit of the European Fund for Strategic Investments (EFSI) aiming to achieve a much wider outreach in support of SMEs.

ENSI will provide funding and capital relief, reduction of portfolio concentration and/or deconsolidation of SME portfolios to financial intermediaries, subject to compliance with the applicable mandates and internal guidelines of the ENSI partner institutions.

7.5 Erasmus+ Master Loan Guarantee Facility – for Financial Intermediaries

The Erasmus+ Master Loan Guarantee Facility is an EU initiative managed and implemented by EIF on behalf of the DG Education and Culture of the European Commission launched in December 2014 in the context of Erasmus+, the EU programme aiming to boost student mobility in Europe.

The Erasmus+ Master Loan Guarantee Facility aims to increase access to finance in order to enable students, regardless of their social background, to take a Master's Degree in another Erasmus+ programme country, as a contribution to tackling skills gaps in Europe. Masters graduates will make an increasingly important contribution to innovation and entrepreneurship in Europe as the need for higher skills grows.

EIF does not provide Erasmus+ Master loans directly. Students can apply for loans for their Master's studies abroad to participating banks and student loan agencies which will be selected by EIF during the life of the programme through a call for expression of interest.
The Erasmus+ Master Loan Guarantee Facility began operations in early 2015. Erasmus+ Master loans will not exceed EUR 12.000 (or equivalent amount in local currency) for a one-year Master’s Degree course, or EUR 18.000 (or equivalent amount in local currency) for Master’s Degree above one year.

7.6 EREM Debt Financial Products – for Financial Institutions

Under the EIB Group Risk Enhancement Mandate (EREM) the following EREM debt financial products are currently available:

- EREM Asset-Backed Securities (ABS) Credit Enhancement
- EREM Cooperative Banks & Smaller Institutions (CBSI)
- EREM SME Initiative (contribution to the upper mezzanine tranche of the overall SME Initiative structure)
- EREM Loan Funds

7.7 Single EU Debt Financial Instrument

The Single EU Debt Financial Instrument supports European enterprises’ growth, research and innovation (R&I) and is financially supported by Horizon 2020 and COSME (Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises).

EIF manages the InnovFin SME Guarantee Facility under Horizon 2020 and COSME loan Guarantee Facility (LGF).

7.7.1 COSME - Loan Guarantee Facility (LGF) – for Financial Intermediaries (See Chapter V 1. Cosme)

The COSME Loan Guarantee Facility (LGF) is a window of the Single EU Debt Financial Instrument which supports European enterprises' growth and research and innovation (R&I).

7.7.2 InnovFin SME Facility – for Financial Intermediaries (See Chapter IV)

The InnovFin SME Guarantee Facility is deployed by eligible local banks, leasing companies, guarantee institutions, etc.

EIF, acting for both EIF and the EU as the implementing body, covers a portion of the losses incurred by the financial intermediaries on loans, leases and guarantees between EUR 25 000 and EUR 7.5 million which they provide under the InnovFin SME Guarantee Facility. In this way, the EU and EIF allow the provision of more debt financing to innovative SMEs and Small Mid-caps (up to 499 employees).

7.8 The SME Initiative - for Financial Intermediaries and Institutions

The SME Initiative is a joint financial instrument of the EC and the EIB Group (the European Investment Bank and European Investment Fund) which aims to stimulate SME financing by providing partial risk cover for SME loan portfolios of originating financial institutions.

Alongside the European Structural and Investment Funds ("ESIF") resources contributed by the Member States, the SME Initiative is co-funded by the European Union through COSME and/or Horizon 2020 resources as well as EIB Group resources. The SME Initiative is currently operational in Bulgaria, Finland, Malta, Romania and Spain. In the future, it may be extended to other EU Member States.

The EIF is the entrusted entity by the adhering Member States to implement and manage the SME Initiative in close cooperation with the EIB.

The initiative contemplates the implementation of up to two products: an uncapped portfolio guarantee instrument and a securitisation instrument.

Via the SME Initiative, the EIF offers selected financial intermediaries (e.g. banks, leasing companies, guarantee institutions, debt funds) loss protection and potential capital relief at an advantageous cost. In return for this risk-sharing, the financial intermediaries undertake to provide SME loans, leasing and/or guarantees at favourable terms (for example, reduced interest rates and collateral requirements for the final recipients).

Compared to other financial instruments that can be set up with ESIF funding, the SME Initiative offers to Member States and Managing Authorities the following advantages:

- No co-financing required from national or regional resources;
- No need to conduct additional ex-ante assessment, which has already been completed at EU level by the European Commission and the EIB in 2013;
- The European Commission and the EIB Group have already adopted a ‘Model Funding Agreement’, which is a ready-made template for the Funding Agreement to be negotiated between Member States and the EIF;
- Treatment of State Aid has already been cleared by the European Commission;
- Possible combination of various resources, including grant funding and resources from national or promotional banks;
- Due to the contribution from different stakeholders, the leverage on ESIF contributed by Member States is expected to be high when compared to other EU-level instruments funded by ESIF.

7.9 Asset Management Umbrella Fund (AMUF) – for Investors

Asset Management Umbrella Fund (AMUF) has been launched to meet increasing institutional demand for access to European Private Equity markets. The new umbrella fund provides cost efficient access to Europe’s best performing private equity and venture capital managers and it allows investors to tailor their allocations to the different compartments.

Key features:
- Fully incorporated vehicle domiciled in Luxembourg
- Three investment compartments currently available: growth capital, technology venture capital, life sciences venture capital
- Total target size EUR 2bn
- Investment period: 3 years (2018–2020)
- Minimum investment: EUR 80m
- Managed by a dedicated team of investment professionals

7.10 Inclusive finance - for Financial Intermediaries

Microfinance consists mainly of micro-loans (less than EUR 25,000) tailored to micro-enterprises (91% of all European businesses) and people who would like to become self-employed but are facing difficulties in accessing the traditional banking services. Throughout the European Union, 99% of all start-ups are micro or small enterprises and one third of those were launched by unemployed people.

The European microfinance market is a young, highly heterogeneous but growing market segment, notably in new Member States and some western countries, usually when the regulatory framework is conducive to this activity, with micro-credit institutions aiming at self-sustainability, increased micro-lending capacity and, in some cases, transformation into banks.

The European Commission's 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, EIF has been entrusted by the European Commission to manage the following financial instruments:

- EaSI Guarantee Instrument - to increase access to finance for social enterprises, micro-enterprises and vulnerable groups
- EaSI Capacity Building Investments Window - to build up the institutional capacity of micro-credit and social finance providers

7.10.1 EaSI Capacity Building Investments Window

The EaSI Capacity Building Investments Window is funded by the Employment and Social Innovation Programme. 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 indicative amount of EUR 16m has been earmarked within the EaSI Programme for this initiative.

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.

Through the EaSI Capacity Building Investments Window EIF will help build up the market primarily via investments that can be used, for instance, for:

- Supporting organisational development and expansion, including branch expansion, scaling up or developing IT infrastructure (e.g. mobile banking), or investments in human resources such as recruitment and training of staff;
- Strengthening operational and institutional capabilities, including, but not limited to, investments in working capital and in improving the strategic/governance capabilities of the financial intermediary in order to maintain a balanced business, financial sustainability and social performance focus;
- Seed financing support of newly created intermediaries with a strong social focus.

7.10.2 EaSI Guarantee Instrument

The EaSI Guarantee Instrument is funded from the EaSI Programme and is specifically dedicated to microfinance and social entrepreneurship. One of its key objectives is to increase the availability of and access to finance for vulnerable groups wishing to launch their own enterprises, micro-enterprises and social enterprises, both in their start-up and development phases.

The EaSI Guarantee Instrument builds on the success of the European Progress Microfinance Facility (Progress Microfinance) an EU initiative launched in 2010 and managed by EIF, that has so far mobilised more than EUR 440m spread across more than 50 000 micro-borrowers.

EIF does not provide financing directly to micro-entrepreneurs or social enterprises. Through the EaSI Guarantee Instrument, the EIF offers guarantees and counter-guarantees to financial intermediaries, thereby providing them with a partial credit risk protection for newly originated loans to eligible beneficiaries. Intermediaries are selected after an application under a call for expression of interest followed by a due diligence process. Once selected by EIF, these partners act as EaSI financial intermediaries, and start originating loans to eligible beneficiaries within the agreed availability period.

The EaSI Guarantee Instrument enables selected microcredit providers and social enterprise finance providers to expand their outreach to underserved micro and social enterprises, facilitating access to finance for target groups who have difficulties in accessing the conventional credit market.

Under the EaSI Guarantee Instrument, EIF provides capped guarantees and counter-guarantees partially covering the portfolio credit risk in the microfinance and social entrepreneurship segments.

Table 7-1 EaSI Capacity Building Investments Window - EaSI Guarantee Instrument

Microfinance	**Social Entrepreneurship**
Portfolios of Micro-loans up to EUR 25,000 for:	Portfolios of debt financing products (including loans, mezzanine loans, subordinated debts, leases and profit-sharing loans) up to EUR 500,000 for:
Micro-borrowers Vulnerable persons who have lost or are at risk of losing their job, or have difficulty in entering or re-entering the labour market, or are at risk of social exclusion, or are socially excluded, and are in a disadvantaged position with regard to access to the conventional credit market and who wish to start up or develop their own micro- enterprises. Micro-enterprises Micro-enterprises in both start-up and development phase, especially micro-enterprises which employ persons as referred to in the above mentioned definition of Micro-borrowers.	Social Enterprises Enterprises with either an annual turnover not exceeding EUR 30 million, or an annual balance sheet total not exceeding EUR 30 million which are not themselves a collective investment undertaking.

7.11 European Fund for Strategic Investments (EFSI) – for Financial Intermediaries and Fund Management Companies

As part of the EIB Group, EIF is committed to the implementation of EFSI. The resources under EFSI are enabling EIF to deploy its existing support for SMEs at a higher and faster rate than initially anticipated and to increase its response to a very strong market demand.

Initial EFSI resources under the SME Window are used to accelerate and enhance the deployment of existing EU flagship programmes - COSME and InnovFin - which EIF manages on behalf of the European Commission.

Through the EIF-NPI Equity Investment Platform, a non-binding governance framework, EIF offers the possibility for National Promotional Institutions (NPIs) to match the total budget of investments under the EFSI SME Window on a 1:1 basis.

In addition, through the EIF-NPI Securitisation Initiative (ENSI) - a cooperation and risk sharing platform with several NPIs - EIF aims at providing more funding to SMEs by revitalizing the SME Securitisation market while catalysing resources from the private sector.

Under EFSI, EIF is now implementing a new set of equity financial instruments to support more vulnerable entities within the EU ecosystem, encompassing micro, small and medium enterprises, social enterprises, social sector organisations and small mid-caps, in specific EU policy areas.

Financial, Credit Institutions, Loan Funds, Guarantee Institutions established and operating in one or more of the EU Member States duly authorised to carry out lending/leasing activities to SMEs and Small Mid-Caps can apply for EFSI financing for following financial instruments:

- InnovFin SME Guarantee Facility
- COSME Loan Guarantee Facility
- EaSI Guarantee Instrument

Fund management companies targeting SMEs and Small Mid-Caps can apply for EFSI financing for following financial instruments:

- EFSI Equity
- Single EU Equity Financial Instrument (covering both InnovFin Equity and COSME Equity Facility for Growth)

7.12 Regional Development - Country and Sector-Specific Initiatives

EIF provides targeted financial solutions to assist EU and Accession countries to develop their risk capital markets and to foster the regional SMEs lending sector. The EIF is involved in a number of initiatives to promote regional business development and to use its expertise and experience to create market impact through local implementation of financial instruments.

EIF has been promoting regional development and EU cohesion policy through:

- JEREMIE (Joint European Resources for Micro to Medium Enterprises)
- Country and sector-specific initiatives

EIF will also intensify partnerships with national promotional institutions to collectively develop and deliver effective financing solutions for European SMEs.

Currently, under the programming period 2014-2020, EIF is managing the SME initiative blending European Structural & Financial Instruments (ESIF) resources and the centralised EU guarantee budget to support lending to SMEs.

7.12.1 MED Country and Sector-Specific Initiatives

7.12.2 Central Europe Fund of Funds (CEFoF) - Governments and National Agencies of Austria, Czech Republic, Slovakia, Hungary and Slovenia

The Central Europe Fund of Funds (CEFoF) is a EUR 80.3m fund-of-funds initiative created by the European Investment Fund (EIF) in close co-operation with the governments and national agencies of Austria, Czech Republic, Slovakia, Hungary and Slovenia (the CE countries) to boost equity investments into small and medium-sized enterprises (SMEs) and small mid-caps across the region, establishing a sound market-based risk financing infrastructure, implementing the best market standards for equity investments in businesses and attracting institutional investors and investment managers to Central Europe.

The CEFoF was launched in December 2017 with EUR 12m from OeEB (administering investment for the Austrian Ministry of Finance), EUR 8.2m from ČMZRB, EUR 10m from SZRB AM, EUR 8m from SEF and EUR 10m from IIB, and its size may later increase. The remaining EUR 32.1m was contributed by EIF
The CEFoF intends to build a balanced portfolio of venture capital and private equity funds performing later stage and growth equity investments with a focus on the CE countries, over an investment period of four years until the end of 2021. The balance will cover the aspects of investment focus, vintage year and an appropriately diversified number of underlying transactions.

EIF, as manager of the CEFoF, considers the following investment opportunities:

- Investments into venture capital, private equity and mezzanine funds with proven experience and insight into the Central European market;
- Co-investments through co-investment vehicles alongside investment funds, family offices and institutional investors into later stage/growth phase SMEs and small mid-caps. The CEFoF co-invests with selected investors which are based or active in the CE countries.

7.12.3 ESIF Fund-of-Funds Greece

The new EUR 260m Fund-of-Funds programme in Greece, launched on 22 December 2016 and managed by the EIF, aims to boost entrepreneurship and create a lasting impact on local businesses, by attracting private funding to all investment stages of the local equity market, ranging from entrepreneurship steps even before the early stage start-ups up to mature expansion companies. The Fund-of-Funds will be instrumental in unlocking the equity potential in the Greek market.

