

# Competitiveness and Innovation Framework Programme 2007-2013 (CIP)

## *Financial Instruments for SMEs*



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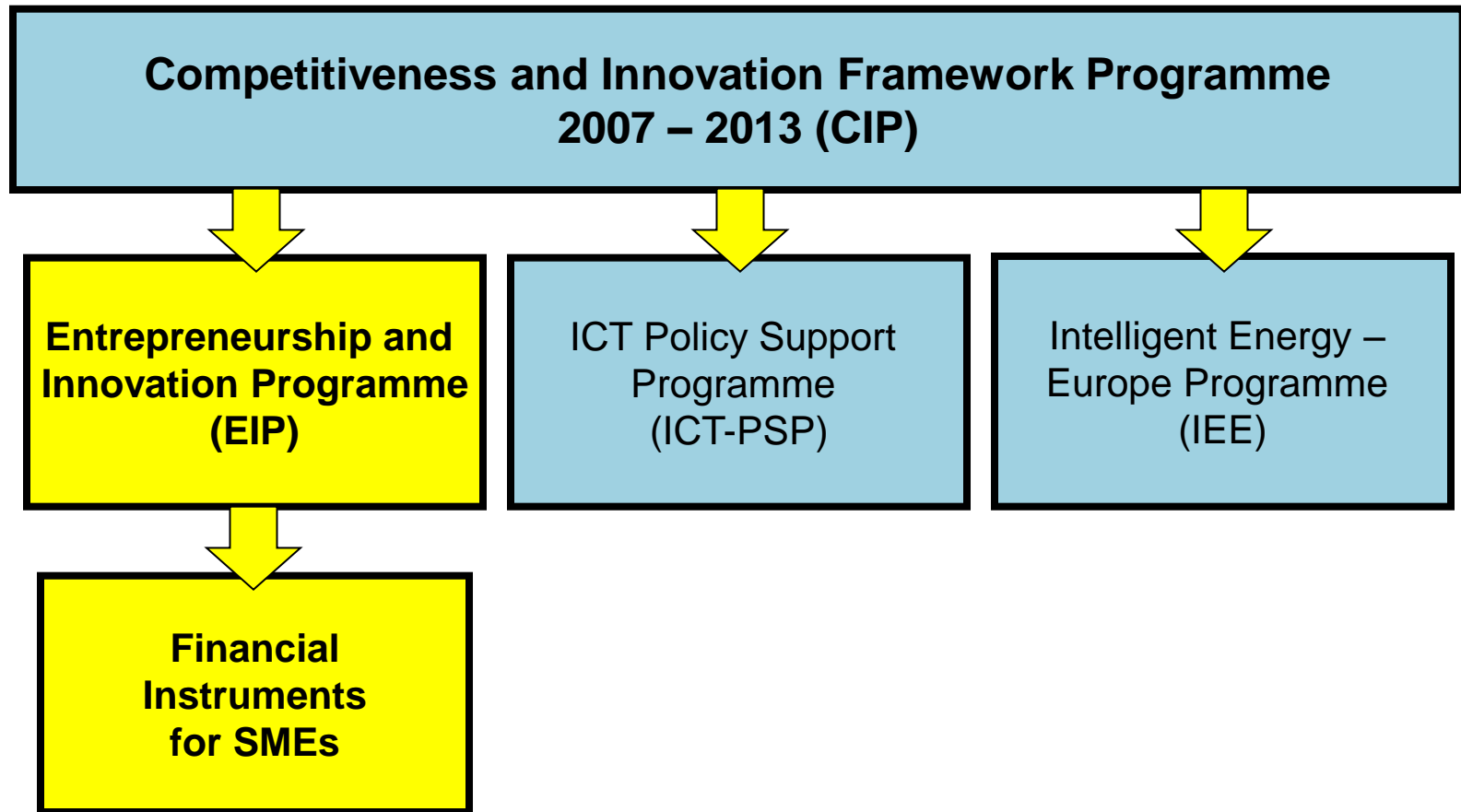
## Competitiveness and Innovation Framework Programme 2007-2013 Financial Instruments for SMEs

**CIP Budget  
EUR 3,62 bn**

**The main objectives of *Competitiveness and innovation framework programme 2007-2013(CIP)* are:**

- **to foster the competitiveness of enterprises, in particular of SMEs,**
- to promote all forms of innovation including ecoinnovation,
- to accelerate the development of a sustainable, competitive, innovative and inclusive information society,
- to promote energy efficiency and new and renewable energy sources in all sectors, including transport.

