



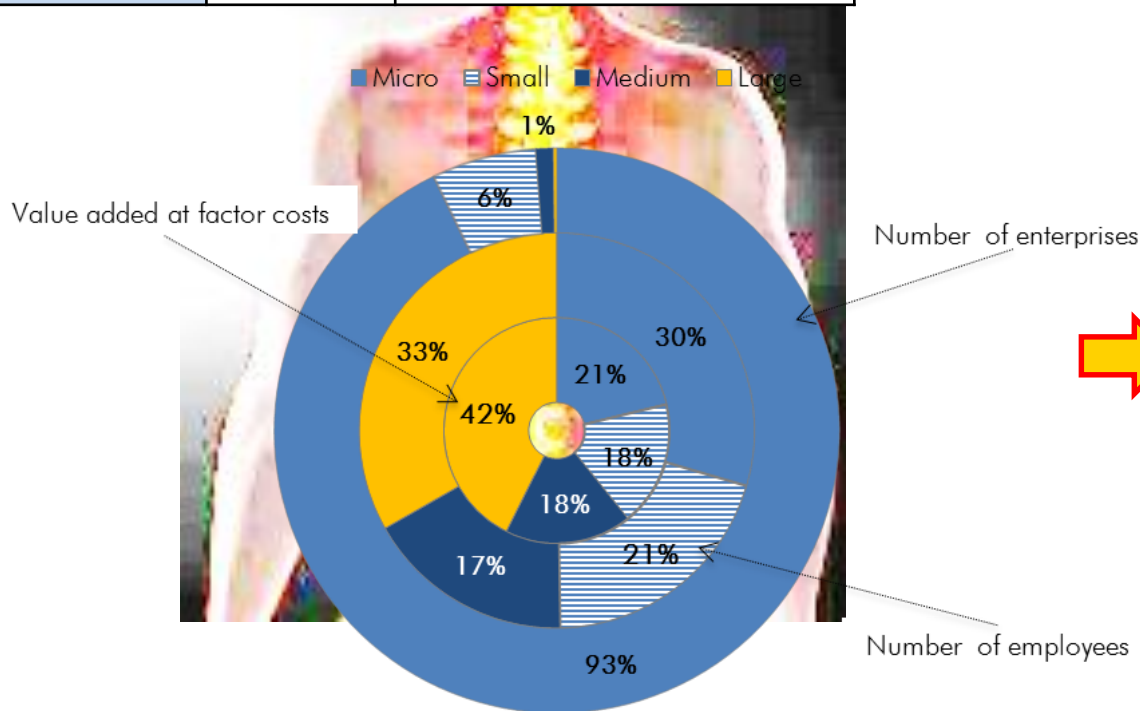
EIF: Financing SMEs,
creating & measuring meaningful impact

Helmut Kraemer-Eis,
Head of Research & Market Analysis, Chief Economist
European Investment Fund, EIF

Importance of SMEs

An essential part of the EU economy

EU definition (EC)	Employees	Annual turnover	or	Balance sheet total
Micro	<10	≤ EUR 2m		≤ EUR 2m
Small	<50	≤ EUR 10m		≤ EUR 10m
Medium-sized	<250	≤ EUR 50m		≤ EUR 43m



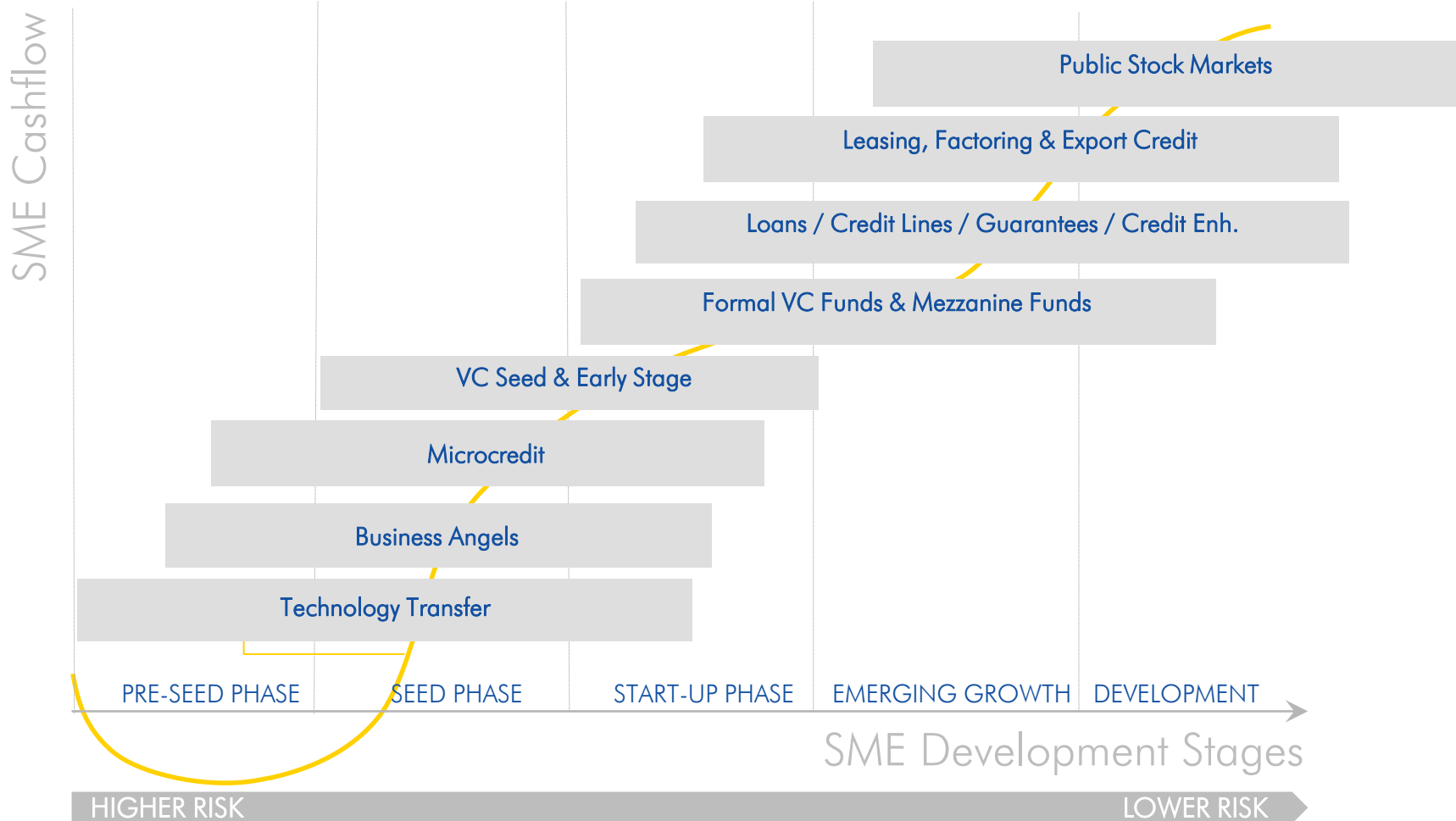
SMEs:

- 99.8% of all companies (approx. 23m)
- 90m employees (68% of total employment)
- A heterogeneous group with a range of different financing needs



Financing of SMEs

Different needs in different development stages



Small and innovative businesses ...

