

# Shaping the Next MFF: A Toolbox of Financial Instruments



Comprehensive Overview of Financial  
Instruments and Emerging Priorities

## Table of Contents

### Introductory Section

Foreword – Introductory Message from the EAPB President	5
Introduction: Financial Instruments across the Company Life Cycle	7
Inventory of Financial Instruments (Overview Graph)	8

### **1. Seed Inception Phase** **9**

Financing instruments supporting ideation, proof-of-concept and early validation

#### **1.1 Seed Capital – Early-Stage Funding** **9**

Examples: NRW.Bank (DE), MFB (HU), HBOR (CR) 10

Example: Investitionsbank Berlin – Pre-Seed Fund 11

Example: Insitut Catala de Finances (ES) 12

#### **1.2 Zero or Low-Interest Loans (Prêtes Bonifés)** **12**

Examples: MFB (HU), HBOR (CR) 12-13

#### **1.3 Microloans (≤ €10,000)** **13**

Examples: WIBank (DE), MFB (HU) 13

Examples: Investitionsbank Berlin (DE), SID Bank (SI) 14

### **2. Start-Up Risk Phase** **15**

Equity, hybrid and blended instruments addressing high-risk early market entry

#### **2.1 Risk Capital – Early-Stage Equity** **15**

Examples: NRW.Bank (DE), Lazio Innova (IT), MFB (HU), Institut Catala de Finances/EIF (ES) 15-17

■	<b>2.2 Public Venture Capital Co-Investment</b>	<b>17</b>
	Examples: Investitionbank Berlin (DE), NRW.Bank (DE), Institut Catala de Finances/EIF (ES)	17
■	<b>2.3 Venture Capital Guarantees</b>	<b>18</b>
	Examples: Investitionsbank Berlin (DE), Bpfrance (FR)	18
■	<b>2.4 Low-Interest Loans and Guarantees Combined with Grants</b>	<b>18</b>
	Example: MFB (HU)	18
■	<b>2.5 Combined Support-Schemes – Blended Financial Instruments and Grants</b>	<b>18</b>
	Examples: HBOR (CR), HBOR under InvestEU	19
	Examples: Finlombarda (IT), MFB (HU), Sächsische Aufbaubank (DE)	20
■	<b>3. Growth Expansion Phase</b>	<b>21</b>
	Scaling-up instruments supporting investment, internationalization and resilience	
■	<b>3.1 Bank Loan guarantees</b>	<b>21</b>
	Examples: BGK (PL), Finpiemonte (IT)	21
	Examples: HBOR (CR), Finlombarda (IT)	22
	Examples: Institut Catala de Finances (ES), Bulgarian Development Bank (BG)	23
■	<b>3.2 Subordinated Loans – Mezzanine Finance</b>	<b>23</b>
	Examples: Rentenbank (DE), HBOR (CR)	24
■	<b>3.3 Silent Participations – Non-Voting Equity</b>	<b>24</b>
	Example: Bpfrance (FR)	25

■	<b>3.4 Export Credit Insurance and Support for Internationalization</b>	<b>25</b>
	Example: HBOR (CR)	25
■	<b>3.5 Note on Distressed but Viable SMEs</b>	<b>25</b>
■	<b>3.6 Research, Development and Innovation (RDI) Loans</b>	<b>25</b>
■	<b>4. Market Readiness Maturity Phase</b>	<b>26</b>
	Capital-market instruments and export finance for mature companies	
■	<b>4.1 Capital Market Access Support</b>	<b>26</b>
	Example: Kommuninvest (SE)	26
■	<b>4.2 Capital Market Access Support</b>	<b>26</b>
	Examples: BGK and KUKE (PL), HBOR (HR)	26
■	<b>4.3 Private Placements</b>	<b>27</b>
	Examples: Finlombarda, Lazio Innova, Puglia Sviluppo, Sviluppo Campania (IT); NWB Bank (NL)	28
■	<b>4.4 Note on Adaption for Distressed but Strategically Important Firms</b>	<b>28</b>
	Moving Forward: Emerging Priorities and Instrument Innovation	28
	BGK – Sustainable Development Support Scheme	29
	HBOR – Developing Capital Market Access Instruments	29
	SAB – Expanding the Use of Combined Support Schemes	30
	KBN – Green Finance	31

## Introductory message from the EAPB President

Dear colleagues,

I am delighted to present the *EAPB Toolbox on Financial Instruments*, which brings together the best practices of public promotional banks across Europe. This publication comes at a crucial moment, as the debate on the future Multiannual Financial Framework (MFF) enters a decisive phase.

As key implementing partners of EU funds, EAPB members are committed to ensuring that the next MFF delivers on its ambitions, fostering investment and cohesion through an efficient and well-targeted use of public resources. With that objective in mind, we have prepared this Compendium to illustrate how financial instruments, when properly designed and deployed, **can amplify the effectiveness of EU funding, attract private investment, and bridge the gap between policy objectives and real investment** on the ground.

The **EAPB firmly believes that prioritising financial instruments over grants**, in line with the recommendations of the Draghi Report, is the most effective way to maximise the impact of the EU budget. Grants should remain available, but should need to be properly justified, with managing authorities required to explain the use of grants over a financial instrument.

In this regard, **we welcome the removal of the legal obligation to carry out ex-ante assessments for financial instruments under the new MFF**. However, the continued requirement for full justification within the plans risks creating unnecessary administrative burdens and disadvantaging financial instruments compared to grants when, in fact, the logic should be reversed. It also remains unclear whether this justification should apply at the overall plan level, rather than for each individual instrument. The former **would undoubtedly be the most reasonable and efficient approach**.



Furthermore, **financial instruments should be integrated already at the programming stage**, prior to the approval of the National and Regional Partnership Plans (NRPPs). To achieve this, a **preliminary assessment of investment needs and the appropriateness of financial instruments** should be carried out before the finalisation of each plan.

Given their long-standing expertise in the design, implementation, and management of financial instruments, **National Promotional Banks (NPBs)** should be **involved from the outset of the programming process**. Their early participation would ensure that instruments are effectively tailored to market needs, deliver higher leverage, and maximise local and regional impact.

We are also concerned by the proposed **eight-year limit on the reuse of reflows**, which could weaken incentives for “evergreen” instruments and risk diverting funds away from regional reinvestment. Revolving instruments should remain dedicated to Cohesion Policy objectives, ensuring lasting value in the territories they serve.

Finally, we propose the **introduction of sustainable minimum thresholds** for the use of financial instruments in key policy areas — adapted to territorial specificities — would help strengthen predictability and accelerate implementation. Streamlined audits, proportionate reporting, and a **fast-track mechanism for State aid clearance** would also enhance the efficiency and attractiveness of EU financial instruments.

I trust you will find this publication both insightful and useful as a contribution to the ongoing debate on the future of EU investment policy.

