

Measuring the impact of financial instruments

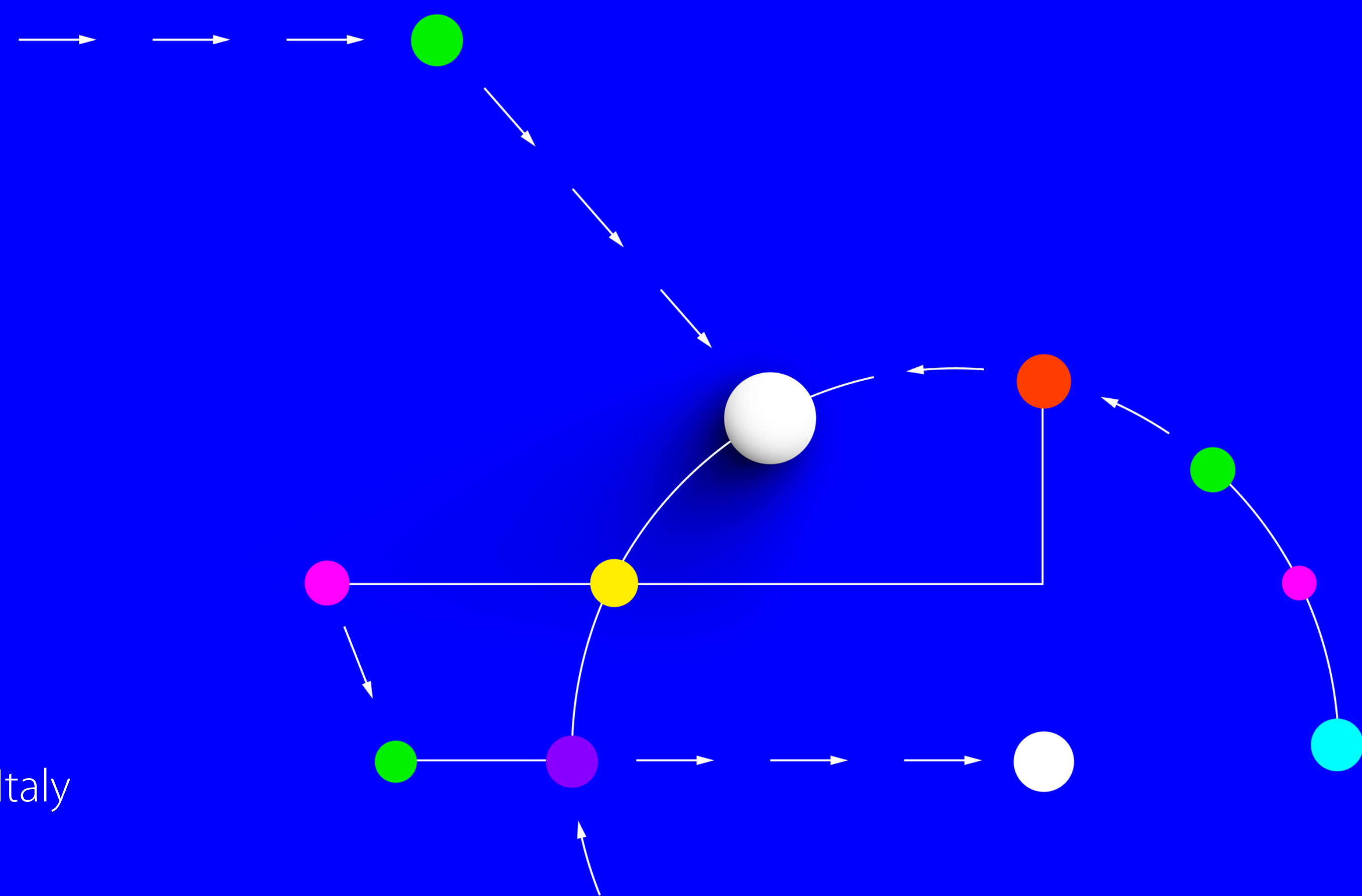
Lucian Luca,
Policy Officer, DG REGIO, European Commission

Giovanni Familiari, Partner, T33, Italy

Iliana Ivanova,
Financial Instruments Senior Officer, FMFIB, Bulgaria

Anna-Maria Fontana,
Head of Division, Ministry of Enterprises and Made in Italy

Eng. Michele Diaferia,
CEO, Linearbeam, Italy



Findings & lessons learned from the evaluation of 2014-2020 Cohesion Policy support to SME competitiveness

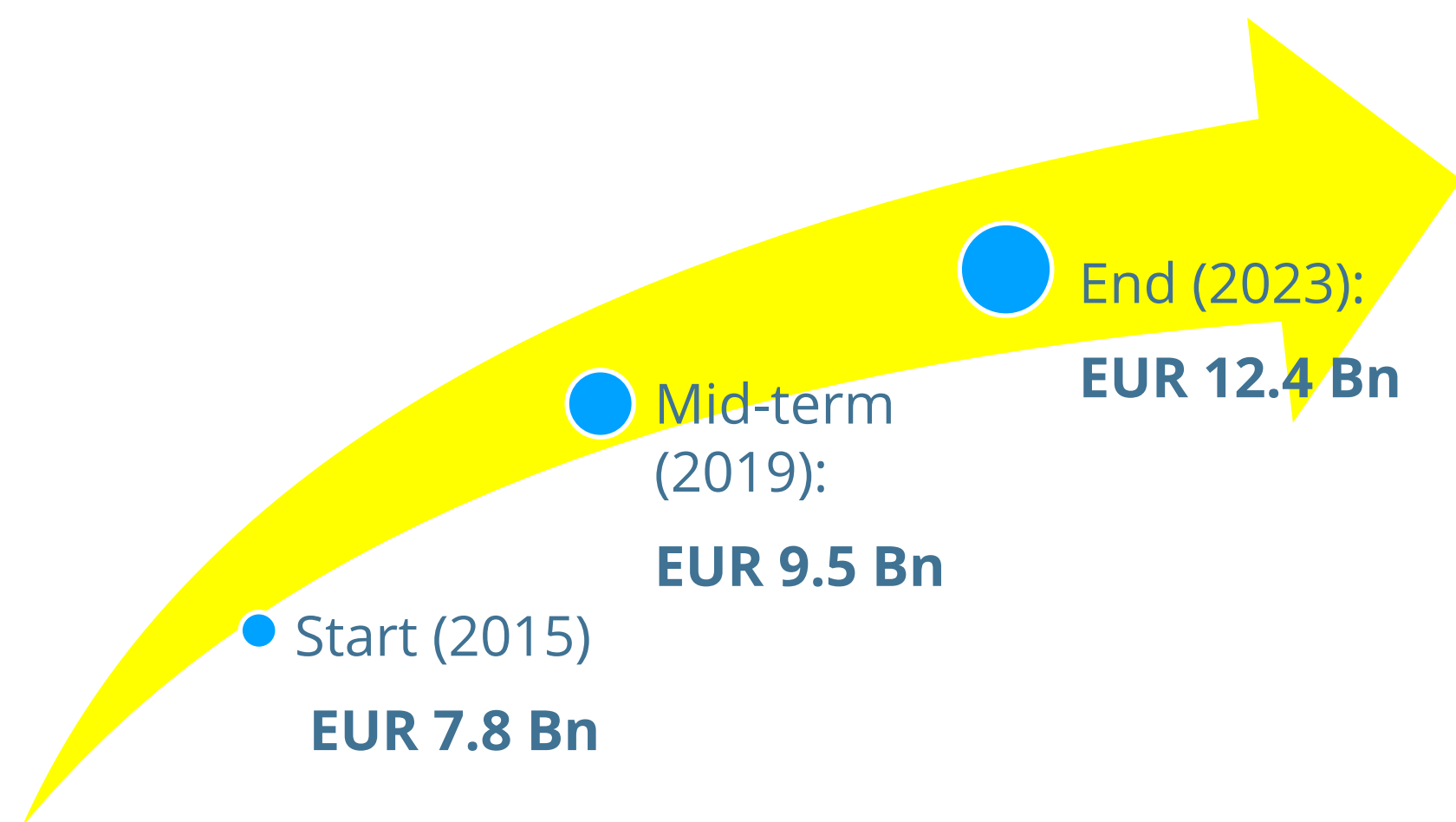
Lucian Luca,
Policy Officer,
DG REGIO, European Commission



Scope of the evaluation

The relative importance of financial instruments increased continuously:

EUR 1.2 billion in 2000-2006,
 EUR 9.7 billion in 2007-2013
 and EUR 12.4 billion for 2014-2020

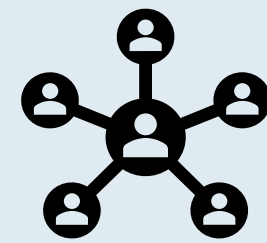


Financial instrument explored

Policy instrument	EU Member State / region	OP measure/ action analysed	Form of finance		
			Loans	Guarantees	Venture capital
Support to company creation	Bulgaria	Seed/ Acceleration and Start-ups Funds & Venture Capital Fund			✓
	Spain (Andalucia)	Guarantees Creation Companies		✓	
	Slovakia	Risk capital programme			✓
Support to production expansion, productivity and modernisation	Germany (Thuringen)	Thuringen Invest/ Dynamic	✓		
	Netherlands (West)	Participation fund ROM Region Utrecht			✓
	Poland (Wielkoposkie)	Sub-measure 1.5.1 "Financial instruments increasing the competitiveness of SMEs" (Jeremie2)	✓	✓	
Liquidity and working capital support	France (Ile-de-France et Seine)	Prêt Rebond Fund	✓		
	Italy	Reserve of the national OP Enterprises and Competitiveness under the Guarantee Fund for SMEs		✓	
	Greece	COVID-19 Business Guarantee Fund		✓	

Thematic Objective 3 – SME competitiveness, main achievements

A strong increase in the ERDF budget planned for TO 3 over the programming period, from 30 to 45 billion EUR



ERDF measures reached **almost 1.8 million SMEs** (7% of total active SMEs; EUR 35k of average of EU+national resources).



About **30%** of the support provided was done through **financial instruments**.



Support provided to around **500,000 newly established enterprises** (3% of newborn enterprises over 7 years).



Creation of **more than 320,000 jobs** (<1% of total SME employment).

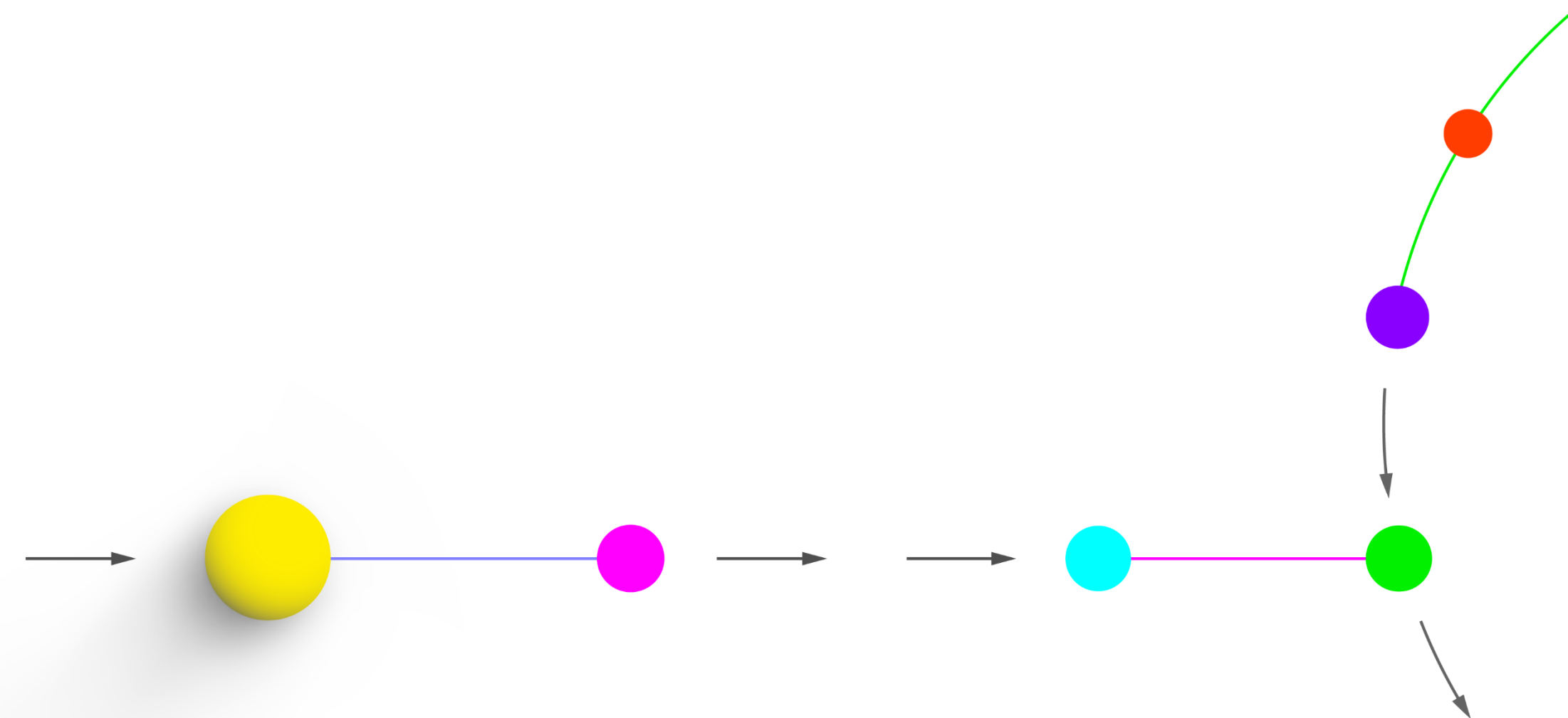
Evidence from case study indicates good performance of SMEs supported

Financial instruments are perceived by SMEs as less burdensome

Better results are observed when financial instruments are targeted to more promising projects and SMEs

BUT

- Lack of end beneficiary data (microdata)
- Data limitations do not allow for a systematic analysis of heterogenous effects across different forms of finance (grants vs financial instruments)



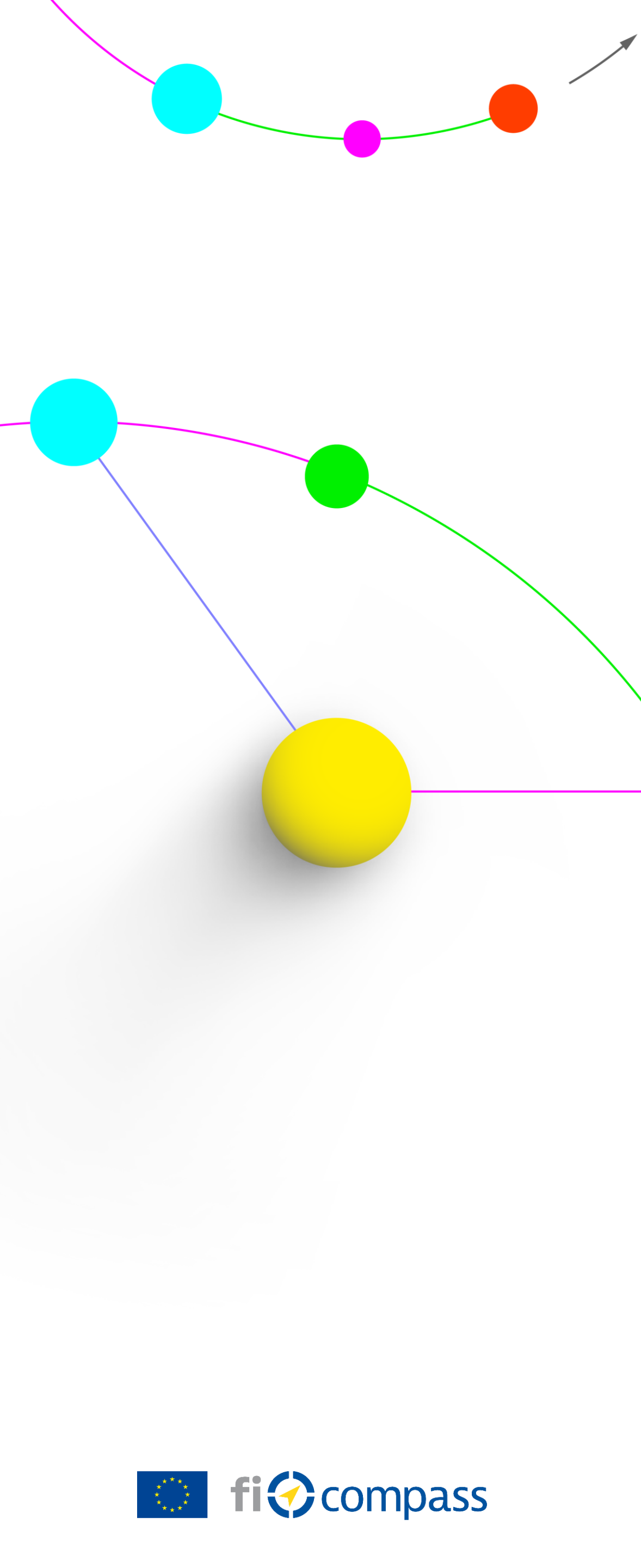
A distinct role between financial instruments and grants in supporting liquidity and working capital amid the **Covid-19 crisis**.

