



Innovation, competitiveness and Growth in the 2014-2020 framework

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European Investment Bank Profile



The European Investment Bank is the European Union's long-term financing institution. The Bank acts as an autonomous body set up to finance capital investments furthering European integration by promoting EU policies.

- › EIB was created by the Treaty of Rome in 1958
- › EIB is a **not-for-profit**, **EU policy driven** institution
- › EIB is 100% owned by the 27 EU member states
- › EIB has subscribed capital of EUR 232.4 bn as of 2011
- › EIB is AAA/Aaa rated by Moody's, S&P and Fitch with stable outlook
- › EIB funds itself on the capital markets: EUR 76 bn in 2011
- › EIB signed loans amounting to EUR 61 bn in 2011 (EUR 54bn in EU)
- › EIB is the largest multilateral financing institution,
- › EIB is the majority shareholder in the European Investment Fund



For more information, please visit: www.eib.org



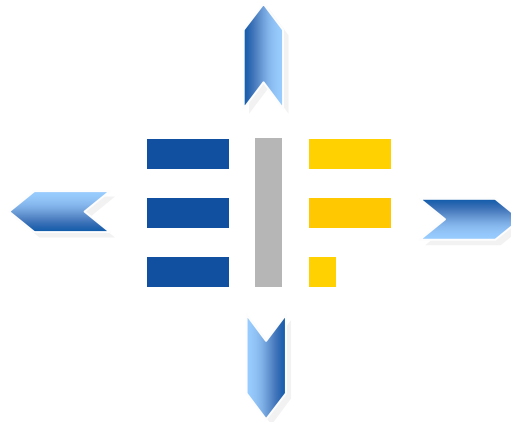
European Investment Fund Profile



EIF at a Glance

Geographic Focus:
EU 27, EFTA, Accession Countries

Financial Inter-mediaries:
Banks, Funds, Micro-finance
Institutions etc.



Authorised Capital
€ 3bn

EIB: 61%

EU: 29 %

Fin. institutions: 9 %

To be issued: 1%

AAA rated

EU specialised institution for risk financing to benefit SMEs

- Venture Capital and Mezzanine (primary fund of funds investor)
- Structuring and Guaranteeing portfolios of SME and microfinance loans/leases
- Support for Europe's micro-enterprises

