

# **INNOVATION FUND**

**9th IFEG meeting**

**28 April 2022 10:00 – 12:00 CEST**

# Implementation of PDA services NER 300 Advisory

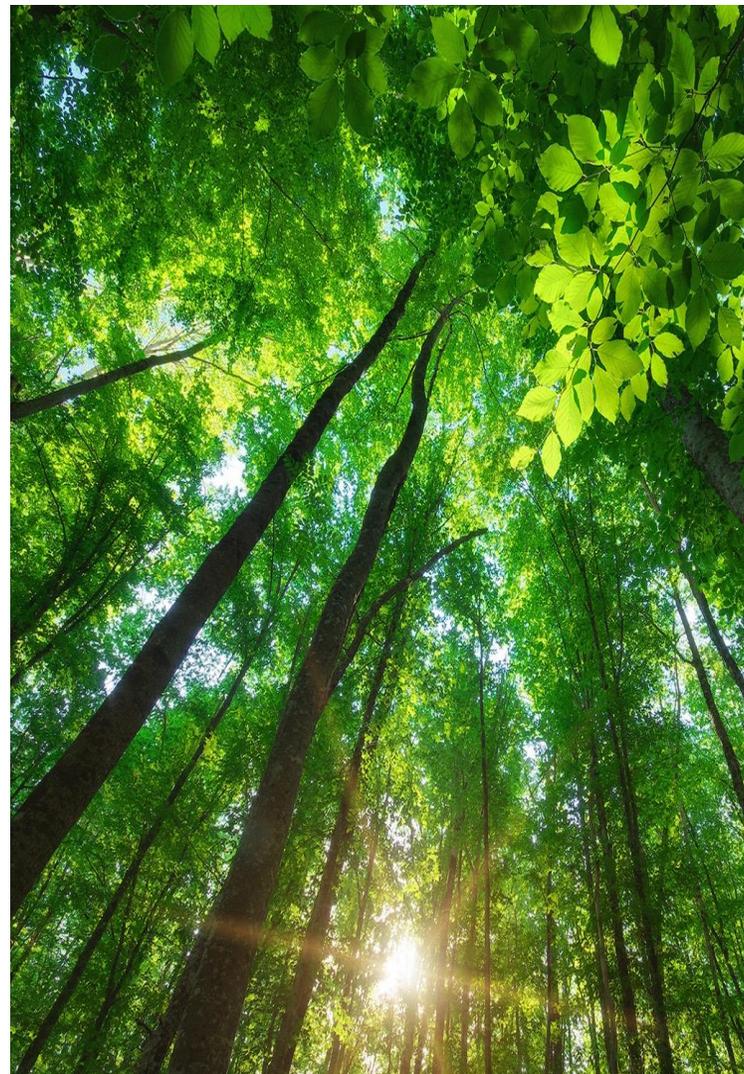
Dr. Zoran Stanic, Head of IF Unit, EIB

# THE EIB

## The bank of the European Union

Improving lives in Europe and beyond

- The world's largest multilateral lender
- Leading provider of climate finance
- Governed by the EU Member States
- More than 14,400 projects in over 160 countries
- Crowding-in bank: € 4.8 trillion overall investment
- Lending ca. 60bn EUR in 2021



# EIB role in the Innovation Fund Project Development Assistance

- The Innovation Fund includes a dedicated Project Development Assistance (PDA) to help to accelerate the structuring and financing of high quality projects.
- Project development assistance should in particular benefit small-scale projects and projects in lower-income Member States to help achieving a geographically balanced distribution of the Innovation Fund support. (recital 10, IF DR)
- The following activities may be funded by way of PDA (Art. 13, IF DR):
  - (a) improvement and development of a project documentation, or of components of the project design with a view to ensuring the sufficient maturity of the project;
  - (b) assessment of the feasibility of the project, including technical and economic studies;
  - (c) advice on the financial and legal structure of the project;
  - (d) capacity building of the project proponent.
- The EIB has been entrusted by the Commission with the implementation of PDA (Art. 18(1)(c), IF DR)
- The PDA is implemented by financial and technical experts of the European Investment Bank with support from external consultants.

# Main stages of the EIB PDA

The PDA is designed as a two-step approach:

- 1. PDA Award Decision:** by the Commission based on preliminary EIB shortlist of the eligible projects.
- 2. PDA Execution:** Signature of PDA agreements and provision of advisory support to the beneficiaries.

# 1) PDA Award

- Financial and/or technical experts of the EIB:
  - review projects which were rejected by CINEA as not sufficiently mature for grant (the projects long-listed for PDA).
  - base its review on the initial maturity assessment and gaps identified by the CINEA evaluation report.
- The EIB makes a shortlist of projects based on their possibility to improve their maturity through the provision of the PDA.
- Shortlisted projects are submitted to the EC for approval of the PDA award through consultation of Member States (MS).
- PDA award decision by the EC.

