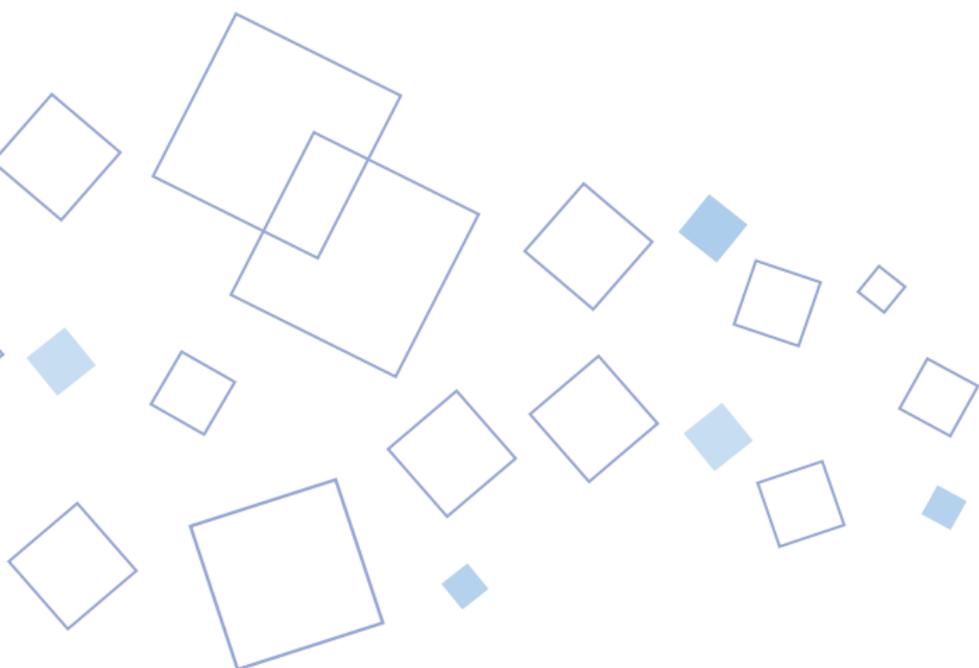


**InnovFin**  
EU Finance for Innovators



# InnovFin

## SME Guarantee



## What is the InnovFin SME Guarantee?

**InnovFin SME Guarantee** is a guarantee or counter-guarantee on debt financing that the European Investment Fund (EIF) provides to financial intermediaries in order to improve access to finance for innovative Small and Medium-sized Enterprises (SMEs) and Small Mid-caps (enterprises with up to 499 employees).

Thanks to the InnovFin SME Guarantee, financial intermediaries – i.e. banks and other lending institutions, guarantee schemes or debt funds which are selected by the EIF can provide debt financing on favourable terms to innovative SMEs and Small Mid-caps in EU Member States and Associated Countries.

**InnovFin SME Guarantee** is part of the “InnovFin - EU Finance for Innovators” programme which is a joint European Investment Bank (EIB) Group and European Commission (EC) initiative under Horizon 2020, the EU framework for Research and Innovation (R&I) 2014-2020. InnovFin - EU Finance for Innovators offers a range of tailored financing products and advisory services to companies of different sizes ranging from SMEs to large corporations and other entities.

The InnovFin SME Guarantee builds on the success of the pilot Risk-Sharing Instrument (RSI) developed under the Seventh EU Framework Programme for Research and Technological Development (FP7), which for the period 2012-2013 featured a total guarantee amount of EUR 1.6 billion, covering 18 countries and enabling over EUR 3.2 billion of loans/leases to innovative SMEs and small mid-caps.

## Which companies does the InnovFin SME Guarantee support?

The InnovFin SME Guarantee supports:

- SMEs investing in the production or development of innovative products, processes and/or services that present a risk of technological or industrial failure; or
- SMEs and Small Mid-caps that are “fast growing enterprises”, i.e. their workforce or turnover has increased by at least 20% p.a. over the last 3 years; or
- SMEs and Small Mid-caps that have a significant innovation potential or are R&I-intensive enterprises, i.e. satisfying at least one “innovation criterion” out of a set of pre-defined eligibility criteria.

For more information on eligibility, please consult:  
[www.eif.org](http://www.eif.org)

## Which products are eligible?

The following products are eligible:

- Loans, bonds and lease financing are eligible
- The purpose of financing can be investments (tangible or intangible assets), working capital or business transfers
- Both term and revolving facilities are eligible
- Amount: at least EUR 25,000, up to a maximum of EUR 7.5 million
- Maturity: at least 1 year, up to a maximum of 10 years  
Currency: EUR and/or local currency

## How does the InnovFin SME Guarantee work?

Under InnovFin SME Guarantee, EIF provides EU-supported guarantees or counter-guarantees to selected financial intermediaries to cover for potential losses on a portfolio of SME loans.

The guarantee covers up to 50% of the loss on each new eligible loan, bond or lease that is originated typically during a two-year period.

Thanks to the reduced credit risk and lower capital consumption achieved through the guarantee, EIF encourages financial intermediaries to extend new debt financing to innovative enterprises on more attractive terms.

The guarantee is offered on favourable terms and financial intermediaries are therefore required to transfer part of the financial benefit to their clients.

## Which financial intermediaries and countries does the InnovFin SME Guarantee target?

The InnovFin SME Guarantee targets financial intermediaries operating in the EU-28 Member States as well as the Horizon 2020 Associated Countries, which are currently Albania, Bosnia and Herzegovina, Former Yugoslav Republic of Macedonia, Iceland, Israel, Moldova, Montenegro, Norway, Serbia and Turkey. Other countries may become associated during the course of Horizon 2020.

## What are the advantages of the InnovFin SME Guarantee?

- Attractive and fixed guarantee fees payable on the outstanding amount of the guarantee:
  - 0.50% p.a. for debt financing to SMEs
  - 0.80% p.a. for debt financing to Small Mid-caps
- The guarantee automatically covers 50% of the principal and interest losses on each exposure
- Payments will be made upon default, with a pro-rata sharing of recoveries
- No capital charge (0% Risk-Weighted Assets) for counterparty risk is required on the covered part of the loan portfolio thanks to EIF's Multilateral Development Bank status
- InnovFin SME Guarantee is a flexible product which grants the financial intermediary a great degree of autonomy, e.g. the intermediary has full delegation on the origination, credit decisions, servicing, etc.
- Quarterly reporting requirements are designed in a pragmatic and lean way

## What is the guarantee amount per financial intermediary?

The guarantee amount is up to EUR 200 million per intermediary and up to EUR 500 million for an intermediary group.

With a 50% guarantee rate, this means a maximum portfolio volume of up to EUR 400 million of financing per intermediary, and up to EUR 1 billion for an intermediary group.

## How to apply?

The basis for selecting the InnovFin SME Guarantee partner institutions is an open Call for Expression of Interest which is published on EIF's website at [www.eif.org](http://www.eif.org). Interested institutions can submit their applications, which will be assessed by EIF on a first-come, first-served basis.

Interested financial intermediaries can find further information on how to work with the European Investment Fund on its website

or by contacting the EIF by email  
[InnovFin\\_SME\\_guarantees@eif.org](mailto:InnovFin_SME_guarantees@eif.org)

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