Dual Objective: EU Policy Goals & satisfactory return on equity

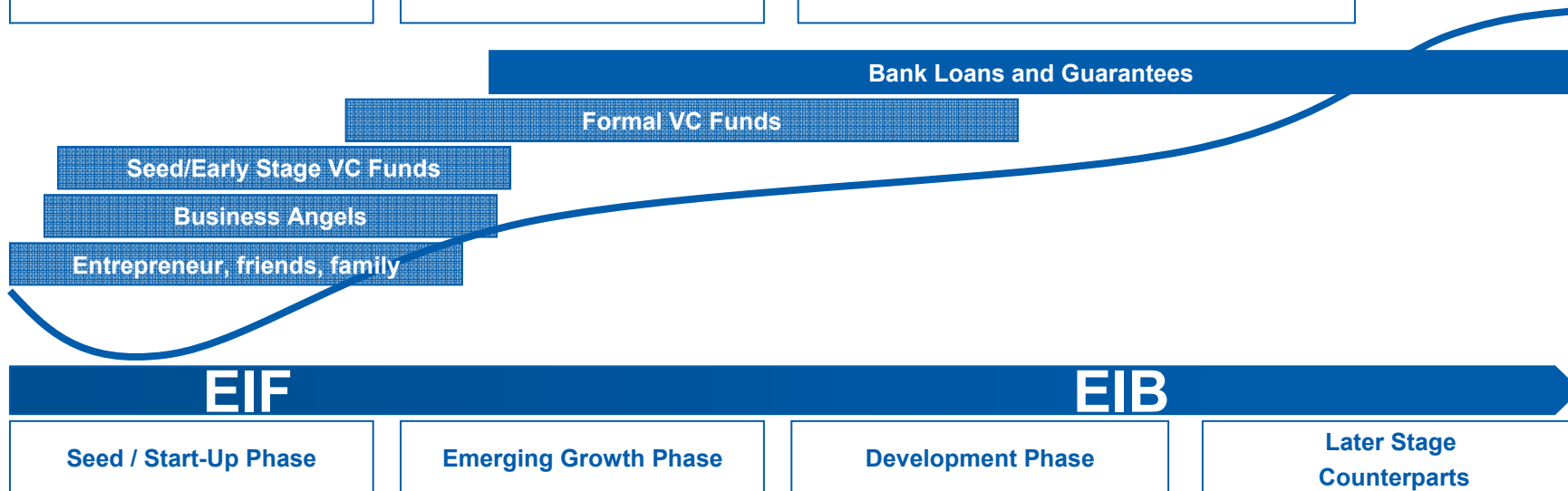


The European Investment Bank Group

EIB Group Product Offer – RDI and Growth



Knowledge transfer, Early-stage	Equity for Venture Capital, Mezzanine Funds	Debt
<ul style="list-style-type: none"> ❖ Facility: Competitiveness and Innovation Programme (CIP), Ecotech, EIB Risk Capital Mandate ❖ Purpose: IP financing, technology transfer, seed financing, investment readiness, early-stage VC ❖ Target Group: VC Funds, Business Angels, Universities 	<ul style="list-style-type: none"> ❖ Competitiveness and Innovation Programme (CIP), EIB Risk Capital Mandate, Fund of funds mandates ❖ Growth financing for SMEs, mid-caps ❖ Formal VC Funds, Mezz funds 	<ul style="list-style-type: none"> ❖ RSFF, RSI (RSFF for SMEs; new product in development) EIB loans, CIP ❖ RDI financing, growth financing ❖ SMEs/MidCaps, Banks, PE Investors (sub-investment grade), Corporates, Public Sector entities ❖ Loans (incl. Mezzanine), Funded Risk Sharing Facilities with Banks





- ❖ Total “Knowledge economy” EIB loans of EUR 10.4bn in EU in 2011 for:
 - ❖ Research, development
 - ❖ Education and training
 - ❖ Innovation and ICT infrastructure
- ❖ EIF committed EUR 1.1 billion of venture capital

- ❖ Allocations of EIB loans for SMEs topped EUR 14.5 billion
- ❖ EIF continued to provide risk relief for banks through more than EUR 1.5 billion of SME loan portfolio guarantees committed



Added value of EIB involvement



- Financing flexibility: provide debt financing adapted to project implementation and the borrower's repayment capacity, credit lines to Banks for SME lending.
- Improved financing conditions; the advantage of EIB's AAA based funding is passed on to the borrower (inc SMEs) in order to reduce overall project cost/loan interest rate, as well as long maturities.
- Increased access to financing: additional supply of loans / guarantees from EIB; catalysing private and public sector funding, joint financial products with Commission (RSFF, leveraging FP7 funds) and through co-financing with financial markets
- Risk sharing: share financial risks with promoters/banks and consequently reduce their risk adjusted cost of capital
- Signalling Effects: due to the Bank's reputation for its prudent lending policy and its strong market / technology know-how, the EIB provides learning / signalling effects for other Banks



Direct RDI Financing - The Risk Sharing Finance Facility (RSFF)



- EIB has prioritised investment in research, development and innovation (RDI) as it is one of the key factors necessary to improve competitiveness and ensure long-term economic growth and employment in Europe.
- Investment in RDI is a key EU priority, as Europe has set the medium-term goal of becoming the most competitive and dynamic knowledge-based economy in the world.
- RSFF **provides substantial additional debt finance** to complement more conventional sources of finance such as grants, equity and loans, to finance high value-added high-risk investments covering the full range of RDI, and is available in EU-27 + FP7 associated countries.
- RSFF is being implemented in cooperation between the European Commission and the EIB, each of which have provided EUR 1bn capital each to cover the risks borne by the EIB when financing RDI projects under RSFF for the period 2007-2013.
- RSFF has shown excellent results to date.