The Fund-of-Funds is co-financed by the EU through Structural and Investment Funds (ESIF) resources from the Operational Programme Competitiveness, Entrepreneurship and Innovation 2014-2020 and through the European Fund for Strategic Investments (EFSI), the heart of the Commission's Investment Plan for Europe. It is the first time that European Structural and Investment (ESI) Funds and the EFSI are combined in Greece.

Under this new programme, EIF is looking to invest in private-sector led, market-driven Venture Capital and Private Equity fund managers across Europe, focusing onto Greek companies. The new ESIF Fund-of-Funds will support technology transfer funds in Greece and will also kick-start investments into accelerator funds.

7.12.4 La Financière Région Réunion

La Financière Région Réunion is a new generation of Fund-of-Funds (FoF). This FoF was set up in cooperation with the French Region Réunion using resources from the European Fund for Strategic Investments (EFSI), the Region and the European Structural and Investment Funds (ESIF).

La Financière Région Réunion is managed by the European Investment Fund (EIF) under the current ESIF programming period 2014-2020. It builds on the close and active collaboration between EIB Group and the Region for many years.

The main purpose of the FoF will be used to enhance small and medium-sized enterprises' (SMEs) competitiveness by easing their access to finance (debt and equity) with the objective to support approximately 1 000 SMEs for a total investment of EUR 100 million.

Following the signature of the Funding Agreement on 12 September 2017, EIF is currently looking for financial intermediaries to implement two financial instruments:

- A funding/portfolio risk sharing instrument with a generalist focus to facilitate SMEs' (without any specific constraints in terms of sector or activity) access to finance at better terms (e.g. reduction of interest rates and/or collateral requirements)
- An equity co-investment instrument, aiming at strengthening SME equity in the French Region Réunion
- Depending on the type of financial Instrument, eligible applicants are:
- For the funding/portfolio risk sharing instrument: financial Institutions duly authorized, according to applicable legislation, to carry out lending or leasing activities to final recipients established and/or operating in Region Réunion

- For the equity co-investment instrument: venture capital fund managers with a track-record of investments into SMEs established and/or operating in Region Réunion

7.12.5 The EIB Group Risk Enhancement Mandate (EREM)

REM has been signed between the EIB and EIF in March 2014 to support the impaired financing of European businesses. With a total of up to EUR 6bn earmarked, up to EUR 4bn contributed by the EIB and complemented by up to EUR 2bn by EIF, EREM aims at supporting additional guarantees, debt and equity instruments.

EREM includes a number of different products/windows either reinforcing existing activities or strengthening EIB Group positions using alternative financing tools to respond to concrete new market needs.

Under EREM, the following financial products are currently available:

- EREM Asset-Backed Securities (ABS) Credit Enhancement
- EREM Cooperative Banks & Smaller Institutions (CBSI)
- EREM SME Initiative (contribution to the upper mezzanine tranche of the overall SME Initiative structure)
- EREM Loan Funds
- EREM Social Impact Finance (top up of the existing Social Impact Accelerator structure (SIA)

7.12.6 FOSTER TPE-PME Occitanie

European Structural and Investment Funds (ESIF) Fund-of-Fund FOSTER TPE-PME (Fonds Occitanie de Soutien Territorial aux Entreprises Régionales) is a new generation of Fund-of-Funds aiming to improve access to finance for final recipients, set up in cooperation with the French Region Occitanie (created following the merger of the Regions of Languedoc-Roussillon and Midi-Pyrénées) using its own resources and the European Structural and Investment Funds (ESIF) resources.
FOSTER TPE-PME is managed by EIF under the current ESIF programming period 2014-2020. It builds-on the successful implementation of the JEREMIE Initiative in Languedoc-Roussillon until end 2015, which leveraged EUR 30m of public resources (ESIF and the Region's own resources) resulting in over EUR 170m of finance for SMEs. More than 1,400 small businesses operating in the region benefitted from JEREMIE loans or equity investments.

EIF has already launched and closed a Call for Expression of Interest for implementation of four financial instruments covering the départements of the Region Occitanie making up the ex-region Languedoc Roussillon.

EIF is currently seeking to implement financial instruments under FOSTER TPE-PME in the départements of the Region Occitanie making up the ex-region Midi-Pyrénées.

In ex-Midi-Pyrénées FOSTER TPE-PME is split into two funds-of-funds:

- FOSTER ERDF: an initiative targeting SME financing needs in most sectors of the economy, which is co-financed by the European Regional Development Funds (ERDF);
- FOSTER EAFRD: an initiative targeting the agricultural, agri-business and forestry sectors' financing needs, which is co-financed by the European Agricultural Fund for Rural Development (EAFRD)

Financial instruments available for ex-Midi-Pyrénées through FOSTER TPE-PME:

FOSTER TPE-PME (ERDF):
- free of charge a first loss portfolio guarantees and
- an equity co-investment vehicle, each supporting new debt or equity financing to SMEs.

FOSTER TPE-PME (EAFRD):
- a free of charge first loss portfolio guarantee supporting new debt financing to agricultural holdings and SMEs

Depending on the type of Financial Instrument, eligible applicants are:
- For the first loss portfolio guarantee instrument, Financial institutions duly authorized, according to applicable legislation, to carry out lending or leasing activities to final recipients established and/or operating in Midi-Pyrénées,
- For the equity co-investment instrument, VC Fund managers with a track-record of investments into SMEs established and/or operating in Midi-Pyrénées.

7.12.7 JEREMIE - Joint European Resources for Micro to Medium Enterprises – for details see Chapter III

7.12.8 Slovene Equity Growth Investment Programme (SEGIP)

The Slovene Equity Growth Investment Programme (SEGIP) is a EUR 100 million equity investment programme launched in November 2017.

The funding is to be invested alongside private investors and will support Slovene SMEs' and midcaps' access to growth and expansion equity capital. EIF and SID Banka contribute EUR 50 million each to this jointly developed programme, which is expected to catalyse additional private-sector investments into funds and companies.

The objective of SEGIP is to support Slovene SMEs and midcaps, to attract international private equity investment to Slovenia and to build local capacity by supporting emerging fund managers which focus a significant part of their investments into Slovene companies.
EIF will manage and deploy the SEGIP, through fund investments into venture capital and private equity funds, and co-investments alongside funds and private investors on market terms. The programme is not restricted to any particular sector.

Part of the investment programme is dedicated to local market development and capacity building. As part of SEGIP, EIF will manage a separate selection process which will target emerging teams that are established in Slovenia and who are focusing their investment activities in Slovenia.

This is one of the first financing programmes launched by EIF under the EIF-NPI Equity Platform and the Investment Plan for Europe in cooperation with EU National Promotional Institutions. SID Banka became a founding member of the EIF-NPI Equity Platform's General Forum in September 2016.

As EIF's local partner, SID Banka can provide local support and reference to fund managers who are seeking to increase their presence in Slovenia.

In order to be considered for funding under the SEGIP, the investment fund must:

- Be managed by a team with a proven track record;
- Have a strategy focused on growth and expansion investments (including acquisition, buy-and-build, and replacement capital strategies that include capital increase in the portfolio companies);
- provide a majority of equity or quasi-equity funding to portfolio companies;
- be targeting to invest a significant portion of the fund in companies that are:
    - established in Slovenia or with significant long-term operations in Slovenia;
    - SMEs (EC definition) or mid-caps (up to and including 2999 FTEs); and
    - have strong growth prospects.

Additional criteria may apply, and will be provided by EIF upon review of the investment proposal.

EIF will provide co-investment capital to selected fund managers who:

- have an established relationship with EIF;
- have a positive track record;
- are proposing a co-investment in a new or existing portfolio company of their main investment fund, in which EIF is an existing investor.

The co-investment capital will be provided through a co-investment vehicle, which is set up and managed by the fund manager. The fund manager will invest in the target company from the co-investment vehicle alongside an investment from the main investment fund. The size of investment will be assessed in each case. There are no pre-defined maximum or minimum amounts.

Interested fund managers should submit to EIF a co-investment proposal targeting an identified target company through their existing EIF relationships or contact EIF for further information.

Should the investment proposal meet the criteria listed below, EIF will conduct an initial screening to determine eligibility before proceeding.

The target company must:

- be an SME (EC definition) or mid-cap (up to and including 2999 FTEs), with at least two employees and having been operating for at least two years;
- be seeking later stage venture or private equity financing (i.e. the company must be beyond seed and start-up stage);
- have strong growth prospects;
- be established in Slovenia or with significant long-term operations in Slovenia.

7.12.9 Western Balkans Enterprise Development & Innovation Facility II (WB EDIF II)

WB EDIF is an EU funded initiative which aims at increasing the financial resources made available to SMEs based in the Western Balkans, as well as support services for private sector development, to support socio-economic development and EU accession across the Region.

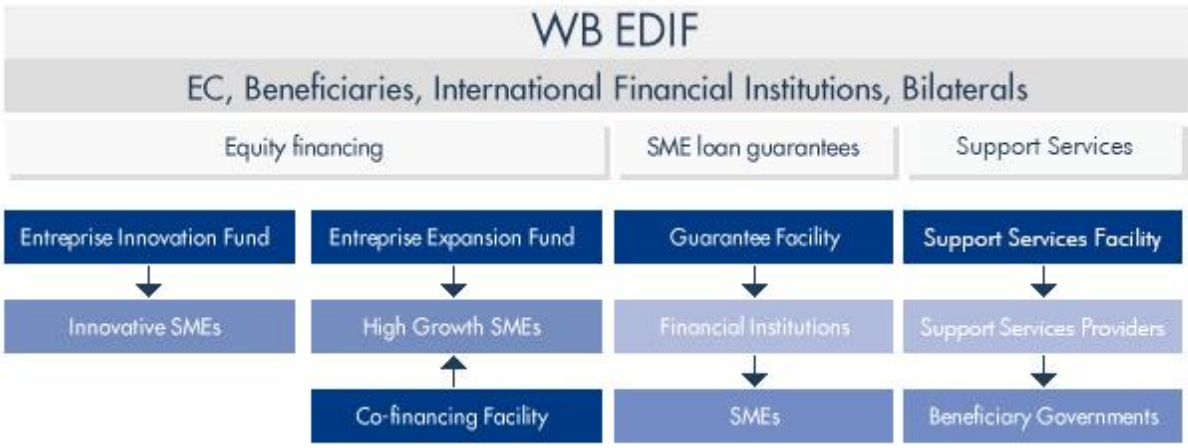
WB EDIF by the European Commission, the EIF, the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB), acting as co-lead international financial institutions.

The EUR 145 million of initial capital pulled together under WB EDIF may translate into about EUR 300 million of finance benefitting SMEs based in the Western Balkan countries.

WB EDIF targets SMEs based in Albania, Bosnia and Herzegovina, Croatia, Kosovo*, former Yugoslav Republic of Macedonia, Montenegro and Serbia.

WB EDIF does not support entrepreneurs directly but provides funding to local financial intermediaries via debt and equity products as well as support services - e.g. venture capital funds, guarantee schemes including mutual guarantee organisations, micro-finance institutions and any other financial institution providing finance to SMEs established and operating in one or several of the Western Balkan countries mentioned above.

Table 7-2 Western Balkans Enterprise Development & Innovation Facility II (WB EDIF II) – financial mechanism



WB EDIF, which is coordinated by the European Investment Fund (EIF), consists of four pillars:

a) **WB EDIF Guarantee Facility (WB EDIF GF)**
   Launched in 2013, the WB EDIF guarantee Facility instrument has undergone two rounds of financing (GF I and GF II) and was greeted with high demand from the market, leading to the full allocation of the resources. The WB EDIF Guarantee Facility provides guarantees to eligible Financial Intermediaries established and operating in one or several Western Balkan countries to encourage them to build up new portfolios of SME transactions and thereby improving access to finance to SMEs in the Western Balkans countries. Although the original closing date was set for 31 December 2017, the available budgetary resources have been exhausted and therefore the call has been closed accordingly.

b) **WB EDIF Guarantee Facility – Serbia Window (WB EDIF GF Serbia)**
   Following the success of the initial implementation of the WB EDIF GF and WB EDIF GF II, a dedicated window is now open focusing on SMEs in Serbia. In line with the initial two facilities, GF Serbia will provide guarantees to eligible Financial Intermediaries established and operating in Serbia to encourage them to build up new portfolios of SME transactions and thereby improving access to finance to SMEs in Serbia.

7.13 Financing innovation in Green Sector

EIF does not lend money to SMEs directly; rather it provides finance through private banks and funds. Its central mission is to support Europe's small and medium-sized businesses (SMEs) by designing innovative financial products addressed to its partners (banks, guarantee, leasing and microfinance institutions, private equity and venture capital funds, among others), acting as financial intermediaries.

By offering an Integrated Risk Finance Product Range of SME finance to the intermediaries, EIF complements the products offered by the European Investment Bank (EIB).

Therefore, we don’t summarise separately EIF’s financial instruments designed for financial intermediaries that may target innovation in green sector. Most of the relevant financial instruments are provided via financial intermediaries either on a national and regional level by different funds (Pan – European, Eastern European, MED countries, etc.), national promotional banks and institutions.

CHAPTER 8
EBRD

Chapter VIII - Contents

Chapter VIII

Chapter VIII continues with the analysis of the funding programmes and financial instruments that are financed, co-financed and managed by European Bank for Reconstruction and Development (EBRD), such as Green Economy Transition approach (GET), Green Economy Finance facilities (GEFFs), EBRD's Small Business Initiative and others.

The EBRD is owned by 66 countries from five continents, as well as the European Union and the European Investment Bank. The EBRD serves the interests of all its shareholders - not just those countries which receive its investments (€9.7 billion in 2017).

Uniquely for a development bank, the EBRD has a political mandate in that it assists only those countries ‘committed to and applying the principles of multi-party democracy and pluralism.

Safeguarding the environment and a commitment to sustainable energy are also central to the EBRD’s activity. A commitment to promote ‘environmentally sound and sustainable development’ was made explicit at its founding. More recently, its Green Economy Transition approach has made climate finance a key measure of the Bank’s performance. In 2017 such finance accounted for 43 per cent of its total annual investment.

