



European Union European Regional Development Fund

Financial instruments for emergency response

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Focus:

- Financial instruments (FI) are important elements in the implementation of innovation policy and, especially, in promoting a new landscape of innovative businesses;
- Nevertheless, in many regions we face different issues namely, shallow equity market, conservative and expensive debt cost, unaddressed market failures and, most of all, non-innovative FI.



Financial instruments: what, how and why?

What

• From debt, to capital, from cash to derivatives, FIs are the essence of financial system, being fundamental for firm's everyday operation and to lever investment.

Why

- Greater multiplier effect in comparison to grants
- Equity instrumens critical for start-ups
- Clearer commitment to outcomes and profitability

How

 Public policy creates a favorable landscape to the creation and operation of financial instruments relevant for the innovation system



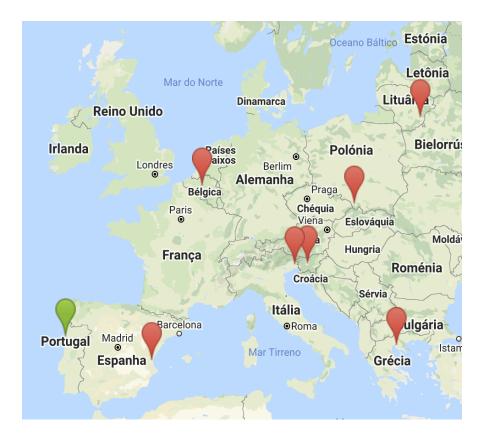
Although popular, in developing regions we witness different issues:

- Shallow equity market unbalance and overly dependent on traditional banks;
- Higher relative price;
- Overlapping of instruments coexisting with market failures;
- Hence, it is clear the need and justification for a public policy intervention.

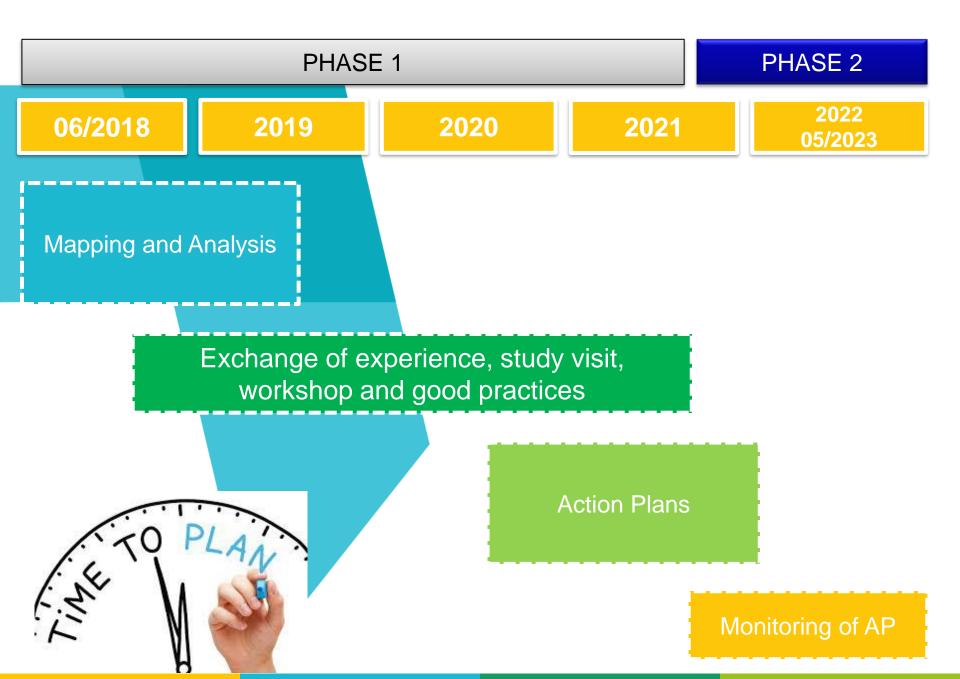


A collaborative partnership with simple goals:

- Work together in better understanding the landscape and creating an harmonized conceptual architecture for the FI system;
- Exchanging knowledge and stimulating learning;
- Improving the design and implementation of Financial Instruments as a delivery mode of Structural Funds;
- Establishing borderless partnerships for innovative policy design.







Specificities of ultraperipheral regions

The case of ultraperipheral regions presents additional challenges:

- i) Density;
- ii) Stage of development of financial instruments;
- iii) Absorption capacity;
- iv) Interconnections;
- v) visibility.

These specificities imply developping a more compreehensive understanding and a tailored design.



Our commitment:

- To support Azores and Madeira in the consolidation of their Innovation Systems;
- To facilitate the interconnectivity within the National Innovation System;
- To provide innovative guidelines on policy design, specifically, in what concerns financial instruments.



Covid-19: a new challenge for collective emergency response

Covid 19 disturbed and disrupted the normal functioning of the economy;

Two levels of immediate response were key aimed at:

 (i) Preventing the collapse of the economy and sustaining jobs and SMEs (avoiding the destruction of productive capacity);

(ii) Induce a fast track action plan to create a sanitary response: producing masks, ventilators, etc



Covid-19: a new challenge for collective emergency response

The case of Portugal

(i) Debt instruments: families and firms – grace period and loans

(ii) Induce a fast track action plan to create a sanitary response: producing masks, ventilators, etc - R&D and innovation projects to develop knowledge and create productioncapacity for emergency response



Covid-19: a new challenge for collective emergency response



- The RRP
- Lessons learnt: ease of use and access, speed, time consistency, combining short and medium term







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Financial instruments in ultraperipheral regions

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