Innovation eligibility criteria

At least one of the following innovation eligibility criteria (i)–(iv) must be fulfilled. The eligibility criteria must be fulfilled in the following time frame:

- Criterion (i), (ii), (iii), (iv)(a) or (iv)(b): when the promissory note is signed.
- Criteria (iv)(c)–(iv)(k): on the date of the financing application documents.

(i) The borrower intends to use the financing transaction to invest in producing, developing or implementing new or substantially improved (i) products, processes or services, or (ii) production or delivery methods, or (iii) organisational or process innovation including business models that are innovative (as defined in paragraphs 15(y) 'organisational innovation' and 15(bb) 'process innovation' of 1.3 Definitions of the Communication from the Commission C(2014) 3282 and below) and where there is a risk of technological, industrial or business failure as evidenced by an evaluation carried out by an external expert;

(ii) the borrower is a "fast-growing enterprise", having operated in a market for less than 12 years following its first commercial sale and with an average annualised endogenous growth in employees or in turnover greater than 20% a year, over a three-year period, and with ten or more employees at the beginning of the observation period;

(iii) the borrower has been operating in a market for less than seven (7) years following its first commercial sale and its research and innovation expenses represent, calculated according to the Commission's block exemption regulation (651/2014), at least 5% of its total operating costs in at least one of the three years preceding the financing application, or in the case of a start-up enterprise without any financial history, according to its current financial statements;

(iv) the borrower has a significant innovation potential or an "R&I-intensive enterprise", fulfilling at least one of the following conditions:

(a) The borrower's annual R&I expenses are at least 20% of the financial transaction amount as per the borrower's latest statutory financial statements, under the condition that the borrower’s business plan indicates an increase of its R&I expenses at least equal to the financial transaction amount;

(b) the borrower undertakes to spend at least 80% of the financing transaction amount on R&I activities as indicated in its business plan and the remainder on costs necessary to enable such activities;

(c) the borrower has been formally awarded grants, loans or guarantees from European R&I support schemes (e.g. Horizon 2020 or FP7) or through their funding instruments (e.g. Joint Technology Initiatives or “Eurostars") or regional, national research or innovation support schemes over the last thirty-six (36) months, under the condition that the financing transaction is not covering the same expense;

(d) the borrower has been awarded over the last twenty-four (24) months an R&D prize or Innovation prize provided by an EU institution or an EU body;

(e) the borrower has registered at least one technology right (such as patent, utility model, design right, topography of semiconductor products, supplementary protection certificate for medicinal products or other products for which such supplementary protection certificates may be obtained, plant breeder's certificate or software copyright) in the last twenty-four (24) months, and purpose of the loan is to enable, directly or indirectly, the use of this technology right;

(f) the borrower is an early-stage SME and has received an investment over the last twenty-four (24) months from a venture capital investor or from a business angel being a member of a business angels network; or such venture capital investor or business angel is a shareholder of the borrower at the time of the borrower's application for the financing transaction;

(g) the borrower requires a risk finance investment which, based on a business plan prepared in view of entering a new product or geographical market, is higher than 50% of its average annual turnover in the preceding five (5) years;

(h) the borrower's R&I costs, calculated according to the Commission's block exemption regulation (651/2014), represent at least 10% of its total operating costs in at least one of the three years preceding the borrower's application for the financing transaction, or in the case of an enterprise without any financial history, as per its current financial statements;

(i) the borrower is a small mid-cap company and its R&I expenses, calculated according to the Commission's block exemption regulation (651/2014), represent:

(A) either at least 15% of its total operating costs in at least one of the three years preceding the borrower's application for the financing transaction;

(B) or at least 10% per year of its total operating costs in the three years preceding the borrower's application for the financing transaction;

(j) the borrower has incurred R&I expenses qualified in the past thirty-six (36) months by competent national or regional bodies or institutions as part of general support measures approved by the European Commission and designed to incentivise companies to invest in R&I, provided that (i) such body or institution is independent of the bank and the borrower and (ii) the financing transaction covers incremental expenditure as indicated in the borrower's business plan and (iii) the financing transaction is not covering the same eligible costs already supported by aforementioned measures; or

(k) the borrower has been designated in the past thirty-six (36) months as an innovative company by an EU or national or regional institution or body, provided that in each case

(A) the designation is based on the publicly available criteria where such criteria:

i) shall not be limited to or otherwise favour any particular industry or sector; and

ii) shall reflect at least one of the innovation eligibility criteria except the innovation eligibility criterion referred to in item (iv) (d) , or shall reflect the substance of at least one of these criteria but shall not be less stringent; and

(B) the body or institution is independent of the bank and the borrower; and

(C) the financing transaction covers incremental expenditure as indicated in the borrower's business plan.

Organisational innovation means the implementation of a new organisational method in an undertaking's business practices, workplace organisation or external relations, excluding changes that are based on organisational methods already in use in the undertaking, changes in management strategy, mergers and acquisitions, ceasing to use a process, simple capital replacement or extension, changes resulting purely from changes in factor prices, customisation, localisation, regular, seasonal and other cyclical changes and trading of new or significantly improved products.

Process innovation means the implementation of a new or significantly improved production or delivery method (including significant changes in techniques, equipment or software), excluding minor changes or improvements, increases in production or service capabilities through the addition of manufacturing or logistical systems which are very similar to those already in use, ceasing to use a process, simple capital replacement or extension, changes resulting purely from changes in factor prices, customisation, localisation, regular, seasonal and other cyclical changes and trading of new or significantly improved products.