

## InvestEU Scoreboard<sup>1</sup>

### Presentation of the financing or investment operation:

**Implementing Partner:** European Investment Fund (EIF)

**Name of the Operation:** Framework Operation for the Innovation and Digitalisation Guarantee – Greece  
InvestEU Member State Compartment

**Type of approval:** Framework Operation

**Type of Financial Intermediaries:** Mostly commercial banks

**Type of Final Recipients:** SMEs (including Micro Enterprise); Mid-Caps (Small Mid-Caps)

**Country(-ies) of implementation of the operation:** Greece

**Short description of the financing or investment operation:** The Sub-Projects that will fall under this

The Sub-Projects that will fall under this Framework Operation will aim at providing support to innovation and digitalisation driven SMEs and Small Mid-Caps. Consequently, it will aim to enhance access to finance to R&I intensive SMEs and Small Mid-Caps as well as support the uptake of digital technologies and digital transformation of enterprises.

In line with the Recovery and Resilience Plan (“RRP”) for Greece, the Sub-Projects would be focused on addressing the investment gap of Greek SMEs and Small Mid-Caps in research and innovation, promote the digital transformation of businesses (in line with country-specific recommendations 2 of 2019 and 3 of 2020) and contribute to the development of digital infrastructure and digital skills, as well as the improvement of the competitiveness and resilience of the Greek economy.

### Public Statement

Eligible areas for the operation in accordance with Annex II to the InvestEU Regulation:

**Item 5 of Annex II of the InvestEU Regulation:**  
*research, development and innovation*

**Item 6 of Annex II of the InvestEU Regulation:**  
*the development, deployment and scaling-up of digital technologies and services, especially digital technologies and services, including media, online service platforms and secure digital communication, that contribute to the objectives of the Digital Europe Programme.*

**Item 7 of Annex II of the InvestEU Regulation:**  
*financial support to entities employing up to 499 employees, with a particular focus on SMEs, and Small mid-cap companies.*

<sup>1</sup> This Scoreboard of indicators reflects the information presented to the InvestEU Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

Additionality shall be deemed to be met in all those cases where a financial intermediary will originate final recipient transactions addressing new financing needs which were normally not covered within their standard lending practice. This may entail as well a higher risk profile than the risk generally deemed acceptable by such intermediary. Intermediaries will implement financing solutions in line with the enhanced access to finance measures described in the InvestEU Call for Expression of Interest published on EIF's website (e.g. bespoke financing arrangements, targeting excluded segments, industries or geographies, etc.).

Additionality may also be achieved via the application of any of the following items, as per Annex V of the InvestEU Regulation:

**Item (b) of Annex V A (2) to the InvestEU Regulation:**

*Support through equity and quasi-equity or through debt with long tenors, pricing, collateral requirements or other conditions not sufficiently available on the market or from other public sources*

EIF expects to support financial intermediaries in originating final recipient transactions (debt financing) which meet the enhanced access to finance measures described in the InvestEU Call for Expression of Interest published on EIF's website. These measures ensure that the debt financing support provided to target final recipients is made with more favourable terms, compared to the standard credit and collection policies of financial intermediaries. The measures include, but are not limited to, improvement in financing tenor, pricing conditions, collateral requirements and other.

**Item (c) of Annex V A (2) to the InvestEU Regulation**

*Support to operations that carry a higher risk profile than the risk generally accepted by the implementing partner's own standard activities or support to implementing partners in exceeding own capacity to support such operations;*

. Building on the previous EU and regional guarantee instruments, the Innovation and Digitalisation Guarantee Product implemented under the InvestEU Member State Compartment, will enable the EIF to support this ecosystem at a scale that would not be possible or not to same extent out of other EIF managed resource for that purpose.

