New fi-compass models combining equity and loans with grants under the ERDF

Jonathan Denness, Head of Financial Instruments and International Financial Institutions Relations Unit, DG REGIO, European Commission

Sara Dagostini, Policy Officer, Financial Instruments and International Financial Institutions Relations Unit, DG REGIO, European Commission

Olivier Dumoulin, Investment Platform Advisor, European Investment Bank

Joachim Keller, Policy Officer, DG COMP, European Commission

Cristian Otgon, Head of Department, North-West Regional Development Agency, Romania

Arturo Ricci, Head of Financial Interventions Coordination, Lazio Innova, Italy

#ficompass

European Commission

European Investment Bank

Financial instruments package: models for innovation and competitiveness

Sara Dagostini, Policy Officer, Financial Instruments and International Financial Institutions Relations Unit, DG REGIO, European Commission

#ficompass

European Commission

European Investment Bank

Models for competitiveness and innovation

Two complementary financial products

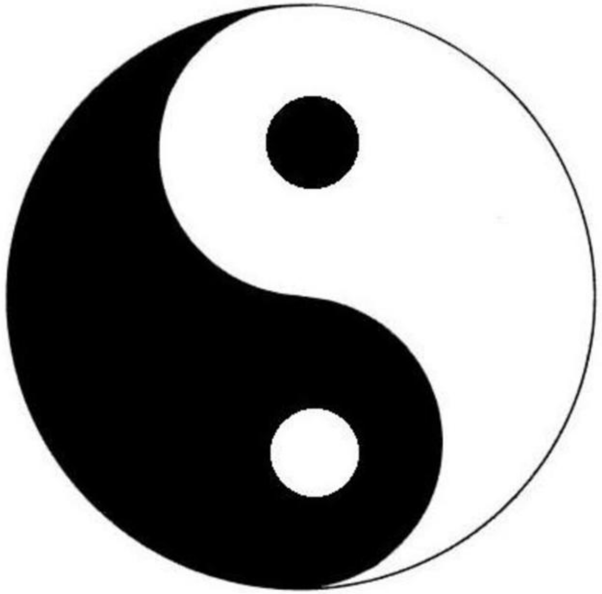
Model Equity and Grant combined

- VC and equity investors
- Enterprises in pre-seed, seed and start-up

Model Loan and Grant combined

- Banks and National Promotional Banks
- Enterprises in growth and mature stage

The grant component complements the equity in the funding needs and cover different types of costs/activities.



[The fi-compass quasi-equity model financial instrument for SMEs | fi-compass]

European Commission

European Investment Bank

Model FI equity and grant combined

Sara Dagostini, DG REGIO

Berlin, 30th of September 2025

#ficompass

European Commission

European Investment Bank

Objectives

To support innovation investments and innovative early-stage companies

1 Close the Innovation gap

Encourage MAs to support innovative enterprises and respond to different calls from Commission to promote equity for EU.

2 ERDF support for innovation

Make the best use of cohesion funds, to support equity in innovation, while focusing on regional aspect. SO 1 aligned with smart specialisation strategy.

3 Savings Investment Union

Contribute to the SIU objectives, developing the equity market and mobilizing private resources.

4 STEP

Potential of FIs under new STEP objective for investments in deep tech, clean tech and biotech.

