Impact Assessment at the EIF

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«EIF attaches great importance to the real impact of the support on the market and, in particular, on final beneficiaries, the SMEs. In the context of further developing EIF’s «impact culture», EIF continues to strengthen its specific research activity to assess ex-post the additionality and impact of its activities. Furthermore, this regular analysis will be rolled out to all of EIF’s business areas.»
Impact Assessment of EIF loan guarantees

In the last five years, RMA analysed the real effects of its guarantee instruments, via four different publications:

Central, Eastern and South-Eastern Europe (CESEE)

France

Italy, Benelux and the Nordics

Pan-European assessment

[Click on the cover of a paper to download the related full publication]
Countries and regions analysed

- 360,000 guaranteed loans under the EU MAP and CIP programmes from 2002 to 2016

- Total amount of EUR 22bn across 19 European countries – 60% of all loan amounts guaranteed under MAP and CIP

- Not implausible to assume that the conclusions from this body of works apply to most (all?) guaranteed loans issued under the MAP and CIP programmes.

Source: Brault and Signore (2019)
Significant growth of guaranteed SMEs
Compared to “twin” SMEs which did not receive EC-guaranteed loans

HIGHER EMPLOYMENT
- +7%*
- +11%*
- +19%**
- +50%**†

HIGHER SALES
- +7%
- +14%
- +15%
- +32%

HIGHER ASSETS
- +8%
- +18%
- +33%
- +76%
- +39%

*Measured with cost of employees (incl. pensions)
**Measured with nr. employees
†Two years after treatment

Effects of loan guarantees on firms three years after the receipt of the loan. For further information please consult the individual reports.

Source: Brault and Signore (2019)
The EU venture capital landscape: an EIF perspective

The European VC ecosystem
“EIF had a positive significant crowding-in impact on European VC in the aftermath of the recent economic crisis”

Financial growth and cluster analysis
“20% of EIF-backed companies grew more than fourfold the first 5 years after investment”

Exits, IPOs and unicorns backed by EIF
“EIF supported 50% of currently existing European unicorns”

EIF-supported innovation
“In 1996-2012 EIF supported returns from patented innovations for a total estimated volume of EUR 22.3bn – 28.3bn”

The economic impact of VC supported by the EIF
“Compare the economic performance of EIF-backed VC start-ups against non-VC backed start-ups”
Growth of EIF VC-supported SMEs

• Our counterfactual study considers EIF-supported venture capital (VC) financing to 782 firms and compares them against a carefully constructed counterfactual group of non-VC-backed companies.

• We observe faster growth (in terms of assets) of start-ups supported by the EIF compared to non-VC-backed firms.

• This leads to higher capitalisation levels, higher revenues and higher job creation in the first five years following the VC investment. We also find higher investment and borrowing levels.

Source: Pavlova and Signore (2019)
The VC factor

A data collab between Invest Europe and the EIF

1. The first large-scale study of VC-backed start-ups located in the EU27+UK
   - the study looks at about 9,000 firms invested in 2007-15 and analyses their characteristics as well as their post-investment performance.

2. Sequencing the start-up growth genome...
   - Via cluster analysis, the growth of VC-backed start-ups can be grouped into five classes: laggards, commoners, all-rounders, visionaries, superstars.

3. ...and measuring the role of VC
   - The “VC factor” enables start-ups to unleash their full potential: almost half of high-performing start-ups would have either fallen into a much less successful profile or defaulted in the absence of VC.

http://engage.eif.org
The added value of VC in Europe

Does VC help start-ups grow more?

Source: Crisanti et al. (2019)
EIF’s value added: BA/VC/LMM Surveys

EIF VC Survey: 2018 (on-going)
EIF Business Angel Survey: 2019
EIF Lower Mid Market Survey: 2020

Survey benefits

- Complementing **quantitative** impact research
- Providing **in-depth overview** of the evolution of the various dimensions of the market
- Providing **insights** into how financial intermediaries perceive EIF’s added value
- Contributing to **EIF’s new product development**

Source: Kraemer-Eis et al. (2018), Kraemer-Eis et al. (2019)
EIF’s European Angel Fund
Empirical portfolio analysis

**Employment**

- Year: $t$, $t+1$, $t+2$
- Graph with 95% confidence interval for BA and VC.

**Total Assets**

- Year: $t$, $t+1$, $t+2$
- Graph with 95% confidence interval for BA and VC.

Source: Gvetadze et al. (2020)
Conclusions
What role for impact assessment during COVID-19?

(Past) impact assessment studies:
1. provide a view on the potential benefits of pursuing a given (future) policy response
2. can help enhancing and/or quantify ex-ante the effects of (future) policy response → key role of mediators/moderators

(Future) impact assessment studies:
3. will be key in determining the effectiveness of the COVID-19 policy response, incl. via surveys

The impact assessment toolkit is suitable to estimate the economic impact of COVID-19
Thank you for your attention!

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References

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