The **risk of a deadweight** effect can be mitigated by utilising financial instruments instead of grants.

Managing authorities adopted **different organisational arrangements** to provide support, opting for either fund of funds or **single-tier** structures. Single-tier structures were used to offer guarantees and loans, while **fund of funds** structures were preferred when providing equity or a wider range of financial products.

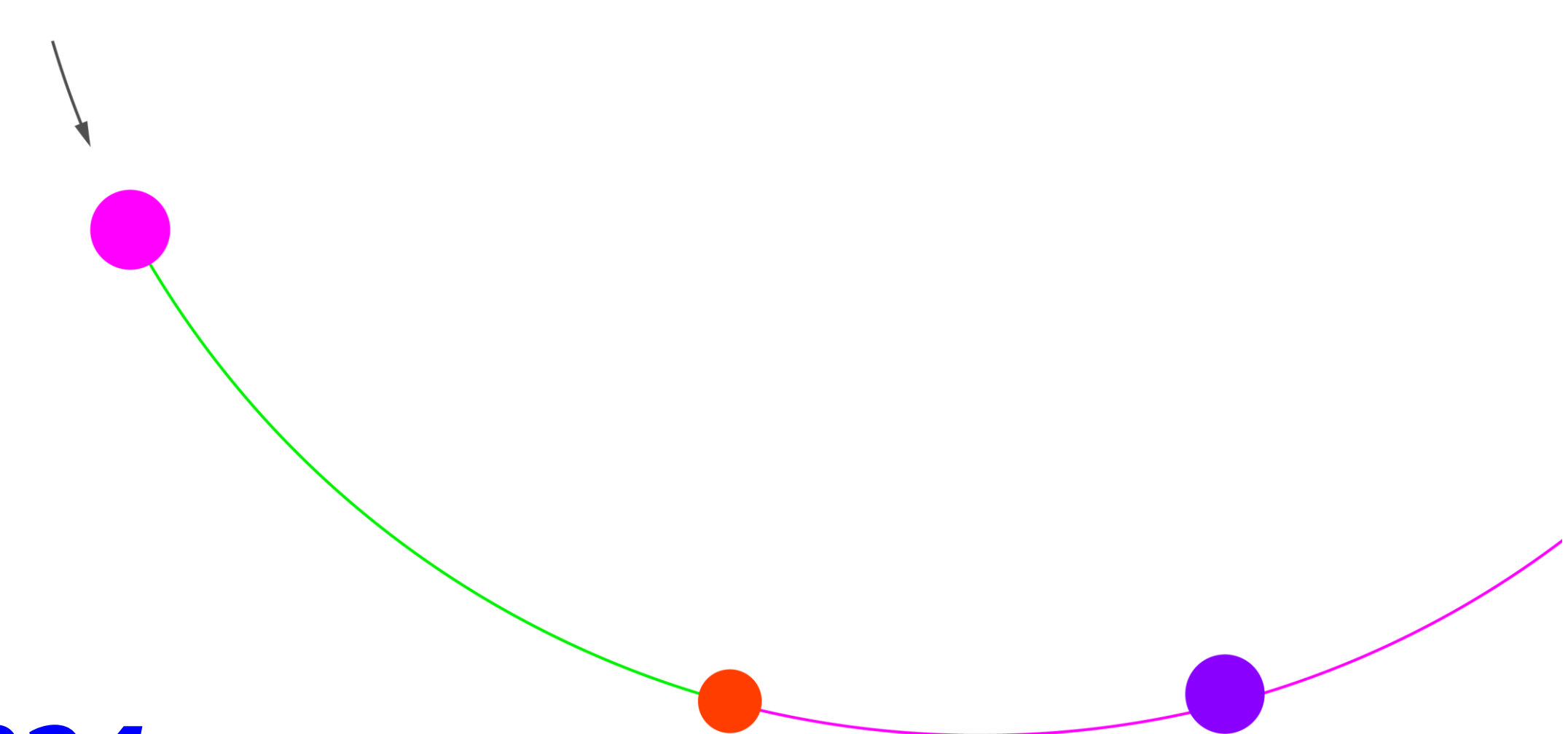
While outcomes for enterprises were positive for all the case study financial instruments, this assessment could only be based on initial quantitative or qualitative evidence, **more analysis** needed to substantiate the cause.





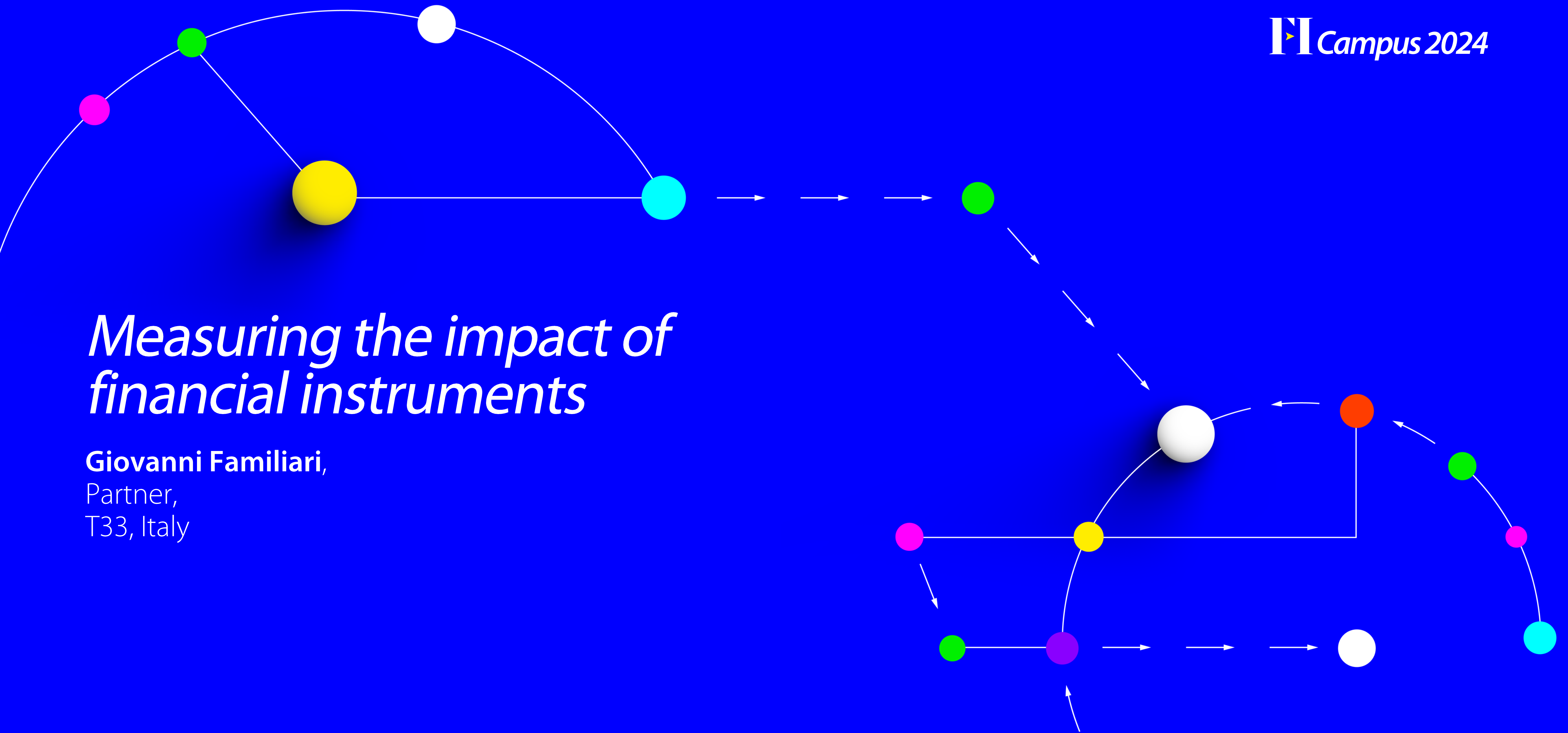
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Thank you



Measuring the impact of financial instruments

Giovanni Familiari,
Partner,
T33, Italy



Objective

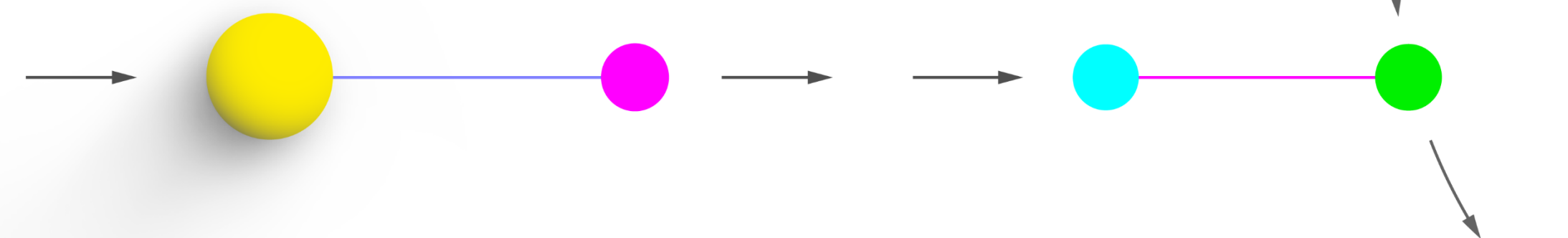
- Collect findings on the impact of financial instruments and grants on SME competitiveness and growth from relevant pieces of academic and market research

Work carried out

- 91 reports across the EU reviewed and key findings reported in a structured dataset

Main findings

- Guarantees:
 - Greatest impact on younger and smaller firms
 - Lasting gains in turnover / employment – short term impact on productivity and profitability
- Loans (relatively under-researched area):
 - Available studies suggest generally positive impact on employment, mixed on other outcome variables
- Equity:
 - Effective in contributing to start-up performance when considering total assets, revenue and employment, and significant catalyst to the patenting output
- Comparison of financial instruments and grants (under-researched area):
 - Available studies suggest financial instruments were a more cost-effective way to deliver impact



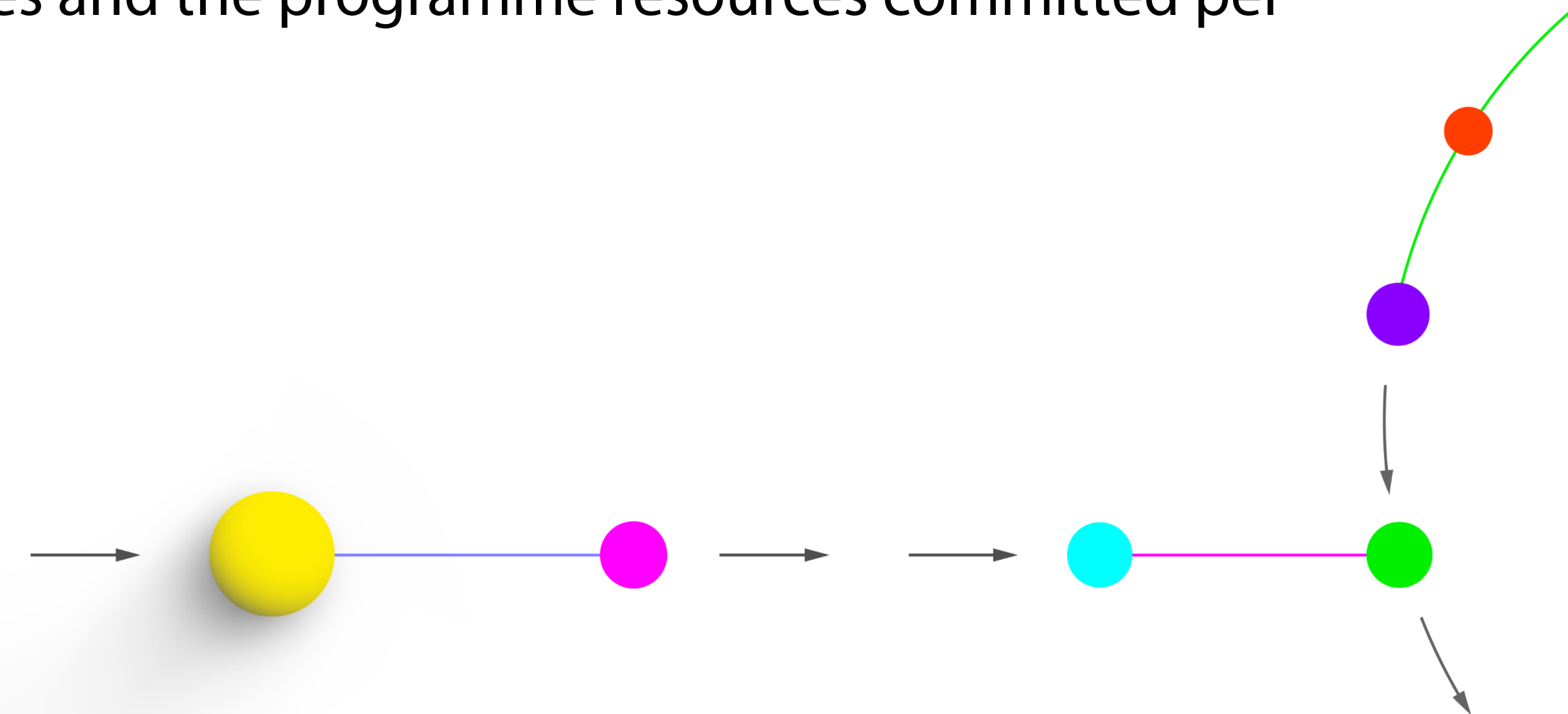
ERDF SME FI impact study – Pilot impact assessment

Objectives

- Compare the performance of the enterprises benefiting from the SME Initiative guarantees between 2016 (pre-support) and 2022 (post-support) with:
 - Enterprises beneficiaries of grant support under the Romanian Regional Operational Programme 2014-2020
 - Non-beneficiary enterprises

Work carried out

- Almost 11 000 enterprises considered across the treatment and control groups
- Beneficiaries of grants included more interventions with different stated objectives
- Considerable differences in the two groups of supported enterprises and the programme resources committed per enterprise (grants about x7.5 SME Initiative guarantees)
- Pilot counterfactual impact evaluation using:
 - Propensity score matching
 - Difference in difference