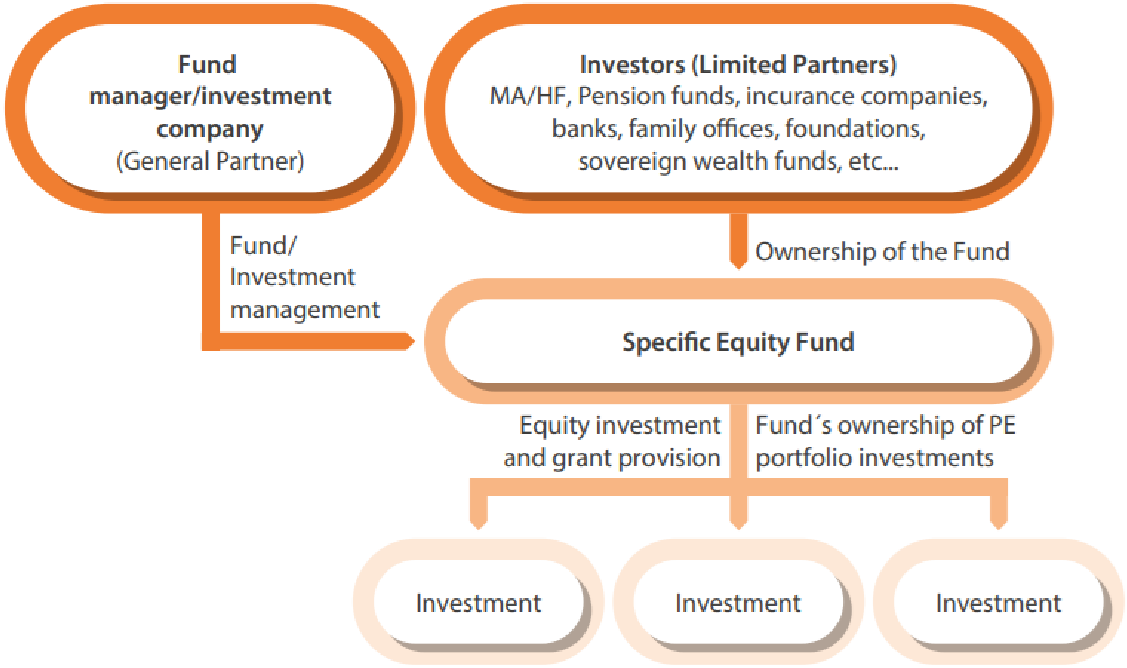
Close the funding gap for STEP Seals project.

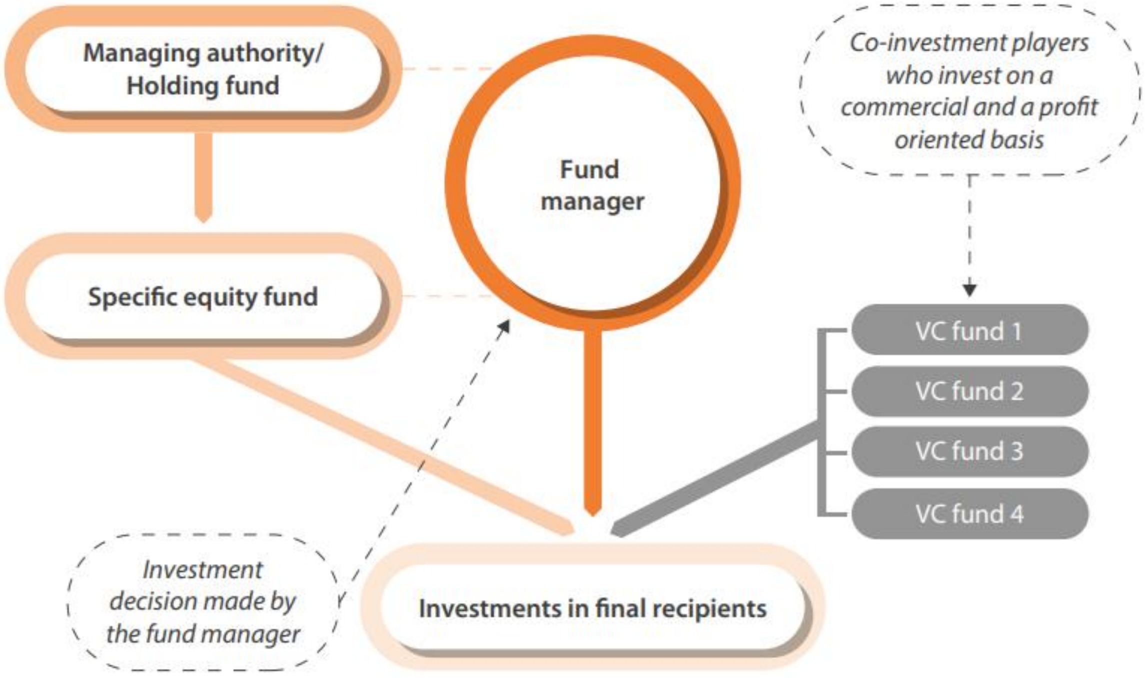
European Commission

European Investment Bank

Structure
Implementation

Pooled specific equity fund
Type of investment fund where multiple investors combine their resources into a single fund managed by a professional fund manager or investment company. Investors – including the managing authority directly or through a HF – typically contribute their resources by buying shares or units in the Fund. A fund manager or management team is selected by the managing authority or the HF and responsible for making investment decisions on behalf of the fund, in line with the defined Investment Strategy.