8.1 Green Economy Transition Approach (GET)

The EBRD’s Green Economy Transition approach will increase the volume of sustainable financing and broaden its scope.

The EBRD launched the Green Economy Transition (GET) approach in 2015 to put investments that bring environmental benefits at the heart of its mandate.

Preserving and improving the environment are central features of a modern, well-functioning market economy and therefore key goals of the transition process that the EBRD was set up to promote.

Building on a decade of successful green investments, the GET approach seeks to increase the volume of green financing from an average of 24 per cent of EBRD annual business investment in the 10 years up to 2016 to 40 per cent by 2020.

EBRD sustainable investments mitigate and/or build resilience to the effects of climate change and other forms of environmental degradation. Expanding its initial focus on energy efficiency and renewable energy projects, the EBRD has already moved into the areas of water and materials efficiency and climate adaptation.

The GET approach supports a wider range of projects that promote the sustainable use of resources and protection of natural assets - for instance, investments whose primary purpose is the prevention of pollution or remedying of damage to ecosystems.

There is considerable potential to increase the take-up of hi-tech solutions and innovative processes with environmental benefits in the EBRD region. The GET brings suppliers of new technologies and equipment into the markets, for example through the use of technology transfer mechanisms, such as the EBRD’s Finance and Technology Transfer Centre for Climate Change.

Recognising the large scope for investments with environmental benefits in the public sector, for instance in public buildings, the GET will use a broad range of financing channels and capacity-building tools to support innovative public ventures, while maintaining the EBRD's overall private sector focus.

The GET uses the full range of the EBRD's financial instruments, including direct EBRD financing and syndication in the form of private, non-sovereign and sovereign guaranteed loans, direct equity, equity funds and Green Economy Finance facilities (GEFFs).

The approach builds on a tried and tested business model of combining investments with technical assistance and policy dialogue. Technical assistance can include market analysis and resource audits as well as training and awareness-raising.

As part of its policy dialogue activities, the EBRD works with governments to support the development of strong institutional and regulatory frameworks, a prerequisite for sustainable investments.

8.1.1 Finance and Technology Transfer Centre for Climate Change (FINTECC)

FINTECC is a programme that helps companies in participating EBRD countries of operations to implement innovative climate technologies. The programme offers technical assistance provided by the EBRD and international consultants, as well as incentive grants for companies to introduce eligible technologies. Grants are available to the companies as a complement to EBRD financing.

FINTECC already supports technology transfer in Early Transition Countries (Armenia, Azerbaijan, Belarus, Georgia, Kyrgyz Republic, Moldova, Mongolia, Tajikistan, Turkmenistan and Uzbekistan), the Southern and Eastern Mediterranean region (Egypt, Jordan, Morocco and Tunisia), Kazakhstan and Ukraine.

8.2 Green Economy Finance Facilities (Geffs)

The GEFF programme operates through a network of more than 130 local financial institutions across 24 countries supported by almost EUR 4 billion of EBRD finance. This has enabled more than 120,000 clients to collectively avoid almost 7 million tonnes of CO2 emissions per year.

Through GEFFs the EBRD provides credit lines to local financial institutions so that they can finance the green investments of a large number of eligible beneficiaries.

GEFF goes beyond providing simple lines of finance. An experienced EBRD team of bankers and technical programme managers ensures consistent quality and innovation in the GEFF product and service delivery. In addition, advisory services are available to help participating financial institutions and their clients enhance their market practices.

This helps GEFFs demonstrate the benefits of green economy investments and how to turn green projects into sound investments.

GEFF facilities are in the following countries:

- Armenia
- Azerbaijan
- Belarus
- Bosnia and Herzegovina
- Bulgaria
- Croatia
- Egypt
- FYR Macedonia
- Georgia
- Hungary
- Kazakhstan
- Kosovo
- Kyrgyz Republic
- Moldova
- Mongolia
- Morocco
- Poland
- Romania
- Russia
- Serbia
- Slovak Republic
- Tajikistan
- Turkey
- Ukraine

8.2.1 Projects in MED countries

8.2.2 Bosnia and Herzegovina

a) Residential

GEFF in the Western Balkans is a credit line facility of up to €85 million to the Western Balkan participating financial institutions to on-lend to residential sector for energy efficiency and renewable energy projects.

b) Commercial and Municipal

WeBSEFF is a credit line facility of up to €135 million to participating financial institutions in the Western Balkans to on-lend to businesses and municipalities investing in energy efficiency and renewable energy projects.

8.2.3 Croatia

a) Residential

EENOVA+ is a credit line facility of up to €60 million to participating financial institutions in Croatia for on-lending to residential borrowers investing in energy efficiency and renewable energy projects.

b) SME and Municipal

WeBSEFF is a credit line facility of up to €135 million to participating financial institutions in the Western Balkans to on-lend to businesses and municipalities investing in energy efficiency and renewable energy projects.

8.3 EBRD's Small Business Initiative (applicable for Bosnia and Herzegovina)

EBRD has launched the Small Business Initiative, a strategic initiative integrating the tools the EBRD offers to support small enterprises. EBRD provides loans and investments through financial institutions and risk-sharing facilities and finances small businesses directly.

EBRD provides small enterprises with advice to help them innovate and grow. EBRD works with policy-makers to create an environment where they can succeed.

Typically, an SME is considered as a company with turnover of under €50 million (or a balance sheet of under €43 million), with between 10 and 250 employees (exceptionally up to 500 employees)

Access to finance remains one of the key challenges facing SMEs across our region. But it is not the only challenge. The Small Business Initiative draws on the experience of the EBRD, gained from over two decades of working with thousands of small businesses.

A fifth of the EBRD's annual investment and almost half its banking projects each year are directed at such enterprises. This results in a meaningful impact on individual companies and local business environments as a whole. EBRD has helped more than 16,000 small businesses access advisory services – nearly 2,000 a year – while its financing through partner banks has reached hundreds of thousands more. This means that €1.24 billion is channelled to over 200,000 small businesses each year.

EBRD understands that most small businesses sell their goods and services locally. So we work with our partners to lend in local currencies, reducing the exposure of firms and the wider financial sector to foreign exchange risk.

EBRD support for SMEs stretches over several priority areas.

a) Competitiveness

Strengthening the competitiveness of small and medium-sized enterprises (SMEs) is among the key priorities of the EBRD's Small Business Initiative (SBI). This work has many dimensions, from encouraging innovation to forging international trade links. It also requires an increased sensitivity to the challenges and opportunities that globalisation presents in the SME sector. Under the SBI EBRD has developed a variety of integrated, comprehensive programmes that address these issues, enhancing the scope of activities to boost SME competitiveness. These activities are all linked to the specific needs and developmental stages of each SME.

b) Access to finance

In order to grow and become more competitive, SMEs need finance tailored to their needs. EBRD provided €880 million of finance for SMEs through financial intermediaries in 2017, benefiting tens of thousands of businesses. For its direct lending and co-financing of SMEs, EBRD identifies local and regional market leaders with potential for dynamic growth and provides financing adapted to their individual growth needs.

c) Access to know-how

EBRD also provides access to advisory services and know-how to help small businesses improve performance, become more competitive and grow. The EBRD enables SMEs to work with local consultants and international advisers on projects in areas such as strategy, financial management, marketing and quality management. The EBRD enables SMEs to work with local consultants and international advisers on projects in areas such as strategy, financial management, marketing and quality management. In 2017, we undertook more than 2,250 advisory projects with enterprises across 29 countries, including Uzbekistan where we re-launched our operations.

d) SME Local Currency Programme

Financing in local currency can be crucial for the competitiveness of local enterprises. It facilitates longer-term, more affordable credit for SMEs while helping to protect them from foreign exchange fluctuations that could otherwise cripple a small business. In January 2016, EBRD launched the SME Local Currency Programme to help provide the local currency financing that SMEs need. The programme also helps banks manage their portfolio risks for improved financial stability.

e) Western Balkans SME Competitiveness Programme

Small and medium-sized enterprises form the backbone of economies in the Western Balkans. With the prospect of EU accession and pressures on growth – including competition from emerging markets – the competitiveness of local SMEs hinge on enhancing the quality of output through innovation and expansion to export markets.

Participating SMEs improve their production capacity, processes and product quality using a blend of instruments, including credit lines for investment, incentives for SMEs, know-how and advice. With the support of the EU, EBRD launched the first SME Competitiveness Programme in Bosnia and Herzegovina in 2015. In 2017, funding was approved for a € 15 million regional programme through the Western Balkans Enterprise Development and Innovation Facility (WB EDIF).

8.4 Financial Investment Projects

8.4.1 Loans for Larger Projects (€5 Million - €250 Million)

EBRD investments in private sector projects can range from €5 million - €250 million. The average amount is €25 million.

The EBRD's loans are structured with a high degree of flexibility to provide loan profiles that match client and project needs. This approach determines each loan currency and interest rate formula.

The basis for a loan is the expected cash flow of the project and the ability of the client to repay the loan over the agreed period. The credit risk can be taken entirely by the Bank or may be partly syndicated to the market. A loan may be secured by a borrower's assets and/or it may be converted into shares or be equity-linked. Full details are negotiated with the client on a case-by-case basis.

Loan features:

- Minimum €5 - 15 million, although this can be smaller in some cases
- Fixed or floating rate
- Senior, subordinated, mezzanine or convertible debt
- Denominated in major foreign or local currencies
- Short to long-term maturities, from 5 to 15 years
- Project-specific grace periods may be incorporated

EBRD loans are based on current market rates and are priced competitively. Following a successful enquiry and once a project has been presented to the Bank, financial terms can be discussed in detail with banking staff. The EBRD does not subsidise projects, nor does it offer soft loans.

The Bank offers both fixed and floating interest rates:

- Fixed rate basis, linked to a floating rate such as LIBOR.
- Floating rate basis with a cap or a collar.

As the type rate directly affects profitability, a project's financial structure should preferably include both floating and fixed rate loans. The mix is evaluated with respect to client and project sensitivities to interest rate movements.

A margin is added on to the base rate. The margin is a combination of country risk and project-specific risk. This information is confidential to the client and the Bank.

In addition to the margin, the Bank may charge some of the following fees and commissions:

- Front-end commission, paid up-front.
- Commitment fee, payable on the committed but undisbursed loan amount.
- Loan conversion fee, paid at the time of interest rate or currency conversion on the amount which is to be converted.
- Prepayment, cancellation and late payment fees are also charged if necessary.

In line with commercial practice, sponsors will be obliged to reimburse the Bank for out-of-pocket expenses, such as fees for technical consultants, outside legal counsel and travel expenses.

Recourse to a sponsor is not required. However, the EBRD may seek specific performance and completion guarantees plus other forms of support from sponsors of the kind that are normal practice in limited-recourse financing.

The Bank requires project companies to obtain insurance against normally insurable risks. Examples include theft of assets, outbreak of fire, specific construction risks. The EBRD does not require insurance against political risk or non-convertibility of the local currency.

The EBRD usually requires the companies it finances to secure the loan with project assets.

These can include:
- Mortgage on fixed assets, such as land, plant and other buildings.
- Mortgage on movable assets, such as equipment, other business assets.
- Assignment of the company's hard currency and domestic currency earnings.
- Pledge of the sponsor's shares in the company.
- Assignment of the company's insurance policy and other contractual benefits.

Repayment is normally in equal, semi-annual instalments. Longer maturities may be considered on an exceptional basis, for example, up to 15 years for large infrastructure operations.

The Bank can help manage financial risks associated with a project's assets and liabilities. This covers foreign exchange risk, interest rate risk and commodity price risk. Risk hedging instruments include currency swaps, interest rate swaps, caps, collars and options and commodity swaps.

8.4.2 Loans for Smaller Projects

Projects that are too small to be financed directly by the EBRD can still benefit from our investments.

The EBRD supports local commercial banks, which in turn provide loans to SMEs and municipalities. Tools that may be available include credit lines, bank-to-bank loans, standby credit facilities and equity investments in the local banks.

MSMEs should contact local banks directly to access finance and check local requirements and investment limits.

Businesses looking to obtain loans through local banks should provide:
- Sound business plans for establishing or expanding a company’s business.
- Solid management with a proven track record.
- Products that are competitive in the marketplace.
- Information on owners/partners.
- Financial history.
- Security in the form of pledges, mortgages, etc.

- Funds provided must be used in strict accordance with the aims stated in the original business plan.
- In line with the EBRD's mandate, banks ensure that all proposals pay due regard to environmental issues.
- Funding cannot be provided to majority state-owned companies or for government-guaranteed projects.

In addition, equity contributions, either in existing or new business, of around 35% are often required.

8.4.3 Equity Investments

EBRD invests equity ranging from €2 million - €100 million in industry, infrastructure, and the financial sector.

The EBRD uses innovative approaches and instruments and expects an appropriate return on investment. EBRD will only take minority positions and will have a clear exit strategy.

Equity and quasi-equity instruments:
- Ordinary shares
- Preference shares
- Subordinated loans
- Debentures
- Income notes
- Redeemable preference shares
- Listed and unlisted
- Underwriting of share issues by public or privately-owned enterprises
- Financing the transfer of shares in existing enterprises. This form is only used in cases of privatisation where such a transfer will definitely improve efficiency, for example, through better management, rehabilitation or expansion under new ownership or synergy with the acquirer's operations

The EBRD also participates in investment funds, which in turn invest in medium-sized companies that need to expand their business. Equity funds are focused on a specific region, country or industry sector, have local presences and are run by professional venture capitalists. Their main investment criteria are consistent with the EBRD's overall investment policy.

The terms and conditions of EBRD investment depend on risks and prospective returns associated with each project. They are also affected by the financial/ownership structure of the project company.

As the Bank has limited capital resources, it does not take long-term equity investments or controlling interests. Nor does it assume direct responsibility for managing the project company.

8.4.4 Equity Funds for Smaller Enterprises

To give entrepreneurs and small firms greater access to finance, the EBRD also supports financial intermediaries, such as local commercial banks, micro business banks, equity funds and leasing facilities.

8.4.5 Equity Financing

Equity finance is available from EBRD-supported private equity funds, donor-supported equity funds and directly from the EBRD. Equity funds support all kinds of investments including business start-ups, expansion and acquisitions.