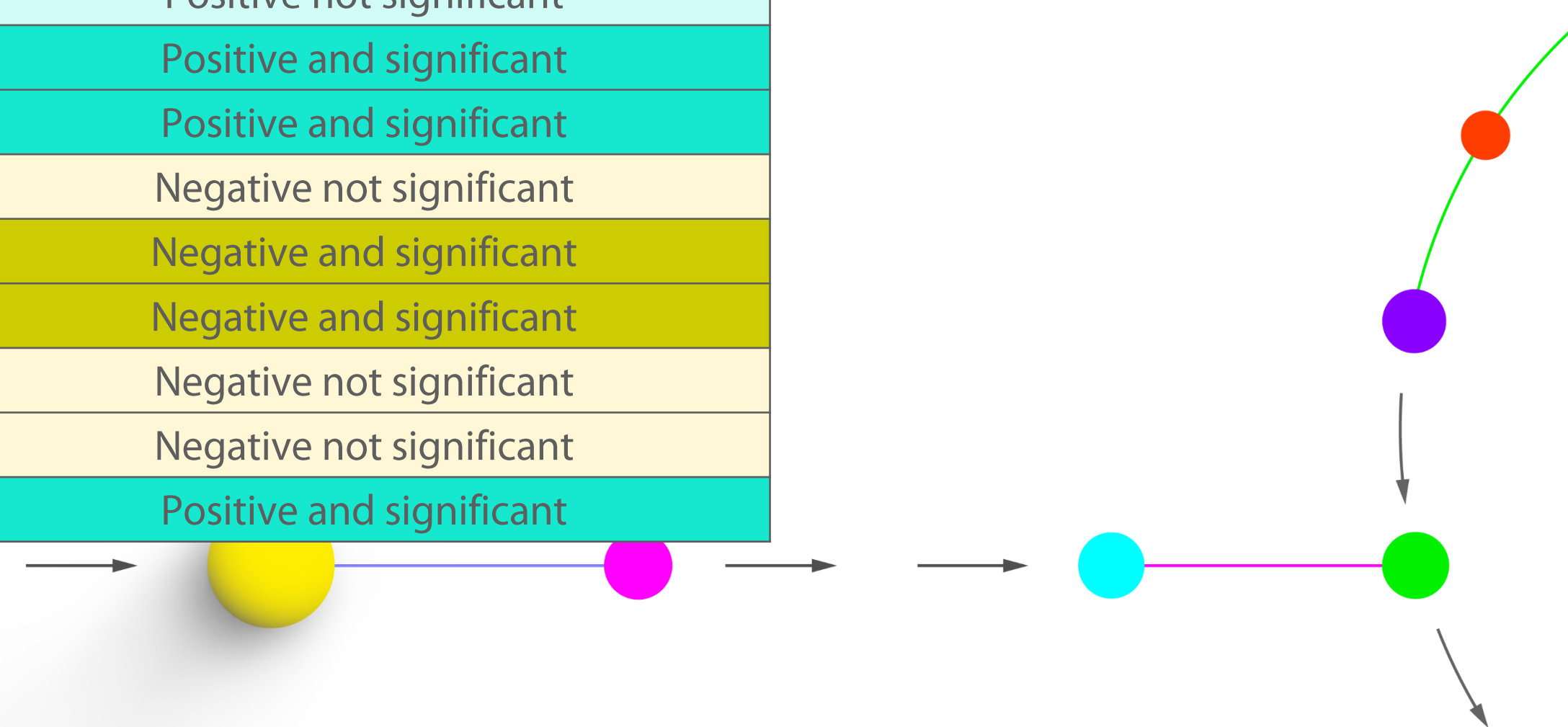


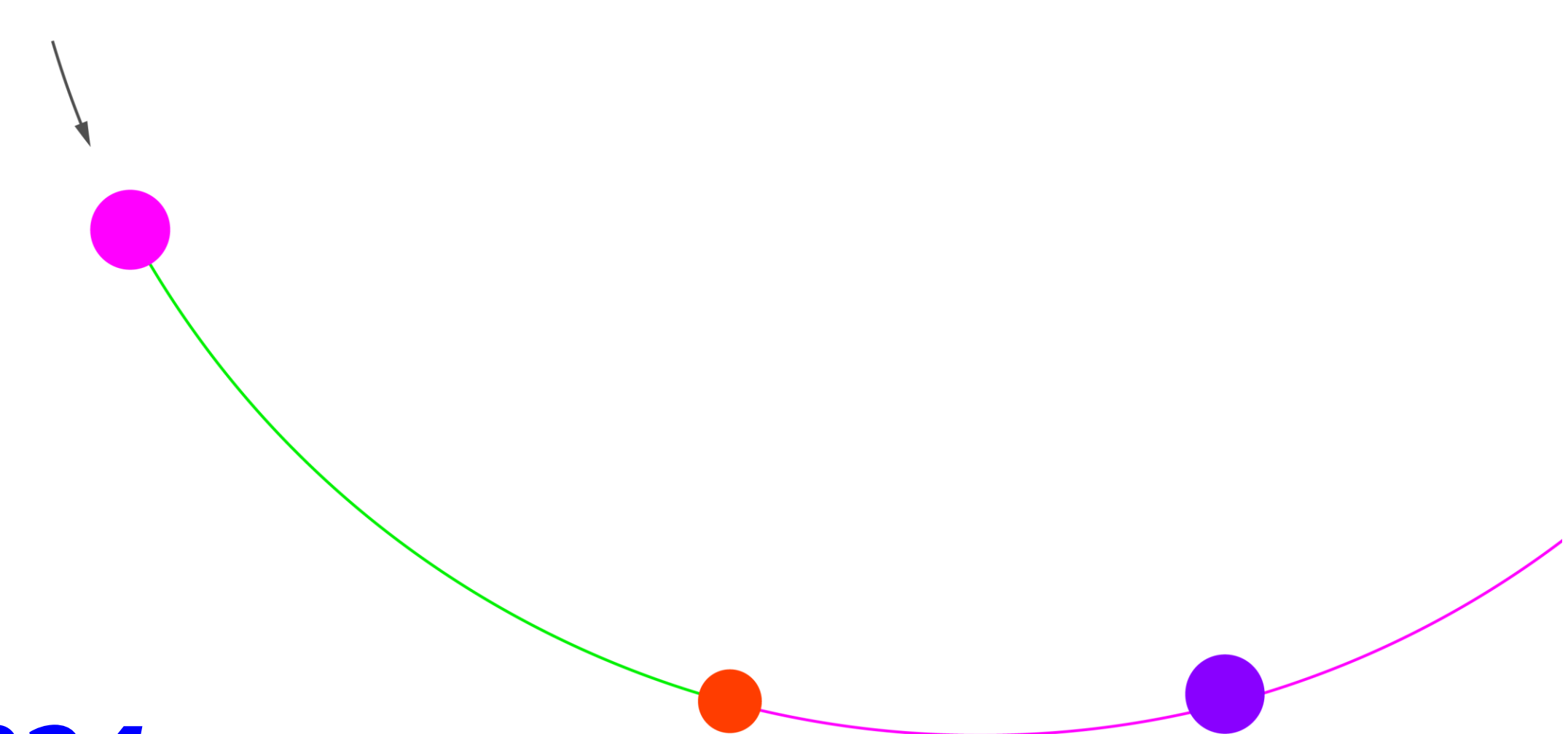
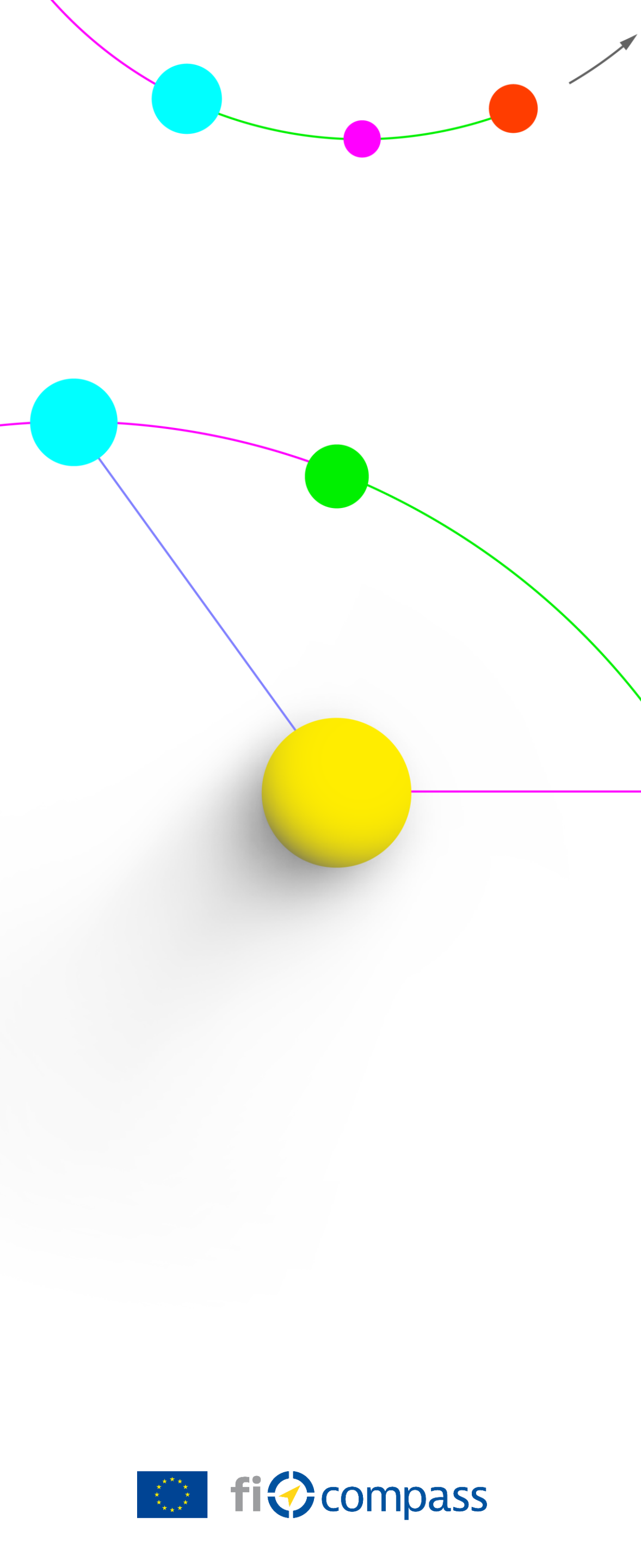
ERDF SME FI impact study – Pilot impact assessment

Key findings

- Impact of SME Initiative guarantees:
 - Positive and significant for turnover, most productivity measures (both turnover and profit-based) and debt ratio
 - Positive but not significant on employment
- Impact of grants:
 - Positive and significant in terms of employment and total assets
 - Generally negative on productivity, significant for profit-based measures
- Key to read the results keeping in mind the logic of the interventions

Outcome variable	FI vs non beneficiaries	Grant vs non beneficiaries
Turnover	Positive and significant	Positive not significant
Total assets	Positive not significant	Positive and significant
Number of employees	Positive not significant	Positive and significant
Labour productivity	Positive and significant	Negative not significant
ROA	Negative not significant	Negative and significant
Operating profit / number of employees	Positive and significant	Negative and significant
Sales/number of employees	Positive and significant	Negative not significant
Unit labour costs	Negative and significant	Negative not significant
Debt ratio	Positive and significant	Positive and significant



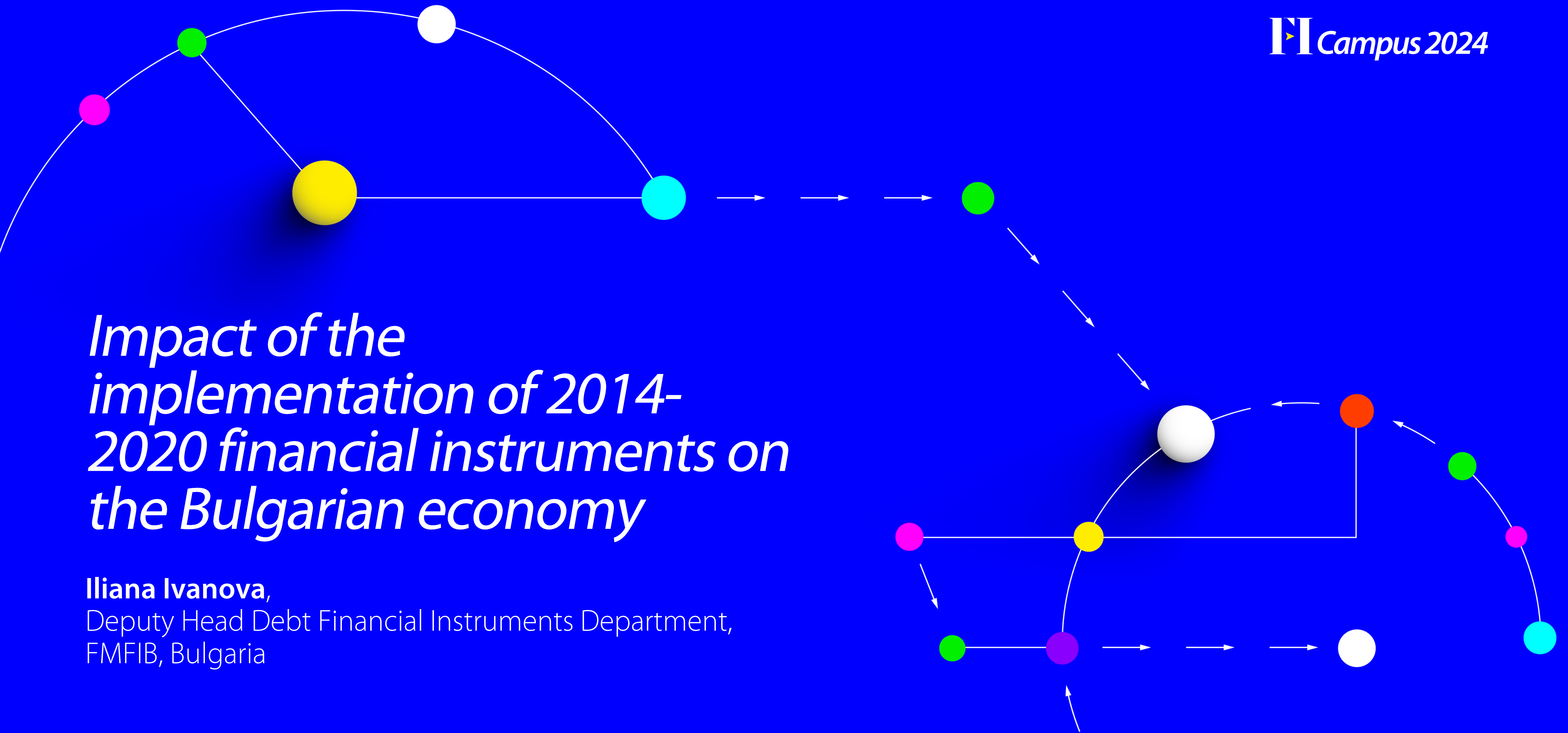


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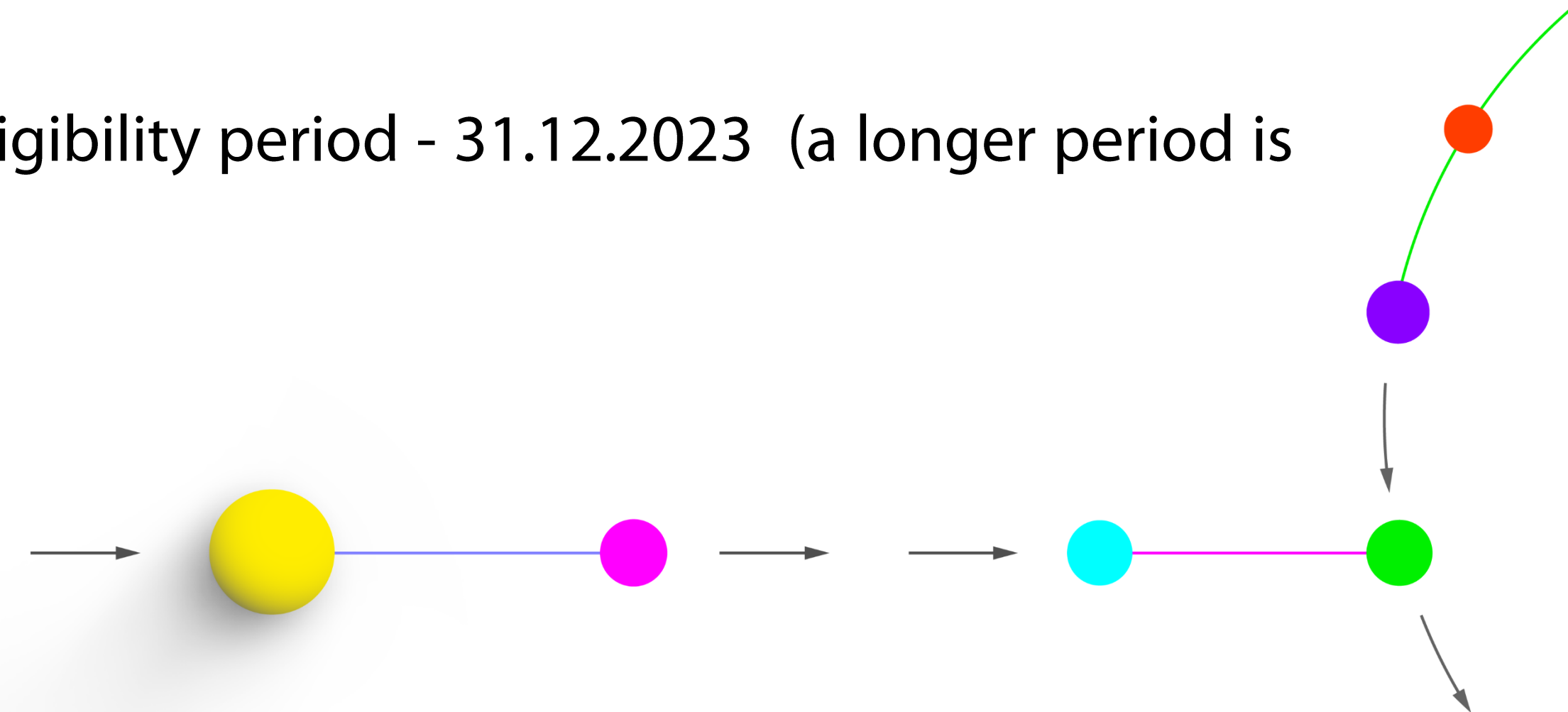
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Impact of the implementation of 2014-2020 financial instruments on the Bulgarian economy

