

# The Risk-Sharing Finance Facility (RSFF)

An innovative financing instrument to support investments in R&D and Innovation including Low Carbon Technologies

CEPS meeting « The SET Plan: From concept to practice »  
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# What is the RSFF?

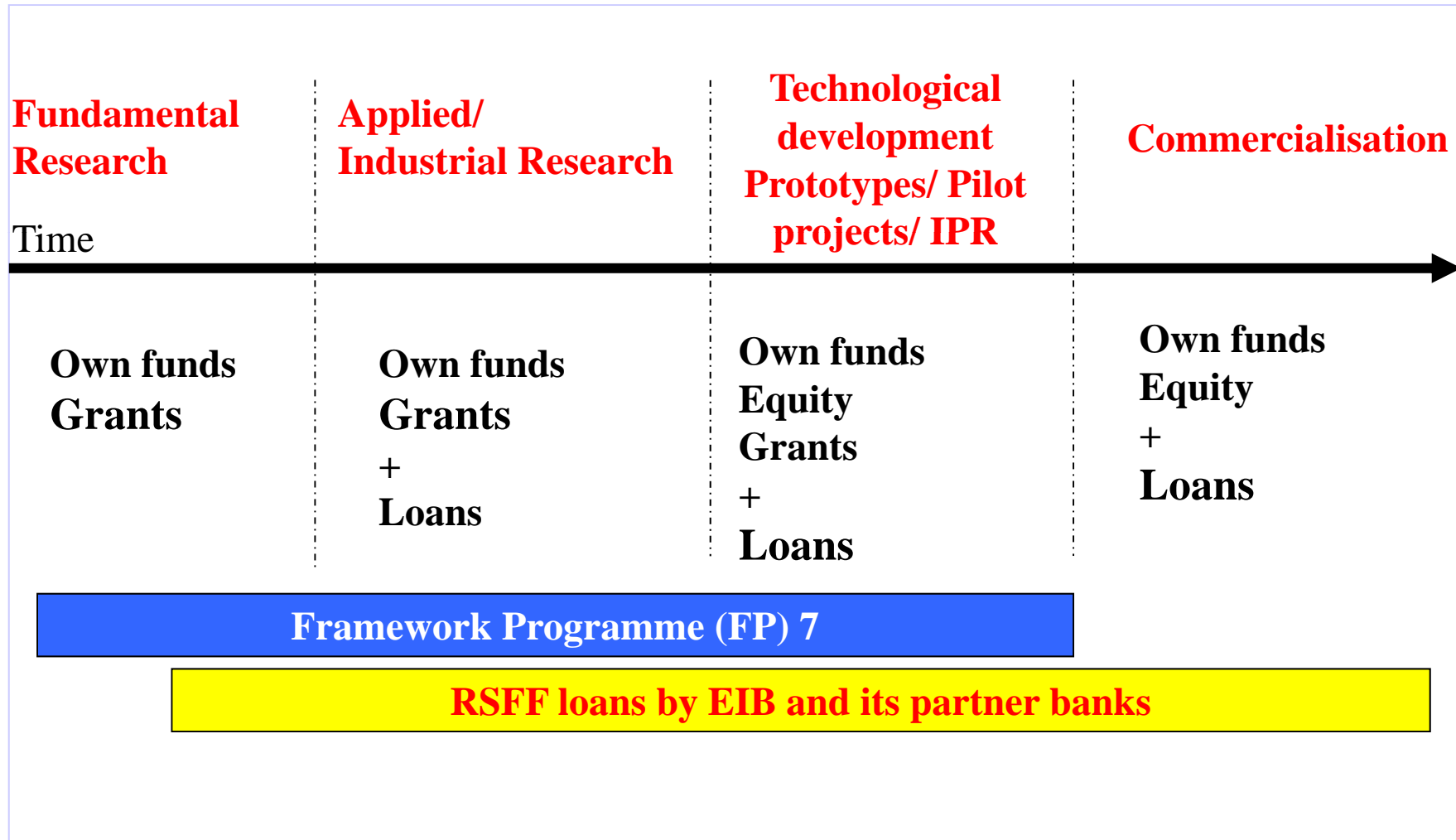
Key features and principles



- An innovative FP7 **debt-financing instrument** co-developed by the EC/ EIB **to provide additional loan finance for Research, Development, Demonstration and Innovation** in the European Research Area
- RSFF provides loans for riskier but creditworthy RDI projects by **risk-sharing between the European Community and the EIB**
- **Demand-driven**: projects are supported on a “first come, first served” basis (no grant procedures, no expert panels)
- RSFF projects are **evaluated by the EIB** (not by the EC) for their creditworthiness, technical and economic aspects
- **European Commission (DG RTD, co-operation with other DGs) checks** RSFF projects proposed by the EIB whether they concern R&D and contribute to FP 7 objectives; if so (Commission approval), the EIB can use FP 7 budget for risk coverage



