



## Structuring the grant component

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In this presentation, the term 'grant' is used as part of a combined financial instrument. The following terminology is used to designate different types of grants:

- **a capital grant** refers to the non-repayable support provided within a combined financial instrument to cover the estimated viability gap or identified cost items of an investment project;
- **a capital rebate** refers to the conversion (immediate or delayed) of a loan outstanding amount into a non-repayable support based on the fulfilment of pre-defined criteria (e.g. performance of the investment, final recipients' characteristics).

# Structuring the grant

The grant component(s) shall be directly linked and necessary to the financial instrument



- Programme level: the form of support should be justified and the planned use of FI described
- Ex-ante assessment: may analyse more in details the need for combination, possible type(s) of grant(s) and percentage (range, maximum) of total investment cost to be met by grant(s). This can be also done in a separate analysis.
- Justification to be done at FI level.
- Justification can be done with regards to the set up of the FI and programme objectives and the benefit of having the FI and grant as part of a single financial package, e.g. :
  - payback analysis
  - viability gap coverage
  - incentives for policy impact

# Structuring the grant component

How to avoid double support in case of combined FI – compliance with Article 58(7) CPR



- Combination of guarantee FI and capital rebate: the eligible expenditure attributable to the guarantee FI is reduced when the capital rebate is triggered, because the value of the loan guaranteed is smaller.
- Combination of loan FI and capital rebate:
  - conditions to trigger the capital rebate are included in the loan contract signed with final recipient;
  - once the criteria for capital rebate are fulfilled, the capital rebate is triggered and part of the loan is transformed to a grant and the loan part is reduced, so the final recipient does not receive additional amount of grant.



**Thank you!**

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