... have problems in accessing external finance



OECD Economic Survey – Italy (2017):

«Innovative start-ups and SMEs continue to suffer from difficult access to bank and equity finance, curbing incomes for many»



That's an area where EIF is helping and several measures are underway in Italy.

EIF: Who/what is it?

Shareholders



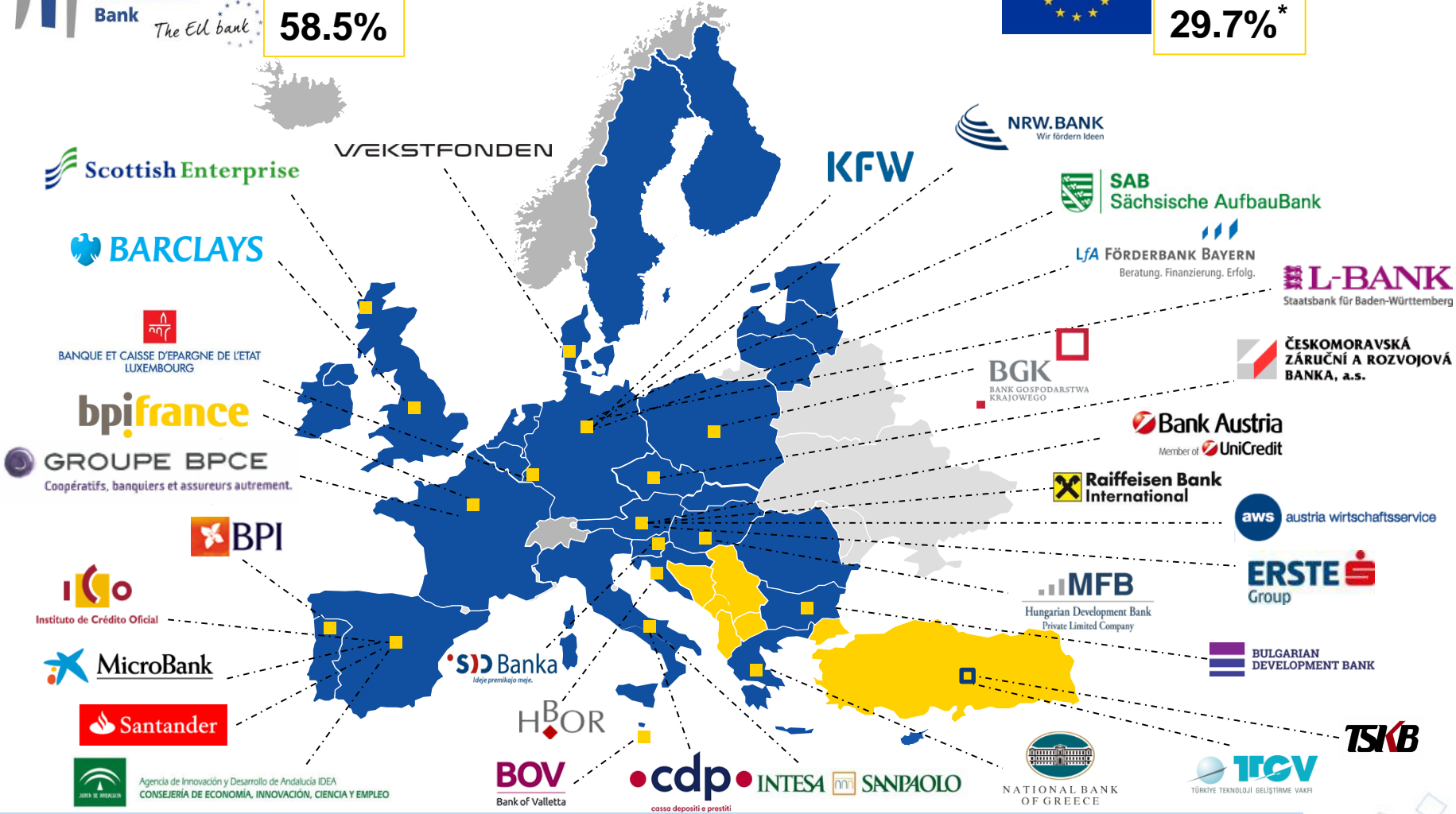
Fls 11.8%



29.7%*



58.5%



*European Union (represented by the European Commission)

Overall commitments

- EUR 3.3bn (2014)
- EUR 7 bn (2015)
- EUR 9.4bn (2016)

Leveraged volumes

- EUR 13.9bn (2014)
- EUR 26.9bn (2015)
- EUR 42.7bn (2016)

SMEs supported

- over 1.8 million since 1994
- 175,000 in 2016
- 1,000,000 jobs sustained in 2016

Partners

- 600 private equity funds
- 400 banks, guarantee and promotional institutions

Resources and mandators

- European Investment Bank
- EIF own resources
- European Commission
- Member States/regions
- Managing authorities
- Public institutions
- Other third parties