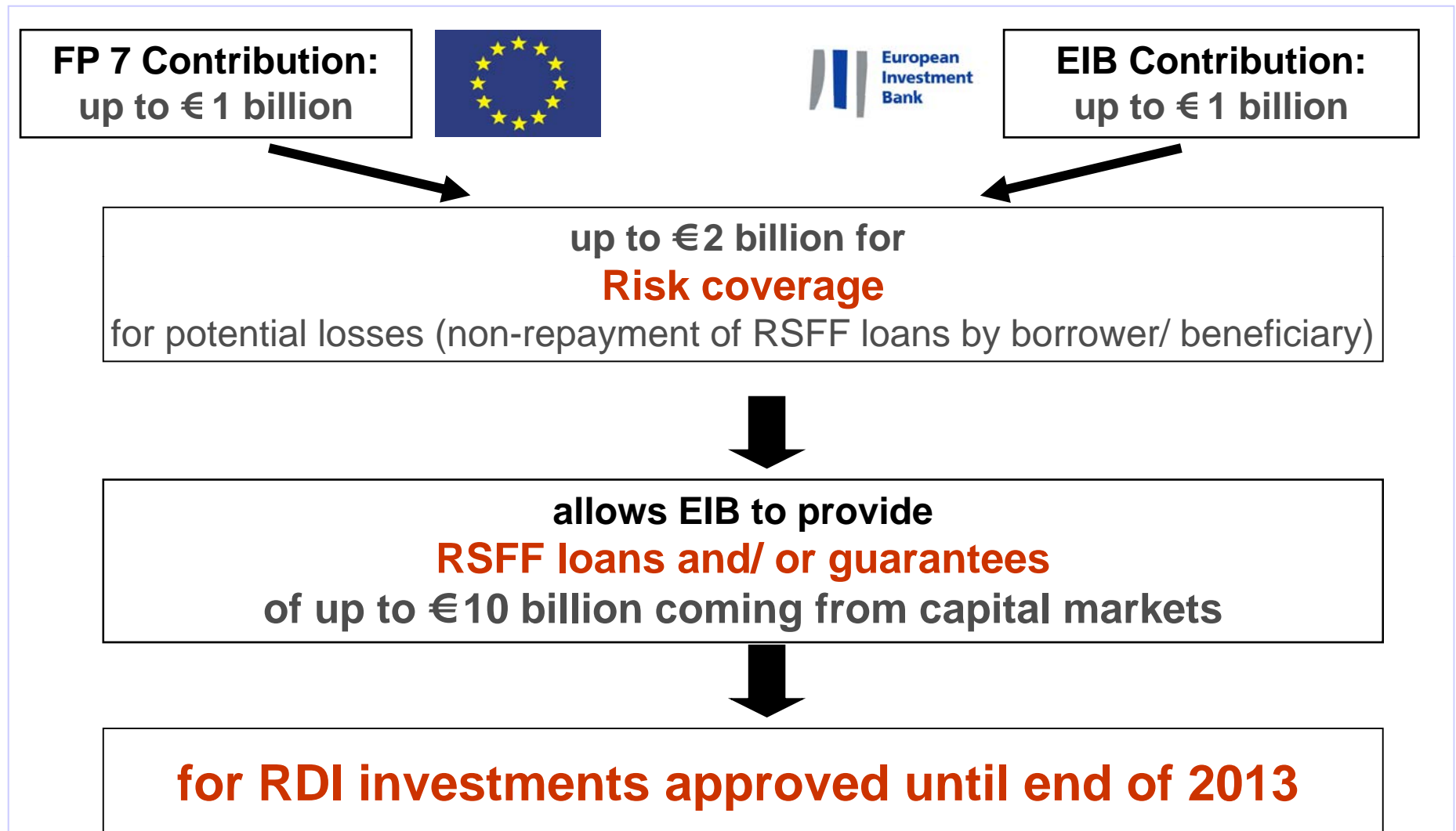
# RSFF loan finance in the context of FP 7 grant funding





# Risk-Sharing Finance Facility

Risk-sharing EC/ EIB and leverage effect



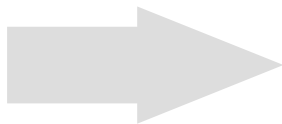


# RSFF implementation

## Beneficiaries of RSFF financing



- Mid-Caps and large corporates (typically unrated/ sub-investment grade, ranging from BBB- to B- Standard & Poor's rating / turnaround situations)
- SMEs
- Research Institutes and Universities
- Special Purpose / Project Companies implementing one project
- Research Infrastructure promoters