Corporate Ratings	
Moody's	S&P and Fitch
...	...
A1	A+
A2	A
A3	A-
Baa1	BBB+
Baa2	BBB
Baa3	BBB-
Ba1	BB+
Ba2	BB
Ba3	BB-
B1	B+
B2	B

Investment grade

Low-/ sub-investment grade

Senior non-RSFF Loans for Investment Grade Counterparts

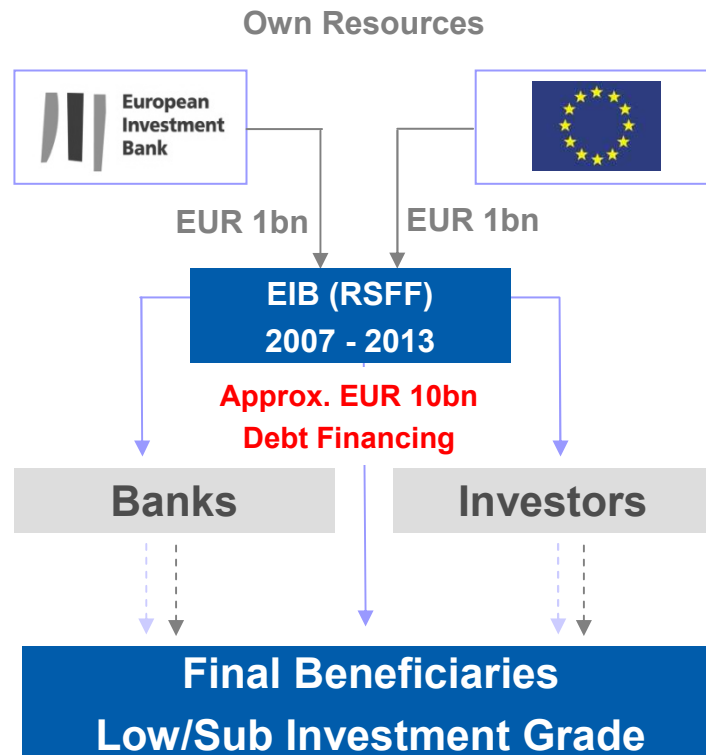
- Support of RDI investments, projects based on emerging and mature technologies
- Both public and private sector projects

RSFF Risk Coverage Range

- RSFF is a debt based instrument not a grant
- Financing does not involve a subsidy element
- RSFF concerns companies or projects mature enough to demonstrate capacity to repay debt on the basis of a credible business plan
- First-of-its-kind components/ technologies only
- Technology risk has to be born by equipment suppliers, sponsors etc.



