



HORIZON 2020

Programme Committee
for specific programme
in configuration

SMEs & Access to Risk Finance

11th meeting
Brussels, 8 June 2016

W E L C O M E

EBRD – Action 14 in ARF WP 2016-2017
Draft Components Under Discussion

8 June 2016



European Bank
for Reconstruction and Development

A multilateral development bank with a unique mandate to foster transition to sustainable market economy.

Invests in **more than 30 countries**, working on **private sector development**, through investment in private companies, support for policy and legal reform and providing client advisory services.

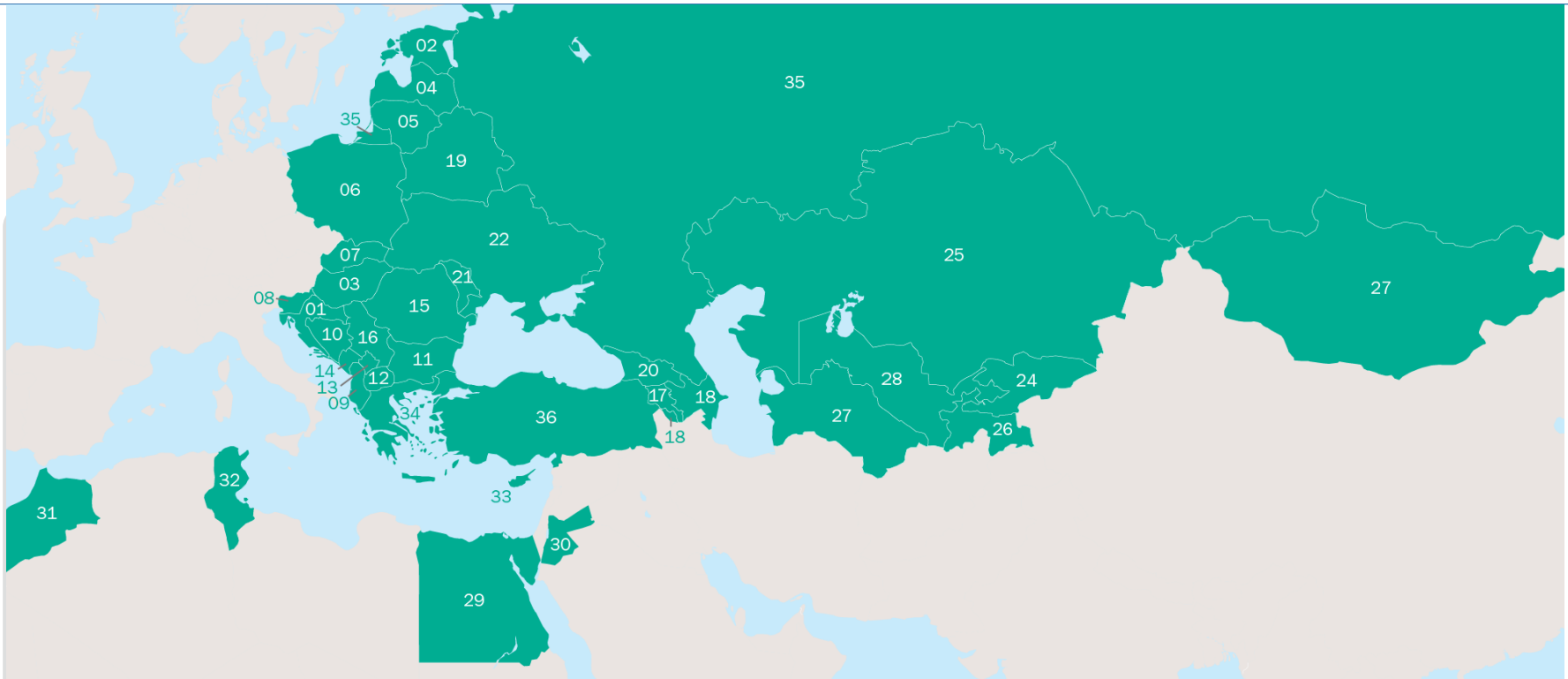
Objectives:

- “promote transition to market economies by **investing mainly in the private sector**”
- “mobilise significant **foreign direct investment**”
- “support **privatisation, restructuring** and **better municipal services** to improve people’s lives”
- “encourage **environmentally sound and sustainable development**”

Where we invest



European Bank
for Reconstruction and Development



WHERE WE INVEST

Central Europe and the Baltic states

- 01 Croatia
- 02 Estonia
- 03 Hungary
- 04 Latvia
- 05 Lithuania
- 06 Poland
- 07 Slovak Republic
- 08 Slovenia

