



The EIB and InnovFin in Armenia

**Marc D'hooge**  
*InnovFin Programme Manager*

# InnovFin Product Overview



Early-stage Enterprises		SMEs	Midcaps	Large Caps	Thematic Finance	Advisory
<b>InnovFin</b> Technology Transfer	<b>InnovFin</b> SME Guarantee		<b>InnovFin</b> MidCap Guarantee	<b>InnovFin</b> Large Projects	<b>InnovFin</b> Energy Demo Projects	<b>InnovFin</b> Advisory
<b>InnovFin</b> Business Angels			<b>InnovFin</b> MidCap Growth Finance		<b>InnovFin</b> Infectious Diseases	
<b>InnovFin</b> Venture Capital						
<b>InnovFin</b> Fund-of-Funds						
Early-Stage Enterprises, SMEs and Small Midcaps < 500 Employees	SMEs and Small Midcaps < 500 Employees		Midcaps < 3 000 Employees	Large Caps Typically > 3 000 Employees	SPV, Midcaps and Large Caps	Public and Private Sector Promoters
Intermediated Equity Financing	Intermediated Debt Financing		Intermediated and/or Direct Corporate Lending	Direct Corporate Lending	Project Finance and/or Direct Corporate Lending	Financial Advisory

Direct products    Indirect products

## Basic features

Early Stage focus

Pre-seed, seed, start up phases (seed & A rounds included)

Focus on Horizon 2020 objectives (e.g. ICT, life sciences, clean energy)

Investment size up to EUR 50m

Pari-passu, at least 30% investment from private investors

Up to 25/50% of total commitments

x2 of investment ticket in eligible investees

EU + Horizon 2020 Associated Countries

Call for Expression of Interest

## Stage coverage

**InnovFin**  
Fund-of-Funds



OTHER EIF RESOURCES

**InnovFin**  
Venture Capital



OTHER EIF RESOURCES

**InnovFin**  
Business Angels

**InnovFin**  
Technology Transfer

TRL 3-6

TRL 7-8

PRE-SEED PHASE  
PROOF OF CONCEPT

SEED PHASE

START-UP PHASE

EMERGING GROWTH

DEVELOPMENT

SME Development Stages

# Technology Transfer

Promotion of IP,  
licensing, spin offs,  
spin-outs

Pre-seed and seed  
funds, including  
affiliated with TTOs,  
ROs, HEIs

Open to Proof of  
Concept pockets

Investment size up to  
50% of total  
commitments

InnovFin  
Technology Transfer

Investment size up to  
EUR 50 million

TRL 3-8

At least 50% of fund  
size focused on TT

SMEs, JVs, projects

# Business Angels

Business Angel  
managed funds and  
co-investment funds

Open for experienced  
business angels  
wishing to team up  
and set up their first  
BA funds

Investment size  
typically up to 50% of  
total commitments

BA Funds are expected  
to take investment  
decisions, rather than  
passively co-invest

InnovFin  
Business Angels

May invest >50% fund  
size if the co-  
investment ratio is not  
higher than 50% on  
deal by deal basis

Investment size up to  
EUR 50 million

Focus on ICT and  
other H2020 sectors

Emphasis on seed and  
start up stage, may  
include social  
enterprises

# Venture Capital

Early stage focused  
Venture capital funds  
and co-investment  
funds

Available also for first-  
time or emerging  
investment teams

Investment size  
typically up to 25%,  
but not higher than  
50% of total  
commitments

Open to multi-stage  
strategies  
(combining other EIF's  
managed resources)

InnovFin  
Venture Capital

Focus on one or more  
H2020 sectors

Seed stage and series  
A rounds, series B on  
case by case basis

First closing preferred,  
other closings if  
catalytic

Investment size up to  
EUR 50 million

# Fund-of-Funds

FoF targets at least 4 countries (EU and/or H2020 Associated Countries)

Commitments to venture fund-of-funds

Investment size up to EUR 50 million (typically up to 25% of total FoF's commitments)

Investee funds should focus on H2020 sectors

**InnovFin**  
Fund-of-Funds

Investee FMs established or operating in EU or H2020 Associated Countries

At least 50% aggregate investee funds investable amounts to be placed in EU

Open to multi-stage strategies with significant (>30%) early stage allocation

Effective & transparent FoF governance

# InnovFin Product Overview



Early-stage Enterprises	SMEs
InnovFin Technology Transfer	InnovFin SME Guarantee
InnovFin Business Angels	
InnovFin Venture Capital	
InnovFin Fund-of-Funds	
Early-Stage Enterprises, SMEs and Small Midcaps < 500 Employees	SMEs and Small Midcaps < 500 Employees
Intermediated Equity Financing	Intermediated Debt Financing