Support for RDI investment RSFF - Principle & Advantages

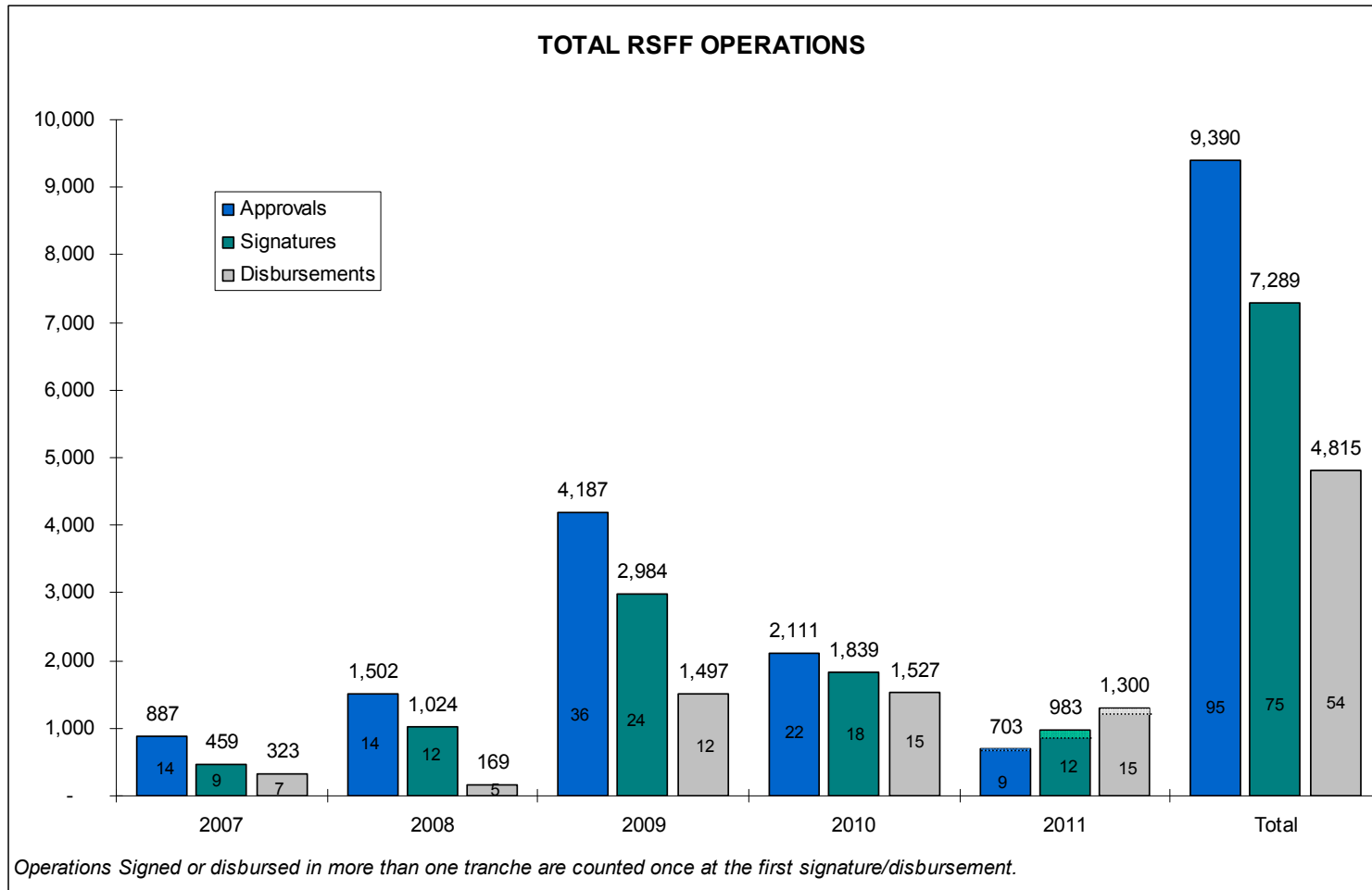


RSFF funds are **highly attractive** for potential beneficiaries because of:

- Highly attractive terms & conditions (AAA rating and non-for-profit pricing)
- Long maturities of up to 10 years or more
- Direct EIB participation of up to EUR 300m per transaction (depending on rating)
- Strong technology/industry expertise
- EIB does not sell assets on the secondary market (buy and hold strategy)
- No cross selling (just long-term lender)
- Signalling Effect: EIB as a quality stamp



RSFF Results 2011



Total approvals to end 2011 amount to EUR 9,390m (EUR 10m in Dec 2011).

Total signatures to end 2011 amount to EUR 7,289m. (EUR 143m in Dec 2011).

Total disbursements to end 2011 amount to EUR 4,815m. (EUR 108m in Dec 2011).