Yours sincerely,  
Lidwin van Velden  
EAPB President and NWB Bank CEO

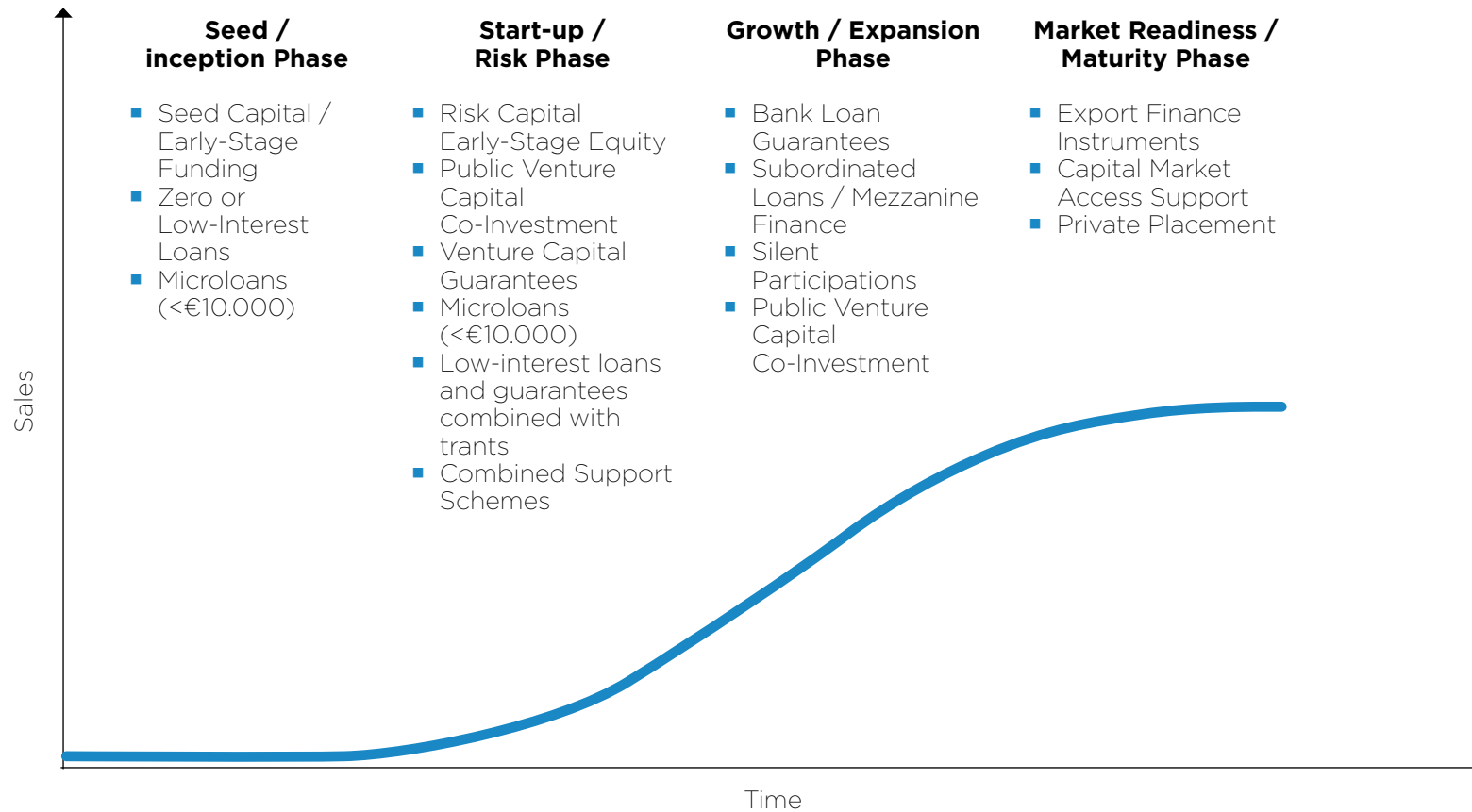
# Introduction

**This document outlines an inventory of financial instruments used by members of the European Association of Public Banks (EAPB), structured around the main stages of a company's life cycle. Each stage represents a different financing need, and public financial institutions have developed targeted instruments to fill gaps left by the market. By mapping these instruments, the EAPB aims to demonstrate the unique added value its members bring in leveraging public funds for sustainable economic development.**

Financial instruments have proven to be useful and effective tools for promoting current European priorities. Through leverage effect they mobilize additional private capital which increases investments in areas where financial gaps are identified. In particular, they have been at the forefront of the post-COVID recovery, increasing competitiveness, promoting the green transition, digitalization, increasing employment, increasing the competitive workforce and are expected to play an active role in the development of the defence industry in several Member States. In comparison to grants which operate on a reimbursement basis, Financial instruments can be more stimulative especially for SMEs who can benefit from needed liquidity in advance. Favorable interest rates, deriving from an interest-free financial source, combined with long term maturities and moratoriums on principal repayments can expand and boost investments opportunities.

In many cases, the effectiveness of financial instruments is significantly enhanced when combined with other funding sources and forms of non-repayable support. Synergies between ESI Funds, InvestEU and national or regional resources can enable blended approaches in which repayable instruments (loans, guarantees, equity) are paired with grant components. These grants can for example finance activities such as mentoring, technical assistance or feasibility studies, which are often essential but not covered by standard financial products or are used to lower the contractual interest rate or for partial write-off the loan principal. Lower or zero-interest rates can derive from various solutions, including the use of favourable financing sources like ESI Funds or the backing of strong guarantees that allow public and private actors to take on more risk. By reflecting these instruments and combined mechanisms, it becomes clear that public financial institutions are not only delivering stand-alone instruments, but also leveraging multiple funding streams to maximise impact, reduce barriers and address different layers of risk.

## Inventory of Financial instruments EAPB Members



*Inventory of Financial Instruments of EAPB members over the main stages of a company's life cycle.*

# 1. Seed Inception Phase



At this earliest stage, companies are in the ideation or research phase. They often lack any commercial validation, revenue or collateral, other than intellectual property (IP), which may be difficult to value or leverage. The primary goal is to explore the technical and economic feasibility of a business idea. Due to the high risk and uncertainty, private funding is scarce or unavailable.

## 1.1 Seed Capital Early-Stage Funding

Seed capital refers to the initial funding provided to explore or validate a new business idea. This funding is typically used to transform a concept (often at university or research level) into a viable business model. It carries high risk and is often non-recoverable, which is why it is usually provided by public development institutions or innovation support programs. In many cases, funding is combined with mentoring (e.g., from business angels or similar actors) to increase the chances of success.

To further reduce the high risks associated with early-stage ventures, seed capital should ideally be complemented by non-financial support such as mentoring, coaching, and incubation services. These additional measures help build entrepreneurial capacity and significantly improve the chances of successful market entry.

## Example **NRW.BANK** | North Rhine-Westphalia, Germany



*NRW.SeedCap*<sup>1</sup> is a public co-investment programme managed by NRW.BANK that invests alongside business angels in early-stage start-ups. The bank provides equity of up to €750,000 per company, matching private investor contributions. This mechanism enables innovative start-ups to transform ideas into viable business models while maintaining strategic control.

## Example **MFB** | Hungary



The *Business Info-Communication and Digitalisation Equity Programme*<sup>2</sup> of the Hungarian Development Bank (MFB) supports SMEs with high growth potential to adopt advanced technologies such as the Internet of Things, big data analytics, robotics, and automation. By investing in digital transformation at an early stage, this programme strengthens innovation capacity and competitiveness.

## Example **HBOR** | Croatia



HBOR participates in *venture capital (VC)*<sup>3</sup> and technology transfer funds that target early-stage and proof-of-concept projects. These include financing from €50,000 in acceleration phases and follow-on investments through VC compartments. Moreover, HBOR is piloting a risk-sharing framework loan scheme that allows entrepreneurial support institutions to double their own seed or micro-financing capacity, with losses shared between the institutions and HBOR.