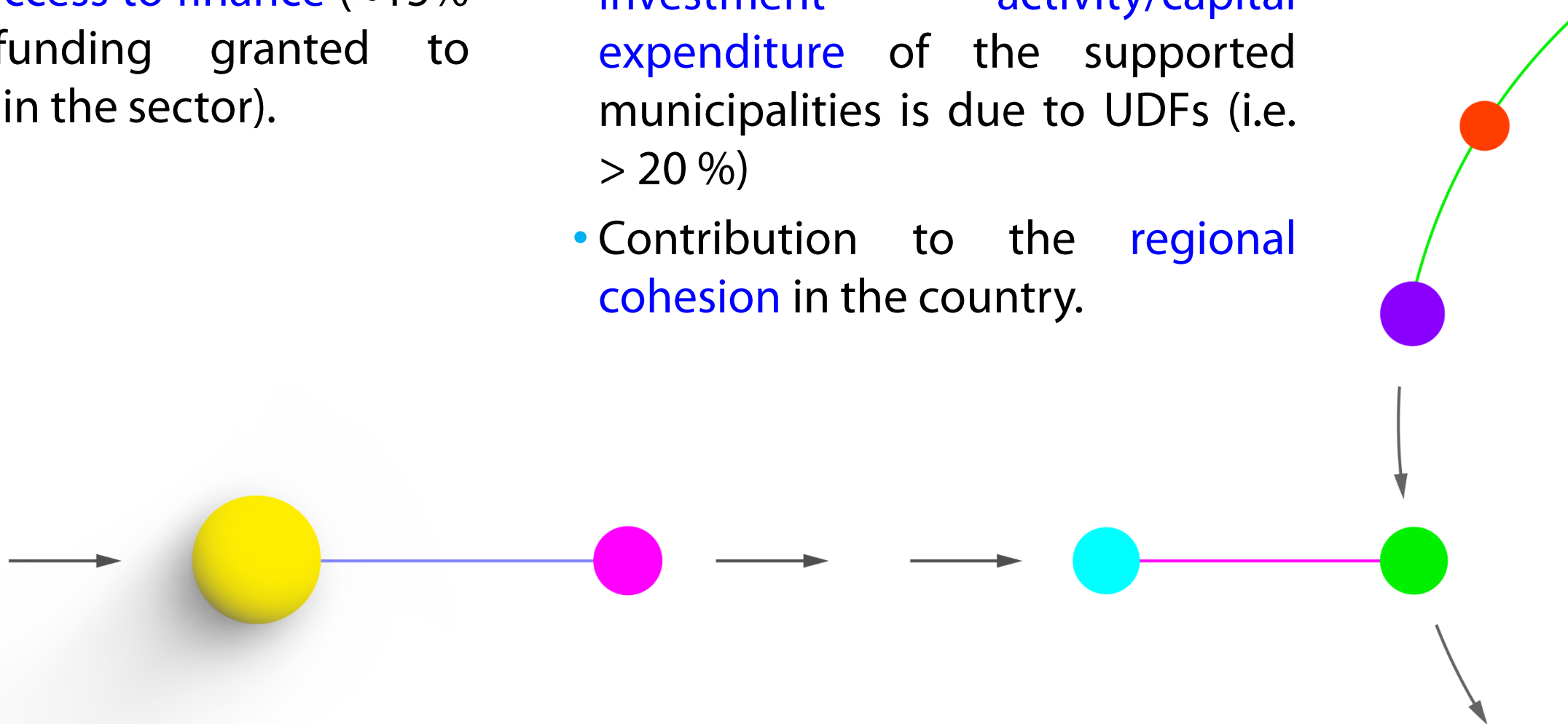
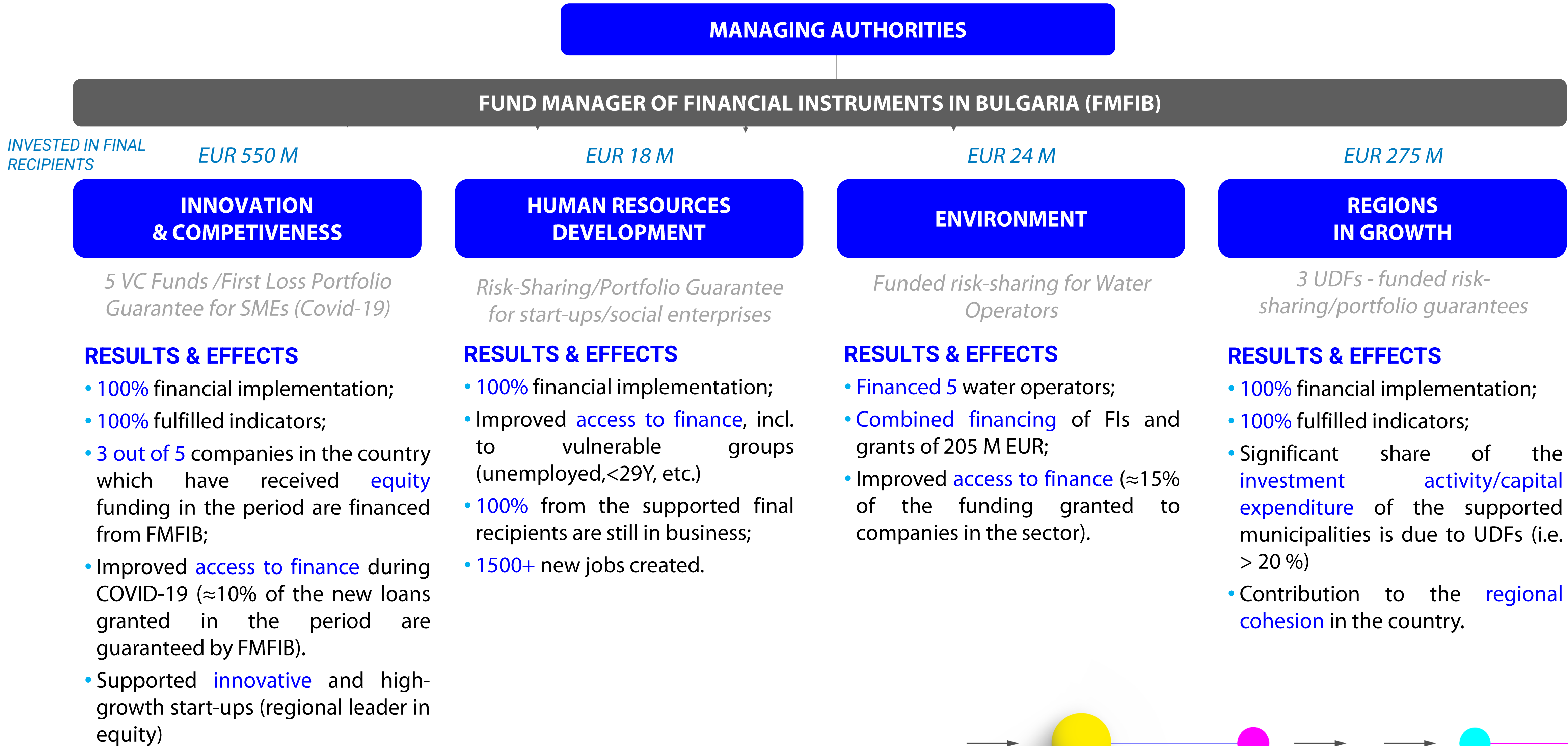
Iliana Ivanova,
Deputy Head Debt Financial Instruments Department,
FMFIB, Bulgaria



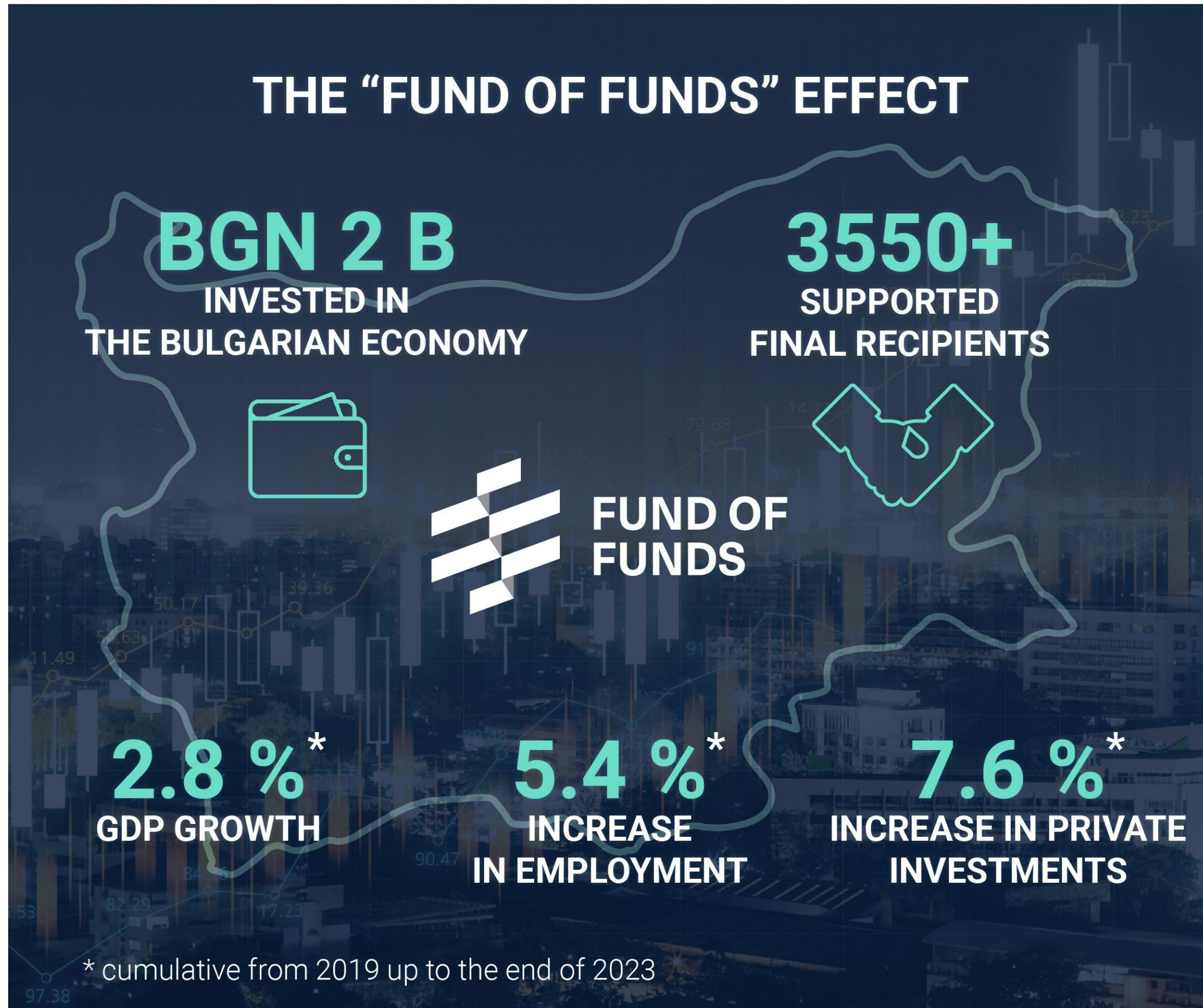
- The assessment of the impact of the FIs has been done in-house by the FMFIB data analytics team based on the following methods:
 - Desk research;
 - Meta-analysis;
 - Benchmark analysis;
 - Financial Analysis of indicators and financial implementation;
 - SIBILA econometric model;
 - Financial data from the National Statistical Institute regarding the supported final recipients.
- The methodology is based on the evaluation framework of the operational programmes and the EVALSED socio-economic development evaluation guidelines.
- The analysis is a snapshot of the situation as of the end of the eligibility period - 31.12.2023 (a longer period is needed to measure mid and long-term effects).