South-eastern Europe

- 09 Albania
- 10 Bosnia and Herzegovina
- 11 Bulgaria
- 12 FYR Macedonia
- 13 Kosovo
- 14 Montenegro
- 15 Romania
- 16 Serbia

Eastern Europe and the Caucasus

- 17 Armenia
- 18 Azerbaijan
- 19 Belarus
- 20 Georgia
- 21 Moldova
- 22 Ukraine

Central Asia

- 23 Kazakhstan
- 24 Kyrgyz Republic
- 25 Mongolia
- 26 Tajikistan
- 27 Turkmenistan
- 28 Uzbekistan

Southern and eastern Mediterranean

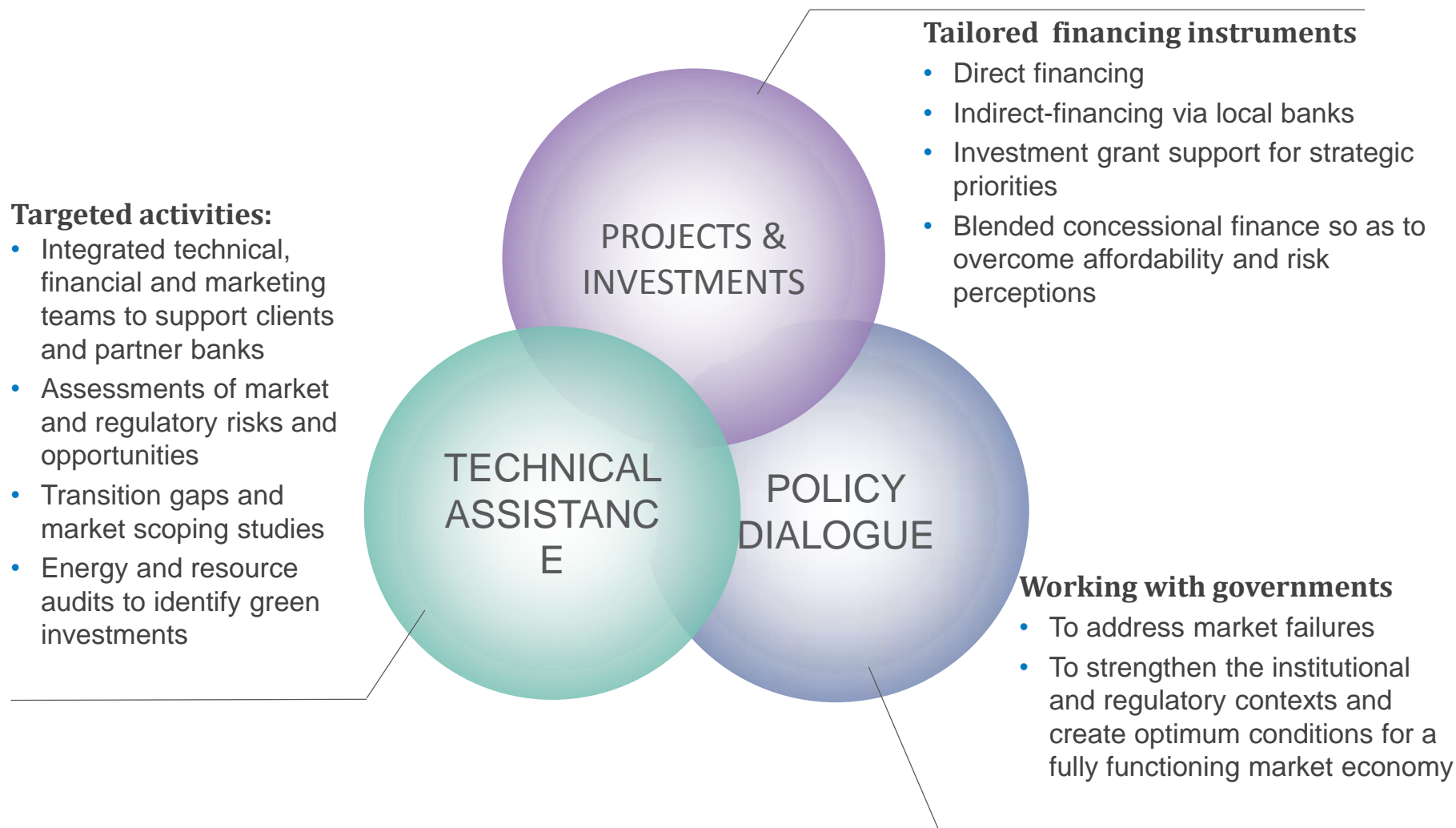
- 29 Egypt
- 30 Jordan
- 31 Morocco
- 32 Tunisia