**Entities of any size and ownership who are able to borrow and can, in principle, repay a loan**



# RSFF implementation

## Eligible-cost categories



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<b>Fundamental research</b>	<b>EC window</b>
<b>Definition stage / feasibility studies</b>	<b>EC window</b>
<b>Industrial research</b>	<b>EC window</b>
<b>Pre-competitive development activity</b>	<b>EC window</b>
<b>Pilot and demonstration projects</b>	<b>EC window</b>
<b>Innovation</b>	<b>EIB window</b> partly EC window

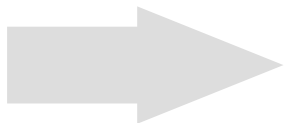


# RSFF implementation

## Eligible project costs



- Project capital expenditures in tangible assets (buildings, equipment, machines etc).
- Intangible assets:
  - Research staff cost
  - Incremental working capital requirements
  - Acquisition of Intellectual Property Rights



**Multi-annual R&D budgets (typically 3-4 years)  
Financing up to 50% of total cost, except  
particular cases in line with EIB strategic  
orientations (i. e: environment, renewable  
energies, ...)**



# RSFF implementation

## RSFF products

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- Corporate Loans (senior / junior)
- Guarantees
- Project Finance (limited/non recourse)
- Mezzanine Loans
- Risk Sharing Facilities with banks
- Other structured products





# RSFF implementation

## EIB and its partner banks



For loans of **EUR 7.5 million or more** - direct involvement of the EIB



For all loans of **less than EUR 7.5 million** (and if borrowers wish to work with their own banks) – indirectly through partner banks/ intermediaries





# RSFF in the context of the SET-Plan implementation



- RSFF loans can be one (important) source of finance to support Research, Development, Demonstration and Innovation projects implementing Low Carbon Technologies
- RSFF loan finance could be used, for instance, for:
  - Renewable energy projects (wind parks, notably off-shore), concentrated solar power plants, solar photovoltaic, geothermal and hydro-electric power plants, Bio-energy and others) and energy efficiency projects
  - Carbon Capture Storage (CCS) demonstration projects
- RSFF can be combined with other public and private EU and Member State sources of funding including grant funding (EEPR, NER-300 programme) and equity finance (“Marguerite” fund)



# RSFF in the context of the SET-Plan implementation



- RSFF loans have already been provided to R&D and Innovation projects in the field of energy which **concern R&D in renewable energy technologies (Low Carbon Technologies) and/ or their implementation**
- Some examples of concrete RSFF projects in this area:
  - **Solar power technologies:** Andasol Solar Thermal Power I and II, Solnova 1 & 3 Concentrated Solar Power, Thermosolar Gemasolar, Solucar Solar Thermal Power
  - **Wind power technology:** Gamesa Wind Power RDI II



## RSFF project example (1)

# Financing solar power: using renewable energy to contribute to combat climate change



- **Solucar Solar Thermal Power project** : Europe's first commercially operating power station using the sun's energy, west of Seville (Spain)
- Total investment: EUR 173 million
- **EUR 50 million RSFF loan** to further develop a large scale application of Concentrating Solar Power (CSP) technology, generating electricity without greenhouse-gas emissions
- Field of mirrors to concentrate solar radiation on a tower-mounted thermal receiver

[www.solucar.es](http://www.solucar.es)



## RSFF project example (2)



# Andasol Thermal Solar Energy



- Technology: “Solar-only” Parabolic Power Plant
- Installed Capacity: 2 x 49.9 MWeI
- Storage: Two-tank molten salt storage for 7.7 full load hours
- Project Site: Plateau of Guadix, Province Granada
- Net electricity production: 2 x 179.1 GWh/a
- EPC price: 2 x EUR 260 million
- **RSFF loan financing: 2 x EUR 60 million**



# RSFF benefits, added value and future perspective



- **Up to EUR 10 billion** loan finance for RDI can be mobilised; so far, more than EUR 7 billion already approved and more than EUR 5 billion signed
- **Customised offer:** flexible debt financing adapted to project implementation and the borrower's repayment capacity
- **Reasonable financing costs:** non-subsidised loans but advantage of EIB's AAA based funding and its non-profit lending policy → reduces overall project cost
- **Future perspective:**
  - RSFF continuation foreseen until 2013 (second tranche of FP7 funding to be released by the Council and the EP)
  - Current FP7 budget for risk-sharing max. EUR 1 billion until 2013 (**EUR 500 m already allocated**) might not be sufficient in case of ongoing high demand for RSFF loans (including demand for larger demonstration projects related to the SET-Plan implementation)



Directorate B – « European Research Area:  
Research programmes and capacities »

Unit B.04 – « Regions of Knowledge and Research Potential »

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