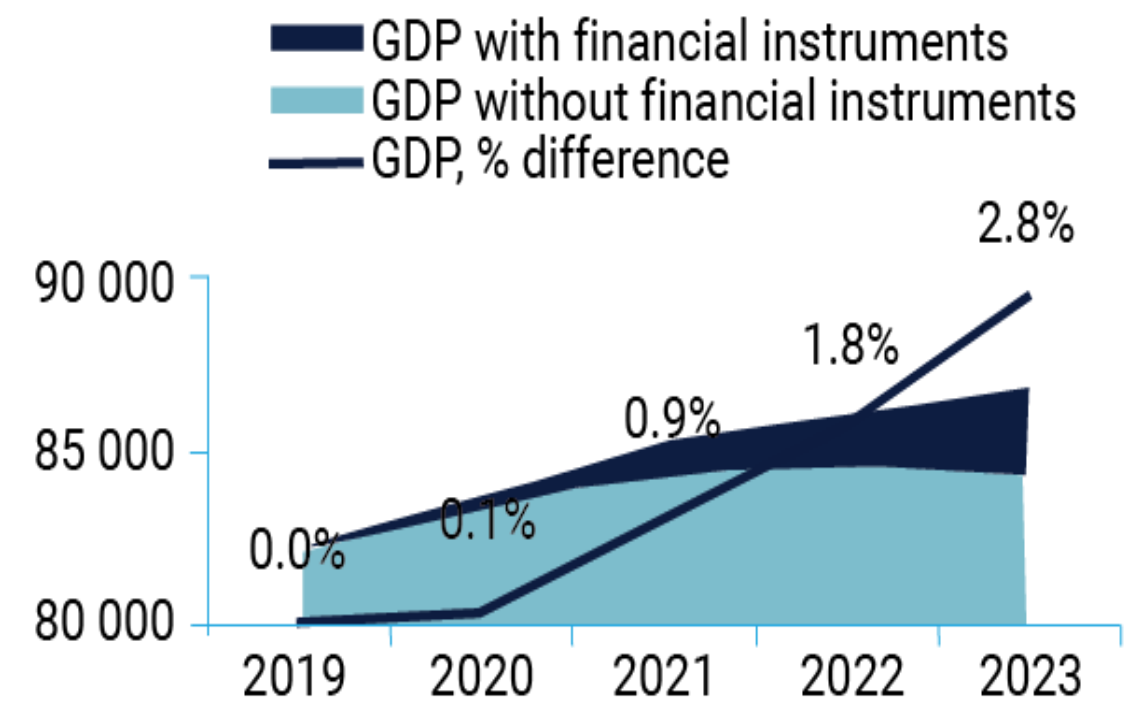
Main results and effects on micro level



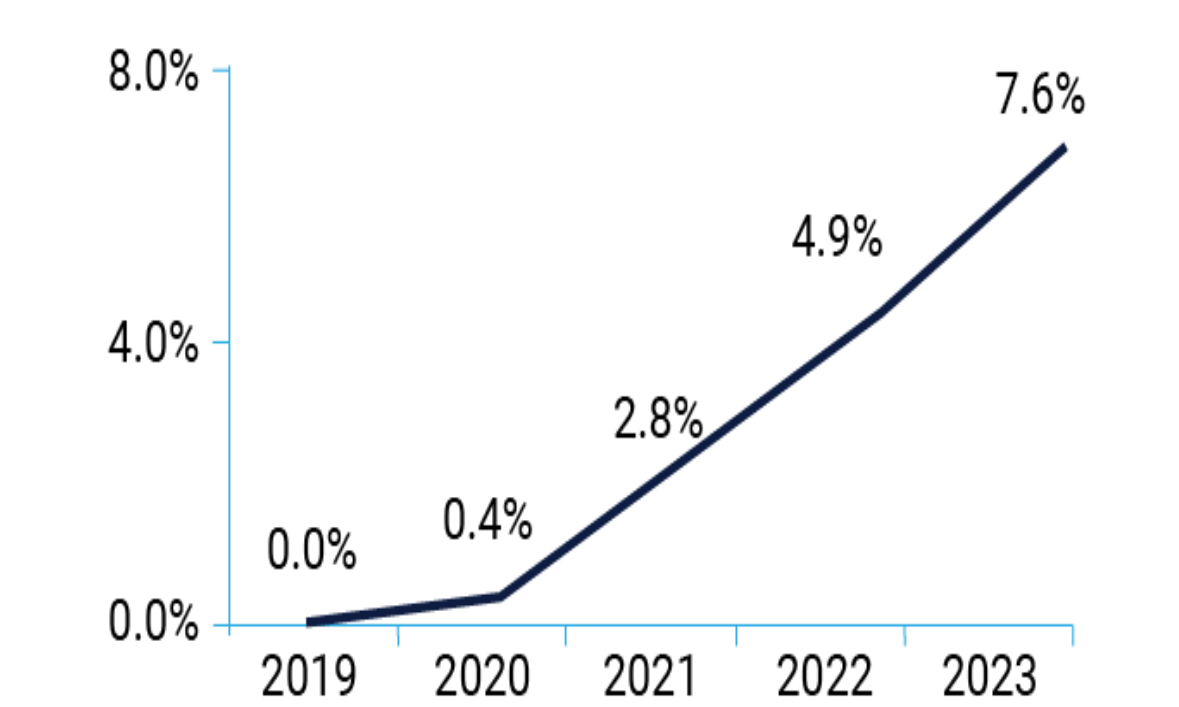
Macroeconomic effects of FIs



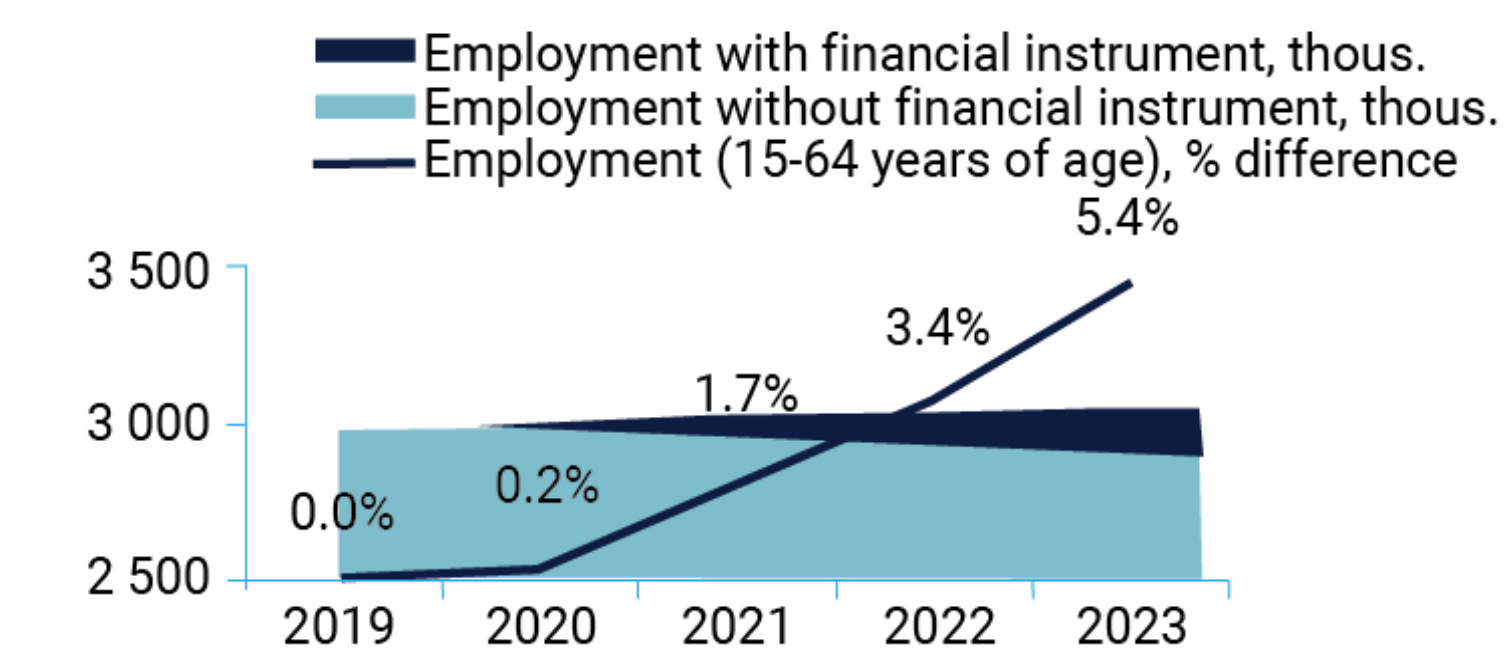
GDP in prices from 2010, mln. BGN



Net effect on private investments, %

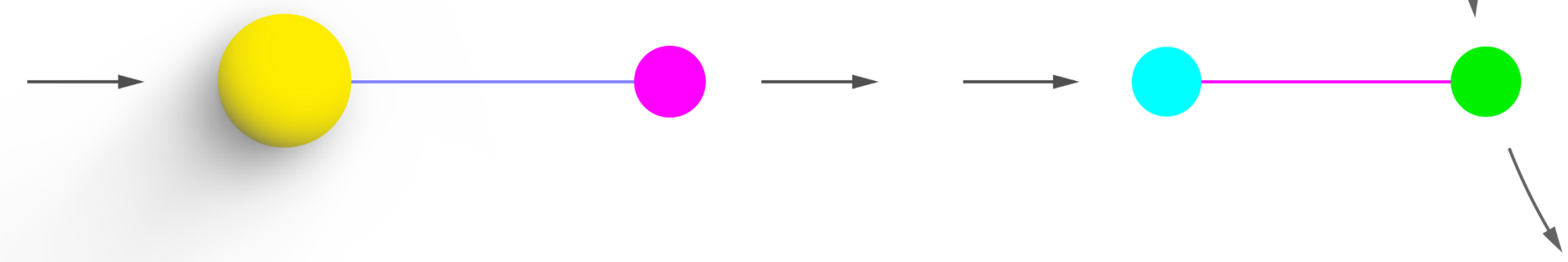


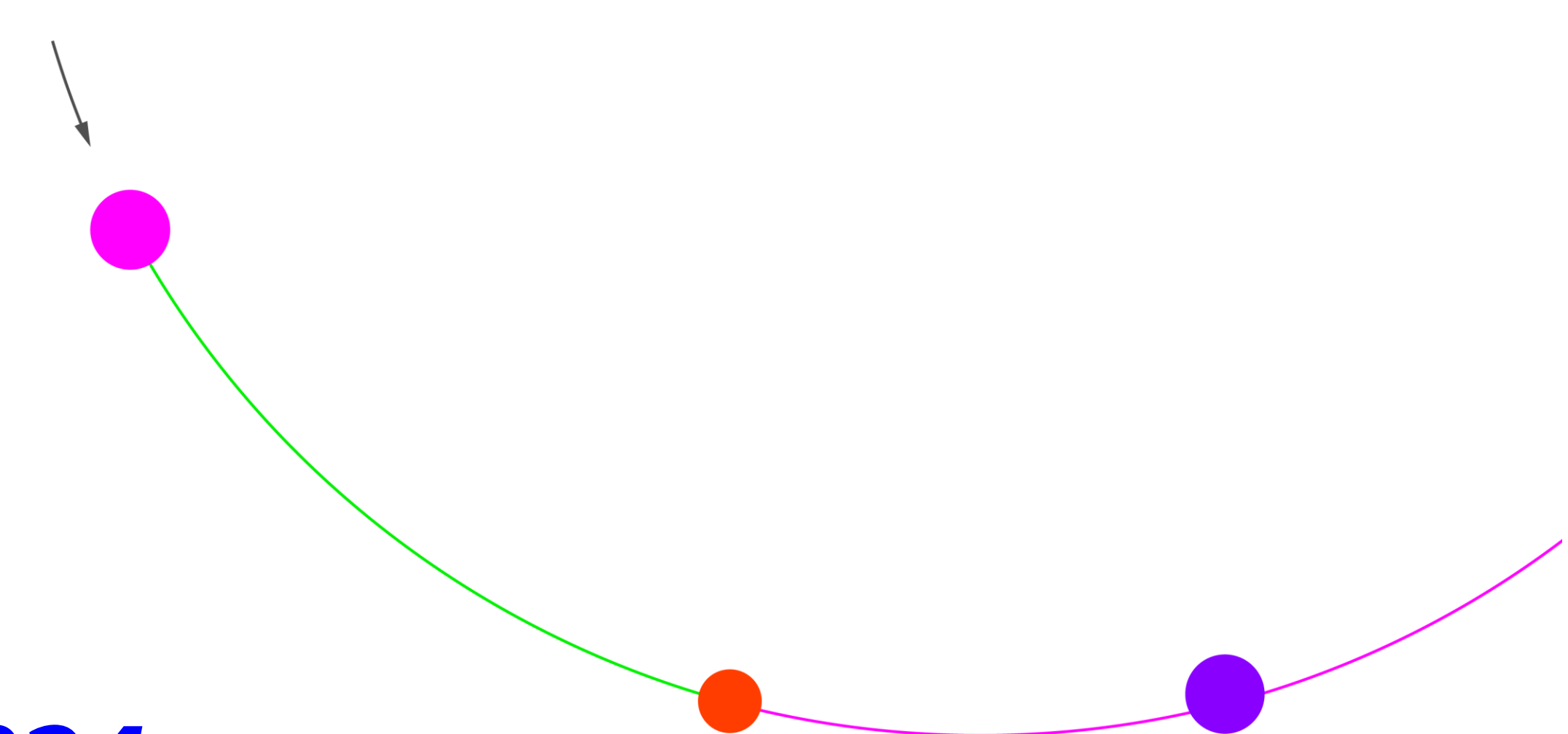
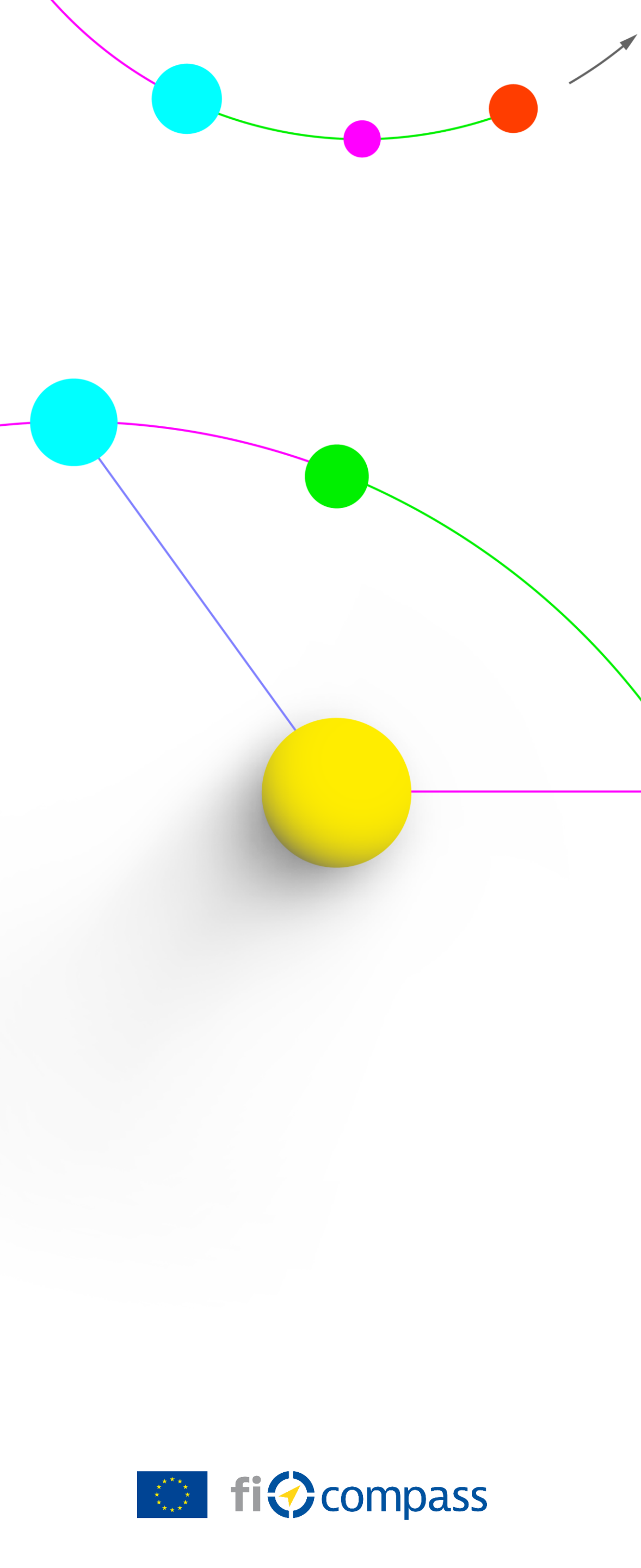
Employed persons (15-64 years of age), thousands



- Impact assessment through an econometric model (scenario with FIs vs scenario w/o FIs), performed by the Council of Ministers of Bulgaria;
- The impact assessment includes short-term effects (i.e. up to the end of 2023). For mid/long-term effects a longer period to examine is needed.
- Supported final recipients from different sectors (SMEs, incl. start-ups, municipalities, water operators)

Source: SIBILA 2.0





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Thank you

Regional evaluations of FI the impact of FI in Italy, general perspective

Anna-Maria Fontana,
Head of Division,
Ministry of Enterprises and Made in Italy



Overview of regional evaluations

Regional cases selected through desk analysis (not exhaustive of regional evaluations)

PIEMONTE

Fondo innovazione MPMI (a) e Sezione speciale Piemonte Fondo di Garanzia (b)

Scope of the measure: (a) investment support for innovation e (b) access to credit

Type of FI: (a) loans (b) guarantee

Year: 2023

Methodological approach: qualitative

Data source: desk analysis of documents and analysis of balance sheet data, stakeholder interviews

Focus of the evaluation: functioning of the measure and first evidence from stakeholders

LOMBARDIA

Agevolazione - Valorizzazione Investimenti Aziendali

Scope of the measure: investment support

Type of FI: loan guaranteed by the Fondo di Garanzia

Year: 2023

Methodological approach: qualitative

Data source: survey

Focus of the evaluation: impact analysis of the financial instruments

MARCHE

Fondo Rischi

Scope of the measure: access to credit

Type of FI: counter-guarantee and reinsurance of Confidi operations

Year: 2021

Methodological approach: quali-quantitative

Data source: desk analysis of documents, simulation in order to compare the added value of several alternatives

Focus of the evaluation: analysis of the implementation, added value analysis for different types of financial instruments

CAMPANIA

Fondo Artigianato (a) e Basket bond (b)

Scope of the measure: investment support (a) e support for development programmes (b)

