



JRC Project on High-Growth Innovative Enterprises

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Joint Research Centre
the European Commission's in-house science service

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

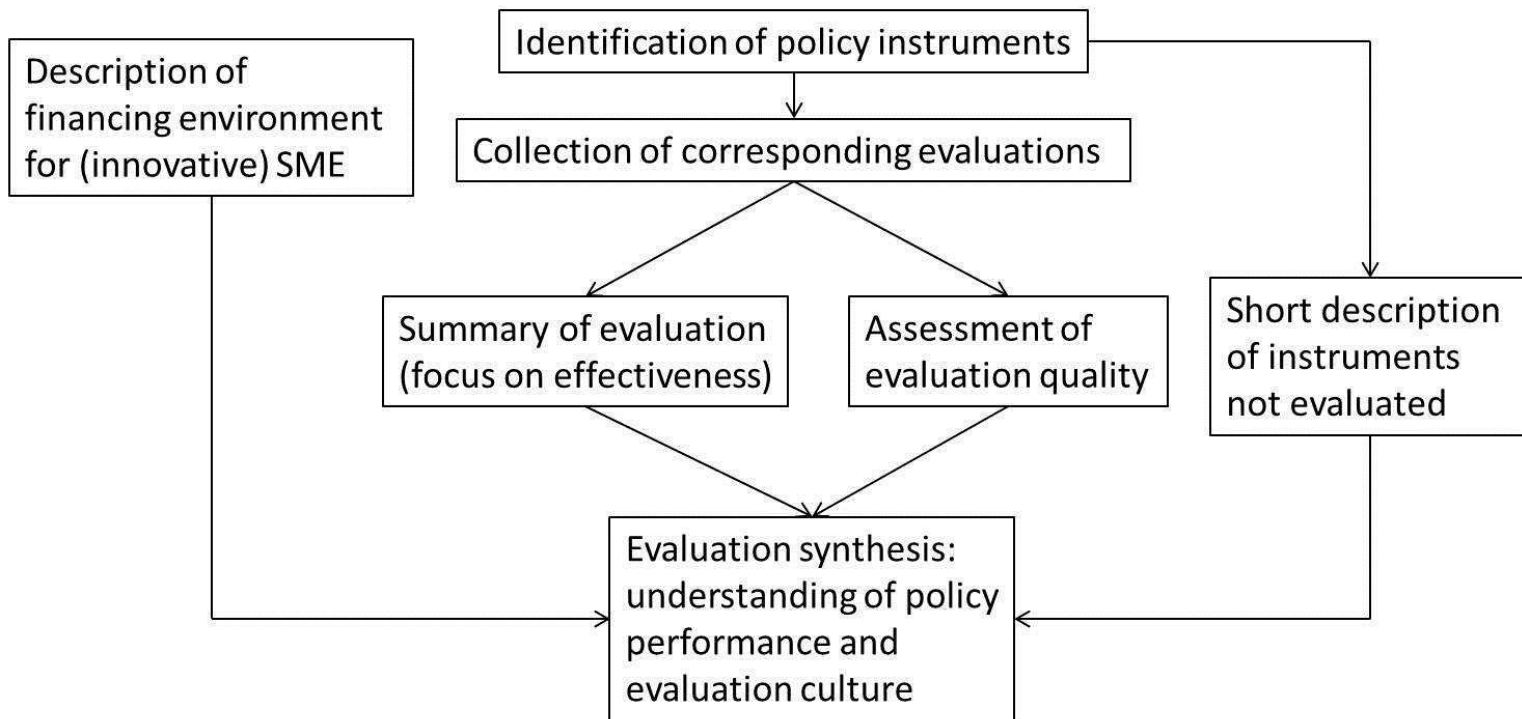
Financial instruments

Grants and subsidies

Tax incentives

Public support

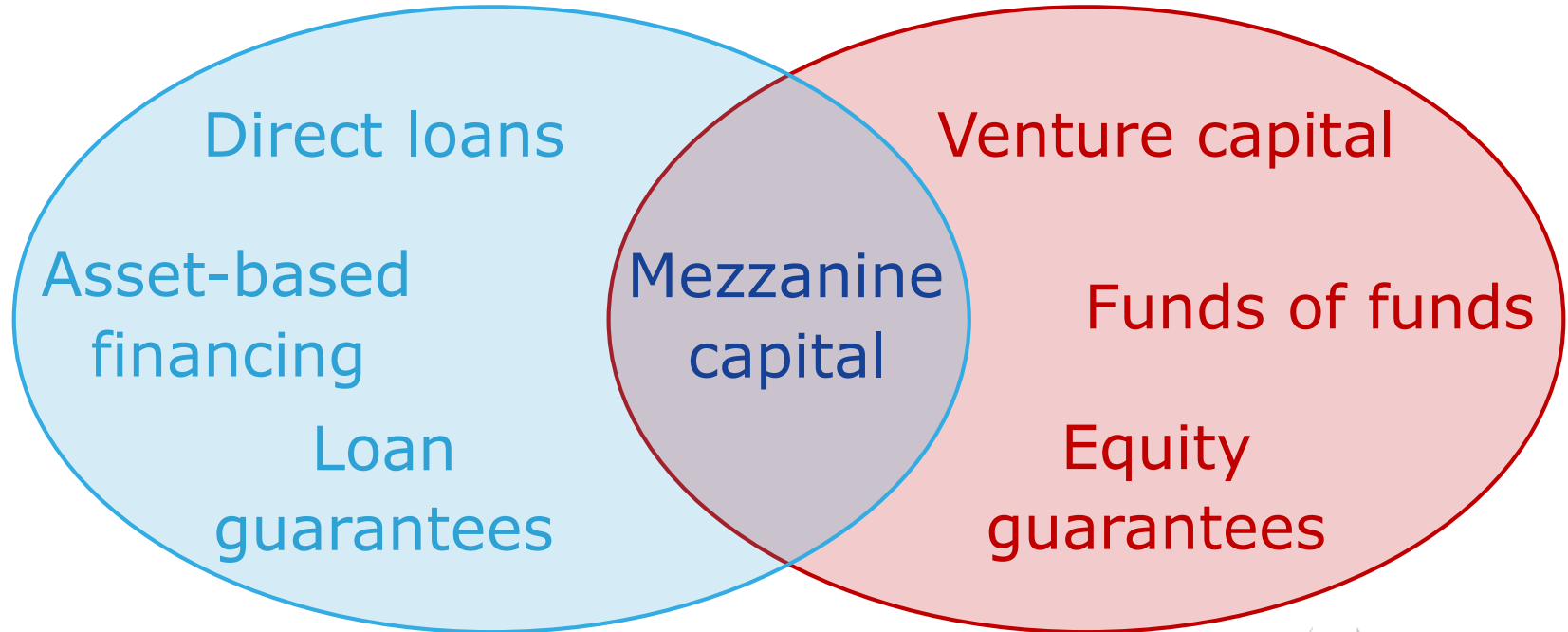
Evaluation synthesis (Edler *et al.*, 2008)



