

Bedeutung Europäischer Zusatzfinanzierungen für Forschungsprojekte im Lichte der Finanzkrise

**Informationsveranstaltung der FFG
zur Risk-Sharing Finance Facility (RSFF)
Wien, 13 Oktober 2010**

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European Commission - DG RTD - Unit B-04, RSFF Designated Service - not legally binding

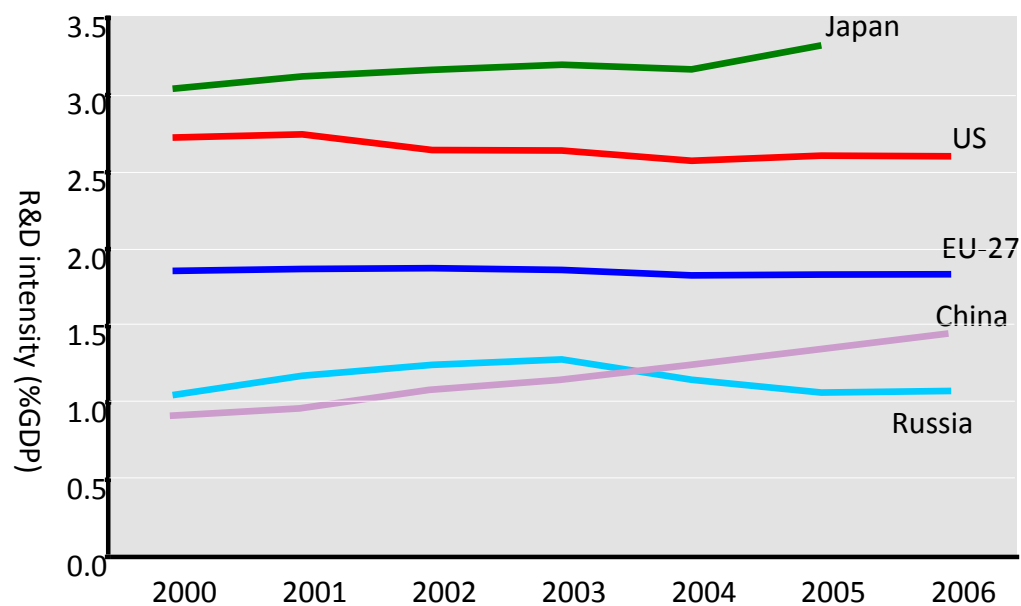


Importance of R&D and Innovation

R & D investment and finance gap in Europe



	R&D investment (%GDP)	R&D funded by private sector (%)
EU-27	1.8	55
US	2.6	64
Japan	3.3	75
China	1.4	65





Gap in Research, Development and Innovation investment & finance in Europe

Europe is facing.....

- A **lack of funding** for excellent and top quality R&D projects in Europe, despite national funding in the European Member States and an increased European Research budget
- A **lack of private investment in R&D and Innovation**;
- A **market imperfection with regard to finance for R&D and Innovation**; financing is scarce for risky projects for Research & Development and for innovative companies, particularly SMEs

Europe is reacting.....

- Through dedicated support programmes for R&D, in addition to national support schemes in the EU Member States; **grant funding**
- And through **“EU Financial instruments” using other forms of funding than grants**



Key European support programmes

- **7th Framework Programme for Research, Development and Demonstration (“FP7”)** 2007-2013: Grant funding for Research and Development investments including new financial instruments (i.e. “Risk-Sharing Finance Facility”, RSFF); total volume of 54.6 billion EURO
- **Competitiveness and Innovation Framework Programme (“CIP”) 2007-2013:** Financial instruments for innovation investments and investments made by SMEs (within the “Entrepreneurship and Innovation Programme” of the CIP); total volume of 3.6 billion EURO, of which 1.13 billion for Financial Instruments
- **Structural Funds to support EU Cohesion Policy 2007-2013:** Financial instruments for SME investments, through i.e. JEREMIE and JASMINE