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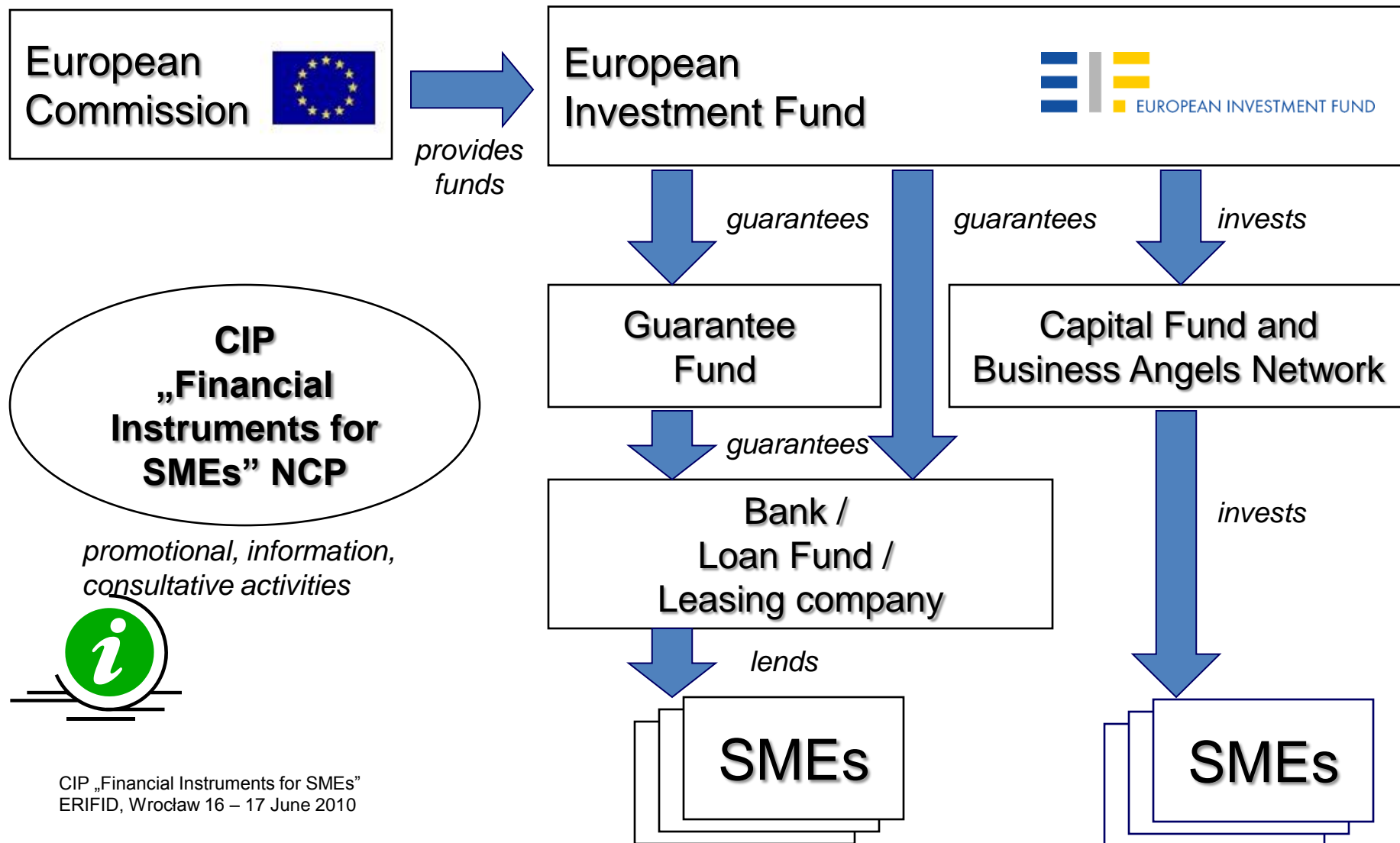


**Financial Instruments for SMEs should improve and facilitate SMEs access to financial resources for their investments** (based on knowledge, innovations, eco-innovations and technology transfer).