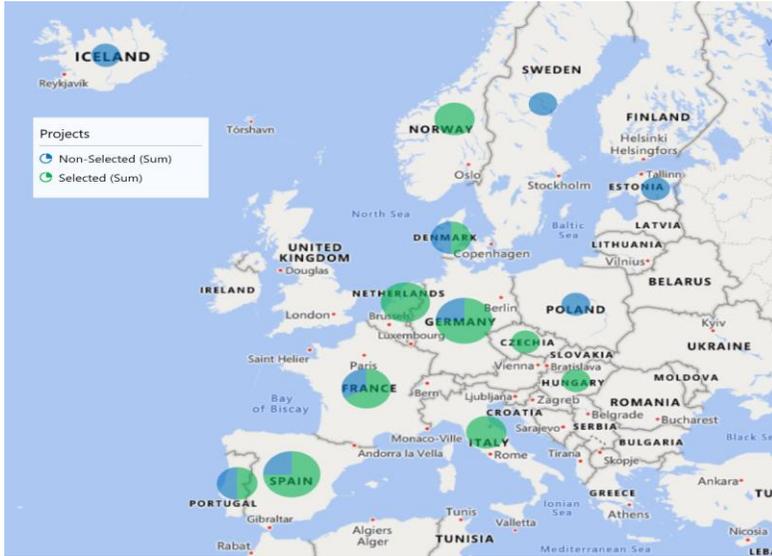
## 2) Provision of PDA service

A list of indicative services is listed in the Contribution Agreement:

Dimension	Area
Due Diligence Assessment	Project maturity assessment
	Technical Due Diligence
	Bankability Assessment
Financial Services	Business plan and financial plans
	Market analysis
	Financial forecasts
Technical Services	Support in the Preparation of Applications
	Concept Development Support
	Economic Analysis
	Engineering, procurement and implementation support

*The relevant scope of work (selected from the list of services below) will be determined on a case-by case basis based on, among other factors, the current maturity of the project, complexity, and promoter's capabilities.*

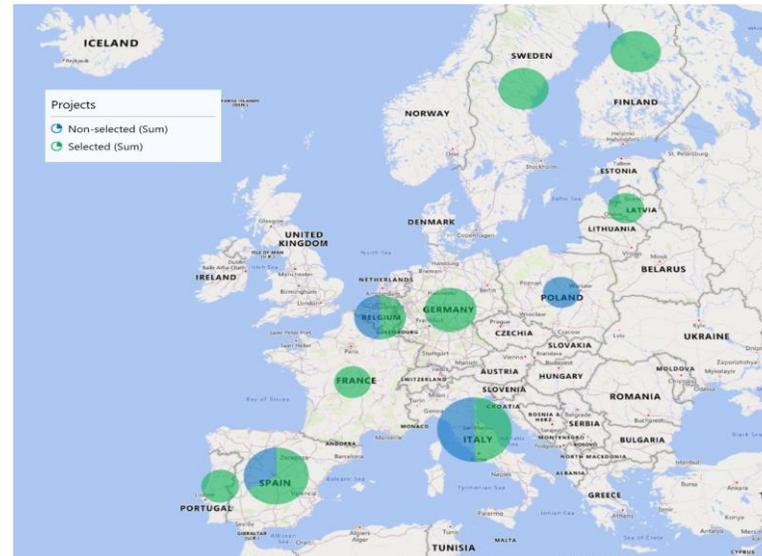
# Overview of awarded PDA projects



InnovFund-LSC-2020: projects per sector

	Sector	Eligible Projects	Selected Projects
1	Hydrogen	22%	20%
2	Biofuels, refineries and biorefineries	9%	20%
3	Intra-day electricity storage	9%	13%
4	Other energy storage	13%	20%
5	CO <sub>2</sub> transport and storage	9%	7%
6	Other sectors	39%	20%

Other sectors category includes: Iron & Steel, Cement, Lime, Pulp & Paper, Chemicals, Non-ferrous metals



InnovFund-SSC-2020: projects per sector

	Sector	Eligible Projects	Selected Projects
1	Hydrogen	23%	20%
2	Biofuels, refineries and biorefineries	8%	10%
3	Intra-day electricity storage	8%	10%
4	Other energy storage	8%	10%
5	CO <sub>2</sub> transport and storage	-	-
6	Other sectors	54%	50%

Other sectors category includes: Iron & Steel, Cement, Lime, Pulp & Paper, Chemicals, Non-ferrous metals

