

Annex II

Videoconference with MS R&I DGs on 31 March 2020

Speaking points by Jean-David Malo

- As a follow-up to the success of the former Risk-Sharing Finance Facility (RSFF) developed in the early 2000's under the seventh framework programme for research and technological development (FP7), the European Investment Bank Group (EIB and EIF) and the European Commission have designed and deployed under the Access to Risk Finance Programme of Horizon 2020 a wide range of loans, guarantees and equity-type financial instruments, which can be tailored to innovators' needs: the "Horizon 2020 InnovFin" products.
- Since 2014, not less than a dozen products have been tailored and made available to accommodate R&I niche markets previously suffering from access to finance gaps and to reinforce the complementarity with the European Fund for Strategic Investments (EFSI).
- Among these products, one has been designed to support specifically fight against infectious diseases, such as COVID-19: the InnovFin Infectious Diseases Finance Facility (IDFF).
- The InnovFin Infectious Diseases Finance Facility (IDFF) provides financial products ranging from standard debt to equity-type financing for amounts typically between EUR 7.5 million and EUR 75 million (the latter can be increased), to innovative players active in developing innovative vaccines, drugs, medical and diagnostic devices or novel research infrastructures (including production facility) for combatting infectious diseases.

Project costs may include notably clinical trial costs, pre-clinical R&D costs, set-up of commercialisation such as market access, development of prototypes or industrial roll-out of novel equipment, support to production facility deployment and working capital requirement.

Under this product, a guarantee of 100% is provided by the European Commission to the EIB who is providing a debt support under preferred conditions to enterprises.

- The IDFF is an example of successful EC-EIB collaboration in the face of a health crisis. Through it, the EIB has already supported 12 companies with total lending of EUR 241 million for developing cures and vaccines against various infectious diseases.
- IDFF appears as a fully relevant product to support, vaccines development and deployment / upscaling of GMP production facility, notably at later stages (as

mentioned earlier by Irene Norstedt – 3rd and fourth bullet points of the slide). It is under the IDFF that the announcement on 16 March of the Commission to provide €80 million of financial support to CureVac AG, a highly innovative vaccine developer from Tübingen, Germany, to scale up development and production facility of a vaccine against the Coronavirus in Europe, has been done.

- Due to its attractive main characteristics (i.e. size of support; long maturity; extremely low financial interests; 100% guarantee from the Commission; fair upside conditions) and the new visibility provided by the announcement of the support to CureVac AG, numerous applications have been received by the EIB regarding the COVID-19 crisis.
- As of the end of last week, already 14 applications from companies located in 10 different member States have been received, calling for a support reaching almost EUR 350 million. Among them 2/3 (9) are related to vaccines development (including the 2 candidates mentioned by Irene within the CEPI portfolio) and/or deployment / upscaling of production facilities.
- To cope (partially) with the level of demand, the Commission and the EIB:
 - refocused their priorities to support in fast track COVID-19 related projects;
 - have already started to explore the possibility of reallocation of existing budget within InnovFin.

However, this will not be sufficient to cope with the totality of a demand which still increasing.

- While the Commission and the EIB continue to explore additional avenues to reinforce IDFF within their own budgetary means, another avenue that would deem to be explored more in depth is to join forces, notably with national public investors (national promotional banks/national promotional institutions). Both EC and EIB services are ready to work with any interested national promotional banks/institutions.
- Finally, beyond Horizon 2020 InnovFin IDFF, as you certainly know the EIB has announced on 16 March 2020 its proposal to set up a plan of EUR 40 billion to cope with COVID-19 crisis, mainly via support to banks (via guarantees, liquidity and ABS purchasing programmes notably), including of course with the objective to support R&I related activities. Both IDFF and the additional support proposed by the EIB in its proposed plan could help to support COVID-19 related vaccines development and deployment / upscaling of production facilities in the EU.