Midcaps	Large Caps	Thematic Finance
InnovFin MidCap Guarantee	InnovFin Large Projects	InnovFin Energy Demo Projects
InnovFin MidCap Growth Finance		InnovFin Infectious Diseases
Midcaps < 3 000 Employees	Large Caps Typically > 3 000 Employees	SPV, Midcaps and Large Caps
Intermediated and/or Direct Corporate Lending	Direct Corporate Lending	Project Finance and/or Direct Corporate Lending

Advisory
InnovFin Advisory
Public and Private Sector Promoters
Financial Advisory

Direct products
  Indirect products



# InnovFin SME Guarantee



This guarantee instrument covers the risk related to losses of a portfolio

Up to 50% loss coverage (Principal + Interest 90D)

Full Delegation to Financial Intermediaries

Automatic Coverage/Inclusion 2-3 yr period

Attractive Guarantee Terms

Favourable Capital Treatment

Guarantee and Counter-Guarantee

# Underlying Transaction Criteria

**Purpose of Financing (Term Loans/Leases + Revolving Credit Facilities):**

**Tangible &  
Intangible  
Assets**

**Working  
Capital**

**Business  
Transfers**

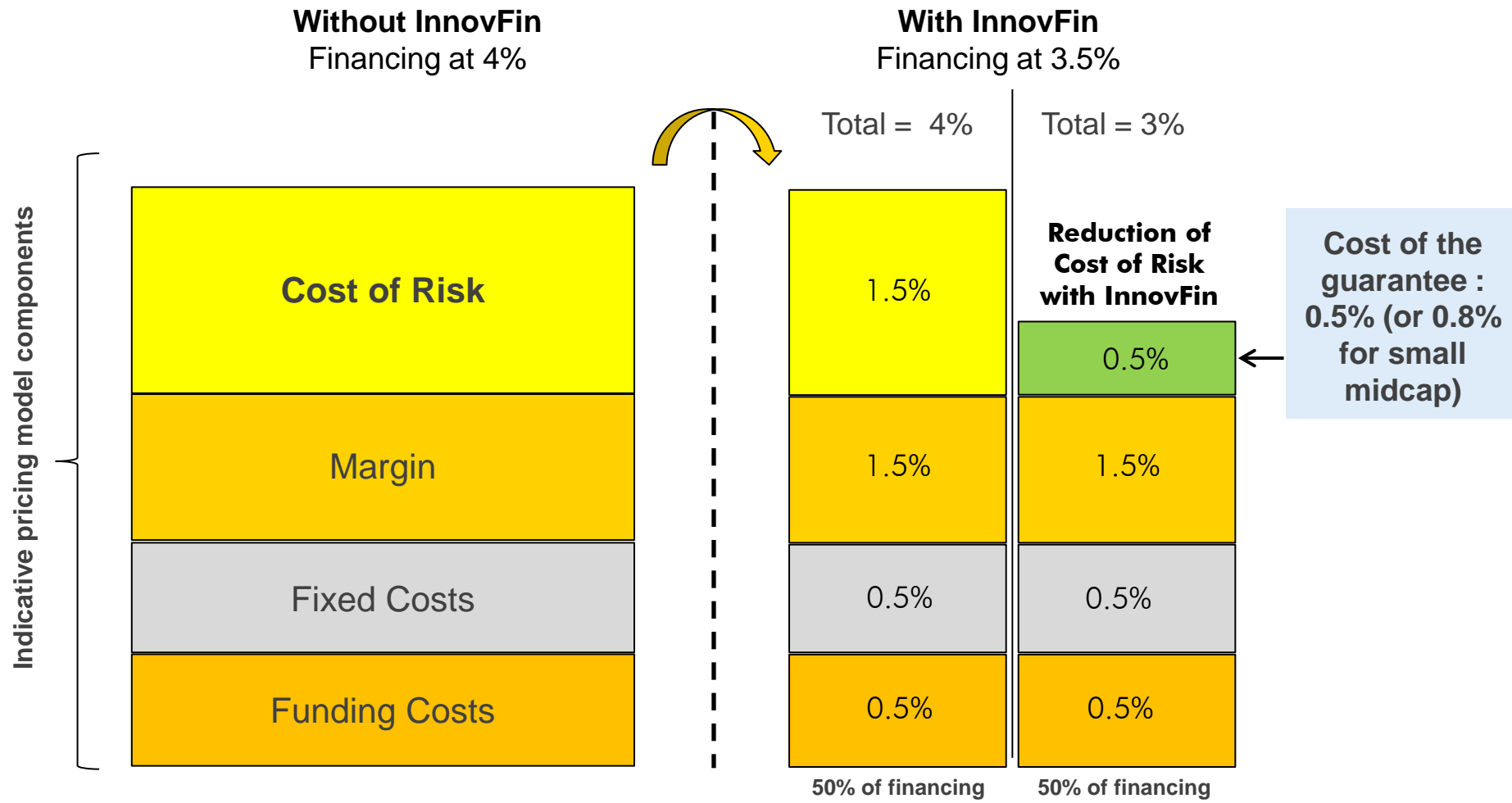
- Loan amount: min EUR 25k - max EUR 7.5 m (only Senior Debt)
- Loan maturity: min 1 year - max 10 years
- Currency: EUR and local currency
- Max (counter-)guarantee amount is EUR 200m per intermediary (EUR 500m per intermediary group)