**Item (f) of Annex V A (2) to the InvestEU Regulation:**

*Support through financial products not available or not offered to a sufficient level in the targeted countries or regions due to missing, underdeveloped or incomplete markets*

This Framework Operation is aimed at provision of support towards enhancing access to finance for target final recipients in the research, innovation and digitalisation areas. These sectors represent critical drivers of productivity and long-term economic growth as well as an essential tool for maintaining competitiveness. However, a persistent investment and access to finance market gap remains, often driven by the inability for target final recipients operating in such sectors, especially in developing regions, to provide tangible collateral/security and thus excluded from traditional capital markets.

According to the 2022 SME Fact Sheet of the European Commission for Greece ([DocsRoom - European Commission \(europa.eu\)](#)), despite some progress made by Greek businesses in the area of digitalisation to cope with pandemic, the overall performance remains very low compared to EU average in many aspects.

Furthermore, as highlighted in the Survey of Greek SMEs of 2020 on Innovation ([Survey of Greek SMEs: Innovation \(January 2020\) | NBG](#))

As regards innovation, Greece appears to be well behind regarding R&D spending, as well as the required legal and institutional framework. For example, according to the Innovation Index constructed by NBG

Economic Analysis Department, Greece comes 34th out of 44 European countries (that is, well below the EU average) both in terms of inputs (i.e. quality of legal framework, human resources, infrastructure, alternative sources of financing and market sophistication) as well as in terms of outputs (i.e. academic, business, macroeconomic and digital production outcomes).

The Greek RRP highlights the low levels of investment in R&D: Greece lags behind the EU average in investment in R&D. Difficulties faced by new companies to raise funds limit new investment in related areas, while the small degree of openness of the economy, the stronger relative importance of the non-tradable sector and the strong of the majority of companies on the domestic market do not provide sufficient incentives for high levels of investment in R&D. Low private investment in R&D aggravates the effects of the large investment gap, leading to stagnating productivity growth and preventing increases in the economy's growth potential.

Furthermore:

The Sub-Projects shall address specific market failures or suboptimal investment situations in Greece, in particular financial hurdles faced by Greek enterprises in accessing finance, namely: increased cost of finance, lack of collateral and impaired credit channels.

Besides, the Sub-Projects shall aim at addressing the investment gap of Greek SMEs and small mid-caps in research and innovation (which is a critical driver of productivity and economic growth, and essential for maintaining competitiveness), as well as promoting the digital transformation of businesses (in line with country-specific recommendation 3 of 2020) and contributing to the development of digital infrastructures and digital skills and the improvement of the competitiveness and resilience of the economy.

The EIF, via the Sub-Projects that will form part of this this Framework Operation, will contribute to addressing the market gap depicted above.

The following market failures are addressed by the Framework Operation:

**Item (b) of Annex V A (1) to the InvestEU Regulation:**

*Externalities which the operator or company generally fails to internalise, such as R&D investment, energy efficiency, climate or environmental protection.*

The Greek RRP<sup>2</sup> highlights the low levels of investment in R&D: Greece lags behind the EU average in investment in R&D. Difficulties faced by new companies to raise funds limit new investment in related areas, while the small degree of openness of the economy, the stronger relative importance of the non-tradable sector and the strong of the majority of companies on the domestic market do not provide sufficient incentives for high levels of investment in R&D. Low private investment in R&D aggravates the effects of the large investment gap, leading to stagnating productivity growth and preventing increases in the economy's growth potential.

**Item (c) of Annex V A (1) to the InvestEU Regulation:**

*Information asymmetries, in particular in the case of SMEs and small mid-cap companies, including higher risk levels related to early stage firms, firms with mainly intangible assets or insufficient collateral, or firms focusing on higher risk activities.*

As set out in the RRP<sup>3</sup>, Key challenges underpinning the reasons SMEs in Greece are not investing in digital technologies, include the following (among others):

**Investment barriers:** SMEs have low access to finance productive investments in general. SMEs tend to report more dissatisfaction than large firms, peaking at 16% of SMEs being dissatisfied with collateral requirements and 15% with the cost of finance; In addition, digital transformation might be quite costly for SMEs. Finally, Greece lacks adequately designed incentive schemes, which usually focus on short employment rather than long term transformation strategies.