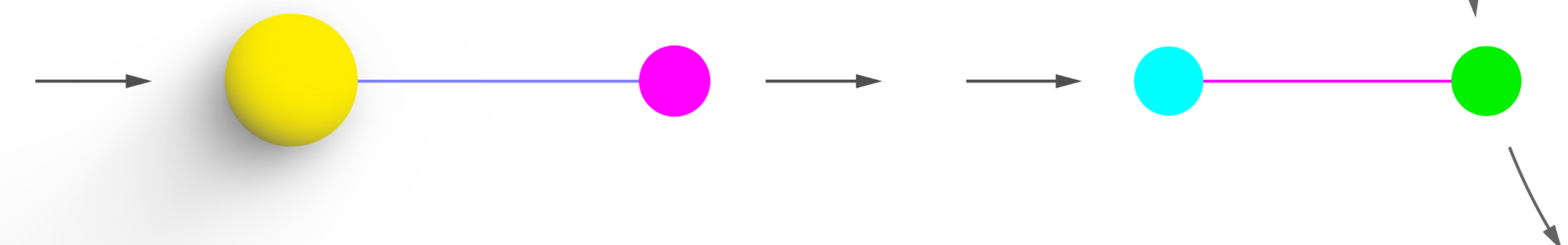
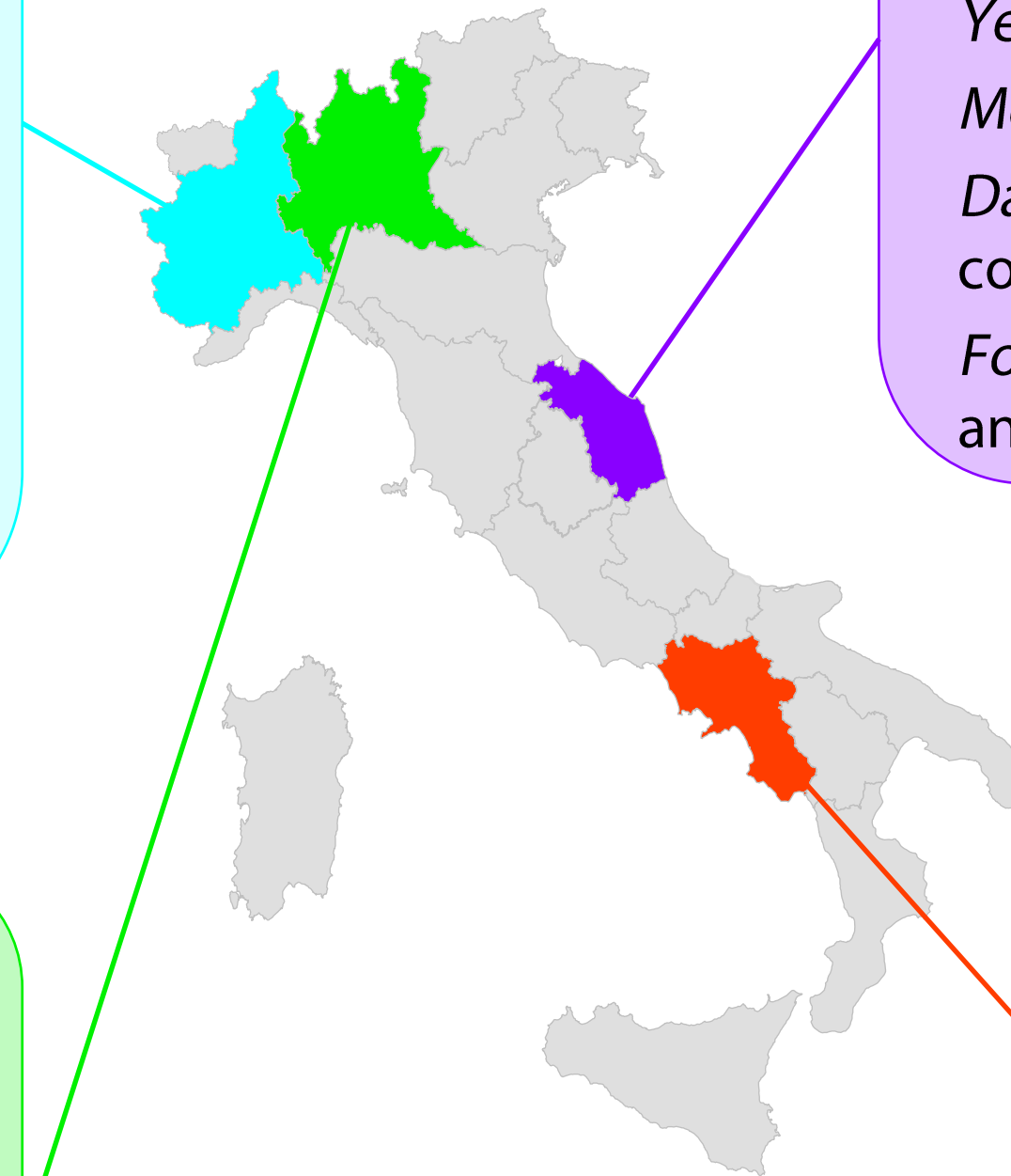
Type of FI: loan (a) e mini bond (b)

Year: 2022

Methodological approach: qualitative

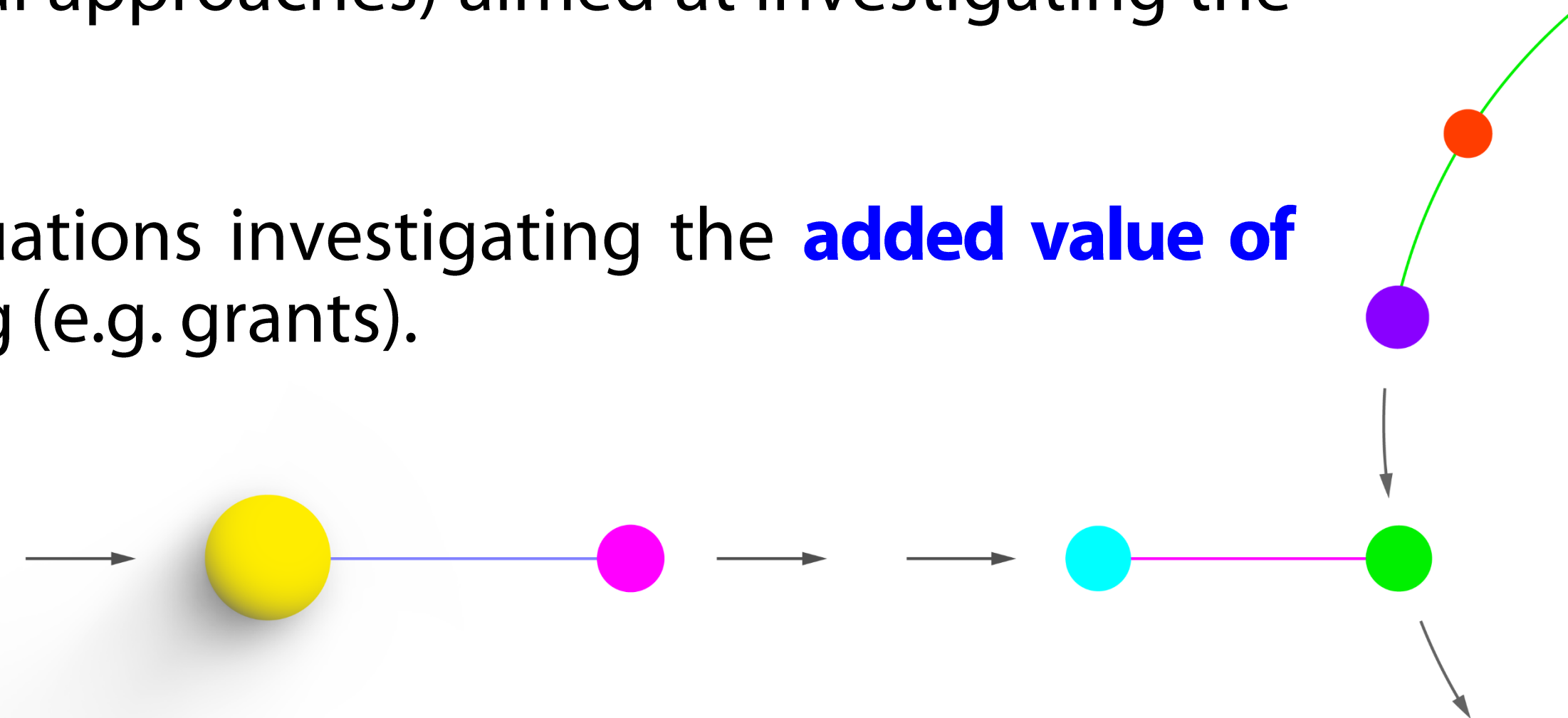
Data source: survey

Focus of the evaluation: impact analysis of the financial instruments



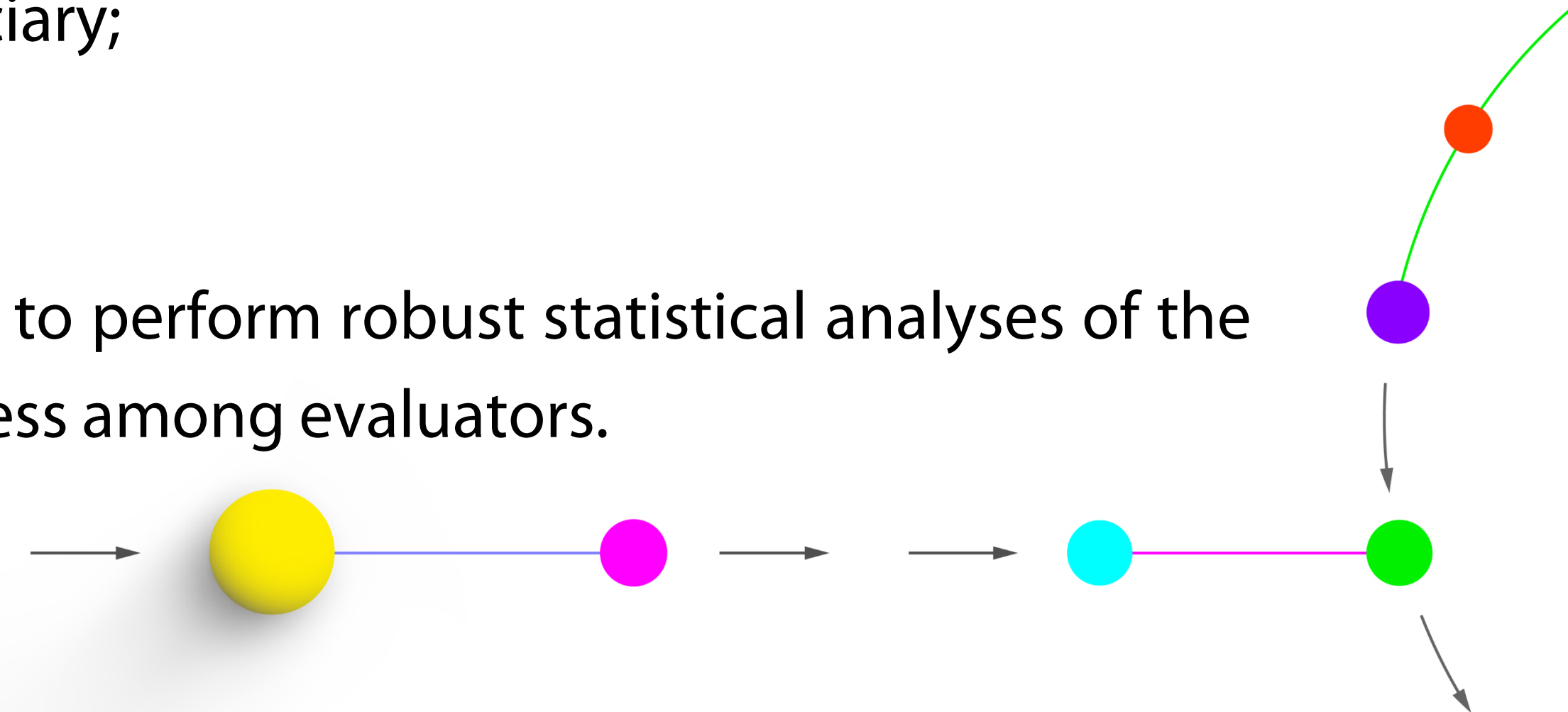
Main findings of the desk analysis

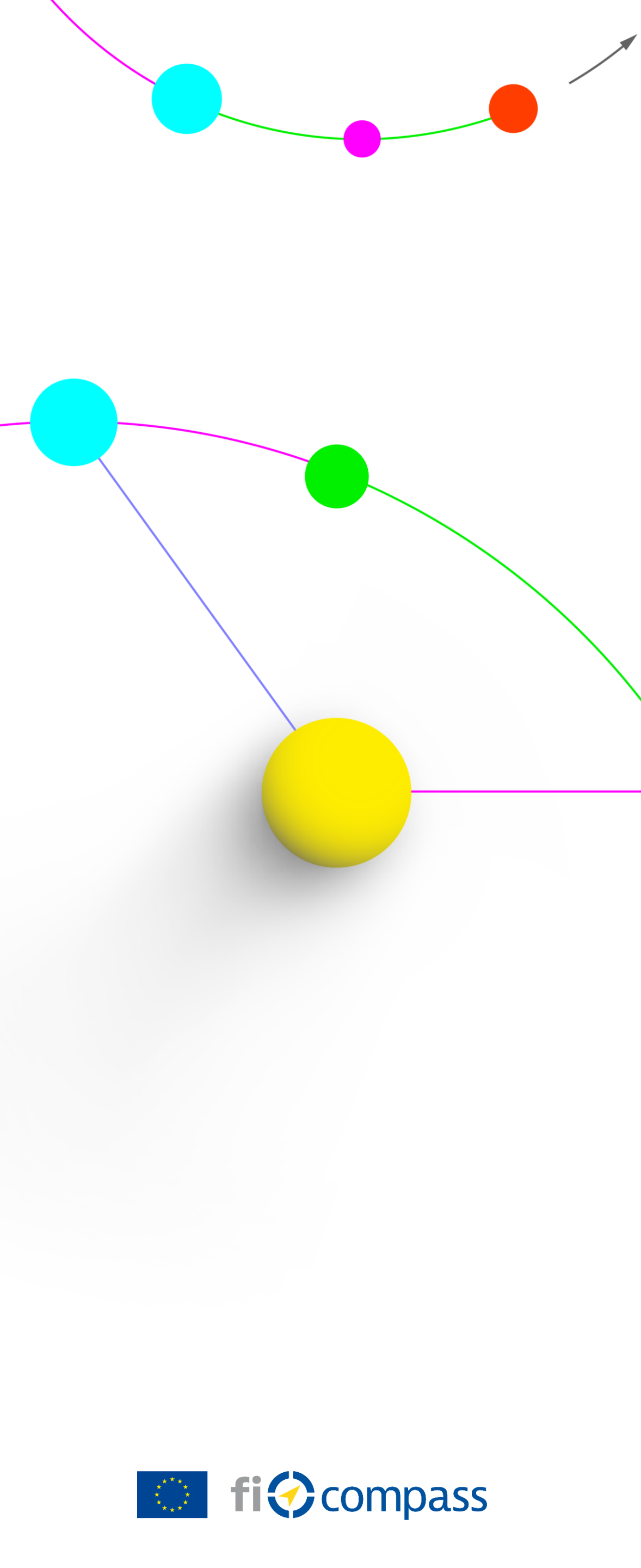
- The evaluations indicate that the financial instruments have contributed to **improve the ability of beneficiary enterprises to access credit**, supporting the productive fabric in a period of severe crisis and credit market contraction.
- In particular, the surveys carried out within the evaluations concerning Lombardia and Campania report positive effects in terms of improved **competitive positioning**, increased **turnover** and **employment**, acceleration of the **digital transformation** of enterprises, and support in overcoming the effects of the pandemic crisis.
- With reference to the analysis of effectiveness, most of the evaluations adopt **qualitative methodologies** (desk analysis of documents and surveys), highlighting the lack of sound quantitative analyses (e.g. theory-based or counterfactual approaches) aimed at investigating the effectiveness of financial instruments.
- With limited exceptions, little attention is paid to evaluations investigating the **added value of financial instruments** compared to other forms of funding (e.g. grants).