Some funds specialise in financing companies in need of restructuring, in distressed situations or mezzanine capital for a later stage. Fund investments generally have a higher prospective return and require longer-term risk capital than standard EBRD projects.

Investment criteria are consistent with EBRD policy, but investment decisions are made by fund managers.

8.4.6 EBRD Direct Investment

Equity finance up to €6 million for businesses led by experienced local entrepreneurs may be available directly from the EBRD through the EBRD Direct Investment Facility.
EBRD invests in equity and quasi-equity (preferred equity/subordinated debt), as well as being a provider of senior debt. Since inception, it has invested more than €15 billion of equity into over 800 companies, making it one of the largest equity investors in its region.

EBRD is primarily a minority investor providing private equity for growth stage companies, but it can invest in a range of other situations from pre-privatisation to Initial Public Offering (IPO), as well as working with private equity investors in change of control transactions.

Investment terms

- Preferred investment range between €20m and €100 million. Smaller investments can be considered, but are more likely to be structured as self-liquidating mezzanine finance
- EBRD’s equity shareholding usually in the range 15-35% for corporate sector deals, 5-15% for Financial Institutions/larger infrastructure investments.
- Preferred investment period is 4-7 years
- Flexible financing offer can include equity and quasi-equity (EBRD will not usually process a debt transaction at the same time as an equity transaction, but debt and equity exposure to the same company is possible)
- Clear prospect of exit through joint sale with other shareholders to a third party, or sale back to existing shareholders e.g. via put option

Project requirements

- Experienced sponsors and management with a proven track record
- Good prospects for the company in relevant local/regional markets

- Sound financial basis and well-structured financing plans
- A credible business plan
- Realistic entry valuation
- Willingness to share corporate governance including EBRD Board membership and a role for EBRD in key strategic decisions
- Realistic exit strategy that will provide a performance-based return for the EBRD
- Prospective investment returns which are appropriate to equity and commercial ris

The EBRD's Equity Participation Fund (EPF) mobilises funds from global institutional investors to take part in our own direct equity investments with the goal of attracting long-term institutional capital into the private sector in the countries where we work.

8.5 Loan Syndication

Loan Syndications techniques most frequently used to date by the EBRD are:

- the A/B loan syndication structure, where the EBRD remains the lender of record for the entire loan and the commercial banks derive benefit from the EBRD's preferred creditor status
- assignments of part of EBRD loans to domestic commercial banks in its countries of operations to promote their cooperation in medium-term lending
- co-financing with other international financial institutions
- parallel or joint financing with commercial banks supported by ECAs or with direct lending ECAs
- parallel loans with commercial banks
- parallel loans with official government agencies
- various guarantee facilities
- private placements of equity
- debt co-financing with institutional investors

8.6 Trade Finance

The European Bank for Reconstruction and Development's Trade Facilitation Programme has been running since 1999. The programme aims to promote foreign trade to, from and amongst the EBRD countries of operations and offers a range of products to facilitate this trade.

Through the programme the EBRD provides guarantees to international confirming banks, taking the political and commercial payment risk of international trade transactions undertaken by banks in the countries of operations (the issuing banks).

EBRD also provides short-term loans to selected banks and factoring companies for on-lending to local exporters, importers and distributors

The programme can guarantee any genuine trade transaction to, from and among the countries of operations.

8.6.1 Trade Finance Products

a) Guarantees

The programme can guarantee any genuine trade transaction to, from and between the countries of operations. Guarantees may be used to secure payment of the following instruments issued or guaranteed by participating banks:

- letters of credit and standby letters of credit from the issuing bank
- deferred payment and "red-clause" letters of credit
- advance payment guarantees and bonds, and other payment guarantees
- bills of exchange and trade-related promissory notes
- bid and performance bonds and other contract guarantees
- longer tenors are approved (where appropriate) to cover finance of imported capital equipment and for other term guarantees
- other types of trade finance instruments can also be considered

b) Revolving credit facility

In addition to providing trade finance guarantees, EBRD also extends short-term loans to selected banks and factoring companies in our countries of operations.These are structured to fund trade-related advances to local companies exclusively for the purpose of pre- and post-shipment finance and other financing of working capital necessary for the performance of foreign trade contracts and domestic and international factoring operations. Credit agreements are signed between the EBRD and the selected banks and factoring companies. Selection criteria are similar to the criteria used for issuing banks.

c) Factoring transactions

EBRD added factoring to its trade programme in order to further support the transfer of innovative trade finance solutions and know-how to our countries of operations. Through the programme, EBRD also provide financing for domestic factoring activities, in local currencies in a number of countries.

8.7 EBRD Financial Instruments for Financing Innovation in Green Sectors

EBRD provides loans, equity investments, guarantees and trade finance instruments. The only exception is FINTECC grant. FINTECC grants are operational in Kazakhstan, The Southern and Eastern Mediterranean region comprising Egypt, Jordan, Morocco and Tunisia (SEMED), Early Transition Countries and Ukraine.

FINTECC incentive grants are capex grants and needs-based financial incentives for demonstration projects that implement the best available climate technologies, within a specific sector and country.

Eligible climate technologies include:

- Greywater recycling and rainwater harvesting
- Applications of cogeneration and trigeneration systems

- Advanced heat recovery systems in industrial applications
- LED lighting and advanced energy management systems

Table 8-1 Financing innovation in green sectors - EBRD financial instruments

Funding Programme/ Financing Mechanism	Public (Budget); Private Or Blended Sources	Direct Or Via Financial Intermediaries	Financial Instrument	Financial Product	Green Sector (Broad Definition)
Green Economy Transition approach (GET)	EBRD financial sources	direct and via financial intermediaries	Green Economy Finance facilities (GEFFs) - GEFF Western Balkan - residential; EENOVA+; WeBSEFF; Western Balkans Enterprise Development and Innovation Facility (WB EDIF; FINTECC incentive grant	loans	energy efficiency and renewable energy projects; green investments
	EBRD financial sources	EBRD direct	Loans for larger projects (€5 million - €250 million)	Senior, subordinated, mezzanine or convertible debt	no sector limitations
	EBRD financial sources	intermediated through local commercial banks	Loans for smaller projects	loans	no sector limitations
	EBRD financial sources	direct or financial intermediaries for SMEs and entrepreneurs	Equity investments	Ordinary shares; Preference shares; subordinated loans; debentures; income notes; redeemable preference shares; etc.	no sector limitations

CHAPTER 9
The Council of Europe Development Bank (CEB)

Chapter IX – Contents

Chapter IX

Chapter IX provides a brief overview of Council of Europe Development Bank (CEB), a multilateral development bank with an exclusively social mandate.

The Council of Europe Development Bank (CEB) is a multilateral development bank with an exclusively social mandate.

The CEB represents a major instrument of the policy of solidarity in Europe. It participates in financing social projects, responds to emergency situations and contributes to improving the living conditions of the most disadvantaged population groups.

The CEB contributes to the implementation of socially oriented investment projects through three sectoral lines of action, namely:

- Sustainable and inclusive growth
- Integration of refugees, displaced persons and migrants
- Climate action: developing adaptation and mitigation measures

The CEB carries out its mission within the strategic framework of a formal "Development Plan" that describes the logic underpinning its action and sets forth guidelines for the activity in the medium term in relation to the operational context within which the Bank operates. The current Development Plan covers the period 2017-2019.

In order to maximize the Bank's contribution to strengthening social cohesion in its member countries, the CEB finances bankable projects through a range of financing instruments that allow flexibility to its borrowers and best address their needs.

The CEB Project Loans usually finance predefined individual infrastructure investments while Programme Loans are used for funding multi-project programmes, mostly in support of MSME and municipal investment programmes and often disbursed via the CEB's commercial bank partners.

While the EU Co-Financing Facility (ECF) allows for co-financing and/or ex-ante financing of EU-funded investment activities at the country level, the Public Sector Financing Facility (PFF) covers temporary financing gaps in the public sector and facilitates the continuation of investments and reform programmes. Lastly, the Cross-Sectoral Loan Programme (CSL) responds to the public authorities' social infrastructure needs in several overlapping sectors.

Thanks to its excellent rating (Aa1 with Moody's, outlook stable, AA+ with Standard & Poor's, outlook positive and AA+ with Fitch Ratings, outlook stable), the CEB raises funds in the international capital markets on very competitive terms.

As a non-profit driven institution, the Bank applies only a limited margin to its loans and charges no fees, thus enabling its borrowers to significantly reduce the cost of the loans they take out to finance social projects.

The CEB offers loans in line with the characteristics of the underlying projects and the specific clients' needs through tailor-made structures and a great deal of flexibility in terms of disbursement amounts, maturity, currency and interest-rate structures or capital and interest payment dates.

Potential borrowers include Governments, local/regional authorities, public/private financial institutions or any other public/private legal entity approved by a CEB member state.

In order to determine a borrower's eligibility for financing, a systemic evaluation of its solvency, institutional set-up and management capacity is carried out by the CEB.

Loan applications are tailored to the characteristics of each project. They are prepared jointly by the CEB and the borrower and state the main features of the borrower and the project to be financed.

CHAPTER 10
National and Regional Specific Financial Mechanisms and Instruments

Chapter X - Contents

Chapter X

Chapter X summarises collaborative work of the partners to share their practices from regions' and countries' specific financial mechanisms and instruments.

Participating MED partner countries and eight of their regions identified 145 different financial instruments that are mostly implemented on a national level.

Public source (EU, national or regional budgets) for funding different financial instruments on national/ regional level prevails. Private funding is lagging behind public and blended sources.

The majority of financial instruments doesn't address directly green sector but targets industries or activities that could be considered as a part of the broadly defined green economy.

10.1 Participating MED Countries and Their Regions

Eight participating countries in finMED project are EU Member States whilst Bosnia and Herzegovina is a potential candidate country. Geographically smaller countries (Cyprus, Slovenia and Malta) reviewed their specific financial mechanisms and instruments on a national level only. Bosnia and Herzegovina presented its specific financial instruments on national and entity level.

Italy, France and Spain presented their specific financial instruments on national level and each of the countries for two of their regions – total six regions.

Greece and Portugal reported their specific financial instruments on national level and in one of the countries' regions – total two regions.

This is the overview of participating countries and their regions:

- Italy: on national and regional level for Piemonte Region and Autonomous Region of Sardinia
- Greece: on national and regional level Region Western Macedonia
- Bosnia and Herzegovina: on national level only
- Portugal: on national and regional level for Region Algarve
- Cyprus: on national level only
- Slovenia: on national level only
- France: on national and regional level for Region Provence-Alpes-Côte d'Azur (PACA) and Territorial Collectivity of Corsica
- Malta: on national level only
- Spain: on national and regional level for regions Autonomous Community Andalusia and Autonomous Valencian Community

10.2 Definition of Green Sector and Applicable Financial Instruments for Boosting Innovation

EU Commission, EU policies, strategies, initiatives, financial mechanisms and instruments are using general, broader or narrower definition of different green sectors in the economies.

The green economy is defined as an economy that aims at reducing environmental risks and ecological scarcities, and that aims for sustainable development without degrading the environment. It is closely related with ecological economics, but has a more politically applied focus.

The EU's development policy promotes the transformation towards an inclusive green economy that generates growth, creates jobs and helps reduce poverty through sustainable management of natural capital. Addressing this challenge requires a broad set of interventions that go beyond government action to involve the private sector.

For the finMED project, the following green sectors were basically included in the overview and analysis of financial mechanisms and instruments for financing innovation in green economy:

- Energy efficiency
- Renewable energy
- Waste and resources management
- Eco – innovation
- Clean technologies

In addition, the overview, analysis and report adhere to even broader definition of green sector or different terminology that include i.e. industries such as bio-based, energy I general, environment and climate action, innovation, etc.

Most of the existing financial instruments are not tailored for financing of innovation in green sector. Therefore, the report on existing financial instruments includes also mechanisms / instruments targeting SMEs in general; or innovation in different sectors; or both “innovative” SMEs and innovation in general in a particular industry.

Existing solutions and financial mechanisms based on EU public funds (European Commission, EIB / EIF) are currently available in all EU member states - either directly or via national managing authorities and financial intermediaries (i.e. banks, venture capital funds, etc.).

Implementation of financial instruments under different funding programmes that are commonly available from EU public funds, may significantly differ between partner countries on their national level - either country specific financial instruments for withdrawing financial funds are developed, or their organizational structure (managing authorities, delegated financial intermediaries) may be unique.

Overview, analysis and report on a national / regional level focus on three pillars:

- National / Regional funds or local financial mechanisms / instruments available in partners' countries and / or regions - based either on public, private or hybrid funding sourced from EU and national (country) budget or from third countries (donations, investment in equity or debt on a country level);
- Implementation of financial instruments under Structural and Investment Funds – ESI Funds (ERDF, CF, ESF) and European Fund for Strategic Investments (ESFI) on a national level (country specific);
- Complementarity / combination of ESI Funds and EFSI at project and financial instrument level in partners’ countries.

10.3 Overview of National and Regional Specific Financial Mechanisms and Instruments

Overview contains specific financial mechanisms and instruments on national and regional level and as well couple of EU directly managed financial instruments that are implemented nationally or regionally.

Detailed explanations of specific instruments are available in the original templates received from project partners (Attachment No 1).

Table 10-1 MED countries and their regions – number, level of implementation and funding source for financial instruments on national and regional level

Country/ Region	No Of FIs	National	Regional	Public	Private	Blended
Italy	12	5	7	2	3	7
Piemonte	7				2	5
Autonomous Region of Sardinia	5			2	1	2
Greece	13	10	3	8		5
Western Macedonia	13					
Bosnia and Herzegovina	10	3	7	10		
National level	3			3		
Entity level	7			7		
Portugal	4	4		4		
Cyprus	7	7		1		6
Slovenia	24	24		1		23
France	48	25	23	24	19	5
PACA	38			18	15	5
Corsica	10			6	4	
Malta	6	6		6		
Spain	21	12	9	16	5	
Valenciana	16			12	4	
Andalusia	5			4	1	
Total No of FIs	145	96	49	72	27	46

In total, nine participating MED partner countries and eight of their regions identified 145 different financial instruments that are mostly implemented on a national level. It could be implied from collected data that there's no clear definition whether the financial instruments are developed on a national level but implemented regionally or vice versa.