- **Co-investment equity fund**

This model foresees the combination of different investors' resources on a project-by-project basis. Under a co-investment model, ERDF resources are committed by a managing authority or holding fund into a specific equity fund managed by a fund manager, who may invest in companies alongside other investors through separately managed accounts.

European Commission

European Investment Bank

Structure

Managing authority

- Select the body implementing the FI (holding fund or equity fund manager) and contributes to HF or SF.

Body implementing the FI (fund manager)

- **Responsible for implementing both**, the equity and the grant **(unless a HF takes over the task of managing the grant) but also for the**:
  - Mobilisation of private investors, either at fund level (pooled fund model) or at project level (co-investment model);
  - **Identification of a pipeline of companies to invest in**;
  - Due diligence on the investment opportunities (unless carried out by another investor);
  - Negotiation of the investment documentation with the companies;
  - **Disbursement of the grants and of the equity financing**;
  - Provision of strategic advice to support the companies' growth;
  - Monitoring and reporting;
  - Definition and execution of an exit strategy.

Final recipients

- **SMEs, mid caps or larger enterprises, including innovative enterprises and enterprises active in key enabling technologies;**
- **Innovative projects, processes and products;**
- **Enterprises or project eligible under the relevant programme.**

European Commission

European Investment Bank

Grants component and incentives

- Under both options described above and in line with Article 58(5) CPR, grant(s) may be managed and provided either by the equity specific fund manager or by the holding fund

Grant component in the form of	Purpose	In practice	Delivery
Technical support subsidy	services for the preparation of the investment	feasibility studies, market research, patenting, IP rights, business coaching, networking	paid to or on behalf of entrepreneurs
		scouting costs	
Capital grant accelerator	services for the development to reach the market	technological demonstration, prototyping, R&D and testing, purchase of specific equipment, R&D expenses for low TRL projects.	paid to or on behalf of early stage company or innovation projects

European Commission

European Investment Bank

Is equity combined with grant the solution?

VS is well known as the best means to support innovation but …

- The development of an innovative product or process **may not be fully linear**
- All enterprises welcome a grant ☺
- A grant is needed at all stages of the lifecycle

Stage	TRL	Financial product	Grant
'Pre-seed'	1-3	-	• Accelerating capital grant • Technical support
Seed The first phase of the business cycle, when the founders create and develop the business idea	4-5	**Seed capital (equity)** Covers the initial costs of developing an investment proposal Co-investors: FFF, public sector, PE firms, BA, corporate investors, crowdfunding platforms	• Technical support • Accelerating capital grant
Start-up This phase entails the concrete outset of business activities	5-8	**Start-up capital** • Equity (first round / series A) Co-investors: FFF, PE firms, BA, banks, VC, crowdfunding	• Technical support • Accelerating capital grant
Early growth This is the stage where the company begins to grow	7-8	**Early growth capital** • Equity (second round / series B) • Quasi-equity Co-investors: management team, corporate investors, VC, crowdfunding	• Technical support • Accelerating capital grant
Expansion This phase entails a company's sales growing steadily and consistently	9	**Expansion capital** • Equity (third, fourth round / Series C) • Quasi-equity • Loan Co-investors: management team, banks, mezzanine providers, corporate investors, VC, crowdfunding, IPO	• Technical support • Accelerating capital grant
Maturity	9	Debt	Interest rate subsidy

Technology Readiness Level (TRL) describes the stage of development of a new technology (1 to 9)

Thank you!

#ficompass

Financial instrument for competitiveness and innovation: Loan combined with grants

Olivier Dumoulin, Investment Platform Advisor,
European Investment Bank

#ficompass

Aim of the combined loan financial instrument

- **Structure**
  - Model for managing authorities (MA) to support **innovation and innovative companies** using **loans and grants combined in one operation** under CPR
  - Implemented by a financial intermediary / a Holding Fund on behalf of the MA