EFSI



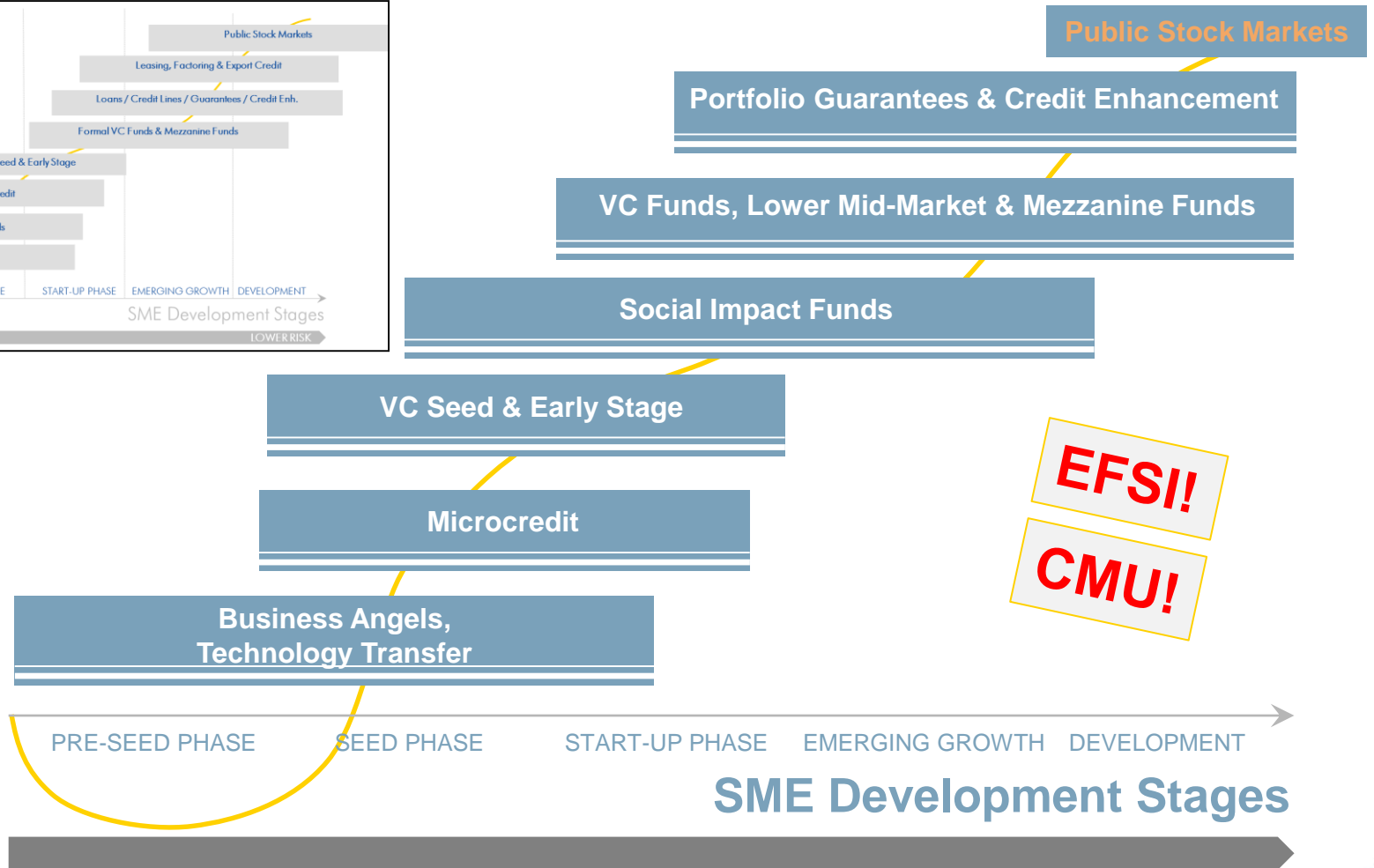
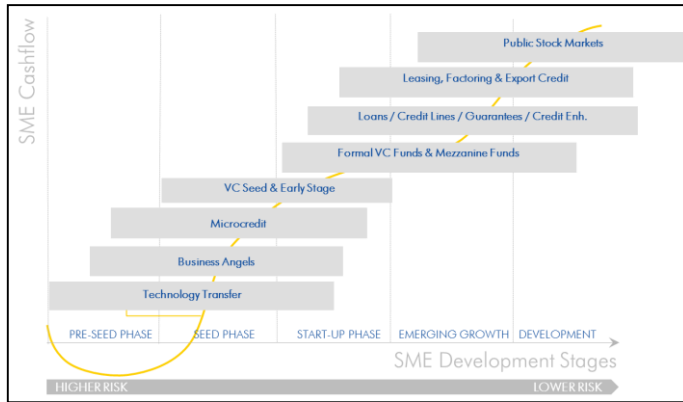
Intermediaries and counterparts

- Fund managers
- Commercial banks
- Development and promotional banks
- Guarantee institutions
- Leasing companies
- Corporates
- Business angels
- Microfinance institutions

micro-
enterprises,
SMEs
and small
mid-caps

EIF's business

Helping businesses at every stage



Impact assessment (ImA)

Key task, rigorous approach

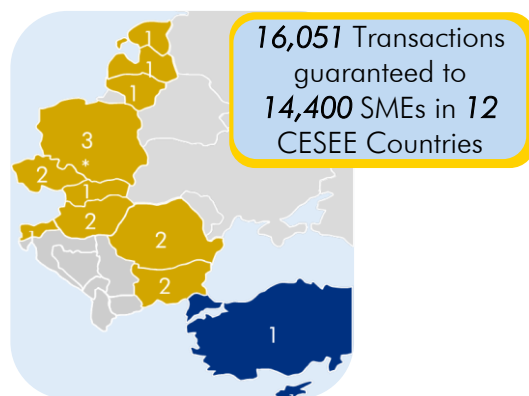
- 3 years in the making, the (ex-post) impact assessment project has brought five working papers, covering a significant share of EIF's policy toolbox (guarantees, microfinance, VC).
- The current strand of work is focused on Venture Capital. It features a pipeline of five publications, some currently in the making, all based on EIF proprietary data.
- The series of working paper is titled **"The European venture capital landscape: an EIF perspective"**, and was started June '16.
- Studies are based on state-of-the-art methodologies, facing in-depth internal review processes and discussions with top-level academics. Freely downloadable as PDF.



EIF's impact in a nutshell

For more info see http://www.eif.org/news_centre/research/index.htm

#1: Guarantees

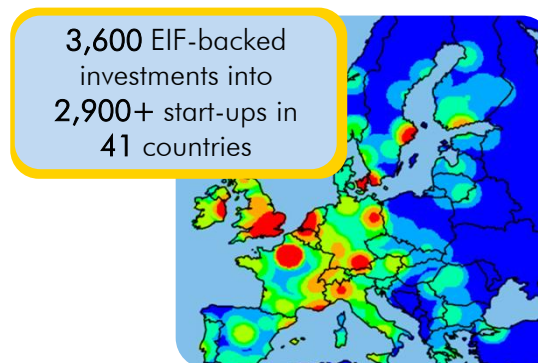


of EIFs per country

- Guaranteed SMEs in Eastern Europe faced a **15-20% increase in sales and employment** compared to the control group.
- Benefits were particularly noticeable for micro and small enterprises and for young firms.

#2: Venture Capital

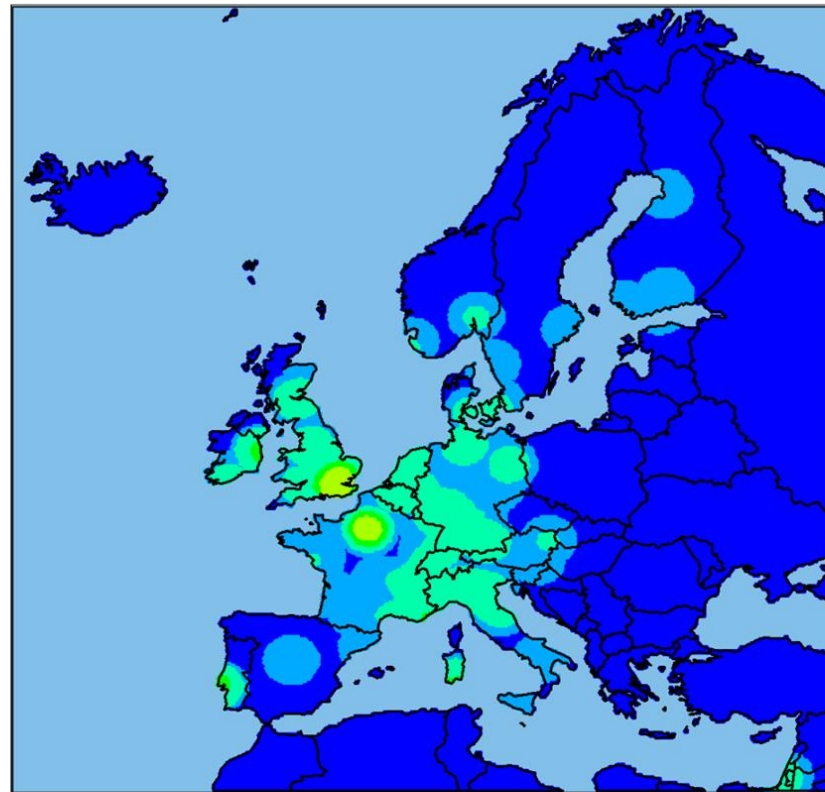
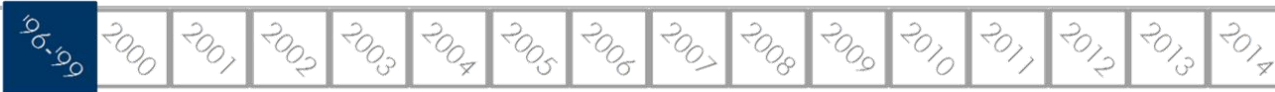
- After the crisis, EIF intensified its VC pipeline and brought in **more VC activity** from other market players, particularly in areas with less developed VC markets.
- **152 EIF-backed start-ups went public** in the period 1998-2015. As of 2016, EIF also backs 50% of the current European unicorns.*



