



PRESS RELEASE

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Europe prepares the ground for Research and Technology Organisations to get more and better access to finance

Research and Technology Organisations (RTOs) play a pivotal role in the European business landscape by bridging industry and academia and by adding value across the entire innovation value chain. However there is a need to optimise and complement RTOs' traditional business model and funding strategies with new additional business models and funding strategies to allow them to successfully navigate through a changing funding landscape and make full use of existing business opportunities. This is the result of a study "Access to finance for Research and Technology Organisations (RTOs) and their academic and industrial partners", launched today in Munich. The study was prepared by Innovation Finance Advisory under the EIB Group's InnovFin Advisory Partnership with the European Commission.

Werner Hoyer, President of the EIB Group, which also includes the European Investment Fund (EIF), commented: "This study shows that the European public funding landscape for R&D and innovation is changing rapidly. While grants are, and will remain, an important source of financing for RTOs, their uncertain future creates challenges. This may also create new opportunities, as new and optimised business modelling and, enhanced knowledge and expertise of the financial community can help to diversify funding sources. An optimised use and effective leveraging of grant funding by RTOs can help attract complementary sources of return-based financing."

Carlos Moedas, Commissioner for Research, Science and Innovation, said: "It is encouraging that Research and Technology Organisations are actively exploring the full range of available financial instruments to diversify their funding options. The EU facilitates their access finance in various ways. For instance, InnovFin equity helps those pursuing market-driven innovation by transferring publicly funded and performed research to for-profit entities, including start-ups."

The President of EARTO emphasised "this study presents an interesting tool set, which invites the EARTO members and EIB to further explore new ways of financing the technology transfer on its way to the market. And we are happy to see that a first group of EARTO members is already looking very seriously into these new options. Our challenge now will be to follow the various discussions started and to get jointly through the learning curve. In the current economic and political European context, coherence of R&I funding instruments will be key for our future. Such joint efforts are stepping stones in this direction: R&I actors such as RTOs are the ones to create synergy by using the various funding tools which are at their disposal."

For some RTOs existing business models could be further optimised and complemented in order to reposition part of the current activities and, where possible, introduce a more commercial and market-driven perspective. Furthermore, if RTOs in general want to benefit from debt instruments in complement to grant-based funding schemes, a business model that generates sufficient cash flows to repay debt directly is important. In addition, some RTOs could develop further knowledge and expertise on project risk assessment and potential mitigating factors to target the overall risk profile that fits with the risk appetite of the investment community, and as such improve the overall "bankability" prospects of their projects.

The report recommends that RTOs further optimise the use of existing financial instruments overall. Of particular relevance may be the financial instruments proposed by the EIB Group, which has a long-standing track record of providing financing to support research, development and innovation (RDI). In particular, the EIB Group and the European Commission Directorate General for Research and Innovation have joined forces with a €25 billion investment into the InnovFin – "EU Finance for Innovators" and the "European Fund for Strategic Investments" to support innovative ideas.

President Hoyer: "As the financing arm of the European Union, we understand the challenges that many RTOs face in raising finance. The EIB Group is ideally placed to help RTOs in their quest for new funding models. We are ready to build on our existing range of financial instruments to deliver advice and products which will help RTOs optimise their funding possibilities. I extend a warm invitation to EARTO members to contact the EIB with their project proposals and look forward to developing our engagement as in a joint effort we seek to bring innovative ideas to market."

Link to study: <http://www.eib.org/infocentre/publications/all/access-to-finance-for-research-and-technology-organisations.htm>

Press contact:

Christof Roche, c.roche@eib.org, tel.: +352 43 79 89013 / Mobile: +32 479 65 05 88
Website: www.eib.org/press - Press Office: +352 4379 21000 – press@eib.org
Follow us on Twitter [@eib](https://twitter.com/eib)

Muriel Attané, attane@earto.eu; tel.: +32 2 502 86 98
Website: www.earto.eu
Follow us on Twitter [@EARTOBrussels](https://twitter.com/EARTOBrussels)