Public source (EU, national or regional budgets) for funding different financial instruments prevails. Private funding is lagging behind public and blended sources.

Table 10-2 MED countries and their regions – form of financial products, status of beneficiaries and broad green sector or all sector eligibility for implementation of financial instruments on national and regional level

Country/ Region	Grant	Loan	Guarantee	Equity	SMEs Beneficiary	Other Beneficiaries	Green Sector (Broad)	All Sectors
Italy	2	8	3	2	6	6	6	6
Piemonte								
Autonomous Region of Sardinia								
Greece	7	4	2	3	6	7	1	12
Western Macedonia								
Bosnia and Herzegovina	7	2	1		5	5	2	8
National level								
Entity level								
Portugal	4					4	4	
Cyprus	5	1	1		4	3	1	6
Slovenia	9	5	9	1	17	7	2	22
France	26	21	1	8	25	23	22	26
PACA								
Corsica								
Malta	6					6		6
Spain	16		2	2	4	17	10	11
Valenciana								
Andalusia								
Total No of FIs	82	41	19	16	67	78	48	97

Some of the financial instruments are deployed with several financial products. Therefore, the total number of financial products (158) doesn't match with the total number of reported instruments (145).

Grants are most widely used for deployment of funding programmes, followed by financial products such as loans and guarantees.

46% of all financial instruments are tailored to target SMEs in different developmental and growth phases. 54% of financial instruments set very general and broad eligibility criteria for final recipients that include SMEs in most of the cases.

48 financial instruments (33%) more specifically (but not exclusively) target investments in broad green sector.

The majority of financial instruments doesn't address directly green sector but targets some industries or activities that could be considered as a part of the broadly defined green economy.

It may be concluded that most of the existing financial instruments could be used for financing innovation in green sector.

10.3.1 Italy

10.3.1.1 Financial Mechanisms and Instruments on a National Level

10.3.1.2 IsDB Science, Technology & Innovation Fund (IsDB-STIF)

IsDB-STIF (private source of capital) is managed by Islamic Development Bank. The fund provides grants and equity participation in eligible final recipients for investments in clean water, sanitation, affordable & clean energy, innovations and other social and industrial sectors. All MED countries are eligible for (co) financing.

10.3.1.3 Italian Fund for Energy Efficiency

Fund (private capital) is managed by private investment company FIEE. The fund participates in equity of established and mature companies for investments in energy efficiency and infrastructure.

10.3.1.4 Other financial instruments based on EU budget/ public funds

- InnovFin SME Guarantee Facility
- Private Finance for Energy Efficiency (PF4EE)
- COSME - Loan Guarantee Facility (LGF)

10.3.2 Piemonte Region

Only specific market-driven and risk-sharing financial instruments based on ERDF, are currently available in the region.

10.3.2.1 ERDF (POR FESR) 2014-2020 Action I.1b.1.2

Public funding and private co-funding is managed by Region Piemonte (intermediary), Finpiemonte (contact point and financial body) and CLEVER Cluster (SMEs support). Subsidised loans are available for at least 25% of the total project’s costs in efficiency & rational use of energy and water resources, clean solutions, climate changes and others.

10.3.2.2 ERDF (POR FESR) 2014-2020 Action III.3d.6.1

Revolving and subordinated loans will be available for micro enterprises and SMEs.

10.3.2.3 Region of Sardinia

10.3.2.4 ERDF (POR FESR) 2014-2020 Action III.3.3.1

Public funding and private co-funding is managed by Industry Department of the Autonomous Region de Sardinia. Non-refundable grants co-finance 50% of the project costs for the investments in energy efficiency.

10.3.2.5 ERDF (POR FESR) 2014-2020 Action III.3.1.1

Equiter Intesa Bank is a financial intermediary for providing revolving loans and equity participation (JESSICA Fund) for investments in energy efficiency and infrastructure.

10.3.2.6 Microcredito

Public funding originating from ESF is managed by Autonomous Region de Sardinia and SFIRS (in house financial body). Microloans are available for eligible final recipients in all industry sectors.

10.3.2.7 Fondo di Garanzia

SFIRS (in-house financial body) provides guarantees and counter-guarantees (ERDF public funding) for the loans from the private financial intermediary directed to the investments in efficiency & rational use of energy and water resources, clean solutions, climate changes and others.

10.3.3 Greece

10.3.3.1 Financial mechanisms and instruments on a national level

10.3.3.2 New Development Law 4399/2016

Development planning directorates of regions/general directorate for private investments of Ministry of Economy, Development and Tourism are managing authorities for implementing financial products such as grant, leasing subsidy, tax exemption, new employment cost subsidy, stabilization of income tax rate and financing of business risk via equity fund.

Eligible investments are in the following sectors: innovation, collaborative innovation clusters, energy efficiency, renewable energy sources and others.

10.3.3.3 Hellenic Fund for Entrepreneurship and Development - ETEAN S.A.

Greek State pays through the Public Investment Program to ETEAN SA funds totalling € 400,000,000.

Public fund co-invest with collaborating commercial banks in different separate financial units (such as the National Funds for Entrepreneurship, TEPIX, TEPIX I and II). ETEAN S.A. acts as a Portfolio Fund Implementing Agent.

Loan default guarantees, working capital loan guarantees and subsidized loans are available for SMEs, micro-enterprises, and independent or self-employed professionals active in agriculture, industry, crafts, retail, self-employed professional and cooperatives.

10.3.3.4 Portfolio Fund "Entrepreneurship Fund II (TEPIX II)"

TEPIX II is a separate financial unit funded with co-investment of the FUND FOR ENTREPRENEURSHIP and 10 collaborating banks (blended source). ETEAN S.A. acts as a Portfolio Fund Implementing Agent.

Working capital and investments' loans are available for SMEs active in manufacturing, trade, services and tourism.

10.3.3.5 Portfolio Fund (Capital) "National Fund for Entrepreneurship (TEPIX)"

TEPIX is a separate financial unit funded with co-investment of the FUND FOR ENTREPRENEURSHIP and 14 collaborating banks (blended source). ETEAN S.A. acts as a Portfolio Fund Implementing Agent.

The Fund is co-financed by the European Regional Development Fund (ERDF) and national funds, via the regional operational programs (ROP) and the operational program "Competitiveness and entrepreneurship".

Working capital and investments' loans are available for SMEs active in manufacturing, trade, services and tourism.

10.3.3.6 Entrepreneurship Fund I (TEPIX I) – Business Restarting Action

TEPIX I is a separate financial unit funded with co-investment of the FUND FOR ENTREPRENEURSHIP and 10 collaborating banks (blended source). ETEAN S.A. acts as a Portfolio Fund Implementing Agent.

Working capital and investments' loans are available for SMEs active in manufacturing, trade, services and tourism.

10.3.3.7 Equity Fund of Funds - EquiFund

The new fund-of-funds (co-financed by the EU and national funds, EIB and EIF trough EFSI) will focus via equity financing on three sectors (“windows”): research and innovation, general entrepreneurship in early stages and general entrepreneurship in growth stages.

10.3.3.8 Operational Programme Competitiveness, Entrepreneurship and Innovation 2014-2020 (EPAnEK)

General Secretariat for Research and Technology is managing authority for different programmes that are part of the Operational Programme “Competitiveness, Entrepreneurship and Innovation 2014-2020 (EPAnEK), such as “RESEARCH - CREATE - INNOVATE” programme.

Grants are available for eligible enterprises (detailed data in original templates – Attachment No 1) in different sectors across industries and societal structure.

10.3.3.9 EEA and Norway Grants Fund for Regional Cooperation

Fund operators are Ecorys Polska, Poland and JCP Srl Italy. Grants are available for different eligible beneficiaries in the industry and society. Innovation and business development is a new programme supported in Greece. The main focus areas will be green industry innovation, blue growth and ICT. Innovation Norway will be the Fund Operator for this programme, opening up for increased bilateral cooperation.

10.3.3.10 Other financial instruments based on EU budget/ public funds

- InnovFin - equity and debt financial products
- SME instrument - grants

10.3.4 Financial mechanisms & instruments on a regional level – Western Macedonia

10.3.5 Special Development Program 2012-1016 for the Region of Western Macedonia (Regional Units of Kozani and Florina) in the framework of the Development Fund

Local authorities (second level of local government) are managing bodies with ANKO S.A. (RDA of Western Macedonia) as an intermediary managing authority. Grants for investments, employers’ contribution subsidies and direct operating expenses were available to eligible final recipients for new technologies, innovation and others.

10.3.6 Development Fund of Western Macedonia

Development Fund of Western Macedonia is a venture capital fund. The Government through the Programme of Public Investments, the Region of W. Macedonia, Chambers of Commerce and Industry of Kozani and Florina are managing authorities and ETEAN S.A. is managing agent.

Guarantees with alternative advantageous conditions to the benefit of businesses for loans, advance payment guarantees and conditional debt settlements will be available. Fund is in starting phase, not yet operational.

10.3.6.1 Regional Operational Programme of Western Macedonia 2014-2020

Grants are available for:
- Strengthening research, technological development and innovation
- Enhancing access to, and use and quality of, ICT
- Enhancing competitiveness of SMEs
- Supporting the shift towards a low-carbon economy in all sectors
- Promoting climate change adaptation, risk prevention and management
- Preserving and protecting the environment and promoting resource efficiency
- Promoting sustainable transport and removing bottlenecks in key network infrastructures

10.3.7 Bosnia and Herzegovina (on national and entity level)

10.3.7.1 National level – Bosnia and Herzegovina

10.3.7.1.1 Public call for allocation of funds from the current grant "Support to technical culture and innovation in Bosnia and Herzegovina"

Ministry of Civil Affairs of Bosnia and Herzegovina is managing grants for innovation in general (no specific sectors or industries).

10.3.7.1.2 SIDA Challenge fund

SIDA Challenge fund is a public contribution from Swedish government. Sweden Embassy, Sarajevo Economic Region Development Agency SERDA, Republic Agency for Small and Medium Enterprises of Republic of Srpska and Region Ostergotland from Sweden are managing grants for innovation in SMEs in all sectors.

10.3.7.1.3 Other financial instruments based on EU budget/ public funds

- InnovFin Programme - guarantees and counter-guarantees: ProCredit group through ProCredit Banks in Albania, Bosnia and Herzegovina, Bulgaria, Macedonia, Moldova, Romania and Serbia is managing InnovFin Programme - guarantees and counter-guarantees on debt financing for innovations in MSEs in all sectors.

10.3.7.1.4 Entity level - Federation of Bosnia and Herzegovina and Republic of Srpska

Federation of Bosnia and Herzegovina and Republic of Srpska form the state of Bosnia and Herzegovina.

10.3.7.1.5 Federation of Bosnia and Herzegovina

10.3.7.1.6 Public tender for the selection of beneficiaries of grant funds for current transfers for 2018

Federal Ministry of Development, Handcraft and Entrepreneurship is managing grants for innovators - individuals residing in the Federation of Bosnia and Herzegovina.

10.3.7.1.7 Public tender for the selection of beneficiaries of grant funds for current transfers for 2018

Federal Ministry of Development, Handcraft and Entrepreneurship is managing grants for newly established SMEs.

10.3.7.1.8 Public tender for the selection of beneficiaries of grant funds for current transfers for 2018

Federal Ministry of Development, Handcraft and Entrepreneurship is managing grants for strengthening SMEs competitiveness.

10.3.7.1.9 Credit stimulation of development, entrepreneurship and crafts

Federal Ministry of Development, Handcraft and Entrepreneurship with Development Bank of Federation of Bosnia and Herzegovina is managing credit stimulation of development, entrepreneurship and crafts in SMEs in all sectors.

10.3.7.1.10 Public call for financing / co-funding of scientific research and research and development projects in the Federation of Bosnia and Herzegovina in 2018

Federal Ministry of Education and Science is financing/co-funding with grants scientific research, research and development projects (no sectors' limitations).

10.3.7.1.11 Revolving fund

Federal Ministry of Energy, Mining and Industry with Union bank (state bank) are managing funding program for revolving fund (loans). Final beneficiaries are SMEs in:

- Metal, electric and automotive industry,
- Building materials and non-metals industries,
- Wood, paper and graphic industries,
- Manufacture of textiles, clothing, leather and footwear
- Chemical, pharmaceutical and rubber and plastic industries.

10.3.7.2 Republic of Srpska

10.3.7.2.1 Public Call for Financial Support to Innovation in Republic of Srpska

Ministry of Science and Technology of Republic of Srpska is providing grants for innovation in general (both for individuals and legal entities).

10.3.8 Portugal (national and regional level in general)

Four public funding programmes/ financial mechanisms are parts of the Programme Portugal 2020, under the frame of Structural Funds of the European Union. Regional Development Coordination Commissions is the managing authority for co-financing investments in different green sectors.

10.3.8.1 Sistema de Incentivos à Investigação e Desenvolvimento Tecnológico nas Empresas (SI & IDT)

Grants are available for:

- Innovative green products; low carbon economy; efficient use of resources; green economy

10.3.8.2 Sistema de Incentivos à Inovação (SI Inovação)

Grants are available for:

- Less pollutant products; efficient use of resources; less greenhouse effect of gas emissions; low carbon economy; high intensive technology; qualified entrepreneurship;

10.3.8.3 Sistema de Incentivos à Qualificação e Internacionalização de PME (SI Qualificação PME)

Grants are available for:

- Patenting of green products and services; conception and registry of brands of green products; design of new green products; management and certification of energetic performance; instruments for environmental management and certification; eco-design;

creation of green products; recycled materials; sustainability studies; ICTs; environmental certification; energy management; consultancy; commercialisation and marketing; professional training and human resources;

10.3.8.4 Programa Operacional Sustentabilidade e Eficiênica no Uso dos Recursos (PO SEUR)

Grants are available for:

- Energy efficiency in households; intelligent distribution systems; renewable sources; energy efficiency in central public administration; sustainable mobility; adaptation to climatic changes and risk prevention; risk prevention and management resulting from natural and human activity; littoral protection; firefighting aerial means; water; environmental passives; waste sector; biodiversity and ecosystems

10.3.9 Cyprus (national level only)

10.3.9.1 The Cyprus Entrepreneurship Fund (CYPEF)

European Investment Bank and Government of Cyprus (Directorate General for European Programmes, Co-ordination and Development) are managing provision of loans with favourable terms and conditions for SMEs in all sectors of the economy.