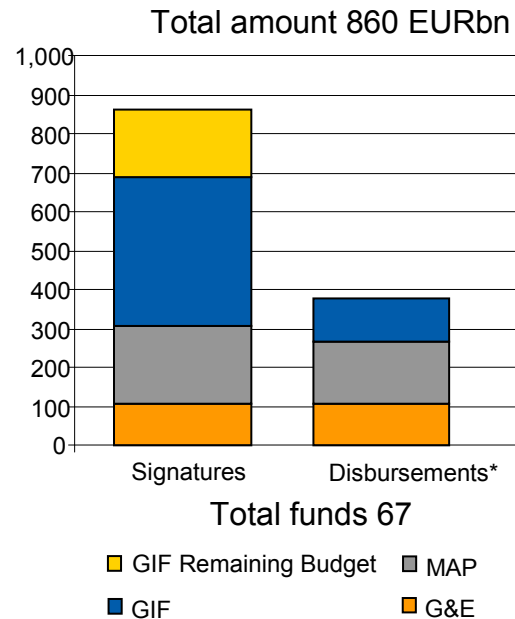


15 Years EIF Experience with EC financial instruments

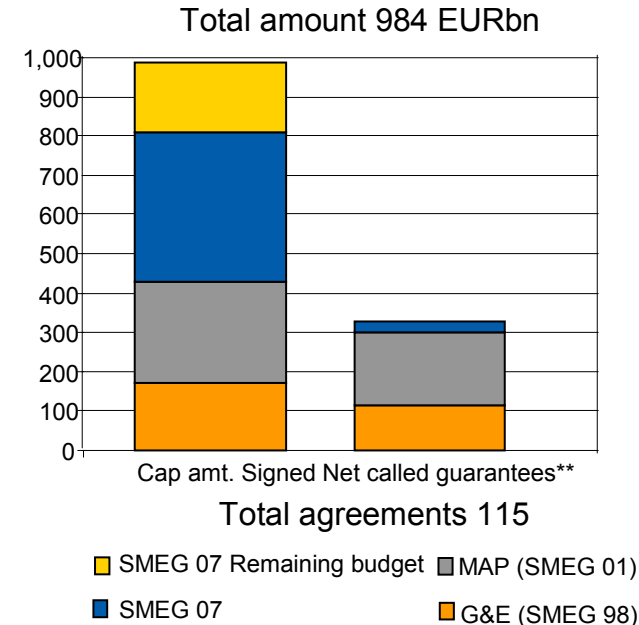


- ❖ Management of third generation of EC equity and debt instruments - long term support with growing impact on EU growth, employment and innovation objectives:
 - ❖ 1998-2002: ETF Start Up Facility under the Growth and Employment Scheme (G&E)
 - ❖ 2003-2006: ETF SU MAP (Multiannual Programme for Enterprise and Entrepreneurship)
 - ❖ 2007-2013: High Growth and Innovative SME Facility (GIF) under the Competitiveness and Innovation Framework Programme (CIP)

EC Equity Commitments and Disbursements



EC Guarantees Commitments and Calls

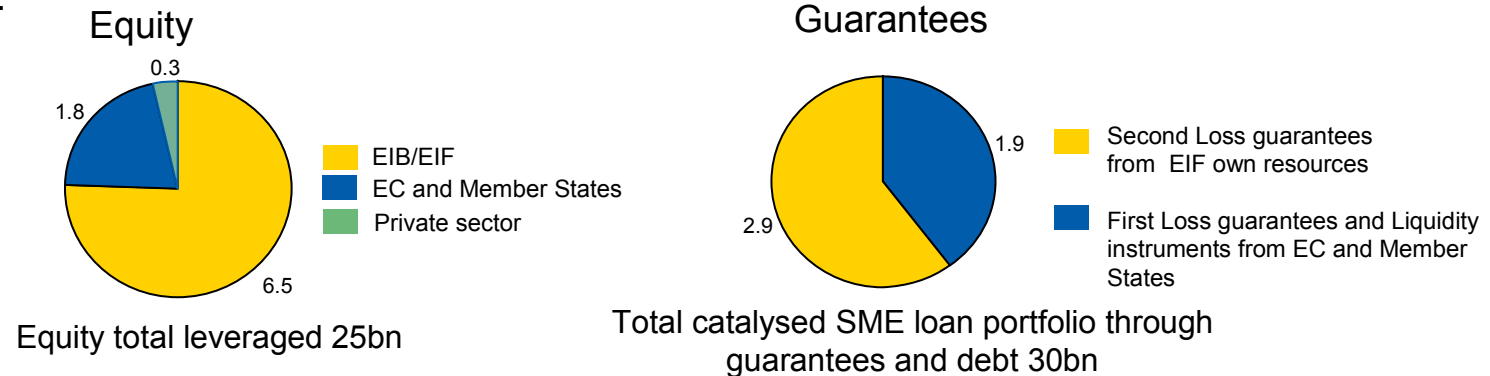




EIF expertise and value added



- Good complementarity of Commission mandates with EIF's other equity and guarantee/debt activities in terms of target groups, stages, geography etc...



- Products have evolved over time to best incentivise market intermediaries to address EU objectives
- Guarantee and equity product models can be applied to various policy contexts
- Broad EIF experience with different fund of fund models as means to increase impact through equity instruments in partnership with other institutions
- In-depth experience of EIF in balancing market-based products with EC-specific objectives and (mostly non market standard) requirements (e.g. eligibility, protection of community interests, visibility, state aid, controls etc.)



Opportunities for the new EU H2020 and COSME proposals



In order to leverage the full impact potential of financial instruments, the new framework for financial instruments should:

- Ensure critical mass and complementarity of programmes
- Guard adaptability to changing market contexts by leaving operational and market/product- related aspects flexible
- Align payment procedures to market mechanics (more flexible drawdowns under existing multi-annual commitments; revolving use of reflows) >> is critical to attract market-oriented investors
- Ensure consistent use of definitions and clarity of specific obligations on Entrusted Entities
- Promote new risk-sharing modalities (eg FLP) and leverage EU monies on EIB lending and market resources.