

I2I (INNOVATION 2010 INITIATIVE)

Since the Innovation 2000 Initiative was put in place by the EIB Group (EIB and EIF) to support the “Lisbon Strategy” (building a European economy based on knowledge and innovation), the European Investment Bank signed loans for investment under the initiative for over **EUR 17 billion**. In 2003, i2i was renewed as the “innovation 2010 initiative” reconfirming the high priority being given by the Bank to financing of innovation up to 2010. Total EIB signings for i2i investment projects in 2003 reached EUR 6.2 billion.

The EIB Group supports i2i operations through

- medium- or long-term EIB financing (possibly with risk-sharing or structured loans) and
- EIF participations in venture capital funds that provide SMEs with equity resources in the form of venture capital.

i2i focuses on five economic sectors: research and development (R&D), development of SMEs, technology networks, human capital formation, and the diffusion of innovation (including the audiovisual sector).

Looking ahead to 2010

At end 2003, the EIB Group had achieved its i2i operational objectives: in the period 2000-2003, the EIB Group signed over 350 operations totalling EUR 19.5 billion (17 billion EIB plus 2.5 billion EIF). These transactions were carried out in all the Member Countries of the Union and in most Accession Countries. Although at the end of 2003 the i2i programme completed the three-year term initially fixed by the Bank’s Board of Directors, the objective set under the “Lisbon Strategy” not only remains valid, but also has been reaffirmed by various European Councils, resulting in a prolongation of the i2i programme as the innovation 2010 initiative. This reflects the long-term nature of the Lisbon and Barcelona European Council objectives, aimed at fostering the development of a knowledge- and innovation based European economy.

Review of 2000-2003

EIB Group’s “i2i” activities have met a real demand for its diversified financial products that bring a *transfer of expertise to the less advanced regions* and inject *value added*.

- **Regional development:** special attention was paid to selecting projects helping the less advanced regions to gain access to state-of-the-art technologies: two thirds of the financing went towards projects in the Union’s assisted areas or in Accession Countries.
- **Innovative content:** since 2000, the innovative content of projects financed has grown substantially; *research and development (R&D) projects*, particularly in the life sciences and fundamental research, absorbed one third of loans granted in 2003; *education projects* (which accounted for almost half of the i2i loans in 2003) have a large innovative component reflecting their application of ICT (e-learning) or research results from basic R&D (universities and university hospitals). Projects implementing *ICT networks* (over 20% of loans in 2003) were selected because of either their powerful regional development impact or their role in diffusing innovation (digital technologies applied to the creation or distribution of audiovisual works).

Results 2000 – 2003

Research and development (R&D)

In 2003, the EIB invested over EUR 2 billion in 22 R&D projects. Most of the projects were undertaken by the private sector in the fields of 'nano'-electronics, optics, biotechnology and telecommunications. These loans brought the EIB's R&D financing since 2000 to a total of almost EUR 6 billion. **Examples include:** the Helsinki Science Park, where laboratory- and office space will provide the necessary services for start-up companies in the biotech sector; and in Louvain, research in the field of nano-scaled technologies with the construction of a unique research platform to allow IMEC (Europe's largest independent micro- and nanoelectronics research centre) and its partners to remain at the forefront in nanotechnology research and semi-conductor technology roadmap.

Development of SMEs and entrepreneurship

The EIB's support for SMEs through its global loans was further developed in 2003 with specific lines of credit for i2i related investments. The EIB Group's operations in 2003 include the activities of its specialised subsidiary, the EIF, which committed EUR 135 million in 17 venture capital funds. These new operations brought the EIF's total portfolio to around EUR 2.5 billion, invested in 190 funds.

Worth highlighting is the EIF's launch of a EUR 500 million "ERP Facility" (European Recovery Programme) for investments in venture capital funds targeting German high-tech companies. The EIF will be responsible for the management of this Facility on a mandate awarded by the German Federal Ministry of Economics and Labour.

Human capital formation

Under the i2i programme, the EIB lent almost EUR 2.7 billion for 29 education and health projects in 2003. Many projects concern the provision of higher education or university facilities and the refurbishment and technological upgrading, in particular in Helsinki, Madrid, Toulouse and Nordrhein-Westfalen. In Romania the EIB has supported the rehabilitation and furnishing of pre-university schools all over the country.

Information and Communications Technology (ICT) Networks

ICT networks, as essential vehicles for the diffusion of innovation and data exchange between companies, attracted EUR 1.4 billion in EIB loans, in 15 transactions in 2003. In Ørestad (Copenhagen), the EIB has co-financed the construction of a new production facility for Denmark's radio and TV programmes. Further investments will be made in new technological developments such as digitalisation and online services in this new audiovisual programme production centre. In Cyprus agreements have been signed for the financing of investments in education and information technology, to foster the development and use of ICT networks.

Diffusion of Innovation: Audiovisual i2i

In 2003, the EIB signed two further framework agreements, for € 20 million each, continuing its cooperation with two financial institutions specialised in audiovisual sector finance. Until the end of 2003, EIB's partnership with these institutions has resulted in a portfolio of 36 films or television programmes being co-financed by the Bank. The two framework agreements brought EIB financing signed in the audiovisual sector to a total of EUR 423 million.

Audiovisual i2i, launched by the EIB Group in December 2000, is intended to support European audiovisual production and distribution, help the industry to embrace the new technologies and encourage greater involvement by the European banking and financial community in financing the industry's players. This initiative is being implemented in tandem with the Commission's "MEDIA Plus" programme.