# Guarantee Fee



- Payable either quarterly based on the average portfolio balance or up-front (based on an amortisation schedule)
- Financial Intermediaries are required to transfer the Financial Benefit to SMEs & Small Mid-caps:
  - reduced interest rate (direct guarantees)
  - reduced guarantee fee premium (counter-guarantees)

# Transfer of Benefit (indicative example)



# InnovFin: A Win-Win Facility

## Financial Intermediary

Reduced Capital  
Consumption

Increased Return on  
Capital

Competitive Loan  
Pricing

## Beneficiary

Enhanced Access to  
Finance

Flexible Funding

Reduced Cost of  
Funding

## Contact details:

**Marc D'hooge**

*InnovFin Programme Manager*

Email: [m.dhooge@eib.org](mailto:m.dhooge@eib.org)

Tel: +352 437 987 211

### **European Investment Bank**

98-100, boulevard Konrad Adenauer  
L-2950 Luxembourg



© Trelleborg S.A

# Appendices

© Astrium / C. Hériaux / 2004

# Appendix I

## InnovFin Innovation Eligibility Criteria (at least one to be met)

Short Description	Description	Sufficient evidence
➤ <b>Investment in innovative products / processes / services</b>	Company intends to use the funds to invest in producing, developing or implementing new or substantially improved (i) products, processes or services, or (ii) production or delivery methods, or (iii) organisational or process innovation including business models that are innovative and where there is a risk of technological, industrial or business failure	(i) declaration of intent and (ii) business plan where such risks of failure are evidenced by an external expert
➤ <b>Fast-growing enterprise</b>	Company has been operating for less than 12 years and has an average annualised growth in employees or turnover greater than 20% a year, over a 3-year period (with at least 10 employees at the beginning of observation period)	Business plan significantly based on R&D and/or innovation activities, evidence of growth rate and employees
➤ <b>R&amp;I costs ≥ 5% of operating costs</b>	Company has been operating for less than 7 years and its R&I costs represent at least 5% of its total operating costs, in at least one of the 3 preceding years (or in the current one in the case of a start-up)	Appropriate evidence of such information provided in the financial statements
➤ <b>Innovation potential</b>	The company has a significant innovation potential or is an “R&I-intensive enterprise”. This is assessed through additional sub-criteria:	As per one of the below criteria
➤ <b>Innovation support / grants</b>	Company has been formally awarded grants, loans or guarantees from European R&I schemes, their funding instruments or national research or innovation support schemes	Evidence of award dated less than 36 months before
➤ <b>Innovation prize</b>	Company has been awarded over the last 24 months an R&D or Innovation prize by an EU institution or an EU body	Evidence of an innovation prize dated less than 24 months before
➤ <b>Venture Capital</b>	Early stage SME has received an investment over last 24 months from a venture capital investor / business angel	Evidence of the investment
➤ <b>R&amp;I expenses ≥ 20% of requested loan</b>	Annual R&I expenses are ≥ 20% of the requested loan amount and the company's business plan indicates the increase in R&I expenses at least equal to requested loan	Evidence of such information provided in the financial statements
➤ <b>80% of requested funds spent on R&amp;I</b>	Company undertakes to spend at least 80% of the requested funds on R&I activities and the remainder on costs that enable such activities (eg. salaries)	Undertaking of the company and business plan evidencing expenditures
➤ <b>Technology right</b>	Company has registered at least one technology right (eg. patent) in the last 24 months, and the purpose of the loan is to enable the use of this technology right	Technology right with the registration dated less than 24 months before
➤ <b>Risk finance</b>	Company requires a risk finance investment which is >50% of its average annual turnover in last 5 years and it intends to enter a new market	Business plan evidencing the intention
➤ <b>R&amp;I costs ≥ 10% of operating costs</b>	Company's R&I costs represent ≥10% of its total operating costs in at least one of 3 preceding years (or in the current one in the case of a start-up)	Financial statements evidencing R&I and total operating costs
➤ <b>R&amp;I expenses qualified as support</b>	Company has incurred R&I expenses qualified in the past 36 months by competent bodies, as a part of support measures approved by the EC designed to incentivize R&I	Evidence of such qualification
➤ <b>Designation as innovative company</b>	Company has been designated in the last 36 months as an innovative SME by an EU or national or regional institution or body	Evidence of such designation