EU Financial Instruments

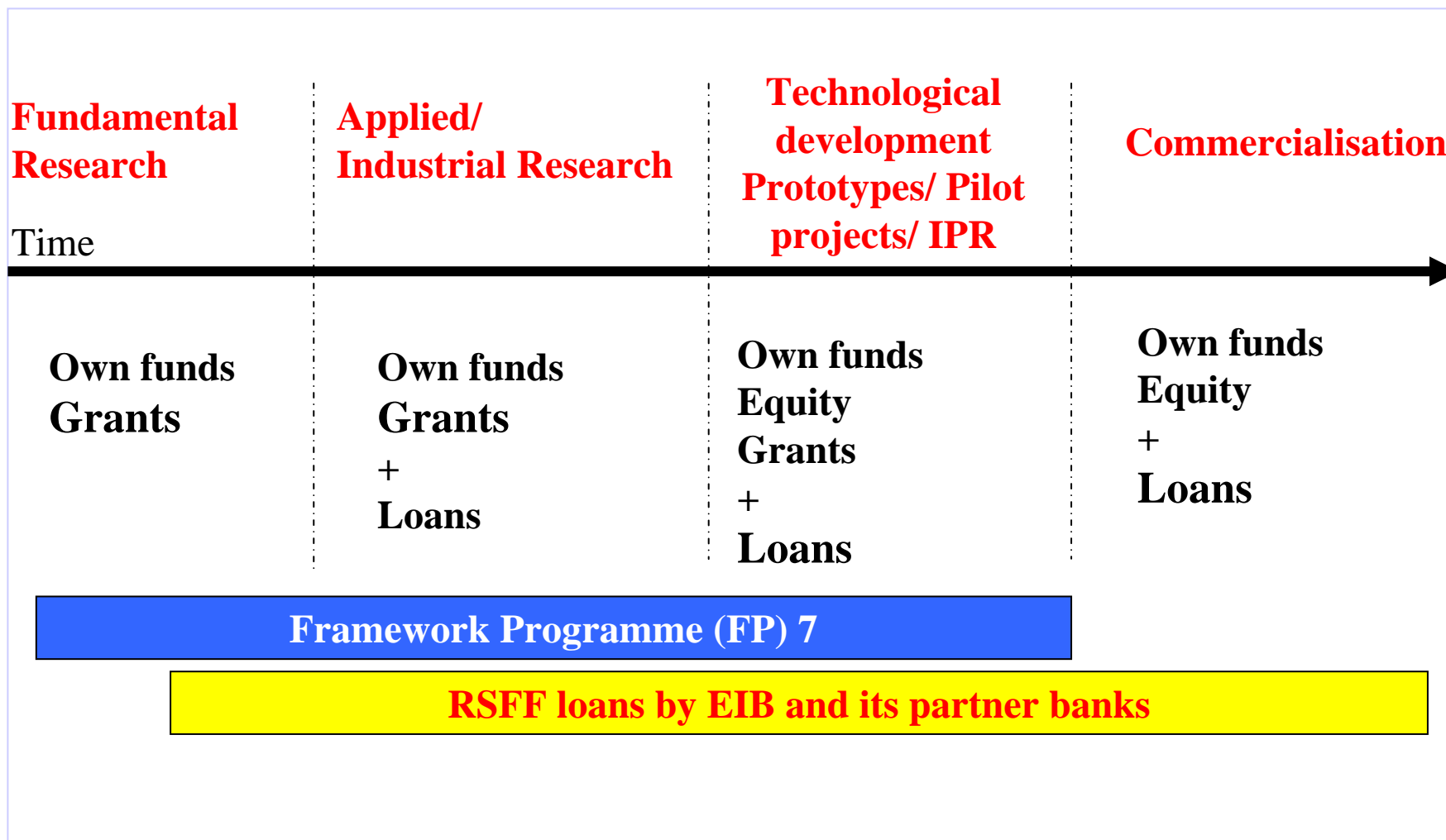
Goals and features



- Support for **legal entities of any size and ownership** investing in Research, Development and Innovation (**RSFF supported by FP7**)
- Support specifically for **small and medium-sized enterprises** (**CIP financial instruments**)
- Provide more funding for investments in R&D and/ or innovation in various forms: **Equity/ mezzanine capital and guarantees** (**CIP Financial instruments**) and risk-sharing loans (**RSFF**)
- **Mobilise capital market finance** by combining EU budget resources with the financing resources made available through banks and other financial institutions (**RSFF and CIP Financial instruments**)
- Use innovative approaches such as **sharing risk between the EC and the European Investment Bank** (**RSFF**)/ **European Investment Fund** (**CIP Financial instruments**)
- Demand-driven approach (“first comes, first served”), no call for proposal