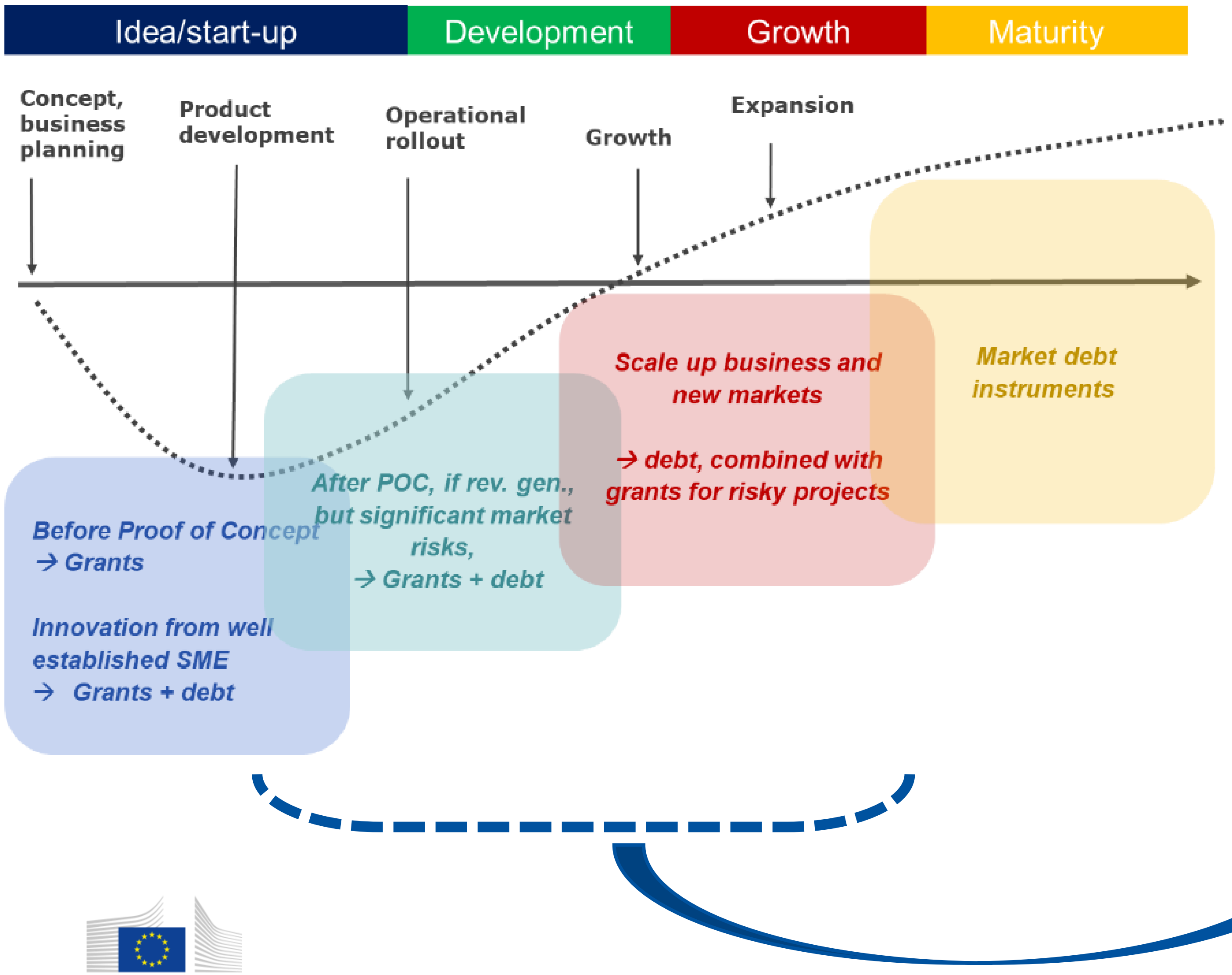
- **Objectives**
  - Contribute to the goals of the **Strategic Technologies for Europe Platform** (STEP)
  - Investment strategy in line with ERDF Policy Objective 1* and S3
  - Scope adaptable to specific regions' innovation eco-systems
  - **All enterprise sizes** (SMEs, mid-caps, large) with a moderate risk of failure and in need of additional incentive to prioritise innovation investments

** e.g.: SO 1.1 'developing and enhancing research and innovation capacities and the uptake of advanced technologies; 'SO 1.4 'developing skills for smart specialisation, industrial transition and entrepreneurship'*

European Commission

European Investment Bank

Scope and intervention logic



Innovation in the start-up, development and commercialisation stages:

(i) products, processes or services;

(ii) production or delivery methods;

(iii) organisational or process innovation including business models that are innovative with a risk of technological, industrial or business failure;

(iv) marketing and brand equity activities;

(v) protection and exploitation of IP;

(vi) training, software development or database-related activities;

(vii) purchase (or lease) of tangible assets.