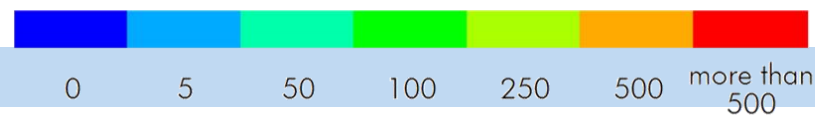
Intensity of EIF VC investments

*Unicorns are defined as privately owned companies with a total valuation of USD 1bn or more

Dispersion: average investment intensity

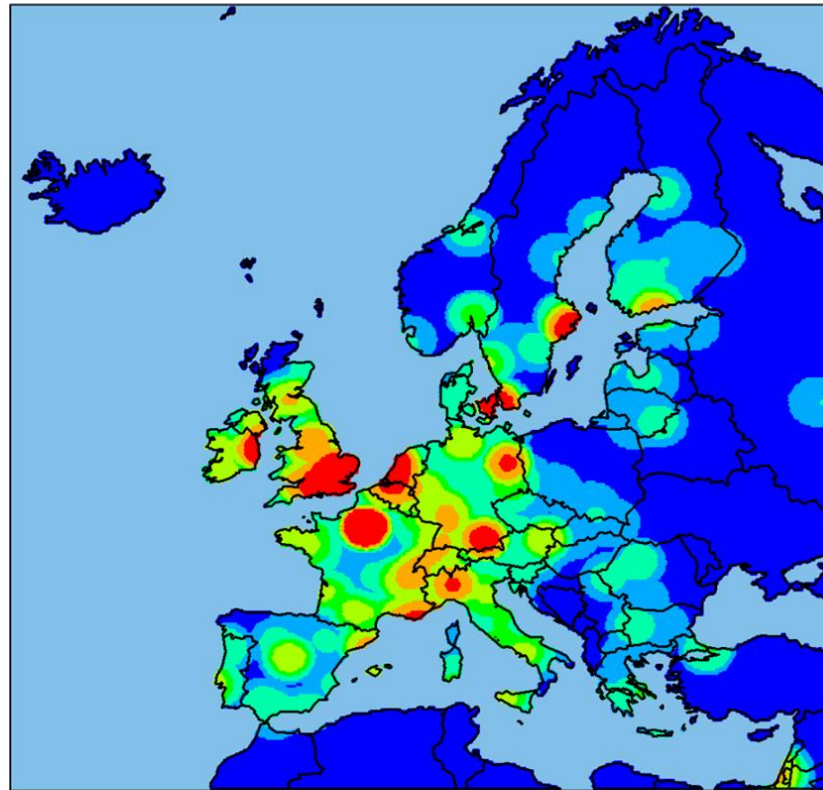


EUR k per km²

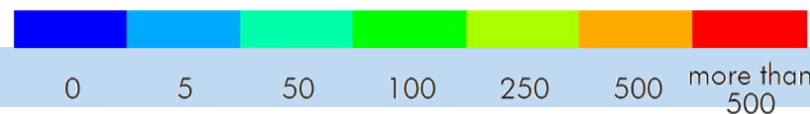


A geographical perspective

Dispersion: average investment intensity

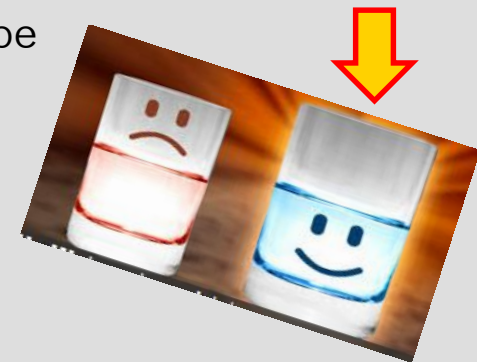


EUR k per km²



We strive to promote an «Impact Culture» :

- Establishing methodologies and spreading knowledge
- Increasing engagement with external experts from academia, private sector, think tanks, etc.
- Enhancing efforts in ImA and expanding the scope



EFSI impact assessment:

- Implementation faster than initially scheduled
- Yet too early to assess micro-level impact
- Methodologies and data-infrastructure for a timely assessment in preparation
- Current testing of these for EFSI-type-SMEW instruments

Thank you ...



... for your attention!



