Context

Focus on high-growth innovative enterprises (HGIEs)

Access to finance: major barrier for HGIEs

Research questions

• Mapping of policy instruments for easing HGIEs’ access to finance
• Policy instrument effectiveness and economic impact on HGIEs
Sources of funding

- Own resources
- Financial instruments
- Grants and subsidies
- Tax incentives

Public support
Evaluation synthesis (Edler et al., 2008)

Description of financing environment for (innovative) SME

Identification of policy instruments

Collection of corresponding evaluations

Summary of evaluation (focus on effectiveness)

Assessment of evaluation quality

Evaluation synthesis: understanding of policy performance and evaluation culture

Short description of instruments not evaluated

European Commission
Financial instruments

Debt
- Direct loans
- Asset-based financing
- Loan guarantees
- Mezzanine capital

Equity
- Venture capital
- Funds of funds
- Equity guarantees
Equity support by MS

- **Pioneer:** UK
- **Followers:** DE, FR
- **Other advanced public support:** AT, DK, NL, FI, IE
- **Less advanced support** (Central/Eastern MS) or no evaluation available
## Key findings on equity support

### Need for:

- **Syndication** of funds (led by private sector)
- **Targeting** both early and growth stages
- Providing **added value services** (e.g. networking and coaching) and hiring **skilled** fund managers
- **Flexible** geographical boundaries
- **Larger** size funds
- More **patient** investment

### Output and Effect

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<th>Output</th>
<th>Effect</th>
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<td>Employment</td>
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<td>Turnover</td>
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<td>Innovation</td>
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+++ Major    ++ Moderate
Types of R&D grants

Generic grants vs targeted grants

Collaborative vs single recipient grants

Single grant vs phased/milestone grants
# Key findings on R&D grants & subsidies

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<th>Output</th>
<th>R&amp;D grants for scale-ups</th>
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+++ Major  ++ Moderate  + Low

Need for:

- **Targeted** grants
- **Milestone** approach
- **Signalling** effects
- **Complementary** services
R&D tax incentives by MS

- Targeted schemes by size/age: BE, EL, ES, FR, HU, IT, NL, MT, PL, PT, UK
- General schemes
- No scheme: DE, EE, FI
Key findings on R&D tax incentives

**Limited** effectiveness

Higher effects of **targeted** measures

**Complementarity** with R&D grants
Main take-away

Funding *scale-up* is critical

Large portfolio of policy measures to build the *funding escalator*

*Targeted* measures completed by *soft* measures
Thank you!

Improving access to finance for young innovative enterprises with growth potential: evidence of impact on firms' outputs
Part 1. Equity instruments: lessons learned from policy evaluations
Salcuta, K., Stamenov, B., Ianshyna A.
2017

Improving access to finance for young innovative enterprises with growth potential: evidence of impact on firms' output
Part 2. R&D grant schemes: lessons learned from evaluations
Testa, G. and Szkuta, K.
2018