

Financing of Innovation and Circular Economy in practice

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EIB Financing of CE and Innovation in practice

Overview

DIRECT FINANCING

- Typically larger SMEs, Mid-Caps and Corporates
- Direct Senior and Subordinated Loans
- Quasi Equity

INTER- MEDIATED FINANCING

- Via banks, investment platforms and funds
- Loans and guarantees

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Direct Financing

InnovFin / EFSI for Mid-Caps

- ‘Innovative’ SMEs and Mid-Caps up to 3,000 FTEs
- Includes change in business model to Circular Economy
- Amounts typically between EUR 7.5m-25m

EFSI / Regular EIB loan

- ‘Eligible Project’ review
- Amounts typically over EUR 25m but can be several hundreds

Bankable projects, but can have elevated risk for InnovFin / EFSI
EIB finances **max. 50%** of Project

Due diligence on borrower and Project

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Indirect Financing

Financing

- **Dedicated** financing line towards bank, which is used for **on-lending** at **reduced interest rate** to 'Eligible' SMEs and Mid-Caps
- EIB **monitors** on-lending
- Examples in Benelux
 - Rabobank Impact Loan for SMEs and MidCaps III – EUR200m
 - Belfius Smart Cities Climate & Circular Economy – EUR 200m

Risk-sharing

- For **innovative or higher risk SMEs** the EIF has InnovFin SME Guarantee and COSME guarantee, for **innovative Mid-Caps** the EIB has the InnovFin Mid-Cap Guarantee and EFSI
- Guarantee for up to 50% of credit risk

Bankable projects, but can have elevated risk for InnovFin / EFSI
Due diligence on Intermediary and its lending procedures

6 steps guide to identify what is the most suited product for the business needs

“6 simple steps to funding for innovation”. Developed by the EIB Group and the European Commission, this interactive tool provides information on financing solutions for R&I initiatives in Europe

The screenshot displays the 'InnovFin EU Finance for Innovators' tool interface. At the top, the title 'InnovFin EU Finance for Innovators' is shown next to the European Union flag. Below the title, there is introductory text: 'Whether you are a small and medium sized enterprise (SME), a large company or a research institution, InnovFin can provide the right financing instrument for your project. Until 2020, "InnovFin – EU Finance for Innovators" will make financing available for investments in research and innovation by companies, small to large, young to well-established, and the promoters of research. The InnovFin product range consists of a suite of tailored financial instruments. Let us guide you to the product most suited to your business needs.'

The interface is divided into two main columns of options, each with a 'click for more' button:

- Left Column:**
 - Icon:** Lightbulb
 - Title:** I am an innovative company looking for finance
 - Description:** I want to explore the financing opportunities of the InnovFin programme
 - Button:** click for more >
 - Icon:** Euro symbol
 - Title:** Grants
 - Description:** The EIB group does not provide grants, but for details on EU grants for innovation available under Horizon 2020 click below
 - Button:** click for more >
- Right Column:**
 - Icon:** Three people
 - Title:** I am a financial intermediary and/or investor
 - Icon:** Building
 - Title:** I am a bank, guarantor, loan/debt fund or a direct lender
 - Button:** click for more >
 - Icon:** Euro symbol
 - Title:** I am a venture capital fund manager, business angel or technology transfer investor
 - Button:** click for more >
 - Icon:** Handshake
 - Title:** I am an investor and I would like to contact the EIB for more information
 - Button:** click for more >

<http://www.eib.org/products/helpingyouinnovate/tool/index.html>