33 Cyprus

34 Greece

35 Russia

36 Turkey

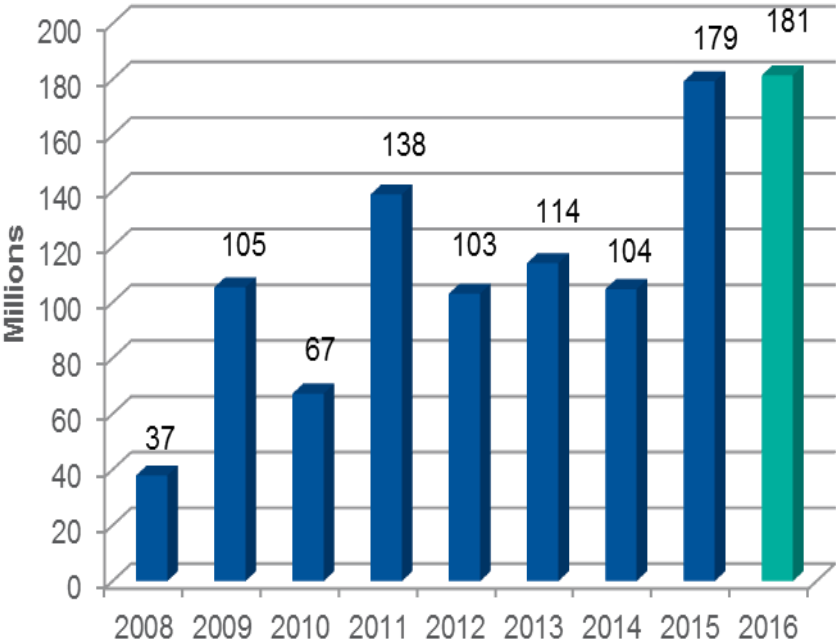


- Green Economy Transition
- Innovation and Knowledge Economy
- Entrepreneurship and SMEs
- Private Sector Competitiveness

Excellent Fit with Horizon

- Sustainable Infrastructure and Energy Security
- Resilient and Effective Financial Systems
- Developed Local Currency and Capital Markets
- Economic Inclusion and Gender Equality
- Good Governance
- Integration and Trade

EU funding to support EBRD projects



- Under Action 14, the EBRD will deploy three complementary instruments to facilitate reaching a sufficient number of innovative companies.

