

Conclusions

Innovation programme loan for Spain and Portugal

INVEU-ICR-0027-2022 – Research, Innovation and Digitisation Window

Short description of the financing or investment operation and its objectives

Final recipients	N.A. to be determined at sub-project level
Countr(ies) of implementation	Portugal, Spain
Implementing partner	EIB

The proposed operation is designed to support investments in research, innovation and digitalisation of corporate counterparts. The operation comprises the following two tranches:

- i. the InvestEU Tranche ("IEU Tranche"), which will be entirely dedicated to corporate investments eligible under InvestEU's Research, Innovation and Digitalisation window ("RIDW"). The IEU tranche is conceived to finance eligible enterprises that carry out investment programmes with a large component of costs aligned to the RIDW General Debt financial product;
- ii. the EIB Own Risk tranche ("OR Tranche"), which will support project costs of the Borrowers' investment plans which would be eligible under EIB's Innovation, Digital, Human Capital policy goal and are related to research, innovation and digitalisation, including the deployment of innovative technologies at commercial scale. The loan amounts under the OR Tranche would not benefit from the Invest-EU guarantee.

The tranches can be used separately or in combination (i.e. the OR Tranche will accommodate the remaining project costs of the Borrowers' investment plans which would not be eligible under InvestEU, but that would be eligible under EIB's Innovation, Digital, Human Capital policy goal). The possibility to combine (in the same sub-operation) financing under both tranches to finance investment programmes will allow, inter alia, the optimization of the InvestEU guarantee and the overall EIB effort in supporting the eligible counterparts, which will in turn also allow for reaching a larger number of corporates and potentially new clients.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 8 June 2022 for the operation.

The individual sub-projects to be financed under this Framework Operation concern investments expected to contribute to the further development of knowledge in the fields of innovative technologies, to have positive impacts in terms of knowledge creation and sharing, environmental, safety or health benefits, improved consumer surplus. They are expected to create further incentives for investments in research, development, innovation, digitalisation in Europe and to contribute to economic growth and employment. They will contribute to the Bank's "Innovation, Digital and Human Capital" policy objective, part of them to the Bank's Economic and Social Cohesion policy objective and the EIB Climate Action and Environmental

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Sustainability policy objective. EIB financing contributes to address the market failures and gaps associated with (i) imperfect competition and incomplete markets, in the case of innovative and still market-entry stage technologies for application in different industrial sectors, and those associated with (ii) projects with positive knowledge, environmental and safety externalities generation. The specific details about the project expected benefits, market failures and investment gaps addressed will however be assessed during the appraisal of each individual operation under this PL. The projects under this PL are expected to be sound, properly managed and implemented by competent and knowledgeable management and development teams, which will make possible implementing them, integrating all relevant sustainability features, delivering the expected results and addressing the relevant market failures. The EIB's involvement is expected to overcome the limit of commercial credit supply in RDI projects for which a clear funding gap exists but also to companies for which flexible funding is important for sustained stability and competitiveness. EIB's involvement is expected to generate positive effects, mainly in terms of availability of long-term funding, at favourable rates and allowing diversification of sources of funds and it should have positive impact on mobilising other financiers and signalling that a project is sound and worth supporting.

The Investment Committee welcomed that the InvestEU support to this Framework Operation will address market failures and gaps related to imperfect competition and incomplete markets, in the case of innovative and still market-entry stage technologies, and those related to positive knowledge, environmental and safety externalities generation. The expected risk of the sub-projects proposed under this Framework Operation is higher than Bank's standard. The Bank's own support envisaged alongside the InvestEU programme loan will focus on shorter tenors and investment grade exposures, while the InvestEU support will focus on sub-investment grade exposures, longer tenors and/or subordinated positions.