European Commission

European Investment Bank

Grant Components & Incentives

Component	Rationale	Purpose	Features
Capital Rebate (CR)	**Performance reward**	Provide **incentives to invest** in innovation by increasing **return** on **successful projects** and **reducing loan burden**	**CR of 20 - 30% of loan amount** The financing agreement will define CR triggers linked to innovation project's milestones, e.g.: • The technology readiness level reached thanks to the financing provided, • Improved financial performances • Increase in Market share
	Technology input and investment spent	Support companies to develop, implement and **market innovative products and services** and to **promote sustainable growth**	**CR up to 5% of loan amount for technological input** + **10% for sustainability objectives.** CR triggers may be based on, e.g.: • fulfillment of contract requirements in terms of technology content based on programme eligibilities or expenditure lists; • processes and technologies with measured climate impact; • circular economy business model

European Commission

European Investment Bank

Grant Components & Incentives (2)

Component	Purpose	Features
Capital grant	Increase investment viability Reduce risk	Upfront or alongside the loan under FI rules Cover part of the investment costs / of the investment viability gap
Interest Rate Subsidy	Lower borrowing costs	Reduce private sector co-financing costs Should not lead to a negative interest rate
Technical Support	Preparation and / or implementation of the innovation investment	Support project preparation and/or implementation Provided as a cash grant to (or for) the benefit of the final recipient Can be used to fund feasibility studies, business coaching services, business acceleration support, assessing compliance with S3…

Benefits and value added

For Managing Authorities:

- Leverages EU funds for maximum policy impact
- Aligns with regional smart specialisation strategies. Adaptable to local context.
- Encourages private sector co-investment
- Capital rebate reduces the principal-agent risk by providing support after results are achieved
- Capital grant supports investment viability

For Enterprises:

- Access to affordable, flexible financing; one stop-shop approach
- Possible combination of financing with technical support
- Simplified implementation with FI and grants provided under FI rules and by the body implementing the FI
- Incentives for innovation and scaling by rewarding innovation success
- Support for green and digital transitions. May support other EU priorities and sectors, e.g. security and defence

ERDF

Thank you!

European Commission

#ficompass

European Investment Bank

Financial instruments combined with grants: The State aid perspective

fi-compass thematic workshop 'ERDF financial instruments for innovation - Exploring new models combining equity and loans with grants',

30 September 2025

Joachim Keller, DG COMP, European Commission

GGE Calculation of combined financial instruments (at the level of final beneficiaries)

- ’Transparent aid‘ approach: “[…] *it is possible to calculate precisely the gross grant equivalent of the aid ex ante without any need to undertake a risk assessment*”
- Grants and financial instruments aggregated via gross grant equivalent (GGE) calculation, applicable to State aid with maximum aid amount/intensity and de minimis aid
- Financial instruments:
  - NPV of aid instalments comprised in interest rate of loans and premium of guarantees
  - ‘Safe harbour amounts’ under de minimis
- Grant amount (capital grants/rebates, technical support grants)
  - Full amount to be considered at moment of aid award (legal right to receive aid), even if pay-out conditional
  - Possible adjustment of aid award under de minimis, capital grants/rebates considered as repayable instrument under GBER
  - Grant payable in the future shall be discounted to its value at the moment it is granted

Exclusion of State aid at the level of Financial Intermediary

- Intermediated set-up may give rise to State aid at the level of the financial intermediary and private co-investors, if any, in addition to aid to the final beneficiary.
- State aid at the level of the bodies implementing FIs can be excluded if:
  - Remuneration reflects current market remuneration in comparable situations (presumed to apply if intermediary has been selected in a competitive, transparent, non-discriminatory and unconditional selection procedure)
  - Advantage of the public contribution to the FI with a grant component is quantified and fully passed on to final recipients
- Exclusion of aid at the level of independent private co-investors (if any): pari passu terms between them and public investors
- Carve-out GBER "Financial instruments' articles' (Articles 21,22, 16, 39, Section 16), contain compatibility provisions regarding financial intermediaries and independent private co-investors, if applicable (no need to demonstrate exclusion of State aid)