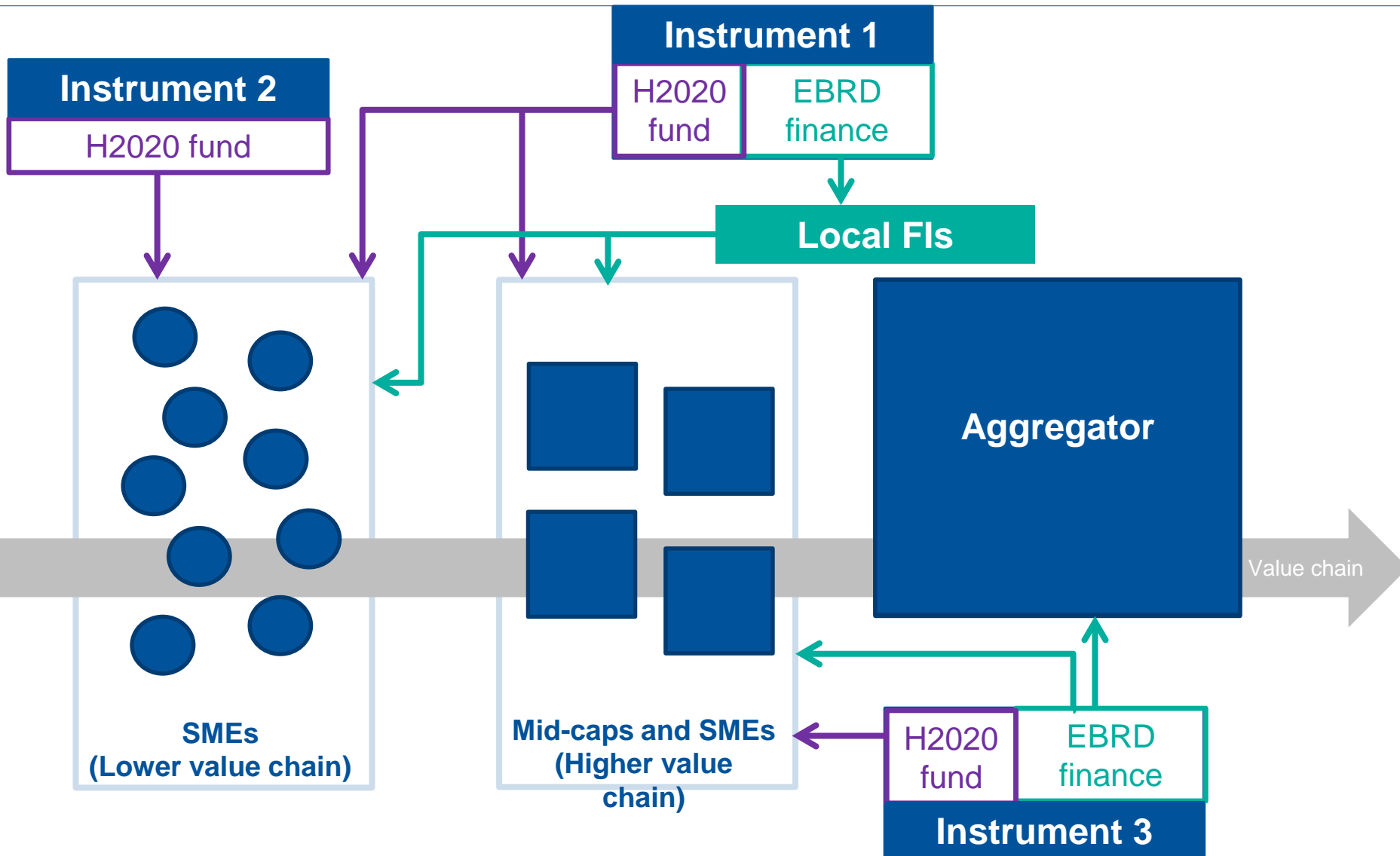
Instrument	Countries	Horizon Funds (EUR million)
1. Financing for SMEs and mid-caps via Financial Institutions	Latvia, Romania	10.0
2. Advice and Direct Finance for Small Businesses	Bulgaria, Romania	6.5
3. Climate Technology Innovation Support	Bulgaria, Latvia, Romania	3.5
TOTAL		20.0

- Duration – three years
- Main beneficiaries - small and medium-sized enterprises (SMEs) and mid-caps. Other beneficiaries will be partner financial institutions, local SME support institutions as well as universities and research institutes.

Complementary Instruments



European Bank
for Reconstruction and Development



Instrument 1: Support innovation via financial institutions (blended finance) Romania and Latvia

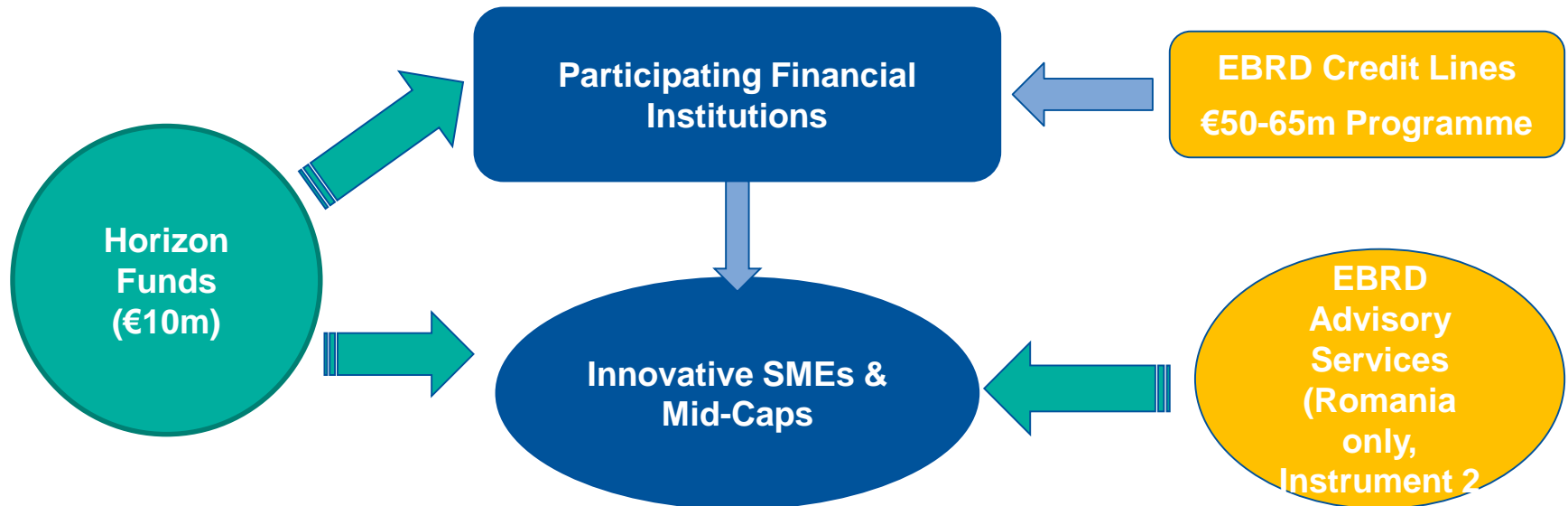
- EUR 10 million Horizon funds are to be utilised to leverage a credit line framework to be deployed via Participating Financial Intermediaries (“PFIs”) for on-lending to eligible SMEs and mid-caps in Latvia and Romania
- SMEs and mid-caps to meet the InnovFin agreed eligibility criteria for innovative firms
- The overall utilisation period of Instrument 1 of 3 years
- Indicative allocation of the Horizon funds and the EBRD credit line by countries is provided in the table below:

<i>in EUR million</i>	Latvia	Romania	Total
TC tranche 1	1	4	5
TC tranche 2	-	5	5
EBRD credit line	20-30	30-35	50-65
Leverage (minimum)	1:20	1:3	1:5

Instrument 1: Structure

Instrument 1 has the following components:

- A loan component – a lending programme for up to EUR 50-65 million to PFIs in Latvia and Romania, selected by EBRD, for on-lending to SMEs and mid-caps;
- A TC component to finance:
 - (i) a technical assistance package to PFIs and SMEs and mid-caps, and
 - (ii) investment grant to SMEs and mid-caps.



Instrument 1: Specific TC scope

- EBRD would appoint consultancy firms to manage the implementation of Instrument 1 and to interact with the PFIs and SMEs and mid-caps
- TC activities would be envisaged to cover:

Latvia	Romania
programme management	
awareness raising	
capacity building, marketing and product development (targeted to PFIs)	
support for structuring investments and preparing loan applications (targeted to SMEs and mid-caps)	in cooperation with Advice for Small Business (Instrument 2)
n/a	investment grant (up to 20% of the lower of disbursed sub-loan amount or eligible costs)

- A large portion of the TC Tranche 1 would be used for setting up Instrument 1 infrastructure, while the larger portion of Tranche 2 is expected to be used for the investment grant payment in Romania

Instrument 2: Advice and direct finance for small businesses



European Bank
for Reconstruction and Development

- EUR 6.5 million for business advisory activities and to facilitate direct investments in Bulgaria and Romania
- Delivery in two tranches of 12 – 18 months each
- Approximate breakdown by country:
 - EUR 3.8 million for Romania
 - EUR 2.7 million for Bulgaria
- SMEs receiving advice are expected to contribute between 10% and 50% of the total cost of each advisory project
- SMEs receiving direct investment are expected to participate in up to 30% of the investment costs for their respective transactions
- Client contributions are expected to generate additional contributions in excess of EUR 2 million

Instrument 2: Indicative delivery schedule by tranche



European Bank
for Reconstruction and Development

Tranche 1 (indicative outputs):

- 120 advisory services projects with local consultants
- 15 advisory services projects with international advisers
- 21 market development activities, incl. capacity building for local business incubators
- 3-5 direct investments in high growth potential SMEs

Tranche 2 (indicative outputs):

- 120 advisory services projects with local consultants
- 15 advisory services projects with international advisers
- 21 market development activities, incl. capacity building for local business incubators
- 3-5 direct investments in high growth potential SMEs

Additional activities to be implemented will include:

- Visibility and dissemination activities to show best practices and success stories of innovative entrepreneurs

Instrument 3: Climate Change Innovation in the Corporate Sector



European Bank
for Reconstruction and Development

- **EUR 3.5 million** to support climate change innovation
- Leading to advanced climate change-related technologies, operations and businesses
- Expected **leverage of €50 million** through EBRD and other finance, in value chains

USE OF FUNDS includes

- Company Innovation Plans – RD&D
- Expert Panel
- Monitoring and Reporting
- Building Innovation Networks
- Communications
- Agreements