Helmut Kraemer-Eis
Head of Research & Market Analysis,
Chief Economist

Phone: (+352) 2485 81394
Email: h.kraemer-eis@eif.org

http://www.eif.org/news_centre/research/index.htm



EIF: Financing SMEs,
creating & measuring meaningful impact

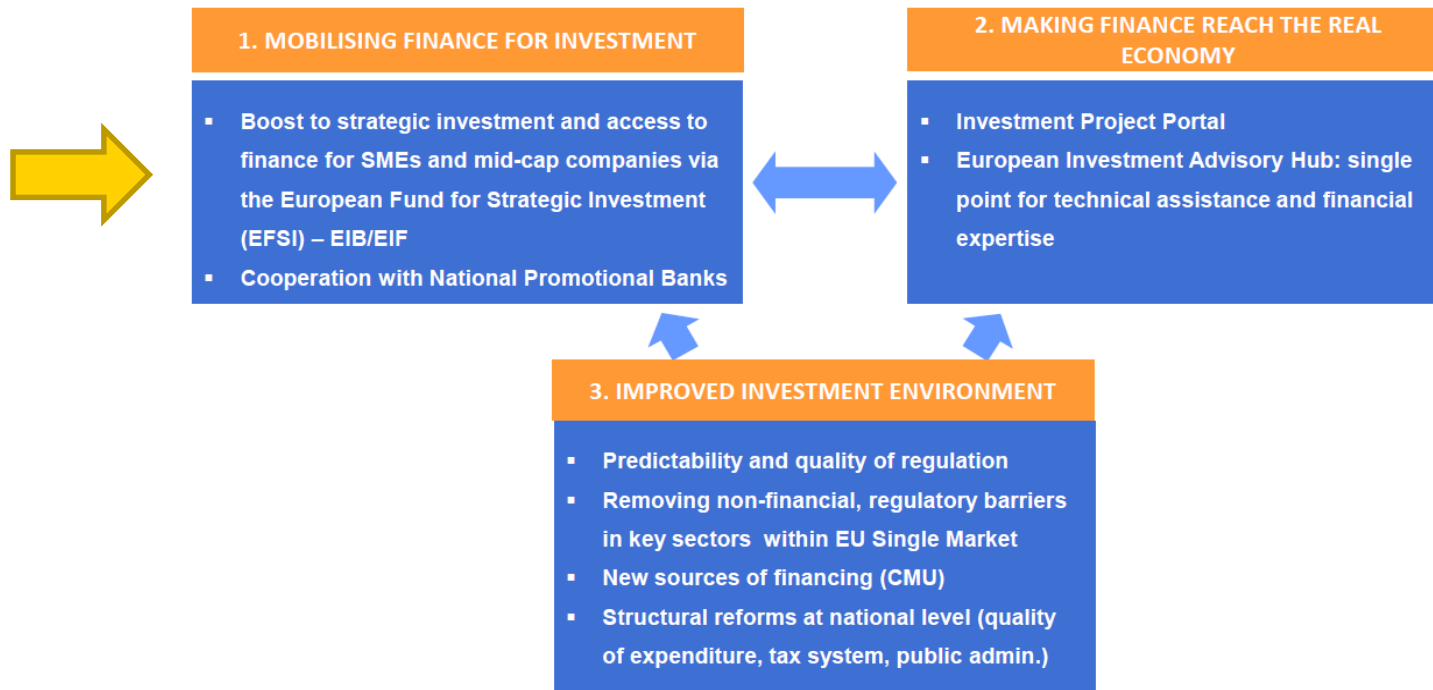
Appendices

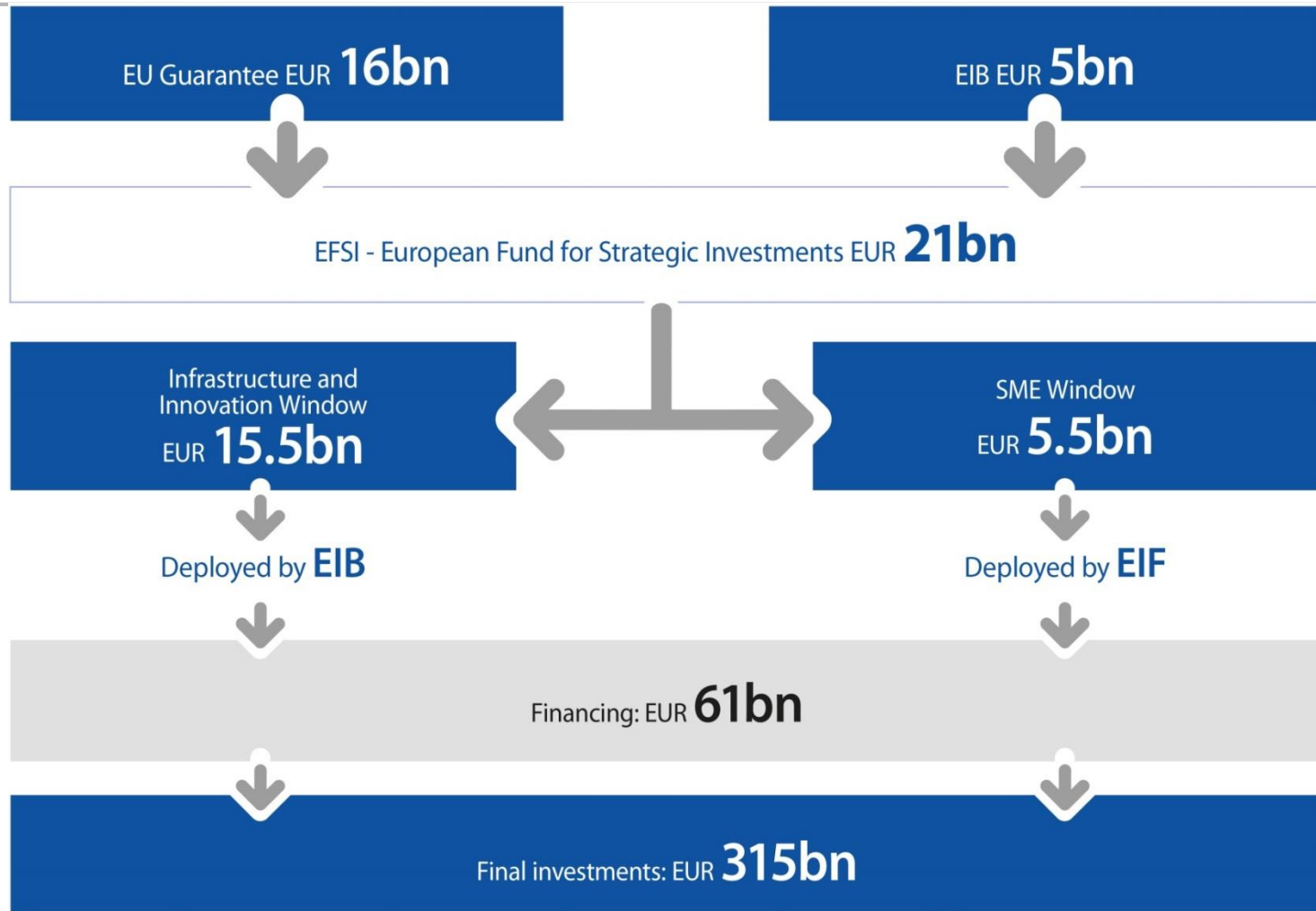
European Fund for Strategic Investments (EFSI)