RSFF approach: Loans for R&D





Risk-Sharing Finance Facility

Risk-sharing EC/ EIB and mobilisation of RSFF finance

FP 7 Contribution:
up to €1 billion



EIB Contribution:
up to €1 billion

up to €2 billion for
Risk coverage
for potential losses (non-repayment of RSFF loans by borrower/ beneficiary)

allows EIB to provide
RSFF loans and guarantees of up to €10 billion coming from
capital markets

for Research, Development & Innovation investments



RSFF implementation

Beneficiaries of RSFF financing



- Mid-Caps and large corporates (typically unrated / sub investment grade / turnaround situations)
- SMEs
- Research Institutes
- Universities
- Special Purpose / Project Companies
- Research Infrastructure promoters



Entities of any size and ownership who are able to borrow and can, in principle, repay a loan



RSFF project selection



- **Demand-driven**: Projects are supported on a “first come, first served” basis
- RSFF projects are **evaluated by the EIB** (not by the EC) for their R&D and Innovation content and their creditworthiness
- **Eligibility checked by the EC** which examines RSFF projects with regard to their contribution to FP 7 objectives
- Only RSFF projects which fall into the **thematic priorities of FP7** are supported by the Commission (FP7 budget for risk coverage)
- **FP7 grant funding and RSFF finance**: No restriction. RSFF finance can be used complementary to an FP 7 grant, instead of an FP 7 grant or for projects not involved in FP 7 (but which are fall into FP7 thematic priorities)



RSFF results and interim evaluation 2010

- Since mid-2007 RSFF, loans of almost EUR 8.1 billion have been approved by the EIB in more than 20 European countries
- RSFF loans have been extended to a variety of beneficiaries (from SMEs to research infrastructures) in sectors like ICT, Energy, Health/ Life Sciences and Engineering/ industry
- RSFF loans have supported investments in R&D and Innovation; many projects financed comprise the entire spectrum from Research to Innovation
- RSFF has proven its added value as an “anti-cyclical” facility during the economic and financial crisis; it was one of the few funding sources in Europe for notably mid-sized and larger companies at that time
- RSFF interim evaluation by independent experts concluded in August 2010 was very positive; recommendations to continue until 2013 and even beyond with risk-sharing finance



RSFF project examples

Innovative anticancer treatments: helping bring 4 cancer drugs to the market



PharmaMar: Spain's leading biotech company dedicated to developing **innovative anticancer treatments from marine origin**

- Biopharmaceutical research & development in the areas of oncology and orphan diseases
- Different forms of cancer targetted, including rare cancers
- **EUR 30 million RSFF loan**

www.pharmamar.com



Financing solar power: using indigenous renewable energy to contribute to combat climate change



- **Solucar Solar Thermal Power project** : Europe's first commercially operating power station using the sun's energy, west of Seville (Spain)
- **EUR 50 million RSFF loan** to further develop a large scale application of Concentrating Solar Power (CSP) technology, generating electricity without greenhouse-gas emissions
- Field of mirrors to concentrate solar radiation on a tower-mounted thermal receiver

www.solucar.es



Outlook: EU financial instruments for R&D and Innovation

- Trend at European level to make increasingly use of financial instruments like the RSFF, in addition to traditional grant funding
- Advantages of financial instruments:
 - Limited budget resources can be used in the form of risk-sharing or guarantees **to mobilise private funding** (« leverage effect »)
 - Unless risks/ losses exceed expectations, budgets for risk-sharing can be **recycled and reused** for further projects (revolving funds)
 - Flexibility to better meet the funding needs of target groups/ beneficiaries and **address funding gaps in the market**
- European Commission has just adopted a key document on Research and Innovation in Europe, the « **Europe 2020 Flagship Initiative** ». New financial instruments (2014-2020) are part of this initiative



Directorate B – « European Research Area:
Research programmes and capacities »

Unit B.04 – « Regions of Knowledge and Research Potential »

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http://ec.europa.eu/invest-in-research/funding/funding02_en.htm



**Thank you very much for your
attention !**