Combinations of financial instruments and grants in the State aid framework

- Combination of State aid legal bases: ‘Financial instruments’ GBER Articles 16, 21, 39, Section 16 (InvestEU) + GGE-based State aid legal basis
  - Grant part must be covered by other State aid legal basis, taking into account cumulation rules
  - Required minimum co-investment by private investors
  - Articles 22 (start-up aid) allows for grants, no requirement for co-investment by private investors
- Combination of aid component (grant) plus market-conform financing possible to same beneficiary firm (i.e. grant under aid scheme, equity investment on market terms (pari passu investment with 30% independent private investors))

Thank you

European Commission

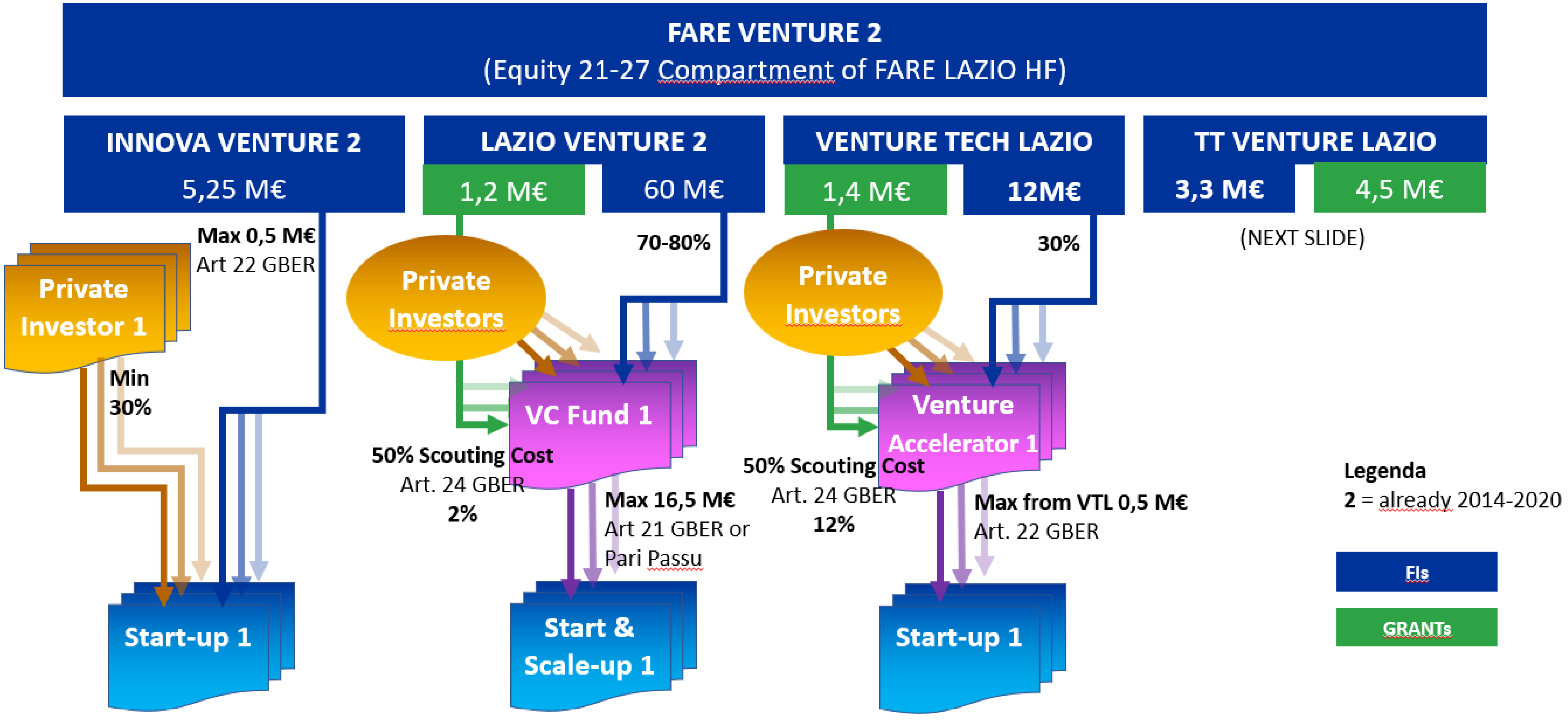
New fi-compass models combining equity and loans with grants under the ERDF