Important pillar of the Investment Plan for Europe



Investment Plan for Europe





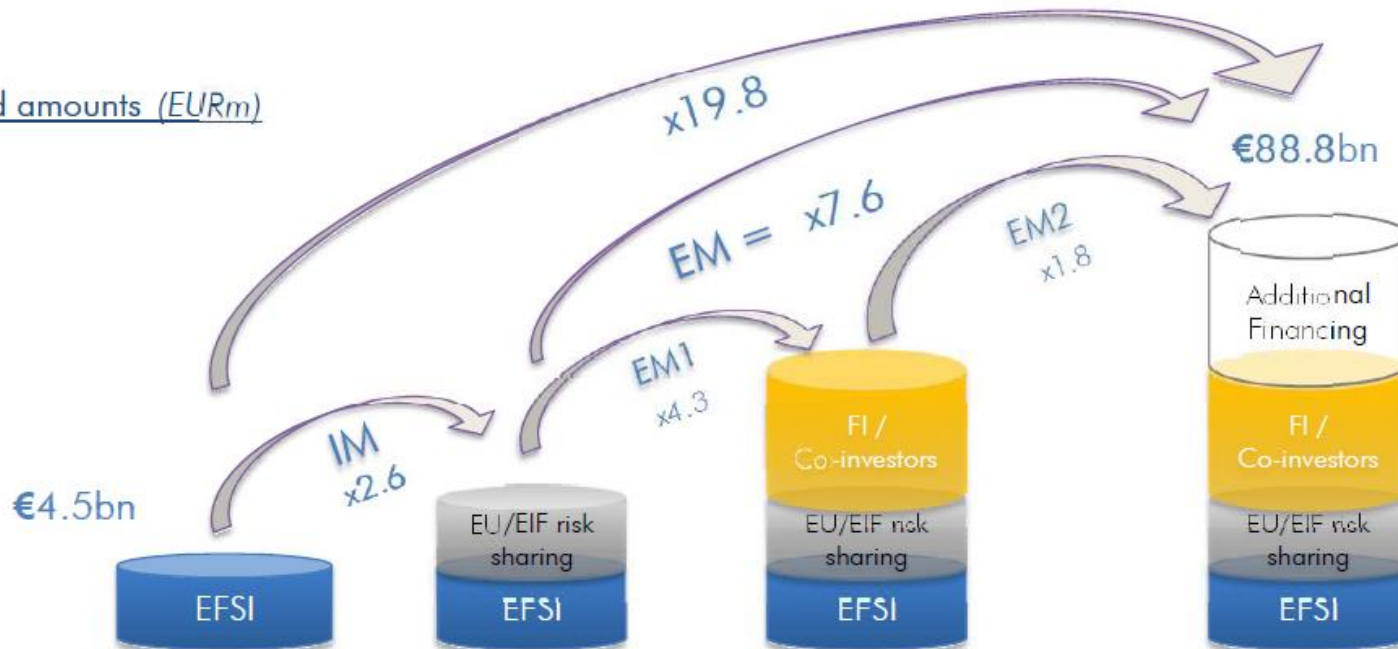
EUR 3bn
provided by EIB
EUR 2.5bn
guarantee cover
provided by EFSI

- Accelerated and additional financing support to SMEs and mid-caps
- Removing market gap

EUR 82.5bn of
investments at
SME and mid-caps
level

Targets: Multiplier 15x, Mobilised inv. EUR 82.5bn

Approved amounts (EURm)

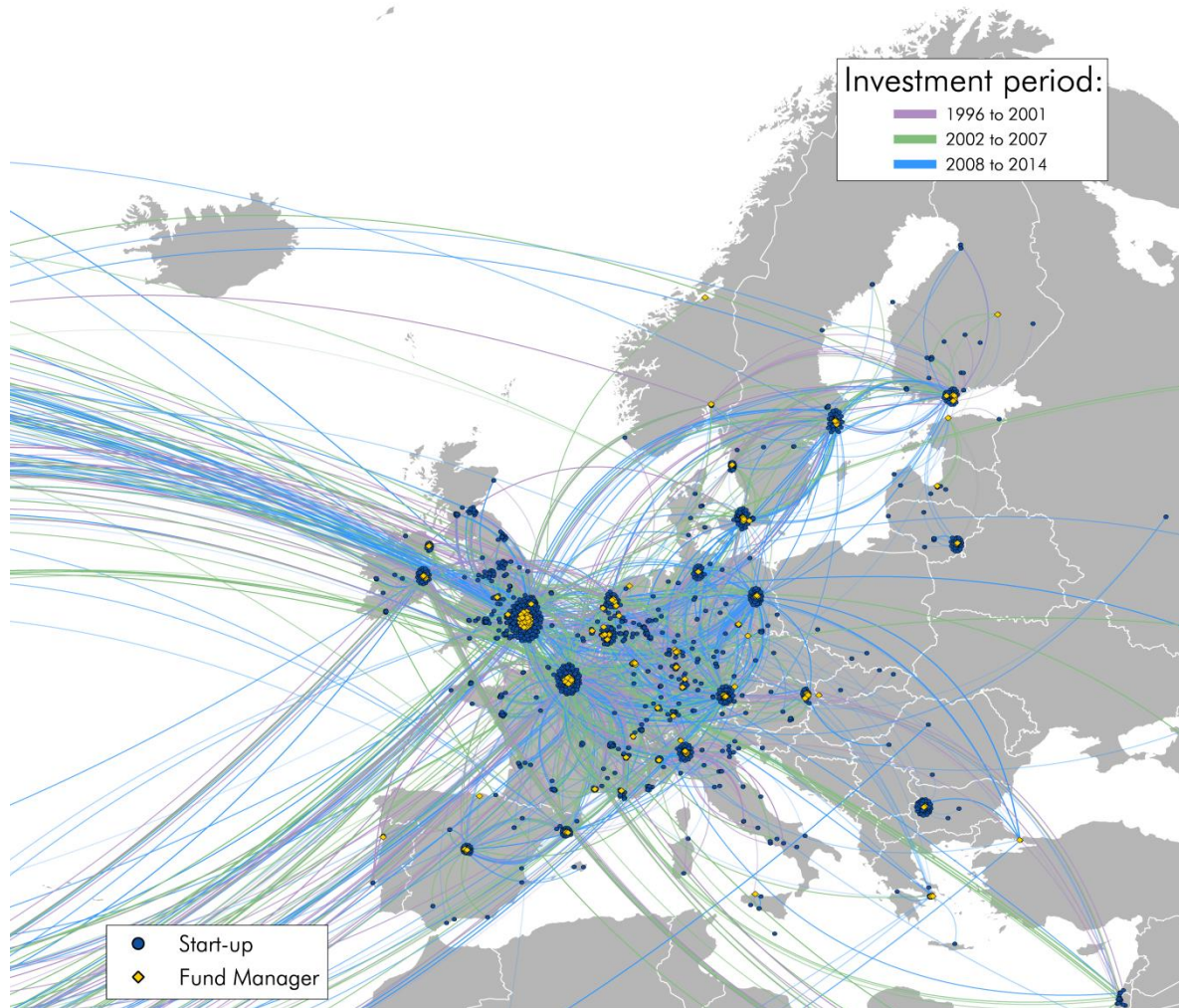


On 08. Nov. 2017:

- Council / Parliament agreement to extend EFSI (duration, financial capacity);
- the Parliament is now expected to approve the regulation at first reading;
- the text will then be submitted to the Council for adoption.