Outlook from the National Operational Programme Enterprises and Competitiveness 2014-2020 (NOP EC)

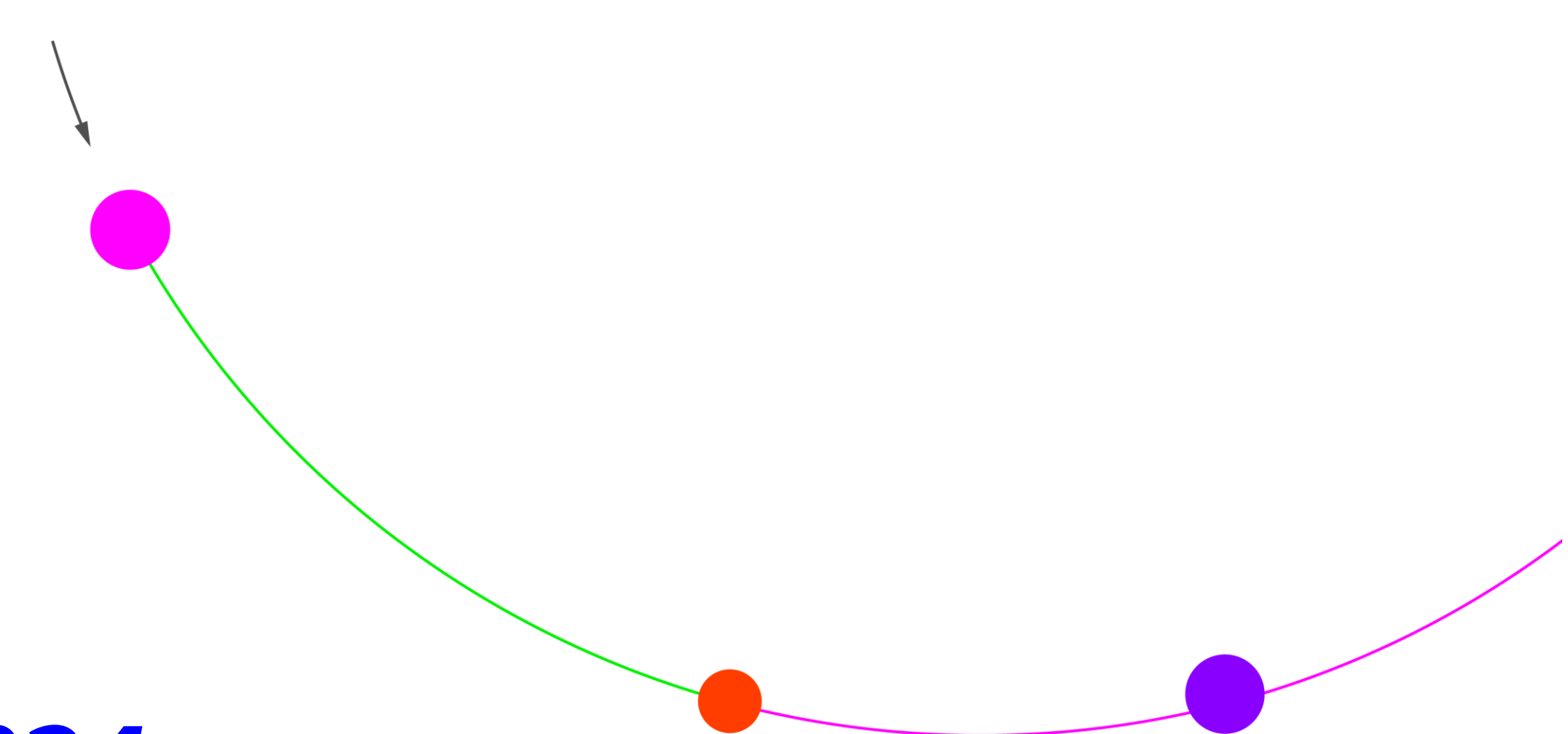
- Financial instruments played a **fundamental and increased role** in the NOP EC. In the post-pandemic phase and within the REACT-EU framework, they have been mainly implemented through:
 - ❑ Guarantee Fund Reserve to support companies during liquidity crises;
 - ❑ Subsidised loans to support digital and green investments.
- Both instruments were evaluated, highlighting their fundamental role in **alleviating the impacts of the crisis** and **supporting the recovery process**.
- Regarding the role of these financial instruments, some elements were emphasized:
 - ❑ ability to **promptly activate a large number of additional resources** (including from other public authorities);
 - ❑ **immediate availability** of the entire amount to the beneficiary;
 - ❑ fostering an **entrepreneurial culture**;
 - ❑ minimisation of **irregularities**.
- From an evaluation point of view, more effort needs to be made to perform robust statistical analyses of the **added value of financial instruments** and increase this awareness among evaluators.





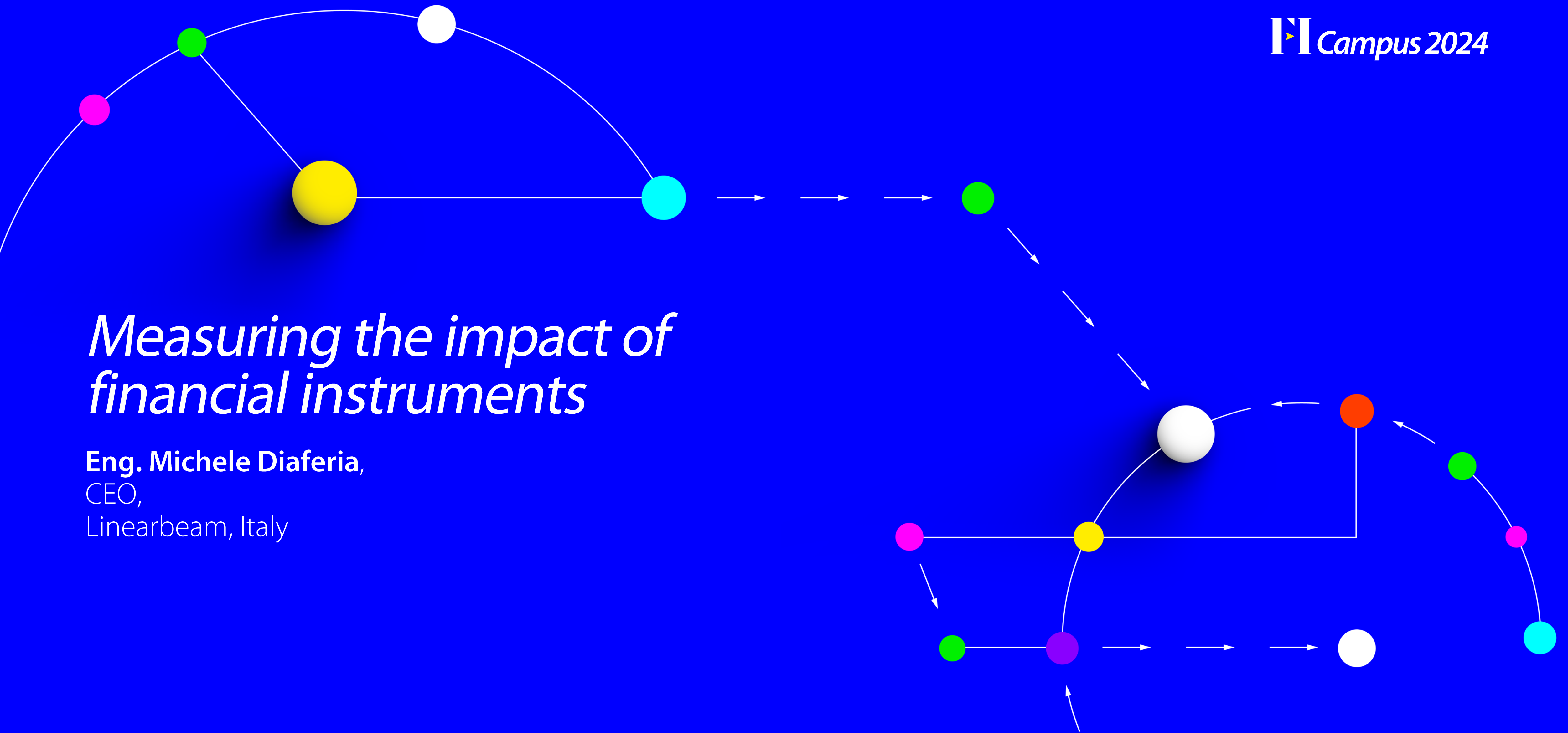
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Measuring the impact of financial instruments

Eng. Michele Diaferia,
CEO,
Linearbeam, Italy



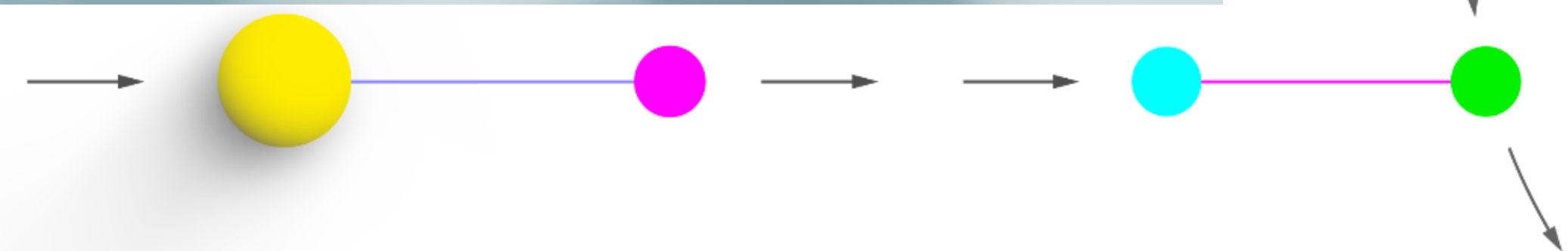
LINEARBEAM AND THE ERHA PROJECT

- LINEARBEAM team of engineers, physics and scientists is developing in Italy, through the **Erha (Enhanced Radiotherapy with HAdrons) project**, the *first proton therapy system based on a linear proton accelerator (p-Linac) for the treatment of tumors*. This next generation technology aims to treat cancer in a safer and more effective way. The system also includes a robotic patient positioning system and a software for treatment simulation.

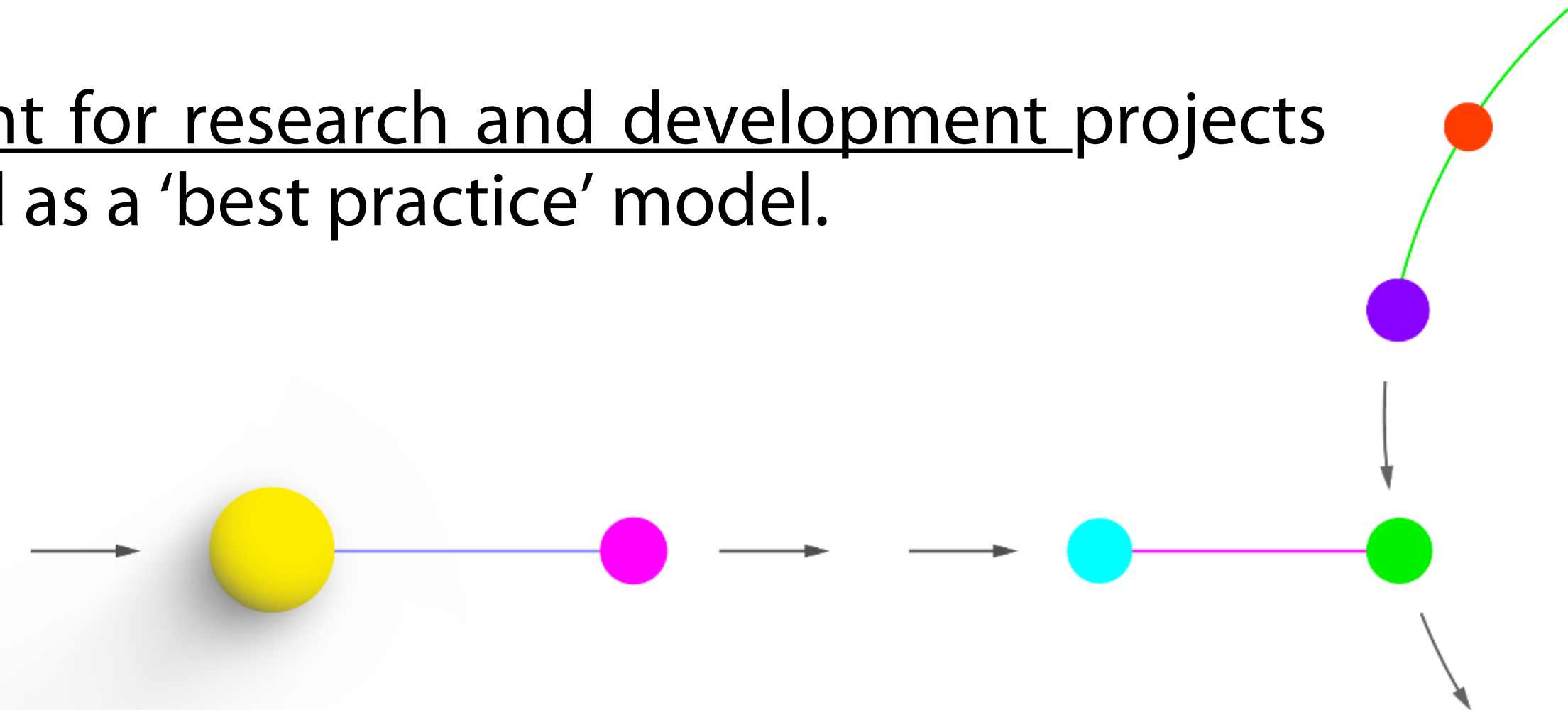


«ERHA» opens an ambitious road in scientific research to identify latest advanced generation treatment protocols, based on the linear model of protons acceleration and leads to unexplored opportunities on the front of the treatment of oncological pathologies in Italy and in the world, bringing our Country to a higher level of specialization and innovation in biotechnologies.

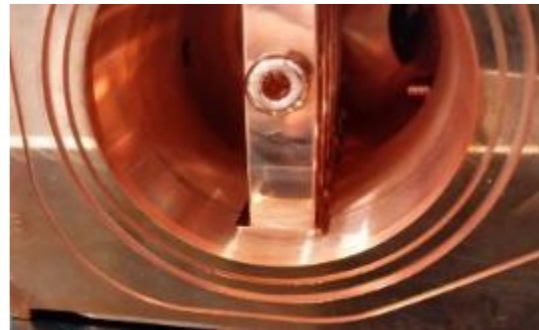
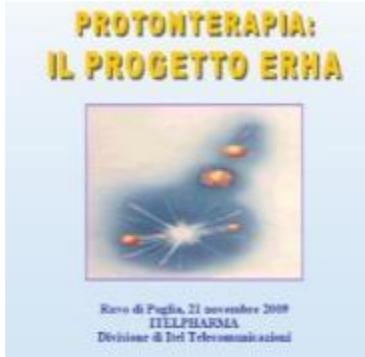
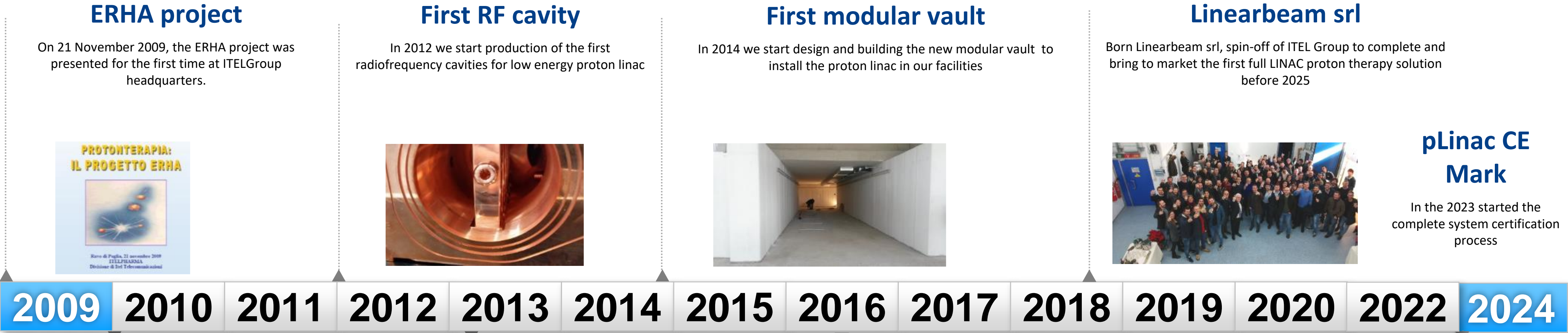
Leonardo Diaferia
President of LinearBeam and
Itel Group



- ERHA project was supported with **€14.9 million equity investment**
- On February 14, 2019, the company **Linearbeam Srl** was established as a Spin-off company of the Itel (Itel Telecomunicazioni Srl) Group dedicated to the "ERHA" (Enhanced Radiotherapy with HAdrons) Project for the development of the first proton therapy system based on a linear proton accelerator (p Linac) for the treatment of tumor diseases.
- The financial partner was *Equiter Spa* investor, through the Research and Innovation Fund of the Italian *Ministry of University and Research (MUR)*, together with the European Investment Bank acting as HF as part of the National Operational Programme "*Research and Innovation*".
- It is one of the greatest and most significant investment for research and development projects given to an Italian company ever. ERHA has been defined as a 'best practice' model.