**Information asymmetries:** SMEs often lack awareness about the benefits of digitalisation and knowledge about how to adopt digital technologies into their businesses.

**Item (e) of Annex V A (1) to the InvestEU Regulation:**

*Exposure to higher levels of risks in certain sectors, countries or regions beyond levels that private financial actors are able or willing to accept, including where the investment would not have been undertaken or would not have been undertaken to the same extent because of its novelty or because of risks associated with innovation or unproven technology.*

The Sub-Projects shall address specific market failures or suboptimal investment situations in Greece, in particular financial hurdles faced by Greek enterprises in accessing finance, namely: increased cost of finance, lack of collateral and impaired credit channels.

Besides, the Sub-Projects shall aim at addressing the investment gap of Greek SMEs and small mid-caps in research and innovation (which is a critical driver of productivity and economic growth, and essential for maintaining competitiveness), as well as promoting the digital transformation of businesses (in line with country-specific recommendation 3 of 2020) and contributing to the development of digital infrastructures and digital skills and the improvement of the competitiveness and resilience of the economy.

The EIF, via the Sub-Projects that will form part of this Framework Operation, will contribute to addressing the market gap depicted above.

EIF is providing guarantee to the Intermediary which will in turn provide debt financing to eligible final recipients. The support provided by this Operation mobilizes substantially third-party resources alongside the EU support for the provision of financing to Final Recipients.

Financial intermediaries benefitting from the Innovation and Digitalisation Guarantee under the Greek Member State Compartment, will originate debt transactions, in line with their credit and collection policies and procedures and in accordance with the eligibility criteria of the portfolio guarantee product.

EIF provides practical guidance to financial intermediaries in order to ensure terms and conditions of the guarantee are met and to facilitate the deployment and ramp-up of the portfolio. This may take the following forms:

- Ad hoc assistance (e.g. monitoring, reporting, eligibility checking, etc.);
- Dedicated informative sessions/Webinars for participating Financial Intermediaries
- Advice and guidelines provided during or after EIF's desk or physical monitoring visits.

The Sub-Projects aim at providing other benefits for the final recipients such as more affordable pricing, longer maturity, contribution to diversification and stability of final recipient's financing, reduced collateral requirements, among others.

The Innovation and Digitalisation Guarantee under the Greek Member State Compartment will build on the experience of the InnovFin SMEG, where a network of local financial intermediaries supporting innovation and digitalisation has been created. InvestEU innovation and digitalisation guarantee aims to continue supporting this network of existing intermediaries, as well as expanding to include new counterparties. As a result, this guarantee will play a critical role in continuation of support to innovation and digitalisation extensive companies as well as stress the importance of this policy intervention and encourage additional players to finance such enterprises. The guarantee will enable intermediaries to continue or develop a dedicated market offering to innovative enterprises.

**Pillar 3** - Market failure or sub-optimal investment situation addressed by the financing or investment operation (**Excellent**)

**Pillar 4** - Financial and technical contribution by the Implementing Partner (**Very Good**)

**Pillar 5** - Impact of the financing or investment operation (**Excellent**)

**Pillar 7** - Complementary indicators<sup>4</sup>

Key characteristics	Expected as of time of submission	Comments
Leverage Effect	Indicatively 8x for capped guarantee	Preliminary estimation
Multiplier Effect	Indicatively 12x for capped guarantee	
SMEW specific Indicators		
(a)Number of enterprises supported (expected):		Preliminary estimation
(b) Allocation volume dedicated to SME/Mid-Caps [%], if it can be reasonably estimated at the moment of submission:	100% SMEs	

### ESG aspects

Within the due diligence process, EIF assesses the financial intermediaries' environmental, climate and social risk management procedures and the capacity to screen, assess and manage environmental, climate and social risks associated with its business activity, including the presence of an Environmental and Social Management System (ESMS), by means of an "ESG" questionnaire.

<sup>4</sup> The InvestEU methodology is used in order to calculate figures presented in this document. Such figures are of indicative nature only and presented at the level of the Framework Operation.