

The Risk Sharing Finance Facility – Frequently Asked Questions

What does RSFF mean?

RSFF is the acronym for the Risk Sharing Finance Facility, a new facility jointly developed by the European Commission (Commission) and the European Investment Bank (EIB) in support of higher risk financing for Research, Technological Development, Demonstration and Innovation investments (RDI projects).

What are the objectives of the RSFF?

The investment objectives for RDI set for the EU by the Lisbon Agenda in most European countries for both public and private sector RDI investment remain below target. One of the key factors constraining the implementation of RDI activities is the insufficient availability of financing, at acceptable terms, to promoters of investments involving complex products and technologies, unproven markets and intangible assets. In order to overcome these difficulties, the Commission and the EIB have joined forces to set up the Risk Sharing Finance Facility, an innovative scheme to improve access to debt financing for private companies or public institutions promoting RDI activities.

How does the RSFF work?

RSFF is an innovative investment based facility established by the Commission and the EIB that will create an additional financing capacity of up to EUR 10bn in support of eligible RDI activities. This amount will be achieved by leveraging up to EUR 1bn of dedicated resources of Community funds under the Seventh Framework Programme and EUR 1bn of EIB own resources in order to cover risks incurred when extending higher risk financing.

Who can benefit from RSFF financing?

RSFF financing can be provided to promoters of eligible RSFF projects, i.e. private and public entities of all sizes and ownership, including midcaps, Small and Medium-sized Enterprises (SMEs), Special Purpose Companies, Joint Ventures, Research Institutes, Universities, Science and Technology Parks, Joint Technology Initiatives as well as Partners collaborating under European Technology Platforms and Eureka. Beneficiaries under RSFF financing operations will need to present a coherent business plan confirming their capacity to repay RSFF financing. The EIB will, under RSFF, provide or guarantee loans with higher risk profiles compared to its normal financing activities.

Is RSFF also available for projects outside of Member State countries?

Projects eligible for RSFF financing can be located in EU Member States and in the following Associated Countries: Iceland, Liechtenstein, Norway, Switzerland, Israel, Turkey, Croatia and Serbia. Research Infrastructure projects can be supported in any country provided its ownership or operation involves legal entities established in at least three Member States or Associated Countries, or its services are used or requested for use by research communities from at least three Member States or Associated Countries.

What type of RDI activities can be financed under RSFF?

RSFF can finance promoters of projects in a wide range of RDI (Research, Technological Development & Demonstration and Innovation) activities, including Basic or Fundamental Research, Applied or Industrial Research, Experimental or Pre-competitive development, Definition stage or feasibility studies, Pilots and Demonstration activities and Innovation. Such projects can be part of European Research Initiatives, including Research Infrastructures, European Technology Platforms, Joint Technology Initiatives or projects undertaken under Eureka. RSFF can also finance research infrastructures, both national and European, at universities, in science parks or with other research organisations.

What kind of investments can be supported?

The scope of eligible activities is wide and extends from traditional “brick and mortar” investments to equipment and intangible investments such as R&D operating cost, salaries of researchers, management and support staff, utilities, consumables, IPR acquisition or protection costs

How much financing can the EIB provide?

Independently of the project size, the share of EIB financing is limited to 50% of the total amount of eligible project cost, i.e. of the investments in RDI and/or research infrastructures mentioned above.

Projects with a minimum EIB financing of EUR 7.5m can be financed directly by the EIB. For small and medium-sized enterprises and projects with an investment cost of up to EUR 25m the EIB is in the process of developing risk sharing credit facilities to be made available to its partner banks in the EU and in Associated Countries.

What financing products are available under RSFF?

The RSFF focuses primarily on debt based financing via loans and guarantees including innovative financing solutions such as mezzanine finance and other structured products addressing specific funding requirements.

Private Equity financing, including Venture Capital, is also provided by the EIB Group by the European Investment Fund, an important European investor in European early stage VC financing funds.

What risks does RSFF target?

Under the RSFF, the EIB can accept exposure to higher risks than under its normal lending activities, either in the form of counterparts with a higher risk profile or through transaction structures involving higher financial risks for the EIB. RSFF operations can be provided to low or sub investment grade companies including the vast number of typically unlisted and unrated small or medium sized companies in Europe. Sub-investment grade financing refers to credit risks equivalent to "BB" or "B" on the rating scale of leading international rating agencies.

How can I apply for RSFF financing?

Please contact EIB directly through the attached web site connections. There are no formal requirements such as application forms or deadlines in order to apply for RSFF financing from the European Investment Bank. For financing amounts of at least EUR 7.5m, the Bank can be contacted directly, either via its Head Offices in Luxemburg or via its European External Offices located in Austria, Belgium, France, Germany, Greece, Italy, Poland, Portugal, Spain and the United-Kingdom. For the financing of small and medium sized RDI projects and enterprises, the EIB intends to introduce new risk sharing credit lines for interested banks and other financial intermediaries.

How long does it take to receive RSFF financing?

The EIB's due diligence process involves the assessment of the project's eligibility, techno-economic viability and the promoter's financial situation and perspectives. Subject to the completeness of the documentation available and the nature of the financing the time elapsing between a first contact with the EIB and the signature of a financing contract will typically vary between 4 and 6 months.

What types of financing are available under RSFF?

EIB financing can be made available to public and private entities ("public or corporate finance") or to Special Purpose Companies set up for the implementation of specific projects ("limited recourse or Project Finance"). RSFF financing can be made available directly to the project promoter, where the EIB will in general provide (co)financing, jointly with commercial banks or other financing institutions. In addition, the EIB will provide guarantees to commercial banks or other financial institutions financing the promoter and will work closely in all cases with the Promoter and its existing financial institutions to ensure the best possible solution for the investment.