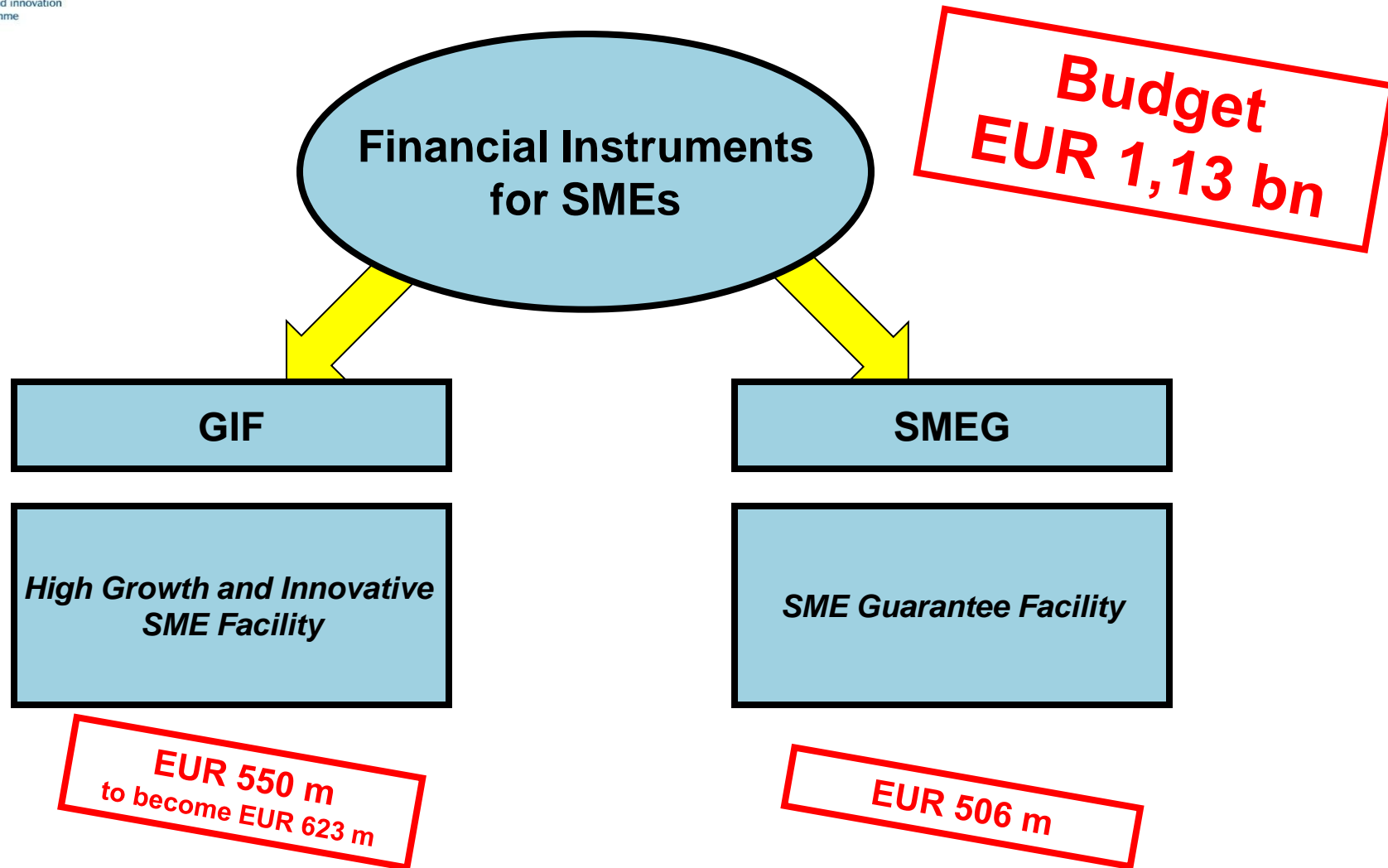
*This goal is realised by the intermediary of financial institutions as: banks, loan funds, guarantee funds, leasing companies, capital funds, etc.*