# PDA service for 1<sup>st</sup> LSC and SSC projects

15 PDAs awarded, 14 signed

## Large Scale Call

Capital structuring	x
Innovative financing instrument design	-
<b>Financial modelling</b>	x
<b>Technical due diligence</b>	x
<b>Market study</b>	x
Strategy development and planning	x
Procurement advisory	x
Contractual preparation	-
Other (GHG Calculation)	x
Other	x

10 PDAs awarded, 9 signed

## Small Scale Call

<b>Capital structuring</b>	x
Innovative financing instrument design	-
<b>Financial modelling</b>	x
<b>Technical due diligence</b>	x
<b>Market study</b>	x
Strategy development and planning	x
<b>Procurement advisory</b>	x
Contractual preparation	-
Other (GHG Calculation)	x
Other	x

Activities indicated in the table above in **bold** recur in more than one project

# Summary of the current state of play

- **EIB dedicated IF PDA teams** of experienced technical, economic, legal and financial experts recruited, trained and put into operation
- **36 Innovation Fund projects** proposals assessed
- **25 Innovation Fund projects** proposed for IF PDA and **approved by EC**
- **IF PDA procedures and tools** developed and operationalized including **visibility and outreach activities**
- **Reapplication to LSC2 of 8 LSC1 awarded projects**, most of them directly leveraging PDA activities
- PDA for SSC1 underway (**9 PDA agreements** either signed or being in signature)
- **First 3 PDA assignments** (from the first LSC) are expected to be **finalised in May 2022**
- **8 PDA assignments from LSC1** and **3 PDA agreements from SSC1** are expected to be **finalized by July 2022**

# NER 300 NER300 Financial Advisory support

Eligible sectors:

- 1 **RENEWABLE ENERGY**
- 2 **CARBON CAPTURE  
USE AND STORAGE**
- 3 **SMART ENERGY  
SYSTEMS AND  
ENERGY STORAGE**

## WHAT IS NER 300 FINANCIAL ADVISORY SUPPORT

- This advisory instrument by the EIB Group and the European Commission helps **early-stage innovative low-carbon projects, which are preparing for commercial roll-out.**
- This free financial advice aims to improve **the bankability and overall readiness** of the project while **increasing the chances of raising financing** either from the European Investment Bank, other European funding schemes or private investors.
- Its objective is to speed up and support the scale-up of innovative demonstration projects that reduce substantially carbon emissions.

## TYPE OF SUPPORT PROVIDED

- **Financial advisory tailored to the project's needs**
- **Enhance bankability of the projects to maximize the chances of financing by the EIB or alternatively third party investors**
  - Assessing the present situation on the projects
  - Reviewing and developing the business plan and financial plans of the projects
  - Providing recommendations on the financial structuring of the projects
  - Providing any other support deemed necessary for the implementation of proposed recommendations in support of the bankability of the projects
- **Improve projects' chances for financial close and entry into operation**

Contact: [ner300finadvisory@eib.org](mailto:ner300finadvisory@eib.org)

More Info: <https://www.eib.org/en/products/advisory-services/ner-300/index.htm>

# NER 300 NER300 Financial Advisory support

Eligible sectors:

- 1 RENEWABLE ENERGY
- 2 CARBON CAPTURE USE AND STORAGE
- 3 SMART ENERGY SYSTEMS AND ENERGY STORAGE

## WHAT PROJECTS ARE ELIGIBLE

- Projects can cover various technologies and sectors, including **wind, solar power, geothermal, ocean, hydropower, bioenergy, battery storage, smart energy distribution systems, renewable fuels or heating and cooling** (please refer to the [pre-assessment questionnaire](#) for an exhaustive list of eligible sectors)
- Projects that are based in the European Union or the European Economic Area.
- All projects must have the **potential to significantly reduce greenhouse gas (GHG) emissions** and aim to reach a **commercial scale** within the European Union.
- The projects should be validated through **previous testing**, with reasonable expectations for successful demonstration.
- Projects already benefiting from the Project Development Assistance under the Innovation Fund are not eligible.

## EXAMPLES OF PROJECTS RECEIVING SUPPORT

21 PROJECTS  
APPROVED by EC

- Pumped hydro energy storage
- Floating wind and wave device with hydrogen production and storage capability
- High-Temperature Energy Storage in the Food Industry
- On-shore carbon capture and storage project in cement industry
- Carbon neutral E-fuel and wax based on synthetic hydrocarbon

## WHEN IS THE SUPPORT AVAILABLE

- Advisory support is available **immediately but programme expires at the end of 2022. Applications need to be made by September 2022.** Any request can be sent to the email below
- Benefiting projects require prior approval from DG CLIMA following submission of scope of PDA by EIB
- Project beneficiaries supported on a first-come first-served basis

Contact: [ner300finadvisory@eib.org](mailto:ner300finadvisory@eib.org)