

Greater Manchester Brussels Service

Briefing: European Financial Instruments: Access to Finance

European Access to Finance initiatives are co-funded by the European Commission and managed by the **European Investment Bank** (EIB) or the **European Investment Fund** (EIF). A number of standardised products are delivered to SMEs via approved financial intermediaries. Products for larger infrastructure projects are directly coordinated by the EIB.

This briefing provides you with a general introduction about the different EU Financial Instruments to be delivered during 2015-20.

If you would like the GM Brussels Office to follow any of the issues highlighted in this Policy Briefing please contact a [member of the team](#).

1. Financial Instruments Diagram

	Central EU Instruments		European Fund for Strategic Investment (EFSI) (EUR 390bn)	European Structural and Investment Funds (ESIF)
Jobs, Growth and Social Cohesion	COSME (EUR1.4bn) Guarantees with a particular focus on financing SMEs up to EUR150K (call published) Risk capital predominantly into SMEs at the Growth and expansion stage (call published)	Social Change & Innov. (EUR 193m) Microfinance to micro-enterprises or social enterprises Investments of up to EUR500K (call published)	SME Window (SMEs and small mid-caps)	Loans, guarantees, venture capital/equity or grants for SMEs Off the shelf instruments
	Erasmus+ (EUR 517m) Master Loan Guarantee Facility (call published)	Creative Europe (EUR120m) Guarantees for culture and creative sector (call expected in 2016)		

	Central EU Instruments	European Fund for Strategic Investment (EFSI) (EUR 390bn)	European Structural and Investment Funds (ESIF)
Research, Development & Innovation	Horizon 2020 (InnoFiv) (EUR24bn) Guarantees to RDI-driven /Innovative SMEs and Small midcaps between EUR25K and EUR7.5m and ambitions RDI projects of up to EUR300m (call published) Risk capital at the early and start-up phase (call expected 2015)	SME Window (SMEs and small mid-caps) Infrastructure and Innovation Window	Loans, guarantees, venture capital/equity or grants for SMEs
Energy /Climate	Private Finance for Energy Efficiency (EUR 480m) Financing for energy efficiency enhancing projects between EUR40K and EUR1.25m (call published) Natural Capital Financing Facility (EUR 120m) Financing projects between EUR5m and 15m promoting the preservation of nature capital including adaptation to climate change (call expected)		Off the shelf instruments
Other Infrastructure	Connecting Europe Facility (CEF) Risk sharing (e.g. project bonds) and equity instruments		Tailor made instruments

Source – European Commission

2. Jobs, Growth and Social Cohesion

2.1. COSME

The Loan Guarantee Facility (LGF) supports European SMEs' growth and research and innovation. Guarantees and counter-guarantees, including securitisation of SME debt finance portfolios, are offered to selected financial intermediaries.

The Equity Facility for Growth (EFG) supports EU SMEs' growth and research and innovation from the early stage, including seed, up to expansion and growth stage.

The call for EIF's financial intermediaries is currently open.

[More info here.](#)

2.2. Social Change & Innovation

The Employment and Social Innovation Guarantee Financial Instrument provides microfinance and social entrepreneurship finance to vulnerable groups, micro-enterprises, and small social enterprises. Vulnerable groups includes micro-borrowers who wish to start up or to develop their own micro-enterprise however they are at risk of losing their job, or have difficulty in entering or re-entering the labour market, socially excluded or are at risk of social exclusion, or in a disadvantaged position with regard to access to the conventional credit market.

The call for EIF's financial intermediaries is currently open.

[More info here.](#)

2.3. Erasmus+

The Master Loan Guarantee Facility will provide loans to students, regardless of their social background, to take a Master's Degree in another European country. The Facility was introduced in 2014 to tackle the higher skills gap in Europe.

The call for EIF's financial intermediaries is currently open.

As of today only one scheme has been approved, in Spain.

[More info here.](#)

2.4. Creative Europe

The Creative Europe Guarantee Facility, to be launched in 2016, is designed to facilitate access to finance for micro, small, and medium sized organisations in the creative sector, as well as to improve the risk-assessment capacities of participating financial intermediaries.

[More info here.](#)

2.5. EIB Skills and Jobs – Investing for Youth

The Skills and Jobs programme aims to address the jobs crisis facing the EU's young generation of 15-24 year olds. The EUR 13bn programme targets a wide range of projects in both the public and private sectors. Financing of investment, working capital and youth oriented training programmes will all be eligible. Equally, the initiative will foster youth employment programmes promoted by the public sector, such as investment in educational facilities, student loan schemes and young employee mobility initiatives. Whilst all 28 EU Member States qualify for support, the programme's focus will be on projects located in regions where youth unemployment exceeds 25% and in areas with particularly difficult labour market conditions, including UK.

[More info here.](#)

3. Research, Development and Innovation

3.1. Horizon 2020 – InnovFin: EU Finance for Innovators

InnovFin Mid-cap Growth Finance provides direct financing - loans, quasi-equity and mezzanine - for amounts between EUR 7.5m and EUR 25m to innovative large midcaps (up to 3,000 employees), but also SMEs and small midcaps.