# Competitiveness and Innovation Framework Programme 2007-2013

## Financial Instruments for SMEs



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**Instrument I:**  
**GIF High Growth and Innovative  
SME Facility**

**EIF investments in  
specialised risk capital funds**

**Objective:**

- contributing to the establishment and financing of SMEs and the reduction of the equity and risk capital market gap
- supporting innovative SMEs with high growth potential, in particular those undertaking research, development and other innovation activities

**Implementing Authority:**

European Investment Fund (EIF)

**Application submission:**

- Open (official date of instrument launching – 14 December 2007)
- Permanently (there is no application rounds)

### **GIF – Window 1 – Related to early stage investments (seed and start-up phase)**

The instrument covers European Investment Fund investments in **specialised venture capital funds** such as:

- early stage funds
- funds operating regionally
- funds focused on specific sectors, technologies or **research and technological development**
- **funds linked to incubators**
- funds promoted by Business Angels

which shall in turn provide capital to SMEs.

The instrument may co-invest with other investors in Intermediaries co-operating with Business Angels Networks.



### GIF – Window 2 – Related to expansion stage investments

The instrument covers European Investment Fund investments in **specialised venture capital funds**, which in turn shall provide quasi-equity or equity for innovative SMEs with high growth potential in their expansion phase.

The instrument **avoids buy-out** or replacement capital intended for **asset stripping**.

GIF2 may invest in Intermediaries (VC) pursuing a **"buy-and-build" strategy** (*to secure or create long term growth, employment and value of SME*)

## Competitiveness and Innovation Framework Programme 2007-2013

### Financial Instruments for SMEs

Parameter	GIF1	GIF2
<b>Amount committed to a single Intermediary (fund)</b>	max. EUR 30 m.	
<b>Duration</b>	5 – 12-years positions in Intermediaries	
<b>GIF1 amount in an Intermediary (%)</b>	<p>10 – 25% up to 50%</p> <p>of the total commitments to the Intermediary for new funds likely to have a particular strong catalitic role</p>	<p>7,5 – 15% up to 25%</p> <p>of the total commitments to the Intermediary for:</p> <ul style="list-style-type: none"> <li>• new funds likely to have a particular strong catalitic role or</li> <li>• Intermediaries set up by first-time management teams</li> </ul>
<b>When the Intermediary is active in Eco-Innovation</b>	up to 50%	up to 25%

### **Instrument II:**

### **SMEG                      SME Guarantee Facility**

#### **Objective:**

- providing counter-guarantees or, where appropriate, coguarantees for guarantee schemes
- providing direct guarantees for any other appropriate financial intermediary