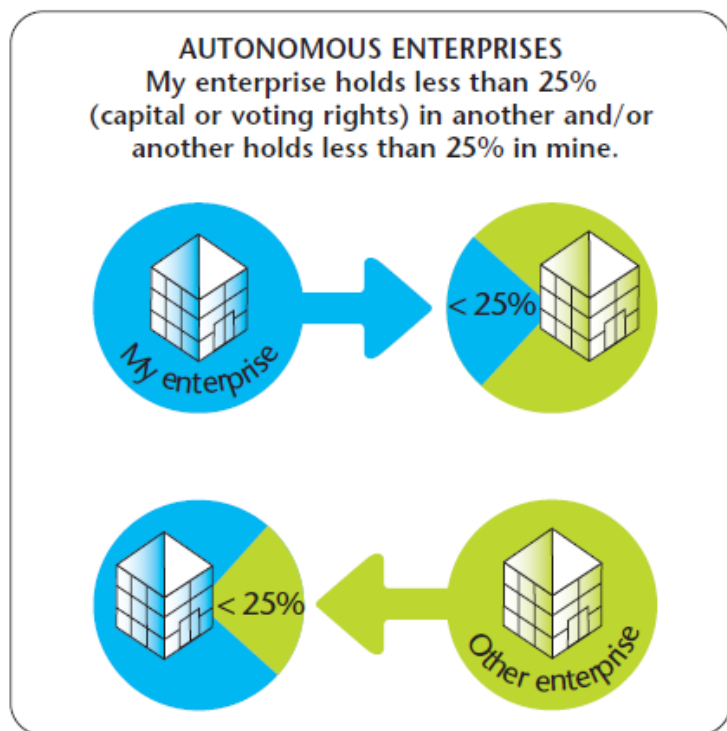
## Appendix II Beneficiary Eligibility Criteria

Beneficiary Eligibility Criteria (all to be met)	To be met at signing date of the loan/lease agreement with:
<p>The Final Recipient shall be an unlisted SME or an unlisted Small Mid-cap without prejudice to the possibility for such companies to be quoted on an alternative trading platform, as defined in Article 4(1)(15) of Directive 2004/39/EC, where the majority of the financial instruments admitted to trading are issued by SMEs or Small Mid-caps;</p> <ul style="list-style-type: none"> <li>• SME relates to micro, small or medium-sized enterprises as defined in the Commission Recommendation 2003/361/EC, as amended, restated, supplemented and/or substituted from time to time;</li> <li>• Small Mid-cap is defined as enterprise which has up to 499 employees, that is not an SME;</li> </ul>	Appropriate evidence of criteria being met
<p>The Final Recipient shall not be a “firm in difficulty” within the meaning of the General Block Exemption Regulation (Commission Regulation (EU) No C(2014) 3292/3 of 21 May 2014 declaring certain categories of aid compatible with the internal market);</p>	Appropriate evidence of criteria being met
<p>Shall not have a substantial focus on one or more EIF Restricted Sectors (which determination shall be made by the intermediary in its discretion based, without limitation, on the proportionate importance of such sector on revenues, turnover or client base of the relevant enterprise);</p>	Appropriate evidence of Restricted Sectors and criteria used to assess the focus
<p>Shall be established and operating in at least one Participating Country (an EU Member State and/or Associated Country to the Horizon 2020 Regulation);</p>	Appropriate evidence
<p>The Final Recipient shall not perform any R&amp;I activities, which are related to: illegal activities according to the applicable legislation of the Beneficiary’s country, including any applicable EU legislation.</p>	Appropriate evidence
<p>Any additional eligibility criteria as may be specified in the relevant guarantee agreement.</p>	Appropriate evidence of criteria being met