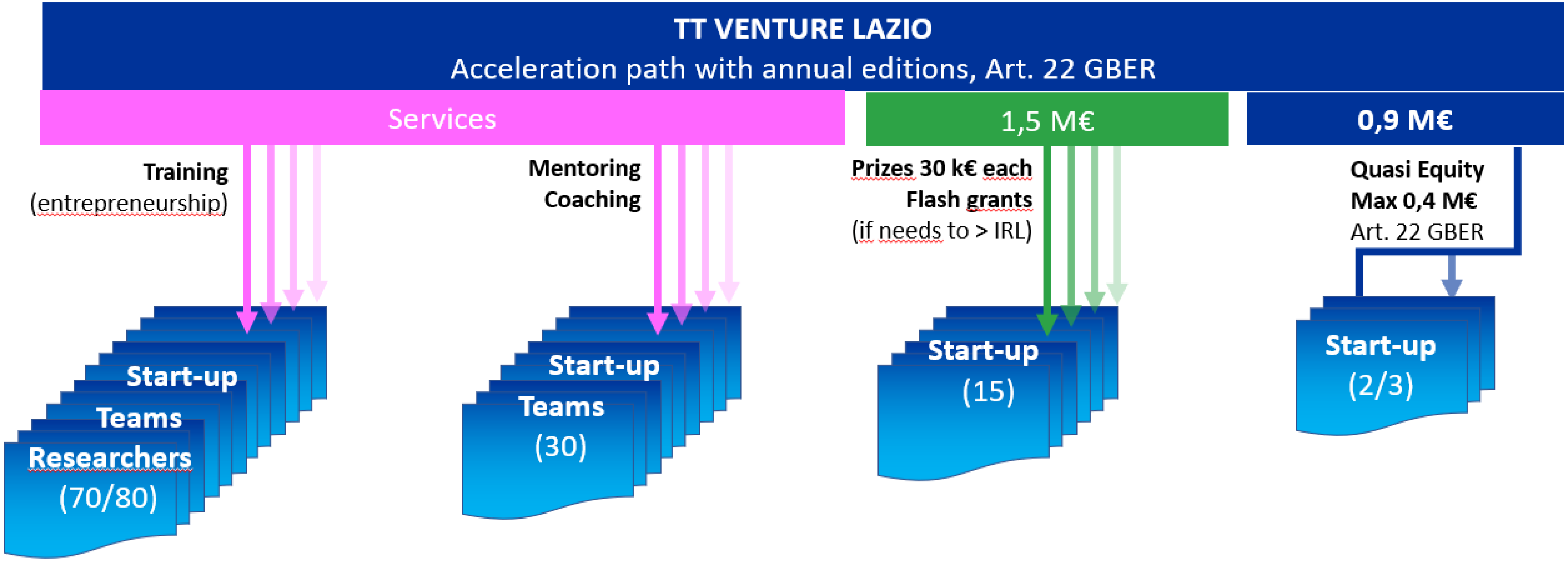
Arturo Ricci, Head of Financial Interventions Coordination, Lazio Innova, Italy