1 More information here: <https://www.nrwbank.de/de/foerderung/foerderprodukte/15802/nrwseedcap.html>

2 More info here: <https://www.palyazat.gov.hu/programok/szechenyi-2020/ginop/ginop-825-17/alapadatok>

3 More info here: <https://www.hbor.hr/en/venture-capital-funds>

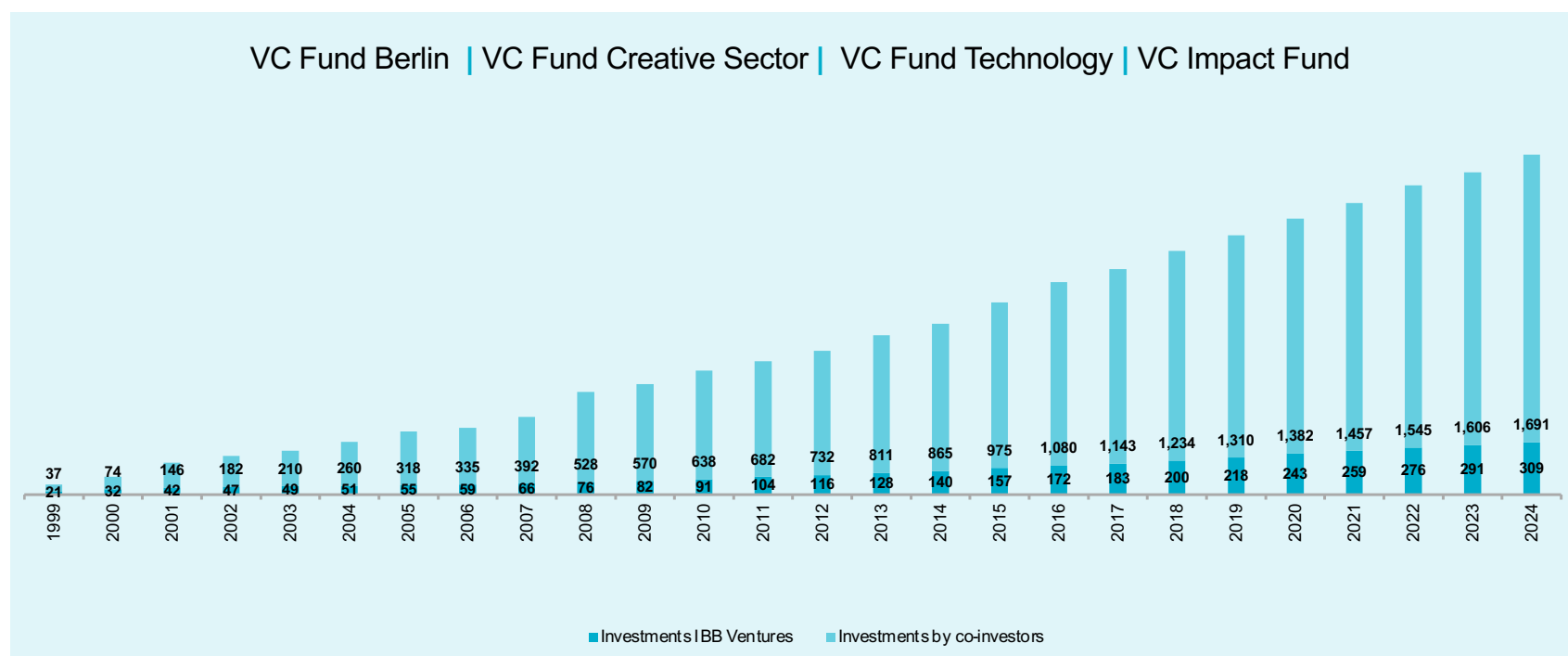
## Example

### Investitionsbank Berlin | Berlin, Germany



*B #<sup>4</sup>* is a new *Pre-Seed-Fund<sup>5</sup>* by IBB Ventures specifically for deep tech companies in the very early stages struggling to raise private money. Financing is preferably granted in the form of convertible loans up to €400,000, which are to be converted later into open participations in the share capital or stock capital as part of follow-up financing to be financed predominantly by private investors. The fund is part of the Startup Factory UNITE uniting science, business and talent.

### Investments by IBB Ventures in €m (cumulative)



4 More information here: <https://www.bsharpvc/>

5 More information here: <https://www.ibbventures.de/en/investment>

## Example

### Institut Català de Finances | Catalonia, Spain



The *IFEM Proof-of-Concept Participative Loans*<sup>6</sup> are designed to finance proof-of-concept projects developed by companies emerging from research activities, mobilising private investors. Through this instrument, IFEM supports the validation of research results and the technological developments needed to demonstrate their technical and commercial feasibility, thereby facilitating subsequent access to the market and to private investment. IFEM operates under an Innovation and Digitalisation InvestEU guarantee signed with the European Investment Fund.

## 1.2 Zero or Low-Interest Loans Prêts Bonifiés

Zero or low-interest loans are typically publicly subsidised credit instruments designed to ease financing constraints for innovative start-ups. These loans may feature interest rates at 0.0% or significantly below market levels, long grace periods, and limited collateral requirements. They are often co-financed through European Structural and Investment Funds (ESIF) or national development budgets.

In hybrid models, a portion of the loan carries a zero interest rate (from public funds), while the remainder is financed at a commercial rate by financial intermediaries.

6 More info here: <https://www.icf.cat/en/capital-risc/venture-capital/ifem-innovacio>



## Example

### MFB | Hungary



The *SME Technology Plus Loan Programme*<sup>7</sup> supports small and medium-sized enterprises investing in technological upgrades and energy efficiency improvements. The programme offers low-interest loans that can be blended with other financial instruments or grants to maximise leverage.

7 More info here: <https://www.palyazat.gov.hu/programok/szechenyi-terv-plusz/ginop-plusz/ginop-plusz-143-24/alapadatok>

## Example HBOR | Croatia



HBOR provides long-term investment loans<sup>8</sup> at favourable rates for young entrepreneurs, start-ups, women entrepreneurs, and businesses in less-developed regions or those engaged in R&D commercialisation. Loans reach up to €400,000, with maturities of up to 14 years, offered either directly or via Croatian commercial banks.

### 1.3 Microloans (≤ €10,000)

Microloans are small-sized loans, typically under €10,000, targeted at entrepreneurs and early-stage businesses with limited capital needs. These loans play a crucial role in helping individuals validate business ideas, cover initial operational costs, address short-term liquidity needs, or invest in essential equipment. Public institutions and development banks often provide microloans at favorable terms, sometimes in combination with mentoring or advisory services to increase the likelihood of business success. Microloans are also found in the Start-Up / Risk Phase, where they help bridge early financing gaps for companies that have just begun operations but are not yet ready for larger-scale funding.

## Example WIBank | Hesse, Germany



Hessen Mikrodarlehen provides unsecured microloans to start-ups and small businesses<sup>9</sup>, often below €10,000, with minimal administrative burden. The programme supports founders who lack traditional collateral or credit history.

8 More info here: [https://www.hbor.hr/en/kreditni\\_program/youth-entrepreneurship](https://www.hbor.hr/en/kreditni_program/youth-entrepreneurship)

9 More info here: <https://www.wibank.de/wibank-en/hesse-microloan-english>



## Example MFB | Hungary



During the COVID-19 pandemic, the Hungarian Development Bank (MFB) implemented a Quick Loan Programme<sup>10</sup> offering working capital loans for SMEs in the sectors most affected by the crisis. These loans helped maintain liquidity, preserve jobs, and support post-pandemic recovery.

In the 2021–2027 programming period, MFB introduced a Soft Loan Programme to ensure liquidity for micro and small enterprises in manufacturing. Financing ranges from €2,500 to €50,000, with 0% interest and maturities up to 72 months, requiring only a cash guarantee as collateral.

10 More info here: <https://www.palyazat.gov.hu/programok/szechenyi-2020/ginop/ginop-911-21/alapadatok>

**Example**  
**Investitionsbank Berlin** | Berlin, Germany

IBB is a pioneer in offering *microloans*<sup>11</sup> as part of an *ERDF co-financed SME-fund*<sup>12</sup>. Since 2004 more than 4,000 microloans up to €25,000 EUR, mostly for setting up new businesses, have been issued – more than half to female entrepreneurs. They are based on a lean, simplified application process and fast financing decisions using a quick-check tool with a focus on personal interviews and entrepreneurship. No equity or collateral is needed.

**Example**  
**SID Bank in collaboration with Financial Intermediaries** | Slovenia

Under the umbrella of two Fund of Funds, one of them related to COVID-19 crisis, established from ERDF funds 2014 – 2020 and managed by SID Bank, Financial Intermediaries provide *microloans to support investments*<sup>13</sup> and liquidity of SMEs up to 25.000,00 EUR with a maturity of up to five years, with a longer, up to 2,5-year moratorium on principal repayment and more lenient terms regarding collateral. Microloans are well received among companies in growth stages and also companies in less mature life cycle stages. By the end eligibility period in 2023, due to high demand from companies and agile procedures, taking into account also financial leverage and reuse of returned credits, there were more than 244 million EUR approved for microcredits under the most favorable conditions for more than 10.000 SME projects. The microcredits are still available at least until year 2031.

11 More info here: <https://www.ibbgruppe.de/en/sustainability/social/social-funding-programs/social-funding-programs.html>

12 More info here: <https://www.fi-compass.eu/sites/default/files/publications/Combining%20ESIF%20financial%20instruments%20and%20crowdfunding.pdf>

13 More info here: <https://www.skkladskladov.si/en/financing/micro-loans-smes-sme-micro>



## 2. Start-Up / Risk Phase



The Start-Up / Risk Phase marks the transition from idea to commercial reality. At this stage, enterprises formalise their structure, begin operations, and test their business models in the market.

Risk levels remain high, as revenues are limited, and business models are not yet proven. Traditional financial intermediaries are often reluctant to engage due to the absence of collateral or historical performance. As a result, equity, hybrid, and blended financial instruments play a pivotal role in bridging the financing gap and ensuring business survival and growth.

### 2.1 Risk Capital Early-Stage Equity

Risk capital is equity financing provided to early-stage, high-potential companies. Investors, including public venture funds, provide capital in exchange for shares. The goal is to support innovative companies with scalable business models before they become eligible for traditional financing.

**Example NRW.BANK** | North  
Rhine-Westphalia, Germany



The [\*NRW.SeedCon Programme\*](#)<sup>14</sup>, launched in September 2022, offers convertible loans between €50,000 and €200,000 to innovative firms up to three years old. This subordinated, equity-like instrument supports early-stage development while giving companies time to prove their business model before converting debt into equity.