10.3.9.2 Scheme for the Enhancement of SMEs competitiveness in areas of the British Bases in Cyprus

Ministry of Energy, Commerce, Industry and Tourism is the managing authority for approving grants to eligible SMEs (existing or new) in all sectors of the economy, excluding the primary sector.

10.3.9.3 Promoting Youth Entrepreneurship between 20 – 40 years' old

Grants are managed by Ministry of Energy, Commerce, Industry and Tourism and available for all sectors, excluding primary sector, wholesale and retail trade.

10.3.9.4 Promoting Women Entrepreneurship between 18 – 55 years' old

Grants are managed by Ministry of Energy, Commerce, Industry and Tourism and available for all sectors, excluding primary sector, wholesale and retail trade.

10.3.9.5 Scheme for Promoting Entrepreneurship and Innovation

Scheme is managed by the Ministry of Energy, Commerce, Industry and Tourism. Grants are available for innovation and investments in green sectors for SMEs start-ups and existing enterprises that:

- Have products or services on the market or apply for the category of start-ups;
- Plan to market an innovative (one or more) product or service;
- Plan to redesign a product or service that has been tested on the market in two years' prior the application;
- Plan to develop innovative processes or production processes for their products.

10.3.9.6 Other financial instruments based on EU budget/ public funds

- InnovFin SME Guarantee Facility for all sectors in economy (SMEs and large enterprises, financial institutions) is managed by RCB Bank Ltd and Bank of Cyprus on behalf of EFSI.
- «EUROSTARS Cyprus» is managed by Research Promotion Foundation for all sectors in the economy (excluding primary one).

10.3.10 Slovenia (national level only)

10.3.10.1 RRI2 (Research, Development and Innovation)

Ministry of Economic Development and Technology is the managing authority for placing ESIF (EFRD) funds as grants (co-funding of eligible costs: minimum 100.000 EUR and maximum 500.000 EUR) for research and innovation to all enterprises and consortiums.

10.3.10.2 Renewed lending fund No 4 for RRI (research, development and innovation) - "patient loans"

SID Banka and Ministry of Economic Development and Technology are managing long-term loans: 10 years' repayment period, including 5 years' moratorium on the principal, interest rate < 1,5 per annum; funds may be used to finance up to 85 percent of costs directly related to the project; ranging from 100.000 EUR to 5 million EUR.

Loans are not restricted to any particular sector.

10.3.10.3 Lending funds for RRI2, MSP6 and MSP7

SID Banka and Ministry of Economic Development and Technology are managing loans that are not restricted to any particular sector.

Available are following debt financial instruments:

RRI2: loans for financing research, development and innovation

- MSP6: loans for financing investments and strengthening equity structure of MSEs
- MSP7: loans for financing working capital and strengthening equity structure of MSEs

10.3.10.4 Fund of Funds (public source: ESIF – cohesion funds)

Ministry of Economic Development and Technology as a managing authority and SID Banka as a Fund of Funds manager are responsible for on-lending via financial intermediaries - Slovene business and commercial bank.

Sub-loans (via intermediaries) for RRI (research, development and innovation) will consist of 2/3 funds from the Fund of Funds at "zero price" (no interests) and 1/3 from financial intermediaries (commercial banks) funds at market price.

10.3.10.5 The Public Fund of Republic of Slovenia for Entrepreneurship (SEF)

SEF manages several financial instruments (P2, P2R, P2L, SK75, SK200, 1K, P7, P7R and P1plus) in the form of financial products such as grants, micro loans, guarantees, convertible loans, equity and quasi-equity for SMEs.

10.3.10.6 Slovene Equity Growth Investment Programme (SEGIP)

SEGIP is one of the first financing programmes (equity investments & co-investments) launched by EIF under the EIF-NPI Equity Platform and the Investment Plan for Europe in cooperation with EU – Slovene National Promotional Institution (SID banka).

EIF will manage and deploy the SEGIP, through fund investments into venture capital and private equity funds, and co-investments alongside funds and private investors on market terms. The co-investment capital will be provided through a co-investment vehicle, which is set up and managed by the fund manager. The fund manager will invest in the target company from the co-investment vehicle alongside an investment from the main investment fund.

The programme is not restricted to any particular sector.

Target company must be seeking later stage venture or private equity financing (i.e. the company must be beyond seed and start-up stage); be an SME (EC definition) or mid-cap (up to and including 2999 FTEs), with at least two employees and having been operating for at least two years; established in Slovenia or with significant long-term operations in Slovenia have strong growth prospects; it has to keep its operations/ registered address (residency) in Slovenia

10.3.10.7 Central Europe Fund of Funds (CEFoF)

EIF acts as a fund manager. Investments into venture capital, private equity and mezzanine funds and co-investments through co-investment vehicles alongside investment funds, family offices and institutional investors will enable equity investments into later stage/growth phase SMEs and small mid-caps.

The programme is not restricted to any particular sector.

10.3.10.8 European Economic Area (EEA) and Norway Grants

The Financial Mechanism Office is part of the EFTA Secretariat in Brussels and manages the EEA Grants and Norway Grants on behalf of Iceland, Liechtenstein and Norway.

Government Office for Development and European Cohesion Policy is a national contact point. Grants are available for co-financing green and cross-sector innovation, research, education and competitiveness, environment, energy, climate change and low carbon economy.

10.3.10.9 EEA and Norway Grants Fund for Regional Cooperation

Fund operators are Ecorys Polska, Poland and JCP Srl Italy. Grants are available for innovation, research, education and competitiveness, environment, energy, climate change and low carbon economy.

The projects supported must be regional cross-border or transnational in nature and involve multiple partners and activities in different countries. Eligible entities must apply as a consortium, consisting of entities from a minimum of three countries.

10.3.10.10 Equity/ venture capital financial instruments

Five equity and venture capital funds are providing equity investments under different EU funding programs for financial intermediaries.

- Syntaxis Capital: all sectors in general with investment focus on industrials; TM; consumer, financial and business services; healthcare; expansion stage of enterprises (growth);
- Arx CEE IV: financing for research, development and innovation; SMEs in expansion stage (growth);
- Darby Private Equity (Franklin Templeton Investments): financing of cleantech and all sectors/ general with focus on energy, telecommunications, waste management and water treatment;
- 3TS Capital Partners: all sectors in general with investment focus on: environment and energy, technology and Telecoms, Media and marketing, services; expansion stage of enterprises (growth);
- Oxo Labs: all sectors in general, research, development and innovation; focus on start-up in ICT sector.

10.3.10.11 Other financial instruments based on EU budget/ public funds

- mended SME instrument - phase 1 (3rd call) managed with the support of National contact point (SPIRIT Slovenia - Public Agency for Entrepreneurship, Internationalization, Foreign Investments and Technology). Lump sum in the amount of 35.000 EUR for co-financing feasibility studies is available for SMEs.
- Amended SME instrument - phase 2 for co-funding phase 2 in the range from 45% to 60% of total eligible costs for micro and small enterprises; 35% to 50% for midcaps. Maximum funding per project: up to 1,6 million EUR.

10.3.11 France

Some of the financial instruments are developed on a national level by different ministries or agencies, but their implementation and use are on a regional level. Therefore, the overview of existing financial instruments is summarized for each particular region (PACA and Territorial Collectivity of Corsica) on a regional level.

As an example, PIA (Programme d'Investissement d'Avenir) - "Investing for the Future" (component of the "Grand Emprunt") is implemented in the region PACA and in the Territorial Collectivity of Corsica.

10.3.11.1 Region PACA

Project partner EA eco-entreprises (PP10) outlined 38 financial mechanisms, instruments and products that are currently implemented in the region or on a national level.

10.3.11.1.1 PIA (Future Investment Program)

Managing authority (ADEME – Environment and Energy Management Agency), Bpifrance (French Public bank) and Caisse de Depot manage funds for approving grants and loans to SMEs, start-ups, clusters and other beneficiaries for investment in broad spectrum of green sectors.

10.3.11.1.2 PIA 3-Sud Provence Alpes Côte d'Azur Region

Managing authority State &Region / Sud Provence Alpes Côte d'Azur Region and delegated authority to Bpifrance (French Public bank) are managing funds for approving grants and loans to regional SMEs, start-ups and other beneficiaries for investment in broad spectrum of green sectors.

10.3.11.2 ADEME

Managing authority (ADEME – Environment and Energy Management Agency) is managing funds for approving grants and loans to national SMEs, start-ups and other beneficiaries for investment in broad spectrum of green sectors.

10.3.11.2.1 Agence de l'eau - National Water Agency

National Water Agency manages public sources to disseminate grants to Public Authorities, SMEs and companies for increasing water quality and improving biodiversity

10.3.11.2.2 FUI - Interministerial fund

FUI – inter-ministry fund under shared management with the State, Bpifrance (French Public bank) and different Ministries, regional and local authorities (such as Ministere de l'écologie, Région PACA, Direccte PACA, different clusters in the Region) disseminate national and regional grants for the industry, RD&I, water and waste water treatment, new technology for environmental services.

10.3.11.2.3 PACA Emergence

PACA Emergence is a regional fund for SMEs in seed-stage and capital risk financed with public source (Region PACA). ACG Management manages equity loan investments (in the range from 15k to 250k EUR) with delegated authority for SMEs and start-ups investing in green sector. Own funds are required but they are not necessary.

10.3.11.2.4 Pace Investissement

Pace Investissement is a Regional fund for investment (venture capital). Turene Capital manages equity investments (venture capital) in the range from 200k EUR to 2 million EUR for SMEs and start-ups in green sector.

10.3.11.2.5 Bpifrance (national public investment bank)

BPI manages grants and loans from public sources for SMEs and industrial enterprises active in water, biodiversity, IOT, waste, air quality, innovation, POC, priming phase, investment phase, R&D, guaranty, national and international development.

10.3.11.2.6 Fond interrégional R2V

Fond interrégional R2V - interregional fund (blended source contributed and shared between BPI, Région PACA, R2gion Rhône Alpes, IUMM, EDF and others) is managed by Rhône-Alpes Création & Viveris Management. It provides loans for collaboration between SMEs and public research centres.

10.3.11.2.7 Kic climat

EIT Climate-KIC is a European knowledge and innovation community, working towards a prosperous, inclusive, climate-resilient society founded on a circular, zero-carbon economy.

They identify, source and place public and private funds as equity investment that stimulate innovation.

10.3.11.2.8 EsiA

EsiA/France active provides funding from public source for grants and loans for SMEs of 50k€ for RSE employment and 150k€ participative grants; RSE, 5 jobs to be created in 3 years

10.3.11.2.9 FEDER

FEDER Sud Provence Alpes Côte d'Azur (FSI) under the management of Region PACA provides from a public source grants for SMEs for innovation in green sector.

10.3.11.2.10 FEADER

FEADER under the management of Region PACA provides from a public source grants for SMEs for innovation in green sector (agriculture).

10.3.11.2.11 FIMP- innovation Fund

Métropole Aix Marseille provides funding and manages grants for SMEs active in green sector in general.

10.3.11.2.12 Initiative pays d'Aix

Initiative pays d'Aix supports SMEs and start-ups with grants/ loans at favourable terms (no interests, collaterals or guaranties not required.

10.3.11.2.13 DAP, dispostif d'amorçage de provence

DAP, dispostif d'amorçage de provence fund is co-financed by the State, Pays d'Aix, Bank Caisse d'Epargne PACA, bank Crédit Agricole Alpes Provence, the CIC bank and private companies. It provides grants or “loan of honour” up to 40k for SMEs and start-ups in all sectors.

10.3.11.2.14 Filidéchets

Filidéchets is financed by Region PACA and ADEME. It provides grants in the range from 50k to 2500k for waste project development, POC and feasibility of new business models.

10.3.11.2.15 Economie circulaire

Economie circulaire is funded/ managed by Region PACA and ADEME. It provides grants in the range from 50k to 2500k for projects in circular economy.

10.3.11.2.16 France Brevets

France Brevets is a sovereign investment fund and it does not invest in equity. France Brevets deploys the financial capabilities needed to build strong patent portfolios also in green sector and to monetize them, while the ownership typically remains in inventor's hands. Licensing revenues are then shared between the inventor and France Brevets on a fair basis.

10.3.11.2.17 BNP Bank

It provides retail banking, corporate banking, market activities, private banking and development capital for SMEs and start-ups active in green sector. Beneficiaries have to prepare innovation business plan, create jobs and have their own funds.

10.3.11.2.18 CEPAC Bank

It provides retail banking, corporate banking, market activities, private banking and development capital for SMEs and start-ups active in green sector. Beneficiaries have to prepare innovation business plan, create jobs and have their own funds.

10.3.11.2.19 BPMED Bank

It provides retail banking, corporate banking, market activities, private banking and development capital for SMEs and start-ups active in green sector. Beneficiaries have to prepare innovation business plan, create jobs and have their own funds.

10.3.11.2.20 CIC Bank

It provides retail banking, corporate banking, market activities, private banking and development capital for SMEs and start-ups active in green sector. Beneficiaries have to prepare innovation business plan, create jobs and have their own funds.

10.3.11.2.21 Kic Innoenergy

As the world's leading business accelerator specialising in sustainable energy, Business Creation Services from InnoEnergy is helping start-ups to create successful businesses that bring solutions to a global market. They invest their own funds in equity and expertise in return for a financial stake.

10.3.11.2.22 Total développement

Total développement is a private fund providing loans from50k€ to 500k€ for SMEs and start-ups active in green sector.

10.3.11.2.23 EDF une rivière un territoir

EDF une rivière un territoir (private source) is managed by EDF une rivière un terriroir Durance Méditerranée loans for SMEs and start-ups active in green sector. Beneficiaries have to prepare innovation business plan, create jobs and have their own funds.

