O PAPEL DO SISTEMA DE GARANTIA MÚTUA PORTUGUÊS NO FINANCIAMENTO DAS EMPRESAS E DOS EMPREENDEDORES

Financiamento da Investigação e Inovação

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FINDINGS OF THE RSFF IMPACT IN THE EUROPEAN FINANCIAL AND RDI LANDSCAPE

- The RSFF (Risk Sharing Financing Facility) proved to be an attractive financial instrument for RDI companies. The main advantages of the RSFF for enterprises are multiple (stable funding source, long maturities, large single loan sizes, strong technology expertise, no cross selling, EIB as a quality stamp, …).

- The joint financial instruments between the EC and EIB blend well the financial resources and expertise of EIB with the budgetary resources of the EC providing a guarantee. The Commission has fully committed its initial tranche of EUR 1bn and increased this by another EUR 150m for RSI.

- The RSFF's instruments generally met or exceeded their quantitative targets (end of 2012 figures, 1 year before its term (expected vs. realized):

  EIB Group loans & guarantees: € 10 billion (expected) / € 11.747 billion (realised) (out of which €11.074 billion in "normal RSFF Operations" (i.e. Compartments 1 and 3) and €650 million in RSI (i.e. Compartment 2)) ;

  Leverage effect on EU financial contribution : 10 (expected) / 11.6 (realised) and;

  Additional private investment in research and innovation (i.e. multiplier effect): € 30 billion (expected) / €34.102 (realised).

FINDINGS OF THE RSFF IMPACT IN THE EUROPEAN FINANCIAL AND RDI LANDSCAPE

- The eligibility criteria for the RSI compartment of the RSFF seem more pragmatically defined (what makes an innovative SME or small Mid-Cap) and financial Intermediaries have handy eligibility checklist to originate loans.
- The RSFF proved to be an attractive financial instrument for RDI companies. The main advantages of the RSFF for enterprises are multiple (stable funding source, long maturities, large single loan sizes, strong technology expertise, no cross selling, EIB as a quality stamp, …).

FINDINGS OF THE RISK-SHARING METHODOLOGIES AND IMPLEMENTATION

- The RSFF clearly provided for an increased capacity of the EIB to lend to riskier projects and companies investing in RDI. The demand-driven orientation of the instrument is an efficient method to support the most important economic needs in essence fulfilling a countercyclical role.
- However, the EIB initially faced a higher total risk than EC. Therefore, the ultimate financial risk would not be equally shared between both partners (EC/EIB). With an increasing demand on the EIB to lend and to overcome the Bank’s constraints, a different approach was needed which presented itself in the “First Loss Piece (FLP)” risk sharing model.
- Under the FLP Model, the EC takes more risk but there is an improved multiplier effect as there is a reduced EIB regulatory capital allocation and a pricing grid on RSFF loans is possible. The new First Loss Piece (FLP) risk sharing model offers the flexibility to adapt further for important target groups (SMEs with different financing levels, Research Infrastructures,…) which could not effectively be addressed under the initial risk-sharing scheme. The FLP model provides for a modular, scalable and flexible risk sharing model for financial instruments for the next budget period.

FINDINGS OF THE RISK-SHARING METHODOLOGIES AND IMPLEMENTATION

- The RSFF's direct delivery mode favors loans with big amounts (average of EUR 110m) with the difficulty to reach SMEs, Mid-Caps and Research Infrastructures (until end 2011 without RSI and before the new scope and definition for Research Infrastructures were implemented). As the RSFF's project cycle operations appear longer and costlier than usual EIB projects such preference for larger projects in the direct approach is not easily re-orientated. The direct approach also has less leverage impact vs. the indirect approach as the EIB's role in originating, negotiating and closing the financing packages together with other financiers appears important.
- The RSFF's delivery mode was expanded to an indirect approach through Financial Intermediaries (FIs) to SMEs needing financing below EUR 7.5 million.
- The RSFF-financed projects appear largely very sustainable. So far, there have been no defaults under RSFF (only two minor cases of provisioning) but it is obviously still early in the maturity of the portfolio. Nevertheless, the appropriate risk provision levels and risk sharing taken on respectively by the EIB and by EC should be pragmatically evaluated and possibly adjusted in line with actual demand and progressing portfolio risk on the different compartments. At least, for the future the risk provision and risk-sharing levels should be regularly assessed and be adjustable.