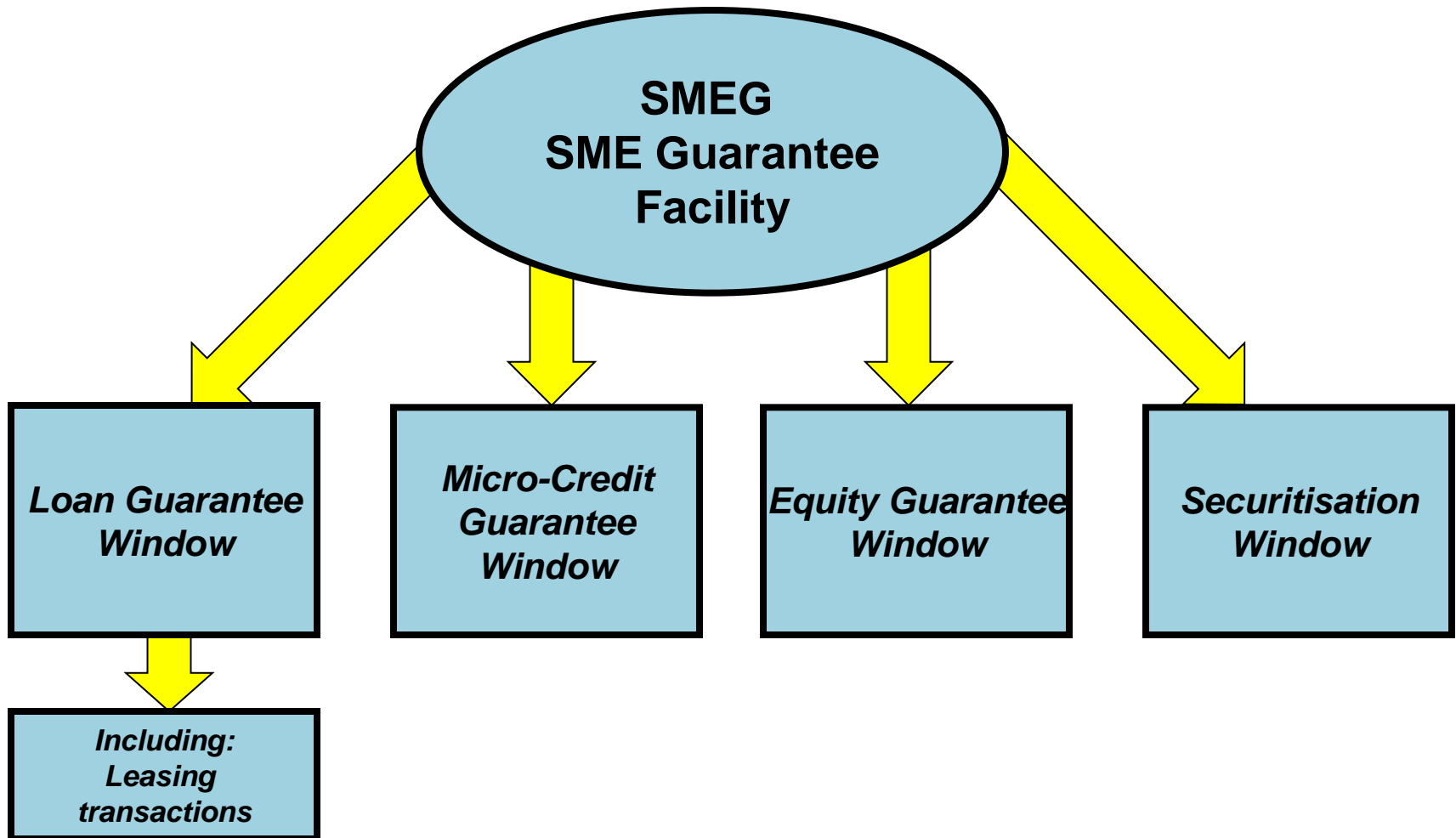
#### **Implementing Authority:**

European Investment Fund (EIF)

#### **Application submission:**

- Open (official date of instrument launching – 26 September 2007)
- Permanently (there is no application rounds)

## Competitiveness and Innovation Framework Programme 2007-2013 Financial Instruments for SMEs



## Competitiveness and Innovation Framework Programme 2007-2013

### Financial Instruments for SMEs

Parameter	Loan Guarantee Window	Micro-Credit Guarantee Window
<b>Guarantee type &amp; Intermediary type</b>	EIF's portfolio guarantee for bank/ guarantee fund	
<b>Volume of portfolio covered by EU Guarantee</b>	not limited	
<b>Loan (principal) amount</b>	not limited	up to EUR 25 000
<b>Loan maturity</b>	minimum 12 months priority 18 months	minimum 6 months priority 18 months
<b>Guarantee Rate – single loan</b>	up to 50%	up to 75%
<b>Guarantee Cap Rate – EIF liability</b>	up to 10%	up to 20%
<b>Guarantee term</b>	up to 10 years	up to 5 years
<b>Technical support</b>	-	up to EUR 50 000

## Competitiveness and Innovation Framework Programme 2007-2013 Financial Instruments for SMEs

Competitiveness and Innovation  
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