10.3.11.2.24 Air Bus Development

Air Bus Development (private source) is providing loans for SMEs and start-ups in green sector. Beneficiaries have to prepare innovation business plan, create jobs and have their own funds.

10.3.11.2.25 Fonds de revitalisation en PACA

Fonds de revitalisation en PACA is providing loans from private funds for SMEs and start-ups for creating new job in all sectors.

10.3.11.2.26 PACA business

PACA business is a private fund and managed by Turene Capital. It provides equity investments in the range from 50k to 500k for enterprises active in all sectors.

10.3.11.2.27 Provence Business Angels

Provence business angels invest in equity of SMEs and star-ups in all sectors.

10.3.11.2.28 Kiss kiss bank bank

KissKissBankBank is a crowdfunding platform that helps entrepreneurs raise funds to accomplish their ideas and projects. It fosters connections between projects creators and potential contributors passionate about creativity.

10.3.11.2.29 Lendopolis

Lendopolis provides private crowdfunding activity for entrepreneurs.

10.3.11.2.30 Kaalissi

Kaalissi is a private equity fund.

10.3.11.2.31 JEI (Jeune Entreprises Innovante)

It's managed by local state representation (DRRT). JEI allows exemptions from employers' social security contributions and tax exemptions (corporation tax, territorial economic contribution (CFE and CVAE) and property tax). The status can be obtained by simple request from the tax administration, respecting certain criteria, including that of devoting at least 15% of its turnover to R & D. It's applicable to SMEs and start-ups active in green sector in general.

10.3.11.2.32 CIR

Companies with basic research and experimental development expenditures can benefit from the EIF by deducting them from their taxes under certain conditions. It's applicable to SMEs and start-ups active in green sector in general.

10.3.11.2.33 CII (Crédit Impot Innovation)

The Innovation Tax Credit aims at the same objective as the CIR. Innovation expenses related to the development of prototype, design, operations or pilot installations of new products could be deducted from their taxable income.

10.3.11.2.34 Other financial instruments based on EU budget/ public funds

- JEREMIE: Région PACA as MA and Banque populaire and Banque Chaix with delegated authority manage loans' guaranties for SMEs in all sectors.
- Banque européenne d'investissement (BEI) or Euroepan Investment bank provides loans and guarantees to SMEs and start-ups active in green sector.

10.3.11.2.35 Territorial Collectivity of Corsica

10.3.11.2.36 PIA (Programme d'Investissement d'Avenir)

PIA "Investing for the Future" (component of the "Grand Emprunt") is a public governmental (national) fund that is combined with regional funds. It provides grants and loans for investments in agro food, agriculture, waste management and energy. Eligible beneficiaries are SMEs, clusters and educational institutions.

10.3.11.2.37 FEMU QUI

FEMU QUI is a private investments funds that provides venture capital for SMEs having proven and realistic business plan in all sectors.

10.3.11.2.38 Corsican Bank Crédit Agricole

It provides loans for SMEs active in all sectors.

10.3.11.2.39 Bpifrance Corse

It provides grants, equity, debt and guarantees for enterprises with sound and realistic business plan, POC and TRL>4.

10.3.11.2.40 ESI Funds (ERDF)

Financing from European structural funds are managed by national Managing Authorities - Ministry of Research and Ministry of Industry with delegated authority to Department of Research of the CdC, Corsican Agency of Economic Development, Corsican Urban Planning and Development Agency. Combined EU and national public sources are deployed for financing SMEs, public institutions, clusters, local associations and local authorities.

10.3.11.2.41 Interreg Maritimo

The cross-border Interreg Italy-France Maritime 2014-2020 seeks to achieve the goals of the EU 2020 Strategy in the Northern Mediterranean area by promoting smart, sustainable and inclusive growth. The Programme takes into account the issues of marine, coastal and island areas, but also addresses internal ones, with specific isolation risks.

10.3.11.2.42 CPER

State-Region plan agreement (Contrat de Plan Etat-Région, CPER) provides grants for SMEs, clusterss, institutions, research centres, individuals in broad green sector (green sector innovation; digital tools, research, education, competitiveness; environment, energy, climate change and low carbon economy).

10.3.11.2.43 Pattu Innovazione

Pattu Innovazione is managed by Corsican Agency for Economic Development. It provides grants from public sources for innovations in the range from 1,5k EUR to 1 million EUR.

10.3.11.2.44 Corsica Innova

Private funds are managed by ACG Management to provide grants for developing SMEs in all industrial /business sectors, registered in Corsica, with a good business plan.

10.3.11.2.45 Other financial instruments based on EU budget/ public funds

Erasmus+ grants are managed by Environment and Sustainable Development Board (OEC/CdC).

10.3.12 Malta (national level only)

10.3.12.1 European Territorial Cooperation, Cooperation Programme "INTERREG V-A Italy-Malta"

Funding programme (EU public sources - ERDF) is managed by the Joint Technical Secretariat formed by Dipartimento Regionale della Programmazione della Regione Sicilia (Regional Department for Programmes, Sicily Region) and the Funds and Programmes Division, Ministry for European Affairs and Equality, Malta.

Grants are available for improving innovation capacities (all sectors, including green), competitiveness and internationalisation of micro and SMEs within the European and international markets.

10.3.12.2 Tax Credits for R&D and Innovation

Tax credits for improving innovation capacities in all sectors, including green, are managed by Malta Enterprise Corporation. This instrument is available for all legal entities that employ for a period of at least twelve (12) months a person holding or preparing for a doctoral degree in science, information technology or engineering.

10.3.12.3 European Economic Area (EEA) and Norway Grants

Public & private contribution of Iceland, Liechtenstein and Norway are in the form of grants for financing innovation, research, education and competitiveness in all sectors and for financing innovations in the sectors of environment, energy, climate change and low carbon economy.

10.3.12.4 Innovation Aid for SMEs

Tax credits for improving innovation capacities in all sectors, including green, are managed by Malta Enterprise Corporation. This instrument allows eligible SMEs to recover part of the costs incurred for the temporary engagement of highly qualified personnel from large enterprises and research and knowledge-dissemination organisations in the form of tax credits.

10.3.12.5 Aid for Research and Development Projects

Tax credits for improving innovation capacities in all sectors, including green, are managed by Malta Enterprise Corporation. This instrument allows companies to claim tax credits on costs incurred directly or indirectly in carrying out an R&D project or projects relevant to the company's trade. The scheme adopts a new approach whereby companies can claim tax credits on their R&D within two years from its completion, although they can still submit a pre-proposal prior to incurring any cost to ensure that their project is eligible for funding.

10.3.12.6 Other financial instruments based on EU budget/ public funds

Dissemination of Horizon 2020 funds are supported by Malta Council for Science and Technology (Malta National Contact Point). Grants are focused on innovation in MSEs in all sectors.

10.3.13 Spain

10.3.13.1 Financial mechanisms and instruments on a national level

10.3.13.1.1 Green employment (EMPLEAVERDE)

Financial instruments for investments in green and blue economy are co-financed by the European Social Fund (ESF) within the Employment, Training and Education Operational Programme (POEFE). Ministry of Agriculture, Fisheries, Food and Environment and the Biodiversity Foundation (100% public) are managing authority for approving grants to public and private entities, non-for-profit or for-profit entities based in Spain.

10.3.13.1.2 Promotion of sustainable fisheries and aquaculture (PLEAMAR)

Financial instruments for investments in aquaculture and fishing industry, sustainable development, protection of biodiversity and natural resources, are co-financed by the European Maritime and Fisheries Fund (EMFF).

Ministry of Agriculture, Fisheries, Food and Environment and the Biodiversity Foundation (100% public) are managing authority for approving grants to public and private entities, non-for-profit or for-profit entities based in Spain.

10.3.13.1.3 Modal change and more efficient use of transportation modes

Ministry of Energy, Tourism and Digital Agenda and Institute for Diversification and Energy Saving (IDAE) are managing authorities for approving grants to private or public legal entities, natural persons or entrepreneurs based in Spain. Grants should be used for activities directed to CO2 reduction and energy savings by increasing energy efficiency on mobility to working place, fleet efficiency audits or fleet management systems for transport and industrial transport efficiency training.

Public funding programme is co-financed by the National Energy Efficiency Fund. Grants might be also co-financed by European Regional Development Fund (ERDF) within the sustainable development operational programme.

10.3.13.1.4 Funding programme to support actions on energy efficiency in Desalination plants (FNEE)

Ministry of Environmental Transition and Institute for Diversification and Energy Saving (IDAE) are managing authorities for approving grants to desalination plants owners, desalination plants licensees and energy services business for boosting and promoting renovations on desalination plants that reduce CO2 by means of savings and energy efficiency. Public funding programme is co-financed by the National Energy Efficiency FUND. Grants might be also co-financed by European Regional Development Fund (ERDF).

10.3.13.1.5 Funding programme for SMEs and large Enterprises from industrial sector (FNEE)

Ministry of Environmental Transition and Institute for Diversification and Energy Saving (IDAE) are managing authorities for approving grants to SMEs and large industrial companies for improvement of energy efficiency and implementation of energy systems.

Public funding programme is co-financed by the National Energy Efficiency FUND. Grants might be also co-financed by European Regional Development Fund (ERDF).

10.3.13.1.6 Investment projects boosting transition to a low-carbon economy

Ministry of Environmental Transition and Institute for Diversification and Energy Saving (IDAE) are managing authorities for approving grants to municipalities under 20.000 inhabitants for reduction of CO2 emissions by means of energy efficiency improvement in building and public services infrastructures, sustainable urban mobility and use of renewable energy sources for heating or energy self-consumption.

Public funding programme is co-financed by the National Energy Efficiency FUND. Grants might be also co-financed by European Regional Development Fund (ERDF).

10.3.13.1.7 Energy efficiency ICO (Official Credit Institute of Spain)

Ministry of Economy and Business and Institute for Diversification and Energy Saving (IDAE) are managing authorities for approving grants to private or public legal entities based in Spain that are active in industry and trade. Eligible companies in the industrial and trade sectors shall be active in providing services to reduce carbon emissions and energy consumption according to IDAE measures catalogue. Individual or legal entities engaged in hotel industry shall provide services included in the Plan Renove de ahorro y eficiencia energetica of the hotel sector.

10.3.13.1.8 MOVALT Vehicle Plan

Ministry of Environmental Transition and Institute for Diversification and Energy Saving (IDAE) are managing authorities for approving grants to private or public legal entities, natural persons or entrepreneurs to promote the acquisition of electric vehicles, liquefied petroleum gas, natural compressed and liquefied, propelled fuel cell cars or electric motorcycles.

Public funding programme is co-financed by the National Energy Efficiency Fund. Grants might be also co-financed by European Regional Development Fund (ERDF).

10.3.13.1.9 SC Energy Efficiency Fund (SUMACAPITAL)

Private funding program for investing in equity of SMEs and start-ups that are active in energy transition and circular economy.

10.3.13.1.10 "Start-ups" International programme Iberdrola PERSEO

Private funding program focuses on investing in equity of SMEs and emerging companies with the goal to improve the sustainability of energy model by a higher electrification and decarbonisations of the economy.

10.3.13.1.11 REPSOL ENERGY VENTURES

Private funding program focuses on investing in equity of SMEs and emerging companies that are active in bioenergy, sustainable transportation, energy storage, energy efficiency, renewable energy, oil & gas and sustainable mobility.

10.3.13.1.12 Repsol Entrepreneurs Fund

Private funding program’s grants target start-ups active in energy sector and transportation/ mobility. The fund provides, technical, legal and business counselling, training adapted to their needs and access to investors for a year-long period.

10.3.13.2 Autonomous Community of Valenciana

10.3.13.2.1 Promotion of sustainable fisheries

Public funding programme is managed by Agriculture, environment, climate changes and rural development Officer (Autonomous Community of Valencia) and co-financed by the European Maritime and Fisheries Fund (EMFF) and Generalitat Valenciana.

Grants (limited to 50% of eligible costs) to private or public legal entities, natural persons or entrepreneurs (based in Autonomous Community of Valenciana) shall co-finance promotion of sustainable fisheries, competitive and environmentally sustainable aquaculture.

10.3.13.2.2 Promotion of a sustainable aquaculture in the Autonomous Community of Valencia

Public funding programme is managed by Agriculture, environment, climate changes and rural development Officer (Autonomous Community of Valencia) and co-financed by the European Maritime and Fisheries Fund (EMFF) and Generalitat Valenciana.

Grants (limited to 50% of eligible costs) to aquaculture companies (based in Autonomous Community of Valenciana) shall co-finance the creation of new aquaculture enterprises working on sustainable activities, increasing energy efficiency and conversion to renewable energy sources, resource efficiency, water and chemical use reduction, water reusing systems’ optimization and adoption of environmental management systems, energy audits and transition to ecological aquaculture.

10.3.13.2.3 Funding programme to boost trading and transitioning to sustainable fisheries in the Autonomous Community of Valencia (TECG)

Public funding programme is managed by agriculture, environment, climate changes and rural development regional Office (Autonomous Community of Valencia) and Maritime fisheries area of territorial Council of autonomous Community of Valencia.
Public funding programme is co-financed by the European Maritime and Fisheries Fund (EMFF) and Generalitat Valenciana.

Beneficiaries are private or public legal entities, natural persons or entrepreneurs (based in Autonomous Community of Valenciana) active in promotion of sustainable fisheries - efficient, innovative and competitive - based on knowledge.

10.3.13.2.4 Support to investments improving transformation and commercialization conditions for agricultural products (TECG)

Public funding programme is managed by Agriculture, environment, climate changes and rural development regional Office (Autonomous Community of Valencia) and Agriculture, environment, climate change and rural development territorial Council of Autonomous Community of Valencia. Programme is co-financed by European Regional Development Fund (ERDF).

Grants' beneficiaries are SMEs in agricultural sector, operating in the transformation or commercialization of agricultural products or food (based in Autonomous Community of Valencia).

10.3.13.2.5 Autonomous Community Andalusia

10.3.13.2.6 Intelligent Territories - Spanish Digital Agenda - Intelligent Buildings (Pitot case)

Financial instrument FEDER (Intelligent Grow) under the public funding programme is managed by Energy, Tourism and Digital Agenda Ministry and public enterprise Red.es.