<sup>14</sup> More info here:  
<https://www.nrwbank.de/de/foerderung/foerderprodukte/60140/nrwseedcon.html>

## Example Lazio Innova | Lazio, Italy



Lazio Innova has supported [equity investments](#)<sup>15</sup> for three programming cycles using European regional development funds at various stages of national market development. In 2010, an intervention was developed to combine public intervention with the rare private investors, on a deal-by-deal basis. The scheme was subject of an aid notification (N722/2009), to be included among the exempt aid in 2014 and to be proposed in 2016 as the off-the-shelf financial instrument to support equity investments with the ESI Funds. In 2017, public intervention was implemented through parallel funds in order to combine resources intended for regional companies with venture capital funds that were beginning to operate on the Italian market, but with a national, if not European, perspective for economies of scale and risk diversification. The parallel regional venture capital fund model has been adopted by other Italian Regional Promotional Institutions. In 2025, public intervention aims to promote the creation of venture capital funds with a regional focus, according to the only scheme that was permitted by the 2008 exempt aid and that the development of the Italian market has made possible today.



## Example MFB | Hungary



Through its [Intelligent Specialisation Venture Capital Programme](#)<sup>16</sup>, MFB provides early-stage equity to support companies developing innovative products or services with strong growth potential. The programme fosters technology commercialisation and accelerates the scale-up of knowledge-based SMEs.

<sup>15</sup> More info here: <https://www.fi-compass.eu/sites/default/files/publications/Case%20study%201%20INNOVA%20Venture%20Italy.pdf>

<sup>16</sup> More info here: <https://www.palyazat.gov.hu/programok/szechenyi-2020/ginop/ginop-813b-17/alapadatok>

## Example Institut Català de Finances

| Catalonia, Spain



ICF *Venture Tech*<sup>17</sup> is a venture capital fund managed by the ICF's venture capital management company. It invests in technology and innovation projects with high growth potential, targeting start-ups in the early-stage, Series A, and Series B phases. The Fund supports experienced and committed entrepreneurial teams, co-investing alongside private partners to drive the growth of innovative companies in Catalonia.

## 2.2 Public Venture Capital Co-Investment

In this model, public institutions co-invest alongside private venture capital firms to support start-ups. This arrangement allows for risk-sharing and often helps to attract additional private investors who may not otherwise participate in early-stage deals. Public VC co-investment may also occur in the Growth / Expansion Phase to support scale-ups that, despite having revenue and traction, still face financing gaps due to high capital needs and limited collateral.

## Example Investitionsbank Berlin

| Berlin, Germany



In Berlin, ERDF resources were channelled into *venture capital funds*<sup>18</sup> managed by IBB Ventures, which invest directly in innovative SMEs alongside private co-investors. The public contribution reduces risk for private partners and has achieved a leverage ratio of 1:6, making early-stage financing significantly more attractive. IBB ensures professional fund management and alignment with regional development goals, while returns and reflows from earlier investments are recycled into new funds, creating a revolving mechanism that sustains support for start-ups across programming periods. This blended model has enabled long-term financing for companies in key sectors such as ICT, life sciences and the creative industries, while embedding Cohesion Policy objectives at regional level.

17 More info here: <https://www.icf.cat/en/capital-risc/venture-capital/icf-venture-tech>

18 More info here: <https://www.fi-compass.eu/library/case-studies/fuelling-berlins-innovative-start-ups-erdf-vc-funds>

## Example NRW.BANK

| North Rhine-Westphalia, Germany



Through *NRW.Venture*<sup>19</sup>, NRW.BANK co-invests alongside private venture capital firms in high-growth, innovative start-ups. This public-private partnership helps share investment risk, attract private capital, and anchor start-up ecosystems in key technology clusters.

## Example Institut Català de Finances

| Catalonia – Spain



In collaboration with the EIF, ICF has established the *FITA Fund*<sup>20</sup>, a EUR 55 million venture capital instrument designed to invest in companies that foster the transfer and commercialisation of scientific research in Catalonia. The Fund aims to transform Catalonia's scientific excellence into economic and social progress by supporting technology transfer and intellectual property projects, as well as companies at the pre-seed, seed, and start-up stages, thereby strengthening the region's innovation ecosystem.

19 More info here: <https://www.nrwbank.de/en/founder/nrwventure/>

20 More info here: <https://www.icf.cat/en/capital-risc/fons-fita>

## 2.3 Venture Capital Guarantees

These are public guarantees designed to reduce the risk faced by venture capital funds investing in early-stage companies. By covering part of the potential loss, these guarantees encourage investment in innovative and risk-prone sectors and can be issued by public guaranteed institutions such as national development banks.

### Example Investitionsbank Berlin | Berlin, Germany



Investitionsbank Berlin (IBB) operates the Berlin *Innovativ PLUS programme*<sup>21</sup>, supported by a €24.5 million EIF counter-guarantee under the InvestEU initiative, enabling up to €50 million in SME loans with a 70% risk coverage for partner banks.

### Example Bpifrance | France



Similarly, Bpifrance offers *equity and innovation loan guarantees*<sup>22</sup> through the InnovFin and France Num schemes, with EIF backing that has enabled €600 million in total lending, covering up to 80% of the risk for small-scale, early-stage investments.

<sup>21</sup> More info here: <https://www.ibb.de/en/foerderprogramme/berlin-innovativ.html>

<sup>22</sup> More info here: <https://www.bpifrance.com/products/innovation/>

## 2.4 Low-Interest Loans and Guarantees Combined with Grants

In the start-up and risk phase, low-interest loans and guarantees can be effectively combined with grants to address both liquidity needs and risk perception. While low-interest loans help support early working capital and initial growth, guarantees serve to reduce the perceived risk for commercial lenders and attract private capital. This blended approach enables start-ups to access financing under more favourable conditions while still benefiting from public support mechanisms that lower the barriers to early-stage investment.

### Example MFB | Hungary



In the field of Research, Development and Innovation (RDI), Hungary implemented a *combined support model*<sup>23</sup> with separate loan and grant components. This dual approach supports companies in developing new technologies while maintaining liquidity and reducing financing costs.

## 2.5 Combined Support Schemes Blended Financial Instruments and Grants

These schemes integrate different forms of support (such as loans, guarantees or equity) with grants in a single operation. The Common Provisions Regulation for 2021–2027 explicitly allows such combinations within the same operation, provided that the specific rules for each form of support are respected. They are particularly effective in the Start-Up / Risk Phase, where high uncertainty, lack of collateral and limited private sector appetite create strong barriers to financing. At this stage, modest grant elements can de-risk feasibility work, proof of concept or innovation costs, while financial instruments provide the scale of funding needed for market entry or early growth. This targeted blending reduces financing barriers, enhances leverage by using a small grant to unlock substantially larger volumes of repayable financing and addresses different risk layers by allocating grants to early or high-risk components while using loans, guarantees or equity for the remainder.

<sup>23</sup> More info here: <https://www.palyazat.gov.hu/programok/szechenyi-2020/ginop/ginop-212-8-1-4-16/alapadatok>

## Example HBOR | Croatia



As the Managing Authority for the 2021–2027 Competitiveness and Cohesion Programme, the Croatian Ministry of Regional Development and EU Funds has entrusted HBOR with implementing two ERDF-backed financial instruments:

- **Sustainable Tourism Loans**<sup>24</sup> – Long-term loans (up to **€7 million**, 20 years) promoting green transition and sustainable tourism models. These are co-financed 50:50 by HBOR and ERDF and may include a **capital rebate** of up to **50%** once sustainability criteria are met.
- **Production Modernisation Loans**<sup>25</sup> – Investment loans (up to **€3 million**, 15 years) supporting manufacturing modernisation, digitalisation, and expansion. Like tourism loans, these instruments may include a partial write-off of the ERDF loan principal once specific goals are achieved.
- **Energy Efficiency Loans for Entrepreneurs**<sup>26</sup> – Investment loans (up to **€3 million**, 15 years) designed to support energy efficiency investments in the manufacturing, commercial and service sectors (including tourism and trade). These loans feature a performance-based grant component, allowing a portion of the loan to be converted into a grant depending on the level of energy savings achieved, resulting in a partial loan write-off of the ERDF-funded loan principal (capital rebate).

<sup>24</sup> More info here: <https://www.hbor.hr/sustainable-tourism-loans-1646/1646>

<sup>25</sup> More info here: <https://www.hbor.hr/production-modernisation-loans-1769/1769>

<sup>26</sup> More info here: <https://www.hbor.hr/eur-250-million-programme-for-energy-efficiency-of-entrepreneurs-launched-by-hbor/1361>



## Example HBOR | InvestEU Guarantee

HBOR is currently negotiating an InvestEU Guarantee Agreement with the European Commission to support loans under the SME policy window. The guarantee, covering up to **50% of each operation on a pari passu basis**, will enable financing for innovative SMEs and small mid-caps lacking collateral – particularly in early development stages.