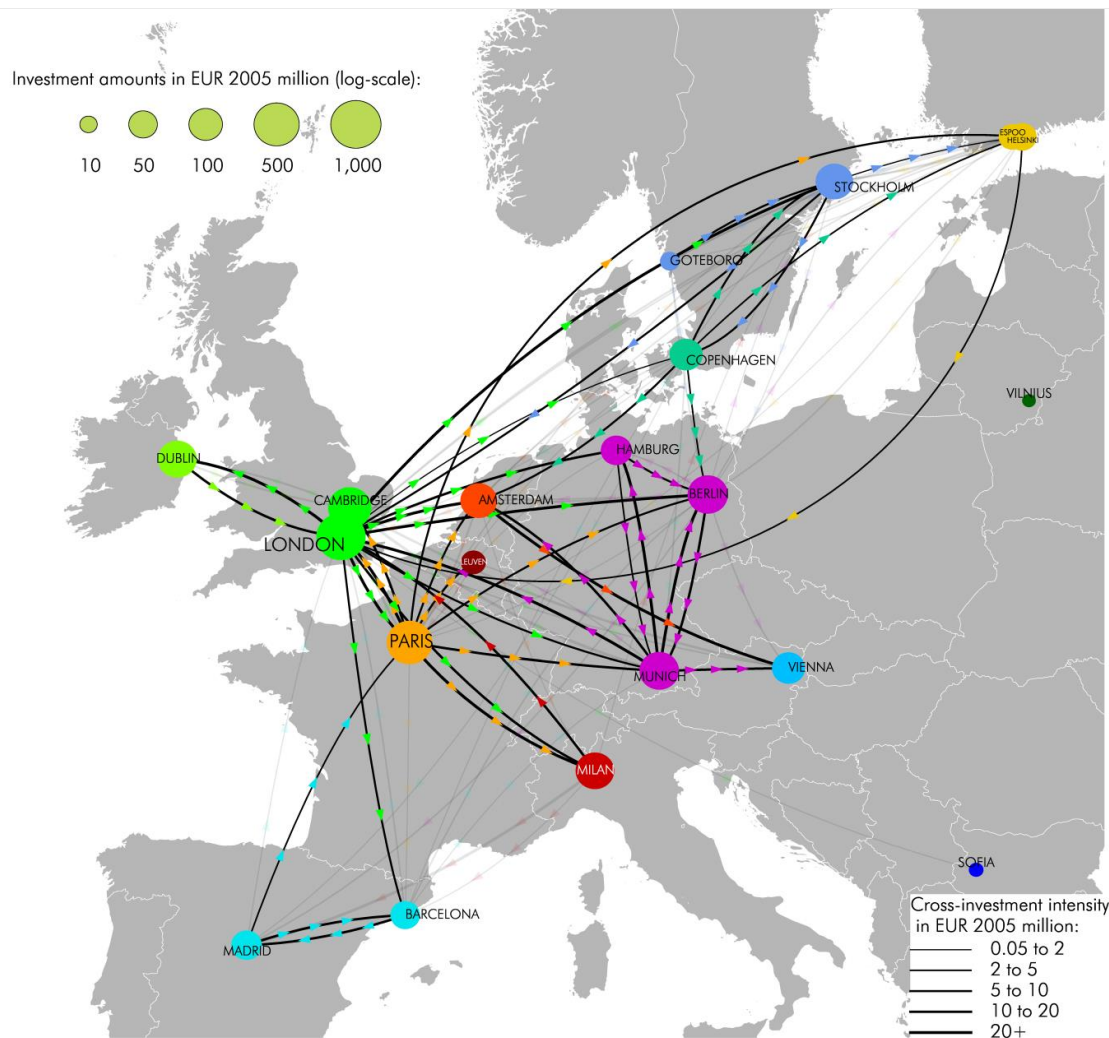
Draft regulation:

- extends the fund's lifespan until 31 December 2020;
- raises the investment target to EUR 500bn;
- increases the EU budget guarantee to EUR 26bn;
- increases the EIB's contribution to EUR 7.5bn (from EUR 5bn currently).



How can we represent 20 years of EIF-backed VC activity across Europe?

- As a complex network of VC firms and start-ups, spanning throughout Europe and evolving over time.
- Remarkable features of this network relate to both **concentration** and **dispersion**.
- VC hubs benefit from a significant share of total activity (40%). However, it is not the majority.



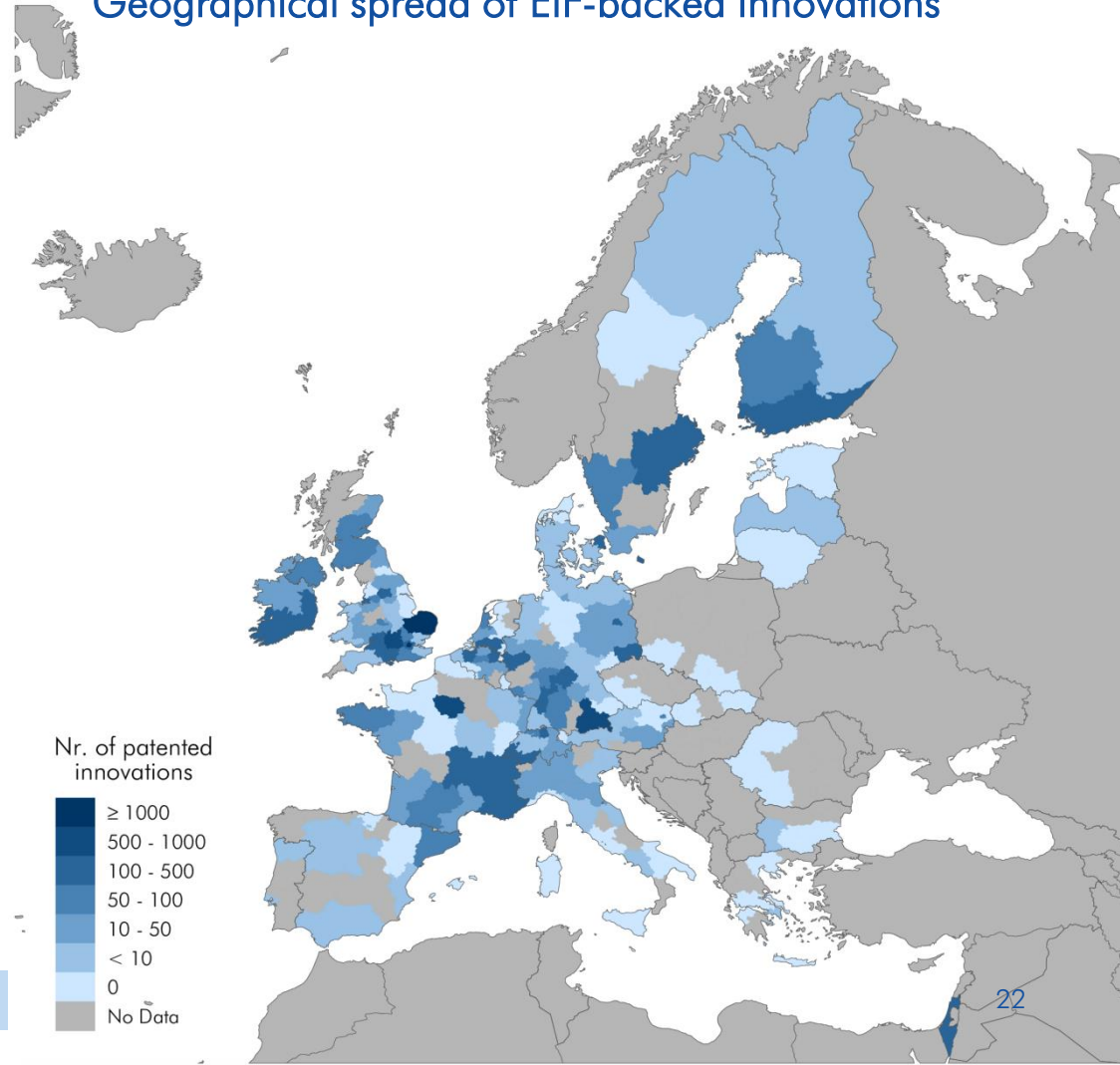
What have we learnt about EIF-backed hubs?