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- The RSI Scheme has rapidly been implemented with a tight timeframe since the Amendments. The strong interest and contracts signed by diverse financial intermediaries (FIs) demonstrate the demand and need for the instrument. The RSI compartment has also proven resilient even within the short time frame as being able to cater for bigger demand, provide access to promotional lending institutions and being able to offer guarantees with diverse counterparties (regional banks, promotional institutions, commercial banks, etc.). The pricing between the different types of intermediaries should be aligned.

FINDINGS OF THE RISK-SHARING METHODOLOGIES AND IMPLEMENTATION

- The EIB Group delivers a range and number of reports per year to DG RTD or DG ECFIN providing the Eligibility Committee with the information necessary to perform eligibility checks. The number, template and structure of RSFF reports may need to be optimised in the light of the evaluation of the partnership and of the evolving EU financial and budget regulations. The administrative costs calculation approach now appears balanced between the EC and EIB group.
- The need for stringent reporting may inhibit a true cooperative approach based on mutual trust and hinders the possibility for the EIB to generate business by dedicating too much team resources to reporting matters. On the other hand, the EC services need to be able to verify the RDI impact as well as the financial risks. However, in between these interests, there seems to be scope to optimise the format of reports as well as to shorten the eligibility verification process.

RECOMMENDATIONS FOR THE DESIGN OF FUTURE EU DEBT-INSTRUMENTS UNDER HORIZON 2020

- The financial crisis adversely affects the financial position of innovative enterprises by slowing demand for innovation and by decreasing the financing supply and risk-taking. The supply of private capital for innovative enterprises risks to become too risk averse to adequately finance the innovation or growth potential of highly innovative enterprises, structurally fragmented across Europe and increasingly government dependent. Venture capital fund has also consolidated to sub-optimal low levels and risks to fade out for years to come due to lack of private capital. Increasing the supply of government investment alone cannot be the solution especially in the longer-term. The financing challenges for innovative enterprises seem to have become a permanent structural problem which could affect the growth of our economies as innovation in private enterprises is key for our competitiveness in the longer term.

- The EU Council has rightly and repeatedly requested for 1) an EU-wide venture capital scheme together with national operators, 2) The roll out of an increased EIB lending of EUR 20 billion per year 2013-2015, and 3) fast-acting measures to support growth measures in particular for energy efficiency, the digital economy, research & innovation, SMEs (and youth).

RECOMMENDATIONS FOR THE DESIGN OF FUTURE EU DEBT-INSTRUMENTS UNDER HORIZON 2020

- In this policy context, it appears that financial Instruments are now a well-tested, efficient and effective way of supporting growth, jobs and innovation. They are a necessary instrument to complement the RDI grant instruments which take up the lions' share of funding. That is why financial instruments should be continued and expanded but due to limited resources they should be deployed to situations and needs with the highest EU added value.

RECOMMENDATIONS FOR THE DESIGN OF FUTURE EU DEBT-INSTRUMENTS UNDER HORIZON 2020

- Continue, strengthen and expand the current Partnership
- Provide a scalable Platform
- Complete the instrument and product mix
- Increase, roll-over and top-up budget resources for “RSFF-2”
- Strengthen the Advisory support
- Address the main risks upfront in the

RECOMMENDATIONS FOR THEFUTURE ARTICULATION & MANAGEMENT OF THE INSTRUMENTS

- Strengthen the Governance
- Better defined objectives, impact measurement and evaluation
- Build and even more efficient organisation
- Raise pro-actively awareness and market demand