## Example Finlombarda | Lombardy, Italy



Supported by EAFRD funds, Regione Lombardia, together with Finlombarda, has renewed for the 2023–2027 programming period the *Credit Fund*<sup>27</sup> for investments by enterprises of any size operating in the processing and marketing of agricultural products. The total public financial allocation amounts to 30 M€.

The measure, designed to benefit the entire value chain, covers 100% of the planned expenditure, ranging from €1 million to €5 million, and consists of:

- A non-repayable grant equal to 20% of the total investment plan;
- A zero-interest loan equal to 30% of the total investment plan, with a maximum duration of 10 years, plus three years of grace period;
- A market-rate loan equal to 50% of the total investment plan, financed with resources from the financial intermediary.

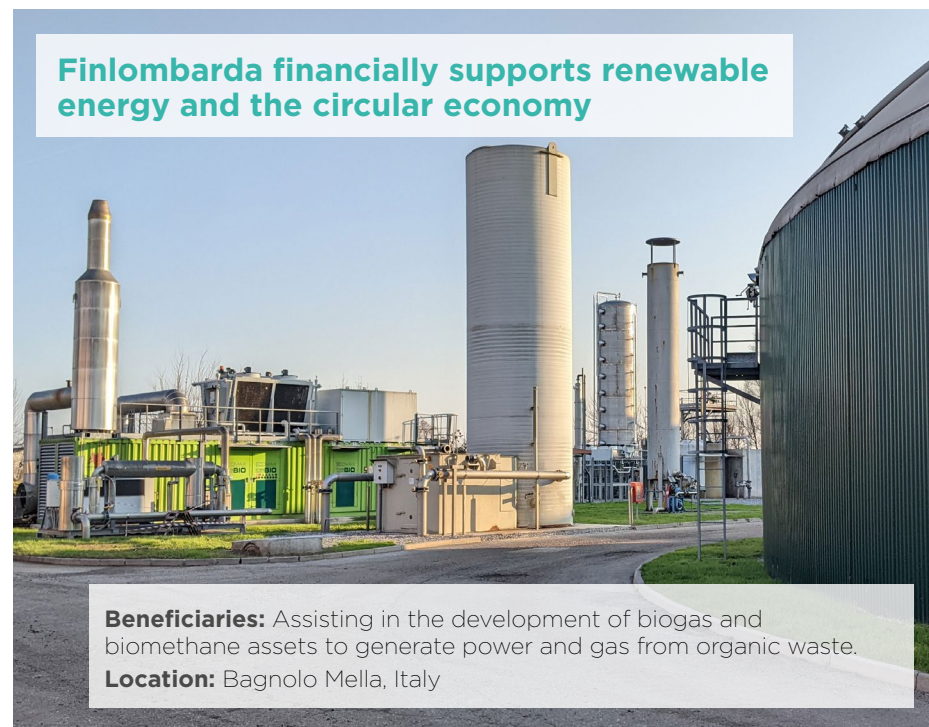
## Example MFB | Hungary



Hungary utilises the CPR's one-operation combination mechanism for blended support. A notable example is the *SME Competitive-ness Programme*<sup>28</sup>, which combines **grants and preferential loans** to promote adoption of advanced technologies, internationalisation, and brand development – aligning with national industrial strategy priorities.

<sup>27</sup> More info here: <https://www.fi-compass.eu/stories/credit-fund-lombardy-supports-agri-food-chain>

<sup>28</sup> More info here: [https://www.palyazat.gov.hu/programok/szechenyi-terv-plusz/ginop-plusz/ginop\\_plusz-1.4.5-25/alapadatok](https://www.palyazat.gov.hu/programok/szechenyi-terv-plusz/ginop-plusz/ginop_plusz-1.4.5-25/alapadatok)



## Example Sächsische Aufbaubank - Förderbank | Saxony, Germany



The funding guideline '*Loans for SMEs*'<sup>29</sup> supports small and medium-sized enterprises in implementing financing projects related to start-ups, growth, market entry, and digitalisation through low-interest promotional loans. The 'Loans for SMEs' programme can be combined with existing grant schemes for Saxon SMEs to create a tailored financing solution for the enterprises. Thanks to its particularly favourable terms, the programme helps improve local economic conditions and supports successful structural transformation in former mining regions.

<sup>29</sup> More info here: <https://www.sab.sachsen.de/darlehensfonds-fuer-den-mittelstand>

## 3. Growth Expansion Phase

At this stage, companies are generating revenue and often pursuing scale-up strategies, expanding production, entering new markets or investing in technology, further research and development and innovation. Financing needs increase substantially, but access to credit may remain limited due to insufficient collateral or equity.

### 3.1 Bank Loan Guarantees

When a growing company lacks sufficient collateral to secure a bank loan, public institutions can provide guarantees that cover a significant share (e.g. up to 80%) of the loan in case of default. This risk-sharing mechanism enables banks to lend with greater confidence and on more favorable terms.

#### Example BGK | Poland



The *Biznesmax Guarantee*<sup>30</sup>, implemented by BGK and co-financed through the EU Smart Growth Operational Programme, covered up to 80% of SME loans supporting innovation and green investments. The instrument reduced financing costs and may include interest subsidies. Its successor, Biznesmax Plus, introduced under the European Funds for a Smart Economy Programme (2021–2027), extends eligibility to SMEs, small mid-caps, and mid-caps, offering both interest rate and capital subsidies — particularly for digital transformation projects. These guarantees have supported over 2,000 enterprises, improving access to credit during and after the COVID-19 period.

<sup>30</sup> More info here: [https://www.bgk.pl/files/public/Raporty/Biznesmax\\_guarantee-outcomes\\_of\\_the\\_scheme\\_2024\\_pub.pdf](https://www.bgk.pl/files/public/Raporty/Biznesmax_guarantee-outcomes_of_the_scheme_2024_pub.pdf)

#### Example Finpiemonte | Piemonte, Italy



Financed with ERDF Regional Programme 2021–2027 of Regione Piemonte, and managed by its in-house financial company Finpiemonte, the measure “*Attracting and supporting investment propensity*”<sup>31</sup> aims to increase the investment propensity of the production system by attracting and developing new investments, acting as a driving force for the competitiveness of the local business fabric and industrial systems. It also enhances existing available industrial areas and redevelop disused ones. The measure further aims to promote job creation within SMEs.

The total financial allocation amounts to EUR 30 million. The financial intervention consists of:

- a loan covering up to 100% of the investment, composed of 70% interest-free financing provided through ERDF Regional Programme funds and 30% bank financing;
- for SMEs only, a non-repayable grant.

Among the benefits of the measure are the leverage effect on public resource, thanks to the involvement of the banking system, and the enhanced structure due to the introduction of the non-repayable grant combined with the financing.

<sup>31</sup> More info here: <https://www.finpiemonte.it/en/news-europee/attraction-and-support-investments-piedmont>

## Example HBOR | Croatia HBOR

Under Croatia's National Recovery and Resilience Plan (NRRP), HBOR manages the *Guarantee Fund*<sup>32</sup> for Investment Loans to Mid-Caps and Large Enterprises. This instrument facilitates access to long-term financing for capital investments in technology, equipment, capacity expansion, and green or digital transitions. Guarantees are issued on behalf of the Republic of Croatia and are available until June 2026, after which HBOR may continue to use remaining funds for similar purposes.