#ficompass

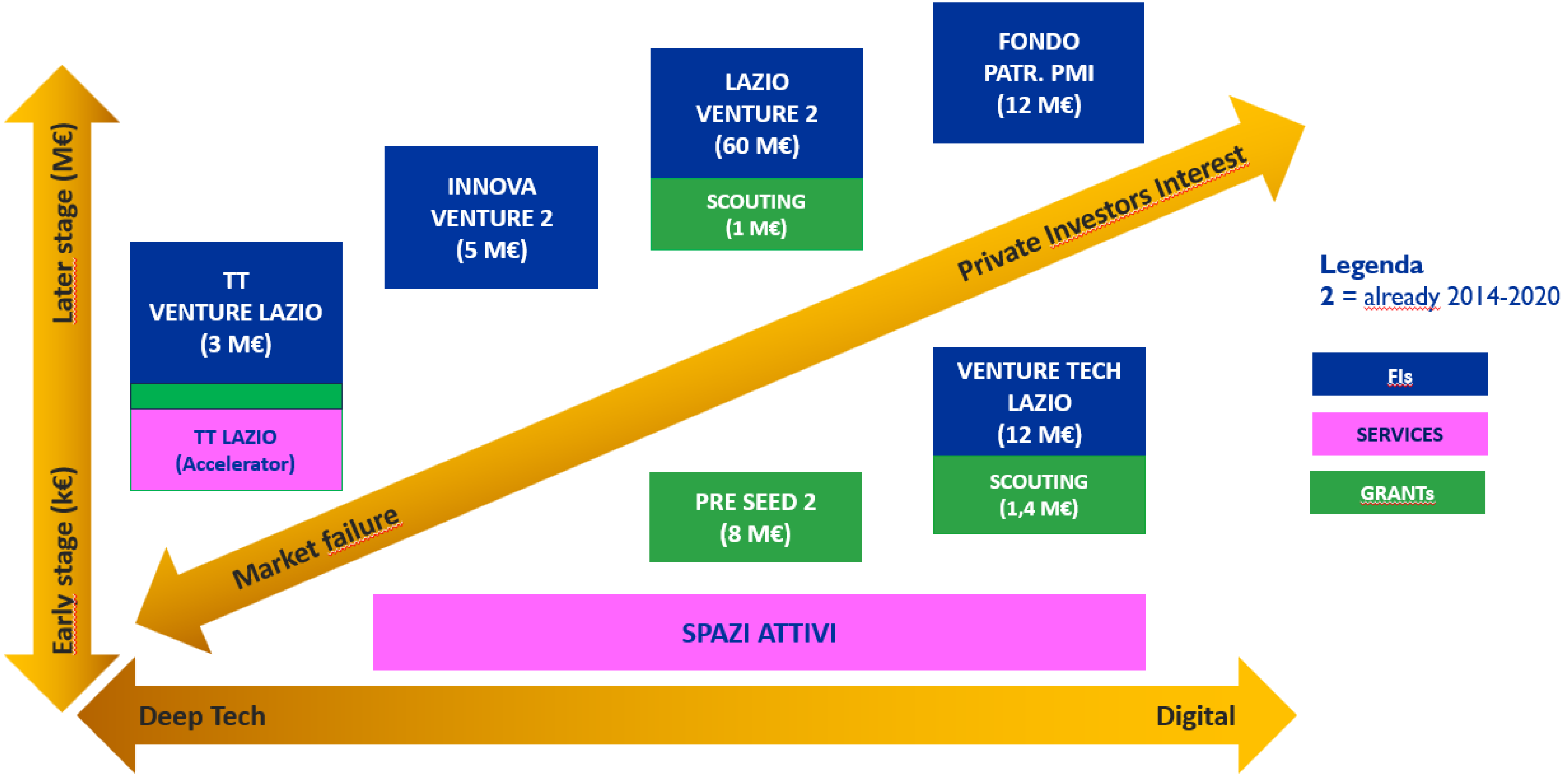
European Commission

European Investment Bank


FARE VENTURE 2
(Equity 21-27 Compartment of FARE LAZIO HF)
INNOVA VENTURE 2
5,25 M€
LAZIO VENTURE 2
1,2 M€
60 M€
VENTURE TECH LAZIO
1,4 M€
12M€
TT VENTURE LAZIO
3,3 M€
4,5 M€
(NEXT SLIDE)
Max 0,5 M€
Art 22 GBER
Private Investor 1
Min 30%
Start-up 1
Private Investors
70-80%
VC Fund 1
50% Scouting Cost
Art. 24 GBER
2%
Max 16,5 M€
Art 21 GBER or Pari Passu
Start & Scale-up 1
Private Investors
30%
Venture Accelerator 1
50% Scouting Cost
Art. 24 GBER
12%
Max from VTL 0,5 M€
Art. 22 GBER
Start-up 1
Legenda
2 = already 2014-2020
FIs
GRANTs


TT VENTURE LAZIO
Acceleration path with annual editions, Art. 22 GBER
Services
1,5 M€
0,9 M€
Training
(entrepreneurship)
Mentoring
Coaching
Prizes 30 k€ each
Flash grants
(if needs to > IRL)
Quasi Equity
Max 0,4 M€
Art. 22 GBER
Start-up
Teams
Researchers
(70/80)
Start-up
Teams
(30)
Start-up
(15)
Start-up
(2/3)

Regional start-up policy in a glance



fi compass
ERDF

Thank you!

www.fi-compass.eu

Follow us:

European Commission

European Investment Bank