- VC hubs **communicate**: we observe consistent cross-investment routes, especially among hubs with a longstanding tradition.
- VC hubs originated **83% of all invested amounts**. Of these, 63% is invested within national borders, while 37% is **cross-border**.
- Through promotion of cross-border oriented VC firms, EIF supports the build-up of an **European VC market**.

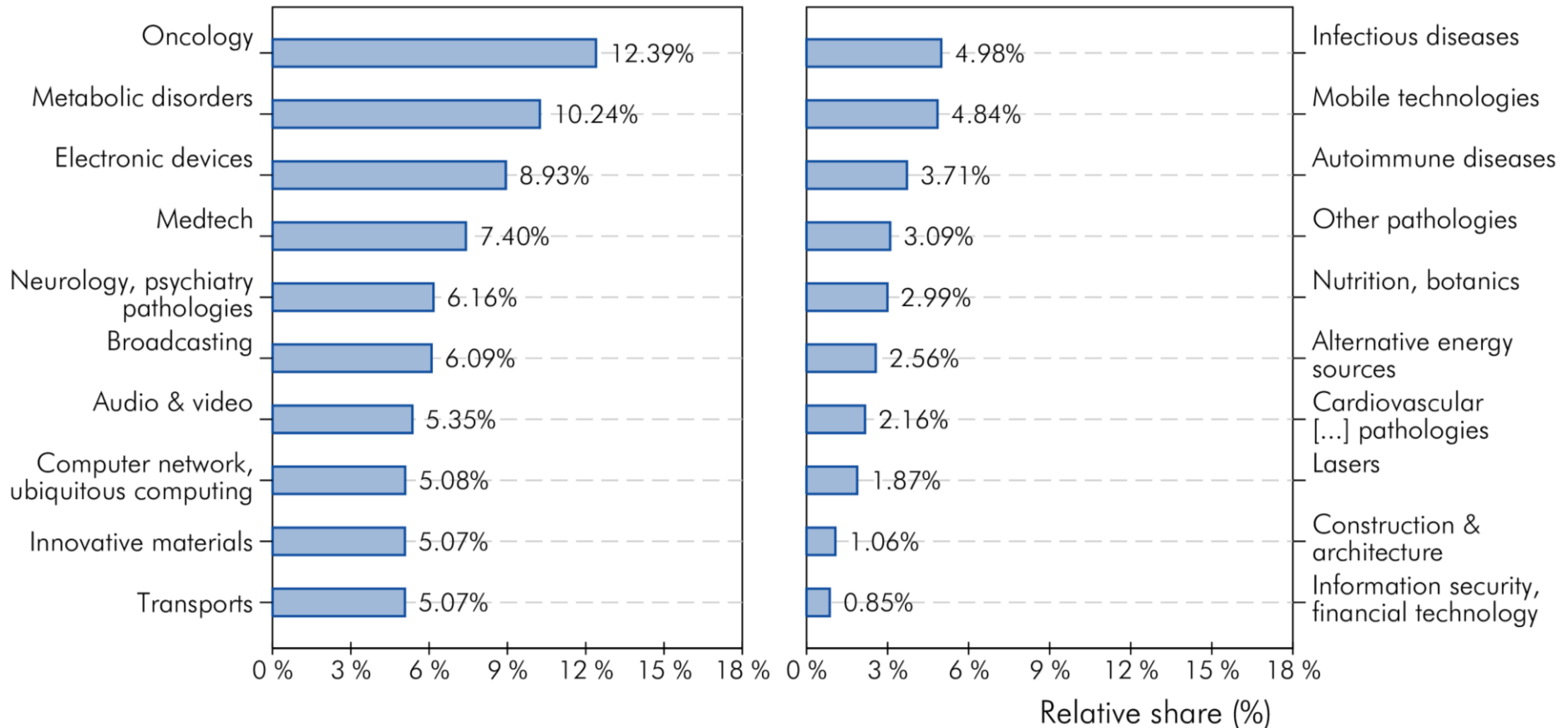
Figure shows cross-investments of EIF-backed VC hubs, cumulated values 1996-2014

- Start-ups in the British Isles account for 38% of innovations. DACH* start-ups come second, closely followed by France & Benelux-based companies
- The Nordic region shows the highest propensity to patent, while Southern and Eastern European start-ups typically lag behind in patent submissions
- Findings are in line with the broader European patenting landscape

Geographical spread of EIF-backed innovations



EIF-backed innovations by technology field



Promoting an “impact culture”

Reactions from social media



Bernardo Hernandez ✓

@BernardoHernandez



Heleen Kist



Michael Kouzmin

@mikouzmin

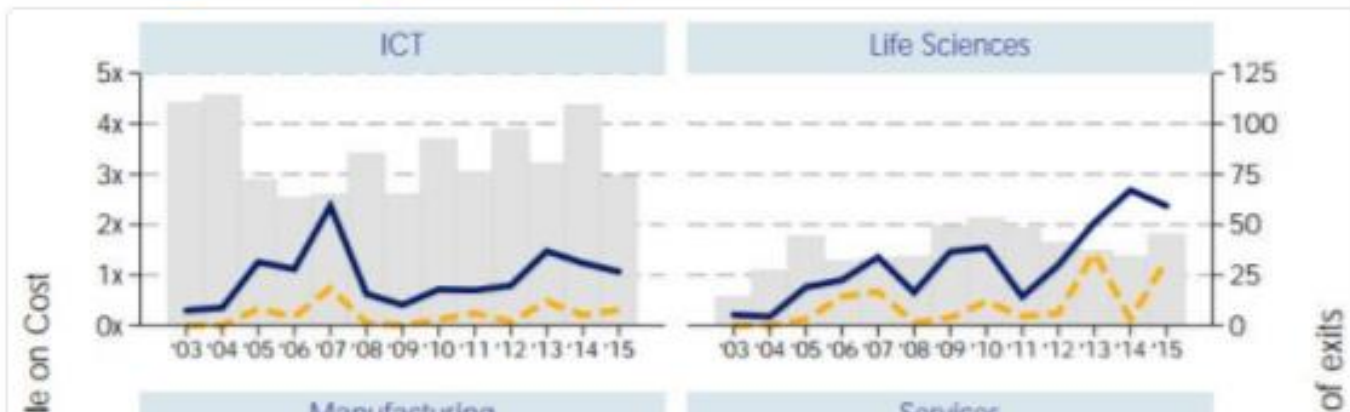
Follow

Great |
past 20 |
conclu |
ei

EIF Working Paper 2017/41, Liquidity events and returns of EIF-backed VC investments
[eif.org/news_centre/pu ...](http://eif.org/news_centre/pu...)

ment
post

3:57
If n
VC
bit



2:24 A
@te

Ventur
insights from EIF: eit.org/ #startups #unicorns
#fintech #Insurtech

3:00 PM - 20 Apr 2017