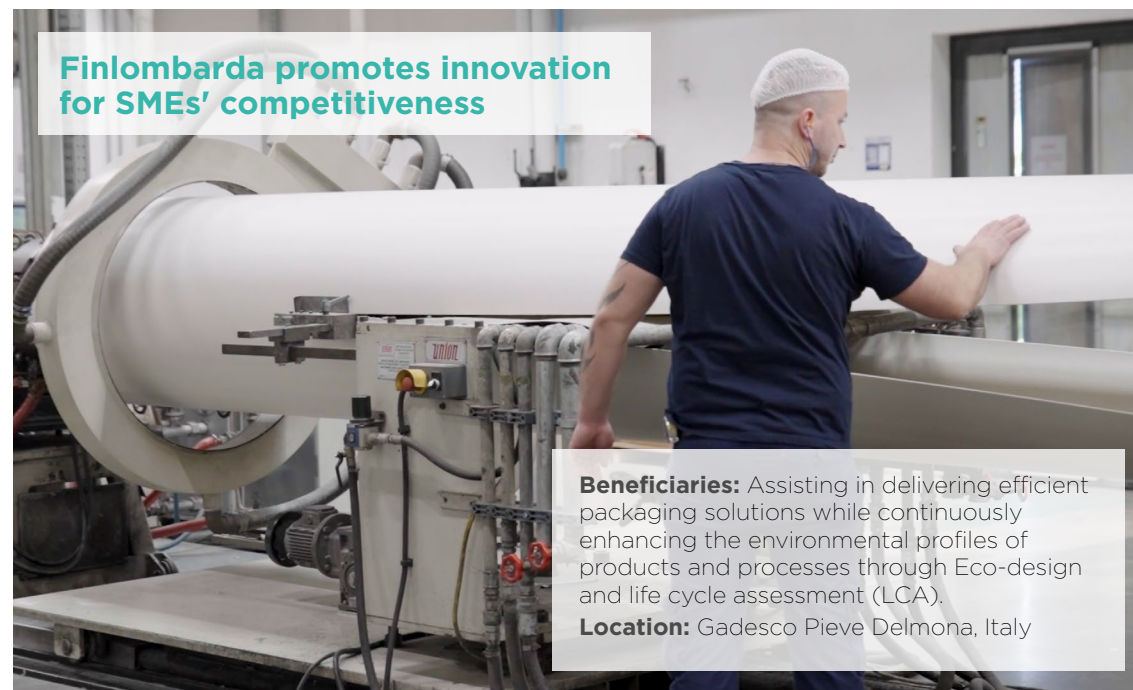
## Example Finlombarda | Lombardy, Italy FINLOMBARDA

Financed with European funds from the ERDF Regional Programme 2021-2027 of Regione Lombardia, and managed by its in-house financial company Finlombarda, the measure "*Business Development Line*"<sup>33</sup> aims to facilitate investments by SMEs and MidCaps to strengthen their productive and organizational flexibility, also with a view to scaling up, and to enhance their resilience to both endogenous and exogenous shocks, with particular attention to the adoption of new digital technologies.

The total financial allocation amounts to **EUR 140** million, of which **EUR 62** million provided as guarantees and **EUR 78** million as non-repayable grants. The financial intervention consists of:

<sup>32</sup> More info here: <https://www.hbor.hr/nrrp-guarantees/782>

<sup>33</sup> More info here: <https://www.finlombarda.it/prodotti-e-servizi/prodotti-servizi/56/investimenti-linea-sviluppo-aziendale>



### Finlombarda promotes innovation for SMEs' competitiveness

**Beneficiaries:** Assisting in delivering efficient packaging solutions while continuously enhancing the environmental profiles of products and processes through Eco-design and life cycle assessment (LCA).

**Location:** Gadesco Pieve Delmona, Italy

- a regional guarantee, granted free of charge, on a medium-to long-term loan provided at market rates by financial institutions, aimed at securing the financial resources needed for the investment, and covering 70% of the exposure of the participating intermediaries;
- a non-repayable capital grant on the investment.

The advantages of the measure include a high leverage effect on public resources thanks to the mobilisation of private capital from the banking system (**leverage of 1.6**), as well as continuity with the 2014-2020 European programmes, strengthened by the lessons learned from the "AL VIA" financial instrument also managed by Finlombarda, which helped accelerate the launch process and the signing of agreements with credit institutions.

## Example Institut Català de Finances | Catalonia – Spain



ICF *Eurocredit*<sup>34</sup> is a financial instrument co-financed by the European Regional Development Fund, which aims to promote growth and employment by enhancing access to credit on preferential terms for SMEs and small mid-cap companies. The programme was launched under the 2014-2020 ERDF framework and continues under the 2021-2027 ERDF programme.

## Example Bulgarian Development Bank | Bulgaria



The Bulgarian Development Bank has implemented a *financing programme*<sup>35</sup> under the InvestEU Guarantee Agreement, backed by the European Investment Fund. The instrument supports SMEs in improving competitiveness and also SMEs and small mid-caps investing in innovation, green and digital transition, and energy efficiency.

The EIF guarantee covers up to 80% of each eligible loan on a *pari passu* basis, allowing BDB to offer loans with reduced collateral requirements and favourable terms. Financing of up to EUR 2.2 million per company is available for investment and working capital purposes, with maturities of up to 10 years.

By combining national resources with EU guarantees, the programme enhances access to finance for enterprises that are viable but face limited bankability, while contributing to Bulgaria's sustainable economic growth and competitiveness.

<sup>34</sup> More info here: <https://www.icf.cat/en/prestecs/pimes/icf-eurocredit>

<sup>35</sup> More info here: <https://bbr.bg/en/lending/for-competitiveness-of-the-smes/>



## 3.2 Subordinated Loans Mezzanine Finance

Mezzanine finance is a hybrid between debt and equity, typically offered as a subordinated loan that ranks below regular bank loans but can be converted into equity if not repaid. It allows companies to strengthen their financial position and borrow more, while offering investors higher returns in exchange for higher risk.

### Example

## Rentenbank | Germany



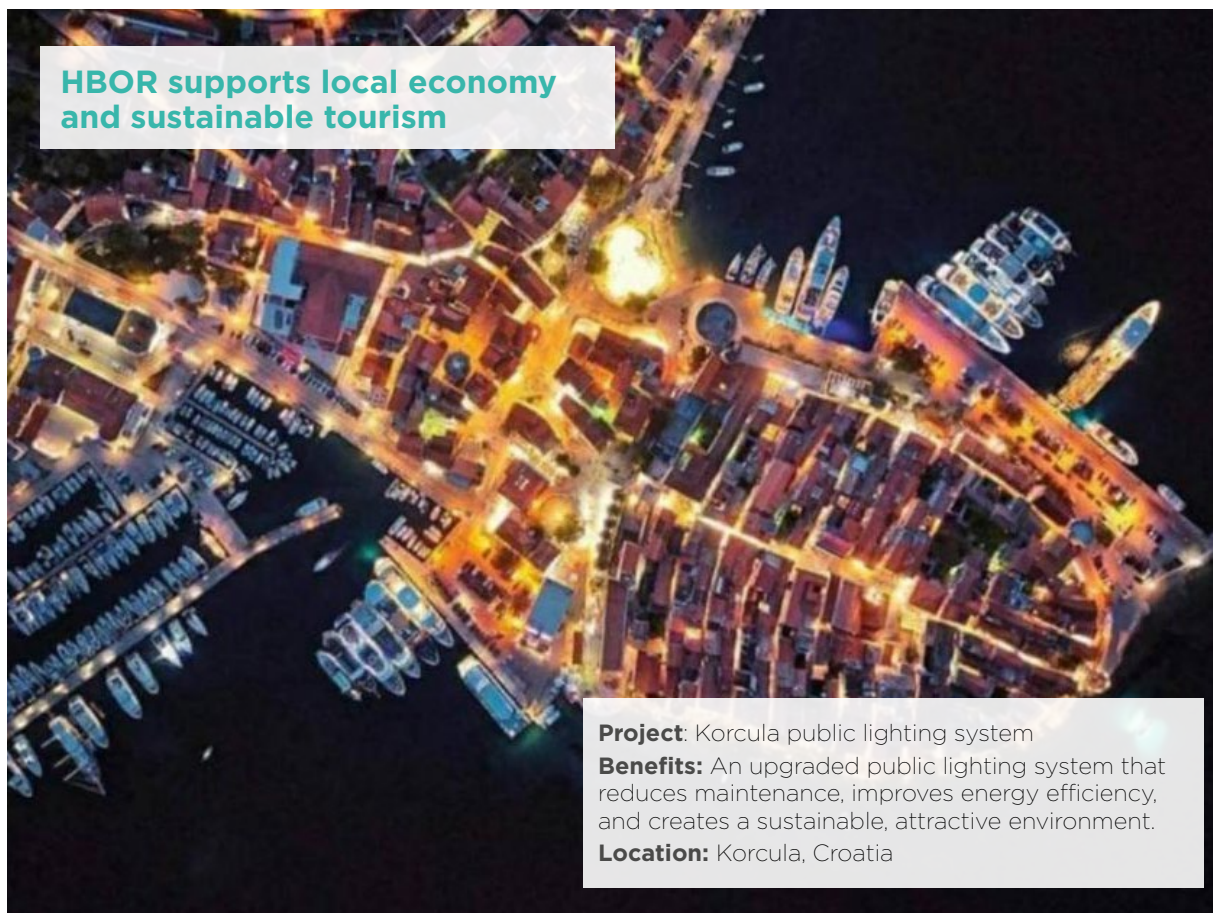
Rentenbank, Germany's agricultural development bank, granted *subordinated loans*<sup>36</sup> to nine start-ups in the first half of 2022, amounting to €5.4 million. These loans provided equity-like support without requiring collateral, thereby improving borrowers' solvency and enabling them to secure complementary financing.

