



Innova-FI

Interreg Europe



European Union
European Regional
Development Fund

Financial instruments for emergency response

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Innova FI: brief introduction

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Innova FI: brief introduction

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.**

Innova FI: brief introduction

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 instruments 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

Innova FI: brief introduction

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.**

Innova FI: brief introduction

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.



PHASE 1

PHASE 2

06/2018

2019

2020

2021

2022
05/2023

Mapping and Analysis

Exchange of experience, study visit,
workshop and good practices

Action Plans

Monitoring of AP



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 developing a more comprehensive understanding and a tailored design.

Innova FI: brief introduction

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 production capacity for emergency response**

Covid-19: a new challenge for collective emergency response

The case of Portugal

(i) Issues:

- **Durability of Effects**
- **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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