InnovFin Mid-cap Guarantee provides senior risk sharing with financial intermediaries for innovative midcaps. Financial intermediaries will be guaranteed against a portion of their potential losses by the EIB.

InnovFin SME Guarantee provides guarantees and counter-guarantees via financial intermediaries, on debt financing of between EUR 25,000 and EUR 7.5m. Financial intermediaries will be guaranteed or counter guaranteed against a portion of their potential losses by the EIF.

InnovFin SME Equity is dedicated to early-stage funds and complements the COSME Equity Facility for Growth which focuses on expansion and growth stages.

InnovFin Large Projects delivers direct loans and guarantees from EUR 25m to EUR 300m for R&I projects emanating from larger firms, universities and public research organisations, R&I infrastructures, public-private partnerships and special-purpose vehicles or projects (including those promoting first-of-a-kind, commercial-scale industrial demonstration projects).

InnovFin Energy Demo Projects was launched in June 2015. The scheme will finance cutting-edge energy technology projects that may otherwise not be bankable during their pre-commercial stage in the fields of renewable energy and hydrogen and fuel cells. More info will be available on the EIB website in the next few weeks.

New InnovFin Initiatives to be launched:

- **Business Angel:** to co-finance investments by business angels in innovative SMEs and small midcaps that are aiming to commercialise new ICT-related products and services.
- **Technology Transfer to industry:** to support the conversion of investment in public research into commercial returns. A pan-European Capacity Building Strategy for Technology Transfer Professionals is currently being developed.
- **Fund of Funds:** to be introduced in early 2016. A final report will be published in mid-September. Indicative budget is between EUR 200m and EUR 500m.
- **Crowdfunding:** A study to be launched by end-2015 with final report end-2016.
- **Infectious Diseases Finance Facility:** to support new drugs, vaccines and medical and diagnostic devices, and ensuring that they are made available faster to people who need them. EUR 100m has been allocated to kick-start the initiative.

[More info here.](#)

4. Energy and Climate

Private Finance for Energy Efficiency (PFEE) will support projects that are focused on National Energy Efficiency Action Plans or other national or regional energy efficiency programmes. PFEE will combine a portfolio-based credit risk protection provided by means of cash-collateral (Risk Sharing Facility), together with long-term financing from the EIB (Loan for Energy Efficiency) and expert support services for the selected financial intermediaries (Expert Support Facility).

A call for financial intermediaries is currently open. A maximum of one financial intermediary per Member State will be approved.

[More info here.](#)

Natural Capital Financing Facility (NCF) will finance projects that will generate revenue or save costs. The NCF will employ a range of different financing options for different projects, including debt and equity financing as well as direct and intermediated funding. It will start with a 3 to 4 years pilot phase during which 9 to 12 projects are expected to be receiving finance.

[More info here](#)

InnovFin Energy Demo Projects (please see details above).

5. Other Infrastructure

The Connecting Europe Facility (CEF) funds cross-border transport, energy and digital infrastructure projects. CEF investments focus on projects with high EU added value. The aim is ultimately to improve links between different parts of the EU, making it easier for different countries to exchange goods and people, which will contribute to economic growth and social and territorial cohesion within the EU.

Financial instruments include equity and debt finance. Grants are also offer to support studies and preparatory work.

[More info here.](#)

6. European Fund for Strategic Investment (EFSI)

Announced on 13 January 2015 the new EUR 315bn Investment Plan will support long term higher risk strategic infrastructure projects and SMEs and mid-caps firms in Europe.

The role of EFSI is to enhance risk-bearing capacity and mobilise extra investment, essentially from private sources, but also public sources, in specific sectors and areas. EFSI will be in operation for three years (2015-18), and will support high risk projects on the following fields:

- Transport infrastructure
- Broadband and energy networks
- Industrial centres
- Education
- Research and Innovation
- Renewable energy and energy efficiency

A specific **SME Window** of EFSI will also be created and implemented through agreements between the EIF and financial intermediaries. The SME Window should have a budget of EUR 5 billion.

[More info here.](#)

7. European Structural Funds (ESIF)

ESIF Financial Instruments transform European Structural and Investment Funds into financial products such as loans, guarantees, equity and other risk-bearing mechanisms. These are then used to support economically viable projects which promote EU policy objectives.

There are two EFSI Financial Instruments in operation in Greater Manchester with support from the ERDF Programme:

- [North West Evergreen Fund](#) – under the Urban Development Fund JESSICA.
- [NW Fund](#) – under the SME access to finance scheme JEREMIE

More info can be found on these links:

- [FI-COMPAS - an advisory services platform on financial instruments under ESIF.](#)
- [CSI:Europe – City Sustainable Investment Project \(funded by URBACT II\).](#)

NOTES:

The European Investment Bank (EIB) is the long-term lending institution of the European Union owned by its Member States. It makes long-term finance available for sound investment in order to contribute towards EU policy goals.

The European Investment Fund's (EIF) central mission is to support Europe's micro, small and medium-sized businesses (SMEs) by helping them to access finance. EIF designs and develops venture and growth capital, guarantees and microfinance instruments which specifically target this market segment. In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment.

** Source European Commission*

María González
Principal EU Funding
New Economy

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