### Example

## HBOR | Croatia



HBOR invests in *private equity*<sup>37</sup> and mezzanine alternative investment funds to support the growth and expansion of Croatian enterprises. Investments, up to €25 million per fund, are made on market principles and target funds with a strong focus on Croatian SMEs and strategic industries. Through this approach, HBOR crowds in both public and private investors, ensuring capital is channelled into projects with long-term growth potential.



**HBOR supports local economy and sustainable tourism**

**Project:** Korcula public lighting system  
**Benefits:** An upgraded public lighting system that reduces maintenance, improves energy efficiency, and creates a sustainable, attractive environment.  
**Location:** Korcula, Croatia

## 3.3 Silent Participations Non-Voting Equity

Silent participations are capital investments made without conferring voting rights to the investor. They are especially attractive to mid-sized companies that seek funding without relinquishing control. While dividend expectations may be slightly higher, public providers often maintain below-market returns to ensure affordability.

<sup>36</sup> More info here: <https://www.rentenbank.de/en/documents/Press/2023/PR-Rentenbank-BPK-2023.pdf>

<sup>37</sup> More info here: <https://www.hbor.hr/en/investment-in-the-start-of-work-of-three-equity-funds>

## Example Bpifrance | France



Bpifrance provides quasi-equity support through *subordinated loans and prêts participatifs*<sup>38</sup>. These long-term participations enable SMEs and start-ups to strengthen their equity base without diluting ownership. Many of these instruments are backed by InnovFin and InvestEU, offering up to 80% guarantee coverage from the EIF, and are key tools in Bpifrance's strategy to enhance SME competitiveness and innovation.

### 3.4 Export Credit Insurance and Support for Internationalisation

As companies expand internationally, export credit insurance and guarantees become essential to manage payment risks and facilitate access to global markets.

NPBIs acting as national Export Credit Agencies (ECAs) support exporters by insuring against non-payment by foreign buyers and enabling access to financing for export transactions.

## Example HBOR | Croatia



As Croatia's Export Credit Agency (ECA), HBOR provides such *instruments*<sup>39</sup> to promote internationalisation and competitiveness. These products enable Croatian exporters to enter new markets safely.

<sup>38</sup> More info here: <https://www.bpifrance.com/products/mid-cap/>

<sup>39</sup> More info here: <https://www.hbor.hr/exports>

HBOR's offer includes:

- Pre-shipment and buyer non-payment insurance to protect exporters from production or payment risks;
- Supplier and buyer credit insurance supporting deferred payment contracts;
- Portfolio insurance for liquidity loans helping banks extend credit to exporters.

### 3.5 Note on Distressed but Viable SMEs:

In certain cases, the financial instruments described in this phase can also be adapted to support SMEs with strong potential that are experiencing temporary financial distress. Such support may include risk-sharing facilities for restructuring, consolidation, or refinancing of debts, as well as equity or subordinated loans to implement recovery plans before bankruptcy or liquidation. The objective is to preserve jobs, supply chains, and accumulated business know-how, while encouraging commitments to reform (e.g., ESG, corporate social responsibility).

### 3.6 RDI loans

One of several Financial instruments under the umbrella of two Fund of Funds from ERDF Funds 2014-2020 are also RDI loans up to EUR 10 million with a maturity of up to nine years, with a longer, up to three-year moratorium on principal repayment and with milder collateral conditions or no collateral under de minimis state aid rules. Through SID bank and financial intermediaries more than 125 million of RDI loans, co-financed by ERDF in amount of 75,6 million EUR, were allocated to more than 200 RDI projects of SMEs and large companies by the end of eligibility period in 2023. The RDI loans are still available at least until year 2031.

## 4. Market Readiness Maturity Phase

In the Market Readiness / Maturity Phase, companies have reached a stable and competitive position. They are preparing to access capital markets, issue bonds or scale internationally. Their financing needs are often more sophisticated and may involve large ticket sizes or support for managing export risks.

### 4.1 Capital Market Access Support

To support more mature companies preparing for listing or bond issuance, public institutions may offer tools such as guarantees or advisory services to facilitate access to capital markets. These instruments help reduce credit risk or enhance ratings, making securities more attractive to investors.

#### Example Kommuninvest | Sweden



Kommuninvest launched its first *Social Bond*<sup>40</sup>, maturing in 2028, to finance projects targeting social sustainability, including affordable housing and essential public infrastructure.

This initiative highlights the growing role of public banks in mobilising private capital for socially and environmentally responsible investments, bridging the gap between policy goals and capital market realities.

40 More info here: <https://kommuninvest.se/eng/homepage/aboutus/newsandmedia/pressmeddelandenengelska/kommuninvestlaunchesfirstsocialbond.5.20ba4cb4195b26b1d0343a4.html>

### 4.2 Export Finance Instruments

These specialized instruments support companies entering international markets through guarantees, insurance or dedicated export loans. They often include coverage for foreign exchange risk, non-payment risk or political instability and are key for SMEs looking to scale globally.

#### Example BGK & KUKE | Poland



Poland's export finance ecosystem relies on close cooperation between Bank Gospodarstwa Krajowego (BGK) and Korporacja Ubezpieczeń Kredytów Eksportowych (KUKE S.A.), the country's official export credit agency. BGK provides *financing for export transactions*<sup>41</sup> insured by KUKE, particularly in higher-risk markets, while KUKE offers Treasury-backed guarantees and credit insurance.

Together, they facilitate Polish companies' internationalisation and ensure that exports remain competitive through shared public-private risk mechanisms.

#### Example HBOR | Croatia



As Croatia's Export Credit Agency (ECA), HBOR supports exporters through a wide range of *export finance and insurance products*<sup>42</sup>. These include pre-export financing, buyer and supplier credit programmes, export credit insurance, and performance-related guarantee schemes. HBOR also offers portfolio insurance for banks and liquidity loans to exporters. Collectively, these tools mitigate commercial and political risks, enhance access to working capital, and strengthen the competitiveness of Croatian exporters in global markets.

41 More info here: <https://www.en.bgk.pl/programmes/export-and-foreign-expansion/>

42 More info here: <https://www.hbor.hr/exports>

**NWB Bank enables strong flood defences and better wastewater management for dry feet and clean water**



**Project:** Strengthening the Lek Dike and upgrading wastewater treatment  
**Beneficiaries:** 900,000 residents of Central Netherlands benefit from 55 km of improved flood defenses and wastewater management, including 16 sewage treatment plants across 83,000 hectares.  
**Location:** Central Netherlands, mainly the southern part of Utrecht

## 4.3 Private Placements

Private placements are a form of capital raising in which securities (typically bonds or shares) are sold directly to a limited number of institutional or qualified investors, rather than through public markets. For mature companies, this can offer faster access to funding with lower issuance costs and fewer regulatory requirements. Public financial institutions can play a facilitative role by providing advisory support, partial guarantees, or by acting as anchor investors to attract private capital.

## Example Finlombarda, Lazio Innova, Puglia Sviluppo, Sviluppo Campania | Italy






In Italy, 20 Promotional Financial Institution (represented by the National Association of Regional finance institutions *A.N.F.I.R.*<sup>43</sup>, also a member of EAPB) have developed basket bonds to make portfolios of bonds issued by SMEs attractive to institutional investors. Individual amounts (sometimes less than €2 million) would otherwise not have been of interest to them.

## Example NWB Bank | Netherlands

NWB Bank regularly conducts private placements under its EMTN and Schuldschein programmes, responding to investor demand with flexible terms regarding maturity, currency, and structure.

In 2014, NWB Bank started issuing *water bonds*<sup>44</sup> as its green bond instrument to finance loans to Dutch water authorities, channeling sustainable funding into flood protection, water management, climate adaptation and biodiversity-related water projects in support of a low-carbon and climate-resilient future.

This approach demonstrates how promotional banks can efficiently combine market-based funding with environmental and social impact objectives.

<sup>43</sup> More info here: Italian regional financial institutions (listed *here* by name) have been involved for years, together with their respective regional administrations, in the management of European funds, both in terms of grants and loans, with the aim of attracting private resources. However, this experience is not limited to the management of European funds alone, but also extends to regional funds and, in some cases, when acting as financial intermediaries, to the regional financial institutions' own resources. The expertise they have accumulated enables them to propose and manage financial instruments appropriate to all stages of a company's life cycle, using all European structural funds, not just the ERDF. The objective for 2026 is to propose standardised methods of intervention that facilitate the interest of commercial banks operating at national level and allow for greater financial leverage without dispersing the public purpose of the intervention.