## Appendix III Requirements for Business Transfers

- In the case of business transfers a Final Recipient Transaction may finance up to 100% of the purchase price of a target company, including any resulting goodwill. However mere change of ownership (buyout of the existing company's shareholders) is not eligible, unless it is combined with a commitment by any party of the business transfer transaction to inject a new capital into the target company for an aggregate amount, which is not less than 50% of the Final Recipient Transaction, be it in a form of equity, quasi equity or debt financing.
- The other conditions for eligible business transfers are the following:
  - a) the borrower shall qualify as an SME or Small Mid-cap as a result of such transfer
  - b) the borrower or the target shall comply with at least one of the Innovation Eligibility Criteria.

## Appendix IV Definition of Autonomous SME



- It is possible for you to have several investors each with a stake of under 25% in your enterprise and still remain autonomous, provided these investors are not linked to each other;
- It is possible to remain autonomous if one or more of the investors listed below have a stake of no more than 50% in your enterprise (provided they are not linked to one another):
  - Public investment corporations, venture capital companies and business angels.
  - Universities and non-profit research centers.
  - Institutional investors, including regional development funds.
  - Autonomous local authorities with an annual budget of less than 10 million euro and fewer than 5,000 inhabitants.

### **Venture Capital:**

- At present, there is no integrated European venture capital market - the regulatory situation varies widely from country to country and the market is fragmented along national lines.
- Strictly defined, venture capital is a subset of private equity. Venture capital is thus professional equity co-invested with the entrepreneur to fund an early-stage (seed and start-up) or expansion venture. Offsetting the high risk the investor takes is the expectation of a higher than average return on the investment.

### **Business Angels:**

- Business angels can be defined as individuals or groups of individuals with a regular venture capital investment activity who invest equity capital in unquoted businesses
- The financial involvement of business angels in an enterprise must be below 1,250,000 euro.

# Contacts

## EIF

37B, avenue J.F. Kennedy

L-2968 Luxembourg

T :(+352) 24851

[www.eif.org](http://www.eif.org)



**Vincent van Steensel**  
Head of Portfolio Guarantees

Phone: (+352) 248 581 351  
email: [v.vansteensel@eif.org](mailto:v.vansteensel@eif.org)

Alicja Hlibowicka	<a href="mailto:a.hlibowicka@eif.org">a.hlibowicka@eif.org</a>	+352.24.85.81.641
Diego Lucero	<a href="mailto:d.lucero@eif.org">d.lucero@eif.org</a>	+352.24.85.81.658
Jiri Chaloupka	<a href="mailto:j.chaloupka@eif.org">j.chaloupka@eif.org</a>	+352.24.85.81.748
Paul Samsonoff	<a href="mailto:p.samsonoff@eif.org">p.samsonoff@eif.org</a>	+352.24.85.81.587
Ricardo Frazão	<a href="mailto:r.frazao@eif.org">r.frazao@eif.org</a>	+352.24.85.81.804
Roland Kampe	<a href="mailto:r.kampe@eif.org">r.kampe@eif.org</a>	+352.24.85.81.271
Sandrina Da Cruz	<a href="mailto:s.dacruzaraujo@eif.org">s.dacruzaraujo@eif.org</a>	+352.24.85.81.743
Stefano Bragoli	<a href="mailto:s.bragoli@eif.org">s.bragoli@eif.org</a>	+352.24.85.81.651
Teodor Radonov	<a href="mailto:t.radonov@eif.org">t.radonov@eif.org</a>	+352.24.85.81.518
Zvonimir Ratkovski	<a href="mailto:z.ratkovski@eif.org">z.ratkovski@eif.org</a>	+352.24.85.81.737