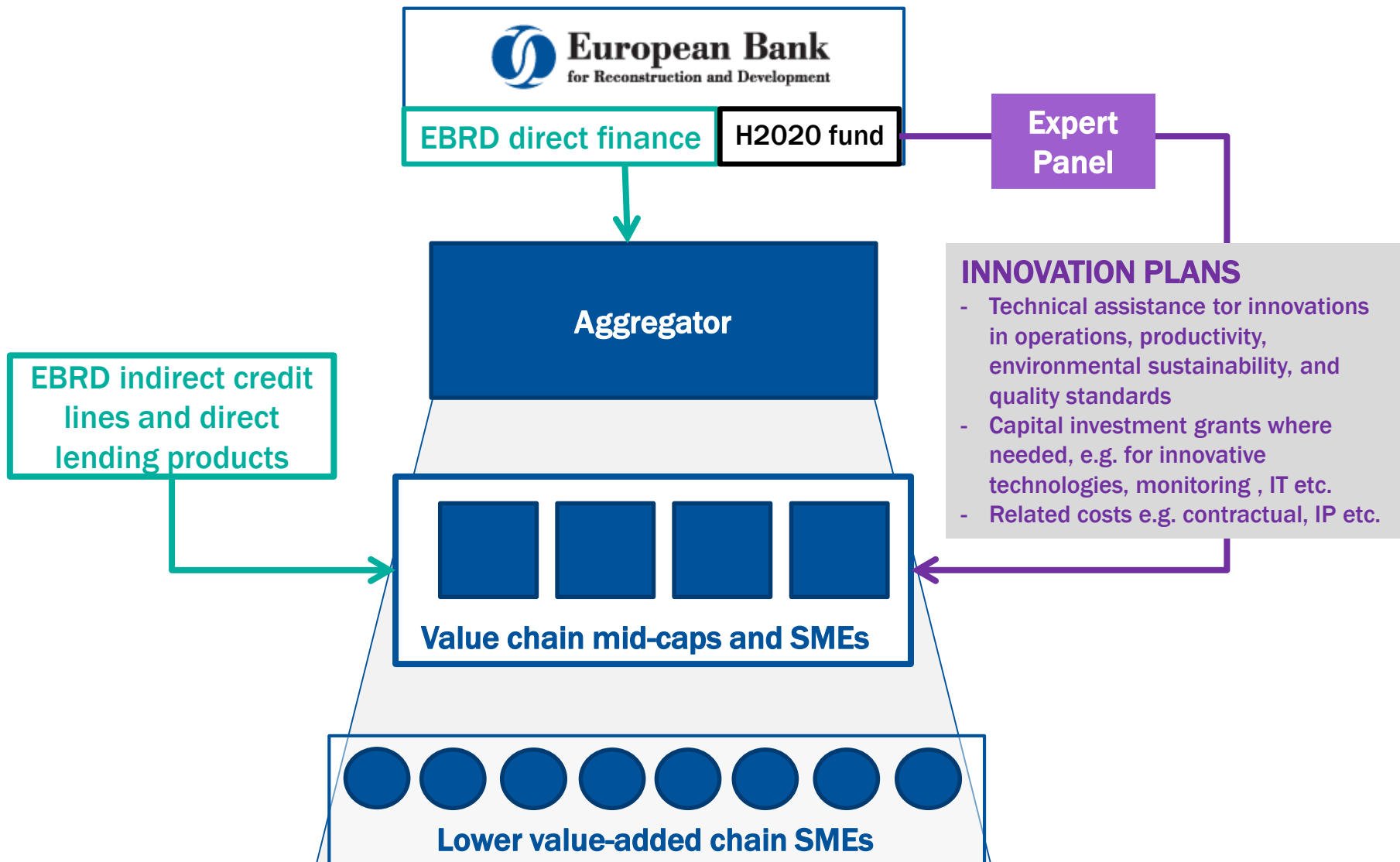
SUPPORT CRITERIA

- Level of innovation in project
- Commercial application potential
- Replicability potential
- Number of supply chain companies benefitting
- Potential to achieve climate and resource efficiency objectives

SUB-SECTOR ILLUSTRATIVE EXAMPLES

- Bio-energy
- Green logistics
- IT solutions for low carbon urban services
- Advanced process technologies
- Development of circular business models
- MRV, Energy and Carbon Management Technologies
- Energy storage solutions

Instrument 3: Climate Change Innovation in the Corporate Sector





Thank you