Grants are available for investments in intelligent buildings for participating municipalities that are located in the autonomous communities of Andalusia, Catalonia, Valencian Community, Galicia or Madrid and whose population as of January 1, 2016 is less than 200,000 inhabitants.

10.3.13.2.7 Grants for the creation and operation of Operative Groups of the European Innovation Association (AEI)

Public funding programme is managed by Agriculture, Fishing and Rural Development Regional Ministry. Grants are available for innovation technologies applied to agriculture sector.

10.3.13.2.8 Incentive program for industrial development, improving competitiveness, digital transformation and business innovation

Public funding programme is managed by the regional Ministry of Economy, Innovation, Science and Employment and Agency of Innovation and Development of Andalusia IDEA.
Grants are available for industrial and technological SMEs (large enterprises under special conditions) which invest in innovation and smart industrial development.

10.3.13.2.9 Incentive program for the promotion of industrial research, experimental development and business innovation

Public funding programme is managed by the regional Ministry of Economy, Innovation, Science and Employment and Agency of Innovation and Development of Andalusia IDEA.

Grants are available for Andalusian enterprises (with special focus on PYMES) which invest in innovations.

10.3.13.2.10 Andalusian Technological Corporation funding program

Private funding programme is managed by Andalusian Technological Corporation. Grants are available for enterprises located in Andalusia, or in Spain, if more than 50% of the project activity is located in Andalusia. Beneficiaries shall invest in R&D, innovation and technical viability studies for different sectors, such as aerospace and production, energy and environment, ICT, agriculture, biotechnology, construction and civil engineering.

CHAPTER 11
Main barriers to implement and use of existing financial instruments on European level

Chapter XI - Contents

Chapter XI

Chapter XI reviews main barriers to implement and use of existing financial instruments on a European and financial intermediaries' level.

It's evident that most of the European financial mechanism and instruments focuses on or are tailored for financial intermediaries rather than for final recipients/ beneficiaries.

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No relevant publicly available information from financial intermediaries about their main barriers to use and implement financial instruments and mechanisms on a European level has been identified.

There's Special report from the European Court of Auditors that identified a number of significant issues that limited the efficiency of financial instruments as a mechanism to implement the EU budget during the 2007-2013 programme period, such as:

- A significant number of ERDF and ESF financial instruments were oversized and by the end of 2014 continued to face significant problems to disburse their capital endowments (on average, around 57 % of all capital endowment paid from the OPs to the financial instruments had been used).
- A contributing factor to the excessive initial capital endowments was the Member States' intention to avoid de-commitments throughout the 2007-2013 programme period.
- Overall, financial instruments in both shared and central management were not successful in attracting private capital.
- So far, only a limited number of ERDF and ESF financial instruments have been successful in providing revolving financial support
- For ERDF and ESF financial instruments, levels of management costs and fees are high compared to the actual financial support to final recipients and also appear to be significantly higher than those of centrally managed instruments or private-sector investment funds.

CHAPTER 12
Barriers on National and Regional Level

Chapter XII - Contents

Chapter XII

Chapter XII analyses barriers to implement and use of existing financial instruments on national and regional levels.

Project partners from Italy, Greece, Slovenia, France and Spain with five regions (Piemonte, Sardinia, Western Macedonia, Provence-Alpes-Côte d'Azur – PACA and Andalusia) identified 13 financial instruments with one or more barriers (total 24) associated with the implementation and use of financial instruments.

Majority of the outlined financial instruments with barriers are deployed directly by EU or nationally via managing authorities and financial intermediaries.

Most of the identified barriers refer to financial intermediaries and their request to beneficiaries to comply with set financial eligibility's' criteria (considered as financial barriers).

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Majority of the outlined financial instruments with barriers are deployed directly by EU or nationally via managing authorities and financial intermediaries.

Most of the identified barriers refer to financial intermediaries and their request to comply with set financial eligibility's' criteria (considered as financial barriers).

Legal barriers mostly refer to the terms and conditions for participating on calls – set either by managing authorities or financial intermediaries.

Political barriers are related to the activities of managing authorities (such as delays in processing public tenders or acquiring qualified financial intermediaries for the deployment of funds via financial instruments).

Table 12-1 National and regional barriers to implement and use existing financial instruments

Financial Instruments/ Barriers	Number
financial instruments with barriers	13
European Union FIs	4
national FI	6
regional	3
public fund	6
private fund	2
blended fund	5
identified barriers	24
beneficiaries	2
financial intermediaries	17
beneficiaries & intermediaries	5
legal barriers	4
political barriers	4
financial barriers	10
other barriers	6

12.1 Italy

Regions Piemonte and Sardinia outlined four barriers to implement and use of existing financial instruments that are associated with four funding programs/ instruments.

PF4EE is managed by the EIB, funded by the Programme for the Environment and Climate Action (LIFE programme) and implemented via national financial intermediaries.
Only one financial institution in Italy reached an agreement with EIB for the PF4EE. This is perceived as a barrier to implement and use effectively financial instrument PF4EE.

Two financial instruments are related to the deployment of ESI Funds (ERDF) on a national and regional level. Barriers to use them are related to financial intermediaries' requirements:

- Financial liability threshold is required
- Financial intermediaries set financial rank too high; difficulties on building private-public partnerships.

Fourth financial instrument is provided by the private equity fund. The main barrier is that equity Investments are limited to established, sound and mature-phase companies – later stage, or buy-out and replacement capital investments

12.1.1 Region Piemonte (LP, PP1)

12.1.1.1 Fondo Italiano per l'Efficienza Energetica (Italian Fund for Energy Efficiency)

- Private investment company FIEE s.g.r. (equity fund)
- Management and funds totally private
- Equity participation
- Green sector: investments in energy efficiency and infrastructures

Identified barrier:

- Investments limited to established, sound and mature-phase companies – later stage, or buy-out and replacement capital investments.

12.1.1.2 Private Finance for Energy Efficiency (PF4EE)

- Blended source (EIB funds + private intermediaries' funds) managed by European Investment Bank and national intermediary - BPER Bank
- Financial instrument: portfolio-based credit risk protection provided by means of cash-collateral (Risk Sharing Facility/ "RSF") and long - term financing from the EIB (the »EIB Loan for Energy Efficiency")
- Financial product: long-term loans (3-15 years) and guarantees
- Green sector: energy efficiency of buildings or production plants, district heating or district cooling plants, public lighting infrastructure, or high efficiency heat and power cogeneration plants.
- Maximum financing is 5 million € in case for SMEs and energy efficiency projects for public and residential buildings; investment costs should not exceed EUR 10,000,000 (or equivalent in other currencies).

Identified barrier:
• Only one financial institution in Italy reached an agreement with EIB for the PF4EE implementation.

12.1.1.3 ERDF (POR FESR) 2014-2020 Action I.1b.1.2.

- Public funding (ERDF) and private co-funding
- Regione Piemonte (intermediary), Finpiemonte (contact point and financial body) and CLEVER Cluster (SMEs support)
- Subsidised loans for at least 25% of the total costs of the project
- Green sector: investments in efficiency and rational energy use, circular economy, sustainable mobility, climate change, clean solutions, efficiency and rational use of water resources

Identified barrier:
- Financial liability threshold is required.

12.2 Region Sardinia (PP7)

12.2.1 ERDF (POR FESR) 2007-2013 Action 3.1.1

- Blended (EIB funds + private intermediaries' funds)
- European Investment Bank and national intermediary Equiter Intesa Bank
- Revolving loans, equity fund Jessica (Joint European Support for Sustainable Investment in City Areas)
- Green sector: investments in energy efficiency and infrastructures
- Criteria for participation: eligible investments must: (a) comply with all national and EU laws and regulations; (b) comply with the priorities set by the Italian National Energy Efficiency Plan (NEEAP); (c) meet the financial rank level set by financial intermediaries

Identified barrier:
- Financial intermediaries set financial rank too high; difficulties on building private-public partnerships.

12.3 Greece; Region Western Macedonia (PP2, PP9)

Region Western Macedonia and PP9 identified barriers associated with two financial instruments.

EquiFund is co-financed by the EU and national funds, EIF and EIB through the European Fund for Strategic Investments (EFSI) and implemented on a national level. It's outlined that Greece has one of the lowest levels of venture capital and private equity activity of the whole EU. This is considered to be the main barrier.

Special Development Program 2012-1016 for the Region of Western Macedonia deploys part of the ESI funds (ERDF). It has been regionally observed that the implementation of this funding programme / financial instrument has limited impact on creation of sustainable jobs and missing ex ante scientific evaluation of expected impact.

12.3.1 Equity Fund of Funds – EquiFund

- Public funding - co-financed by the EU and national funds, EIF and EIB through the European Fund for Strategic Investments (EFSI).
- EIF will also serve as the EquiFund manager.
- Funding via intermediary venture capital funds
- Equity investments
- Green sector: research and innovation, general entrepreneurship in early and growth stages.
- Beneficiary: Greek start-ups

Identified barrier:

- Greece has one of the lowest levels of venture capital and private equity activity of the whole EU (according to Invest Europe, the European venture capital and private equity association).

12.3.2 Special Development Program 2012-1016 for the Region of Western Macedonia (Regional Units of Kozani and Florina) in the framework of the ERDF

- Local authorities (especially the second level local government) are managing up to EUR 250 million from the special fee that PPC (Public Power Corporation) pays to the West Macedonia Region since 1997, which represents a percentage of the company's annual revenues.
- Intermediary managing authority is ANKO S.A. (RDA of Western Macedonia)
- Grants for investments and subsidies on employers’ contribution.
- Green sector: 1. support for the productive environment such as infrastructure and supporting structure; 2. support for private investments with emphasis on new technologies, innovation, social economy and extroversion
- Beneficiary for 1 as above: region of W. Macedonia, municipalities, private companies, University of W.M., TEI, RDA; for 2 as above: private companies, natural persons, cooperatives, financial institutions

Identified barriers:

- Limited effect on the creation of sustainable jobs.
- Limited scientific evaluation of the expected impact of the proposed interventions.

12.4 Slovenia (PP8)

Most identified barriers are related to grants in general – not to a particular non-market financial instrument.

On the other side, there are significant barriers to implement and use of equity and quasi-equity financial instruments provided by business angels and venture capital funds.

12.4.1 Grants and subsidies (non-market financial instruments)

Identified barriers:

- Beneficiaries/ final recipients' business models rely/ depend too much on grants
- Time consuming useless administration procedures (no value-adding activities)
- Talented and educated researchers spend most of the time for administration work
- Grants/ subsidies policy allows subjective and non-critical evaluation of the projects - disregarding the multiplicative effect of funding

12.4.2 Equity and quasi-equity financial instruments (business angels and venture capital funds)

Identified barriers:

- Investor are targeting maximal share of capital for as lowest possible equity investment
- Venture/ private equity funds focus on buy-out strategies thus creating little added value for the national economy
- Focus on short-term exit
- Investors are pursuing to reallocate companies' operations from Slovenia to other countries
- Venture/ private equity funds mostly provide SMEs bullet mezzanine loans and not equity investment with "fresh" capital

12.5 France; Region Provence-Alpes-Côte d'Azur – PACA (PP10)

Region PACA identified eight barriers to implement and use of existing financial instruments that are associated with five different funding programs/ instruments.

Three financial instruments are deploying national/ regional public sources in the form of grants and favourable loans. A request that a final recipient has to have also their own financial sources is considered as a major barrier.

Other two financial instruments are deploying private funding in the form of equity – loan and equity investments. Identified barriers are related to the co-financing level and requested level of beneficiaries' own funds.

12.5.1 PIA (Future Investment Program)

- Managing authorities: ADEME – Environment and Energy Management Agency), Bpifrance (French Public bank) and Caisse de Depot
- Grants and loans for SMEs, start-ups, clusters and other beneficiaries
- Investment in broad spectrum of green sectors

Identified barrier:
- Own financial funds are required

12.5.2 PIA 3-Sud Provence Alpes Côte d'Azur Region

- Managing authority: State & Region / Sud Provence Alpes Côte d'Azur Region
- Delegated authority: Bpifrance (French Public bank)
- Grants and loans for regional SMEs, start-ups and other beneficiaries
- Investments in broad spectrum of green sectors

Identified barriers:
- Beneficiaries need to have part of their own funds
- Mono-partnership is defined as eligibility criteria; all other partners are considered as subcontractors

12.5.3 FUI-Interministerial fund

- Shared management with the State, Bpifrance (French Public bank) and different Ministries, regional and local authorities (such as Ministere de l'écologie, Région PACA, Direccte PACA, different clusters in the Region)
- National and regional grants for the industry, RD&I, water and waste water treatment and new technology for environmental services.

Identified barriers:
- Own funds are required
- Minimum project budget should be 750 K euro
- 5 – 8 partners have to establish the partnership

12.5.4 PACA Emergence - regional fund for SMEs in seed-stage and capital risk

- Green sector: all green activities
- Beneficiaries: SMEs and start-ups
- Equity - loan between 15-250k€, own funds required but not mandatory

Identified barrier:
- It is required to have an additional loan.

12.5.5 Paca Investissement, Régional fund of investment

- Green sector: all green activities
- Beneficiaries: SMEs and start-ups
- Venture capital with a participation rate between 200k€ and 2M€

Identified barrier:

• Beneficiary needs additional investors because the participation rate cannot exceed 50% of funding.

12.6 Spain; Region Andalusia (PP14)

Region Andalusia identified one barrier related to the FEDER financial instrument – delays in its implementation via public tenders.

5.1 Intelligent Territories - Spanish Digital Agenda- Intelligent Buildings (Pitot case)

- Financial instrument: FEDER (Intelligent Grow) - grants
- Green sector: intelligent buildings
- Pilots located in Andalusia and Galicia receive grants to eighty percent (80%) of the cost total of the implementation and start-up phase of the pilot project; Catalonia and Comunidad Valenciana receive the fifty percent (50%) of the cost of the implementation and start-up phase of the pilot project

Identified barrier:

• Delays in the execution of the public tenders of each region.

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