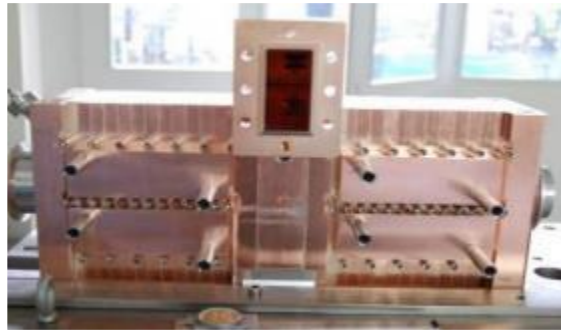


ERHA HISTORY: A GREAT SCIENTIFIC CHALLENGE



Positioning system

European Patent released on July 13th 2010 n° EP 2279833 "Sistema robotizzato per il posizionamento di un paziente rispetto ad almeno una sorgente di particelle".



High energy cavities

European Patent n° EP 2283706 "Mattonella acceleratore, in particolare per moduli di accelerazione lineare" acquired in INFN technology transfer agreement



First linac prototype

At the end of the EU-funded Amiderha project, the first 50 MeV prototype of proton Linac is released

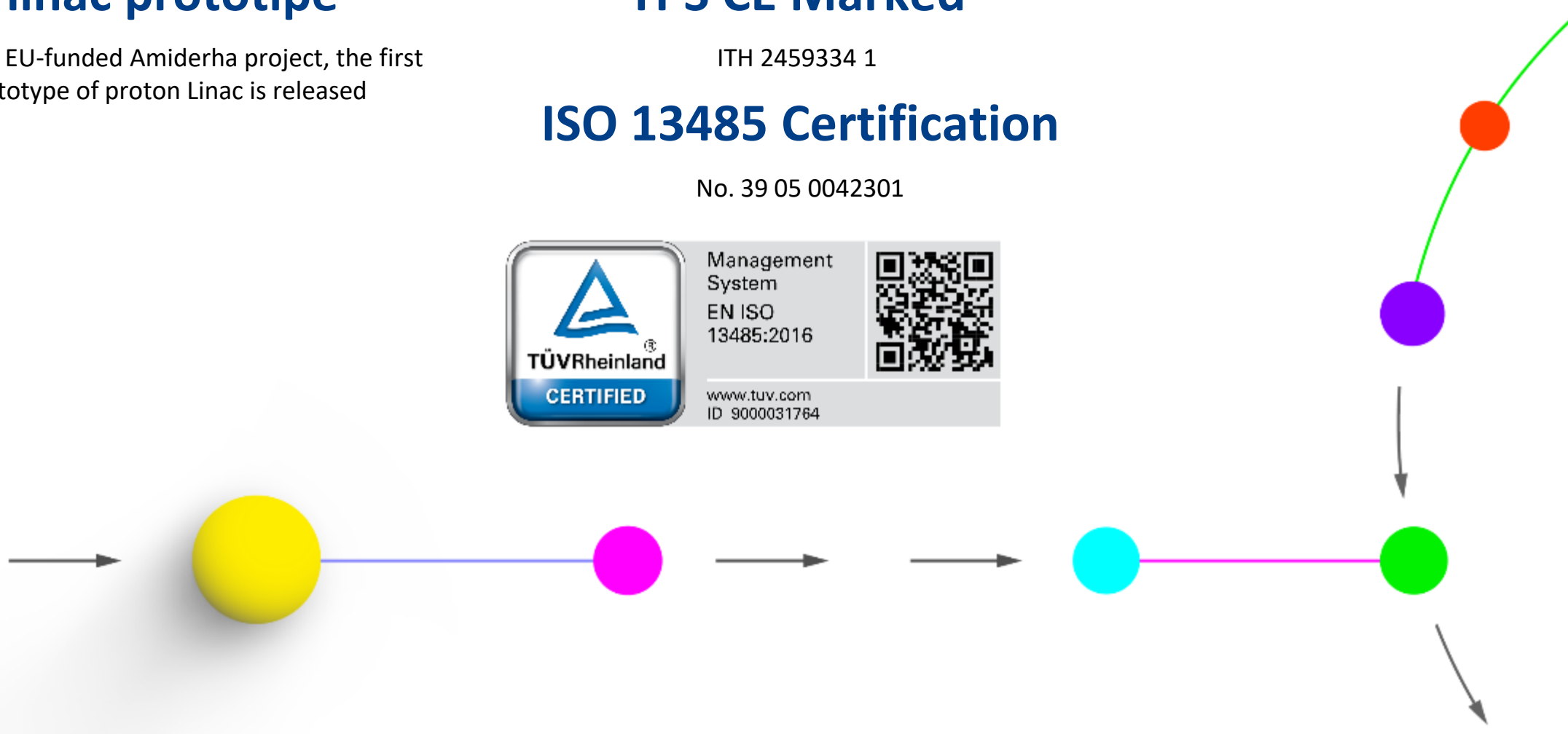


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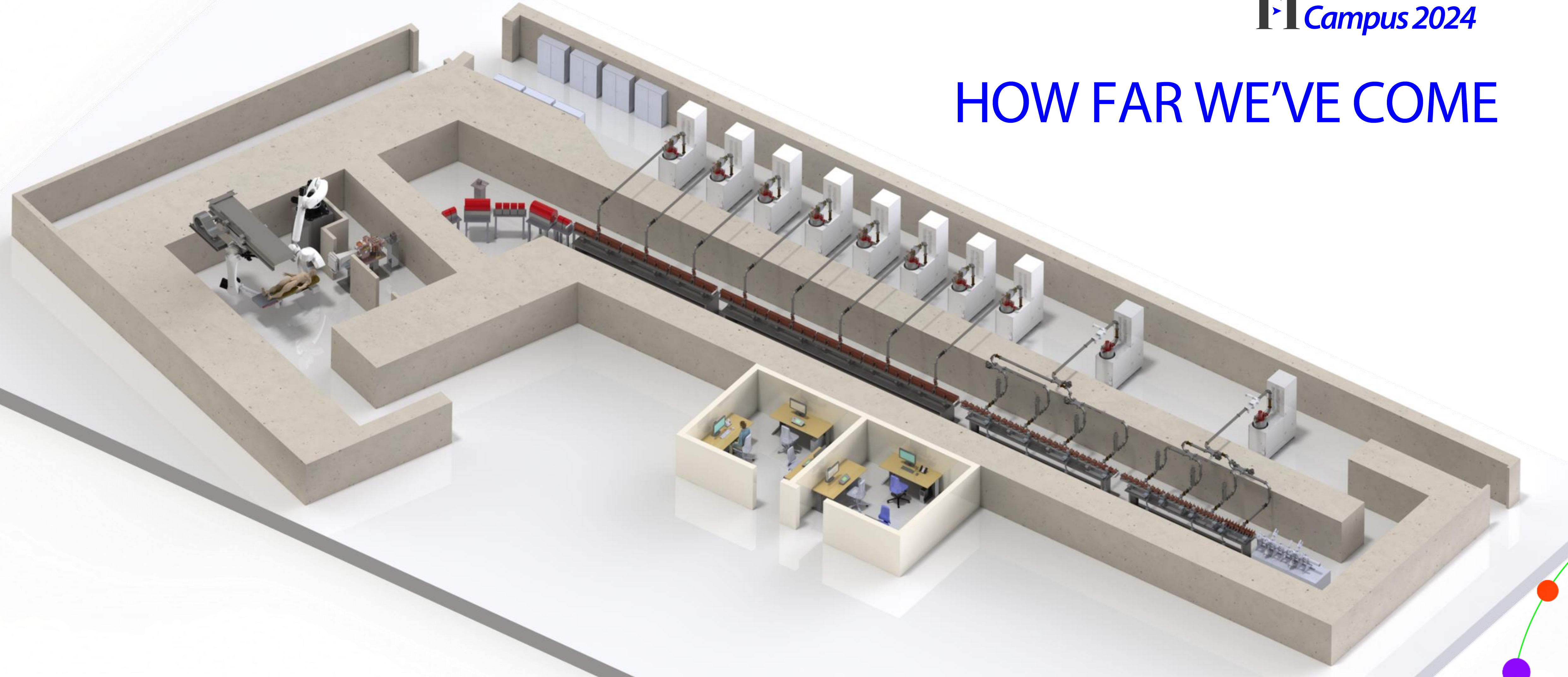
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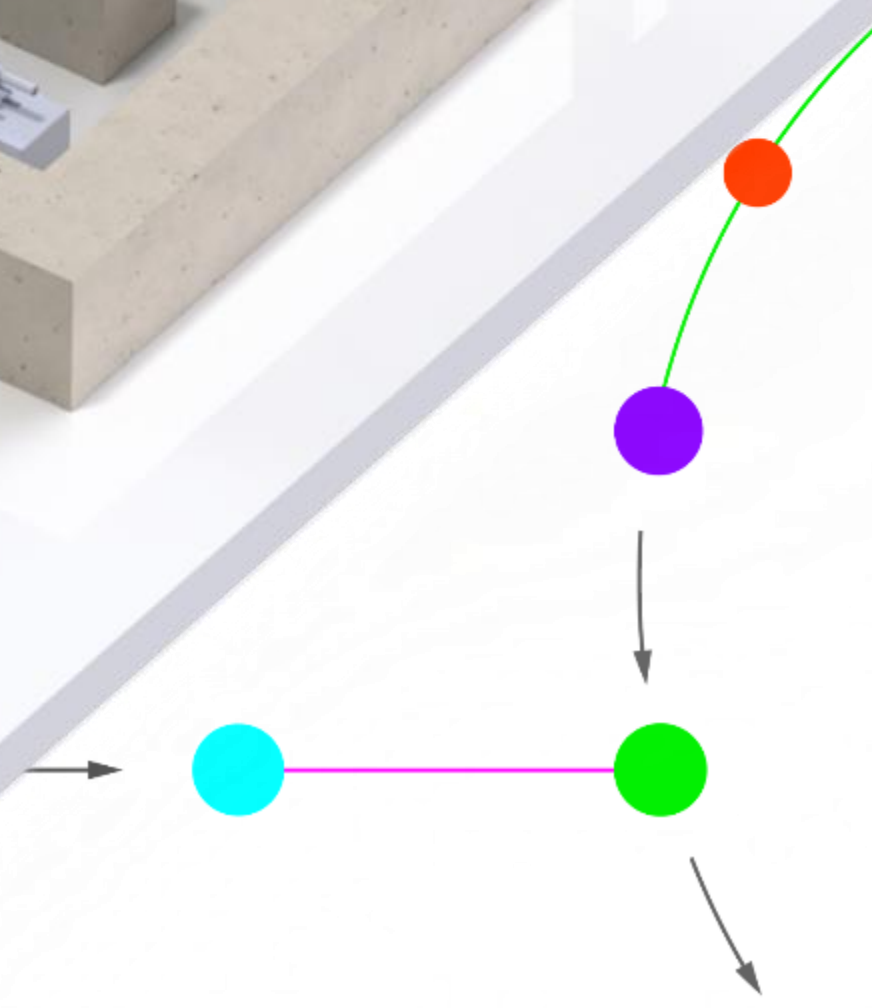
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HOW FAR WE'VE COME

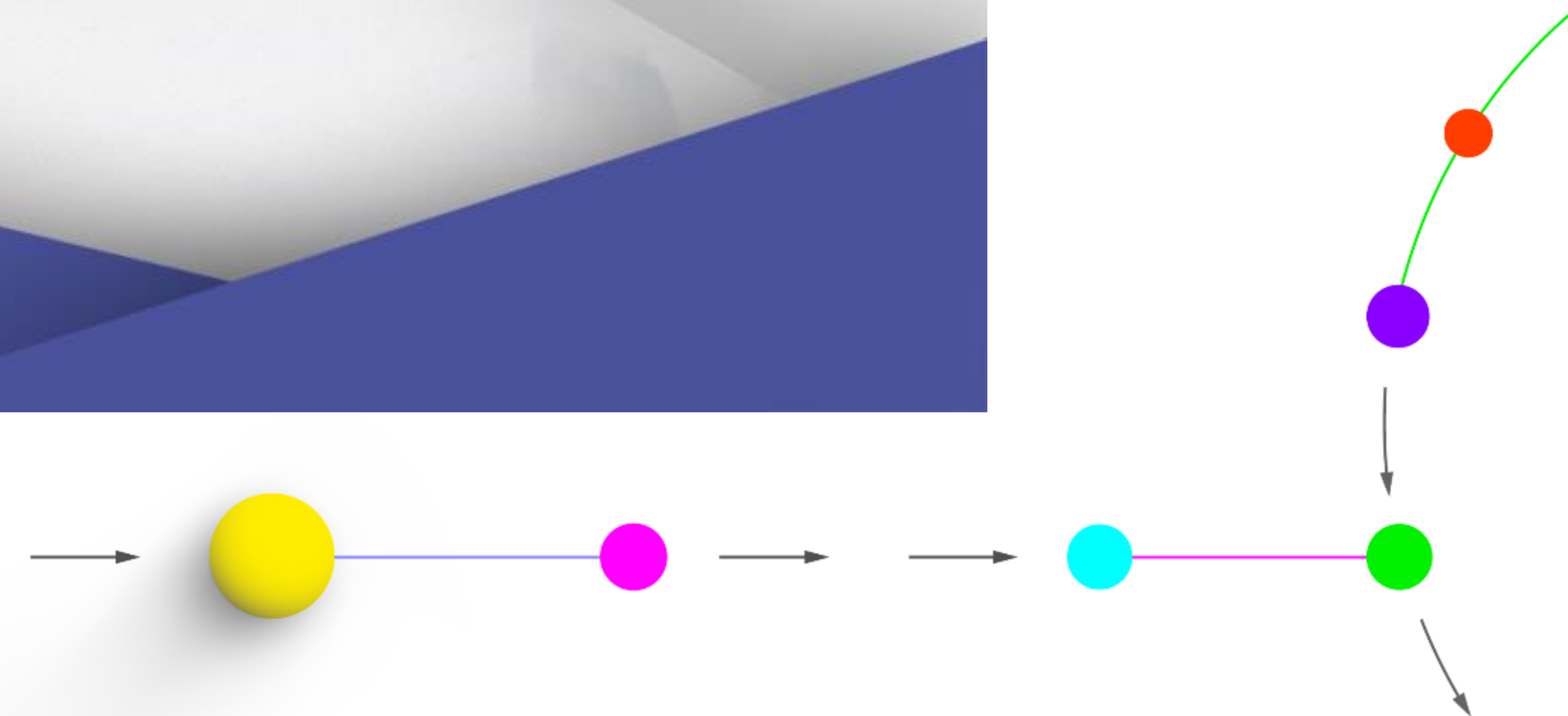


FROM TECHNOLOGY TRANSFER...



WHAT'S NEXT?

...TO THE CLINICAL STAGE



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