<sup>44</sup> More info here: <https://nwbbank.com/en/investor-relations/water-bonds>

## 4.4 Note on Adaptation for Distressed but Strategically Important Firms:

In specific circumstances, instruments in this phase may be tailored to assist mature companies facing financial challenges but retaining strategic importance, for example, in key industrial sectors or export-oriented activities. Recovery-oriented support could involve tailored guarantees, subordinated debt, or equity injections to stabilise operations, safeguard employment and maintain critical economic capacities. Such interventions may be accompanied by commitments to social or environmental reforms.

### Moving forward

Public promotional and development banks are continuously adapting their financial instruments to address new European priorities such as the green and digital transitions, social inclusion, housing crisis, and strategic autonomy. Beyond cataloguing current instruments, the EAPB also seeks to identify where new tools could be developed or existing ones refined to maximise impact and policy alignment.

EAPB members report several ongoing reflections and initiatives in this area, ranging from the creation of innovative market-based vehicles to the integration of sustainability criteria in traditional lending operations.

## BGK Sustainable Development Support Scheme | Poland



The Bank Gospodarstwa Krajowego (BGK) operates a loan scheme supporting sustainable development, available to micro, small and medium-sized enterprises (SMEs) as well as municipal companies.

The scheme provides financing for investments aligned with the EU Taxonomy, including renewable energy, waste management, and energy efficiency projects. Full taxonomy alignment is not mandatory, allowing flexibility for smaller entities making progressive sustainability efforts.

The instrument rewards such initiatives by offering preferential terms and covers 31 categories of environmentally and climate-friendly investment.

This approach illustrates how public institutions can foster inclusive green transition finance, even for smaller actors with limited administrative capacity.



## HBOR Developing Capital Market Access Instruments | Croatia



The Croatian Bank for Reconstruction and Development (HBOR) is exploring the establishment of a dedicated IPO readiness or IPO alternative investment fund / financial instrument.

This initiative forms part of Croatia's national strategy to strengthen access to capital markets, helping companies prepare for initial public offerings or alternative forms of equity financing. HBOR is currently analysing several implementation models, including the use of hybrid public-private investment structures to ensure both market efficiency and long-term sustainability.



**HBOR invests in quality education through state-of-the-art facilities**

**Project:** Zabok - Regional centre of competences  
**Beneficiaries:** Applied training for up to 40 students in the tourism and hospitality industry.  
**Location:** Krapina-Zagorje County, Croatia

These hybrid models can:

- Reduce financing barriers for high-risk or policy-priority projects by lowering upfront costs and improving project viability.
- Enhance leverage by using small grant components (e.g. for feasibility studies, innovation costs, or performance bonuses) to unlock larger volumes of repayable financing.
- Address different risk layers — grants for early or uncertain phases, financial instruments for scalable investments.
- Foster territorial cohesion and inclusion, ensuring that beneficiaries with limited collateral or weaker credit profiles can still access finance.

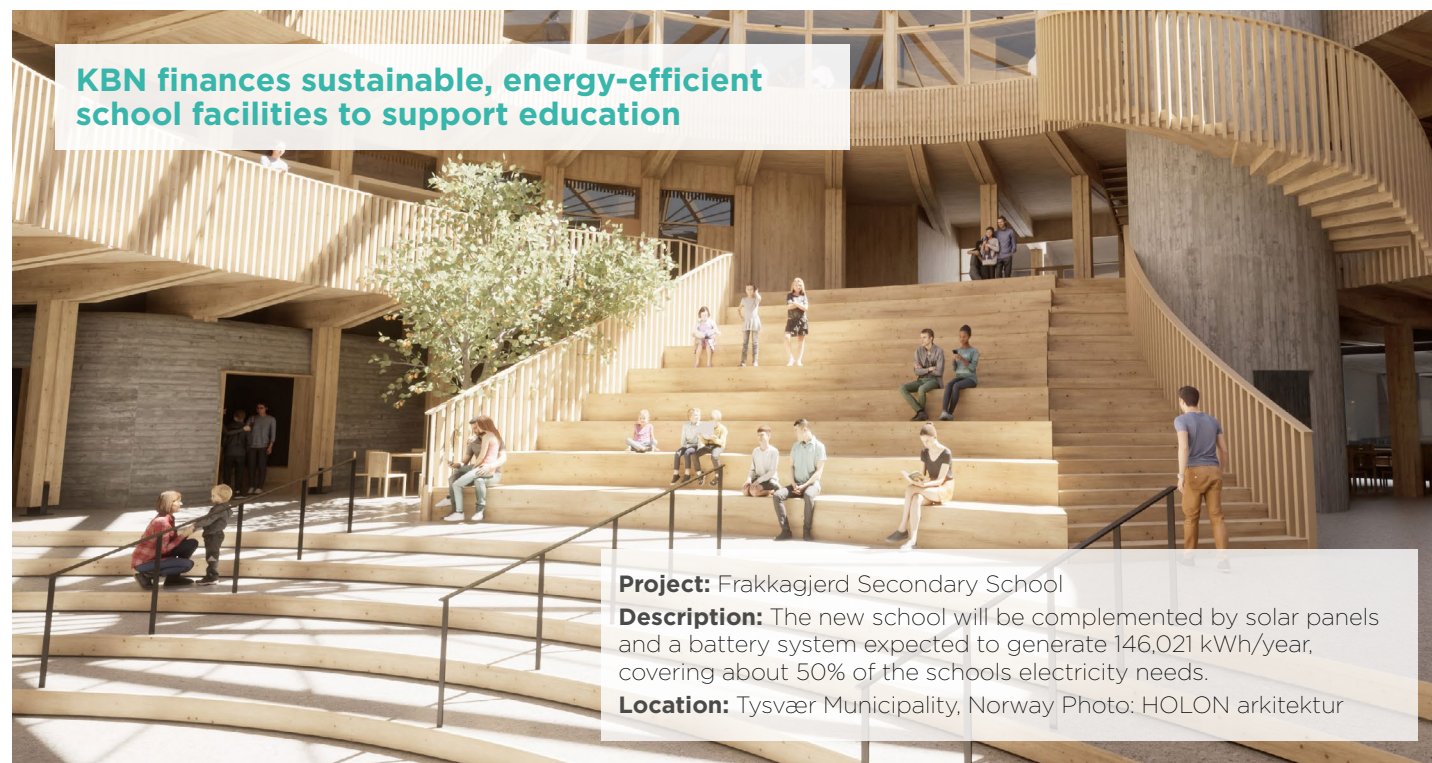
## **SAB Expanding the Use of Combined Support Schemes** | Saxony, Germany



The Development Bank of Saxony (SAB) highlights the growing potential of blended finance models, combining financial instruments (loans, guarantees, equity) with grants within a single operation, an approach explicitly permitted under the Common Provisions Regulation (2021-2027).

Illustrative applications include:

- Energy-efficiency or renewable energy loan schemes where a grant covers part of the investment gap and a guaranteed loan finances the rest.
- Innovation vouchers combined with equity or convertible loans for start-ups, reducing dilution risk and attracting co-investors.
- Integrated urban regeneration projects combining non-repayable grants for public-realm works with revolving loans or guarantees for income-generating elements.
- Developing such blended products requires close cooperation between managing authorities and financial intermediaries, but the long-term payoff is significant: improved fund absorption, greater financial leverage, and a sustained revolving impact of public resources.



## KBN Green finance | Norway



*Sustainability and green finance*<sup>45</sup> are at the core of KBN's corporate strategy. KBN offers green loans with reduced interest rates to projects with clear climate and environmental ambitions in the local government sector in Norway. Green loans are granted to projects that help reduce greenhouse gas emissions, increase energy efficiency, or constitute an adaptation to climate change. In April 2024, KBN updated its Green Bond Framework and placed greater emphasis on both nature- and climate-related risks, including a close examination of land use to new building projects. The framework was verified with a second party opinion from S&P Global. In addition to the annual Impact Reporting of the green lending program, KBN conducts a voluntary self-assessment of its green project portfolio against the EU Taxonomy, to provide additional information and transparency.

45 <https://www.kbn.com/en/investor/green-bonds/>



**Avenue de la Joyeuse Entrée 1-5, B-1040 Brussels**

Phone: +32 / 2 / 898 30 00 ■ E-mail: [info@eapb.eu](mailto:info@eapb.eu) ■ Website: [www.eapb.eu](http://www.eapb.eu)

EU Transparency Register: 8754829960-32