Financial instruments

Debt

Equity



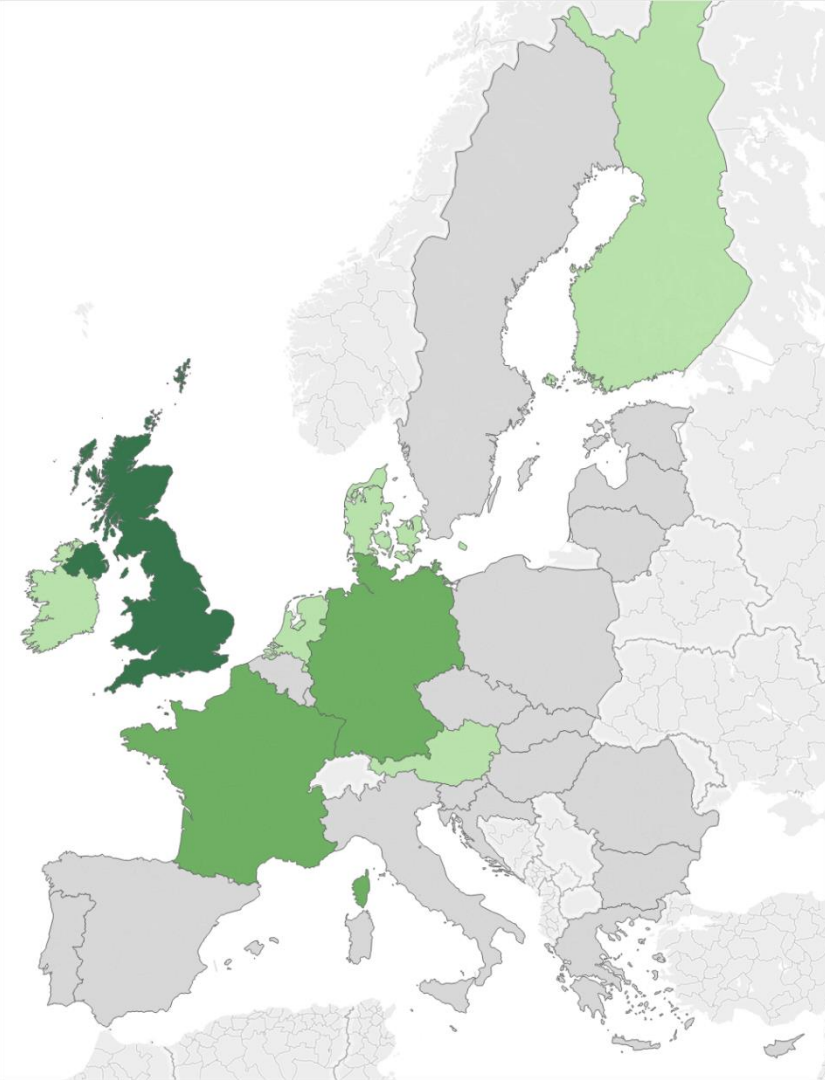
Equity support by MS

■ 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

Output	Effect
Employment	+++
Turnover	+++
Innovation	++

+++ Major ++ Moderate

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

Types of R&D grants

Generic grants vs **targeted** grants

Collaborative vs **single** recipient grants

Single grant vs phased/**milestone** grants

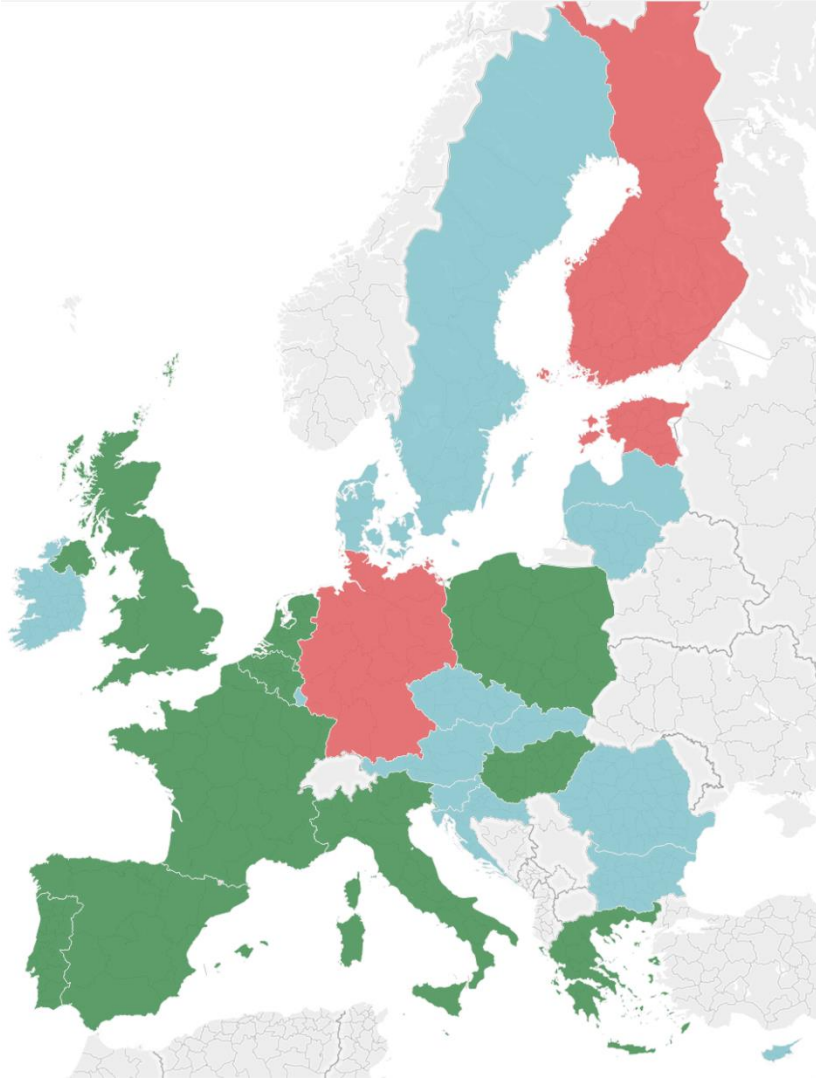
Key findings on R&D grants & subsidies

Output	R&D grants for scale-ups	Generic R&D grants	R&D subsidies
Employment	+++	++	+
Turnover	+++	++	++
Innovation	+++	+	+

+++ 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!



JRC SCIENCE FOR POLICY REPORT

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

Szkuta, K., Stamenov, B.,
Ianshyna A.

2017



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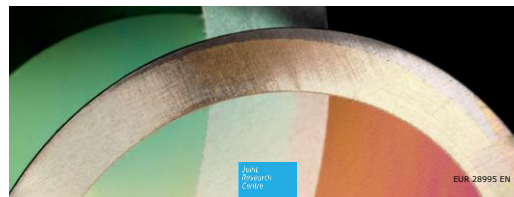
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Improving access to finance for young innovative enterprises with growth potential: evidence of impact on firms' output

Part 2. R&D grant schemes: lessons learned from evaluations

Testa, G. and Szkuta, K.

2018



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