



CIRCIE 2019

Challenges for the Islands in the era of the Circular Economy

***Access to finance for innovative activities of
SMEs in the green growth/green sectors.***

Dr. Dimitrios Kokosioulis, Dynamic Vision

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finMED : Collection of good practices and context based experiences

3 - 5 per region (in case the whole country was participating / per country).

Duration: May - November 2018.

35 financial instruments were identified

Italy: regional level for Piemonte Region and Autonomous Region of Sardinia

Greece: regional level for Region Western Macedonia, Epirus, South Aegean

Bosnia and Herzegovina: on national and entity level

Portugal: national level only

Cyprus: national level only

Slovenia: national level only

France: regional level for Région Sud Provence Alpes Côte d'Azur and Corsica

Spain: regional level for the autonomous regions Andalusia and Valencia

Malta: no report

All financial instruments were analyzed in regard to the following **characteristics**:

1. **Source of funding**
2. **Areas of intervention (thematic focus)**
3. **Type of beneficiary**
4. **Type of financial instrument**
5. **Main success factors**
6. **Challenges / Weaknesses**

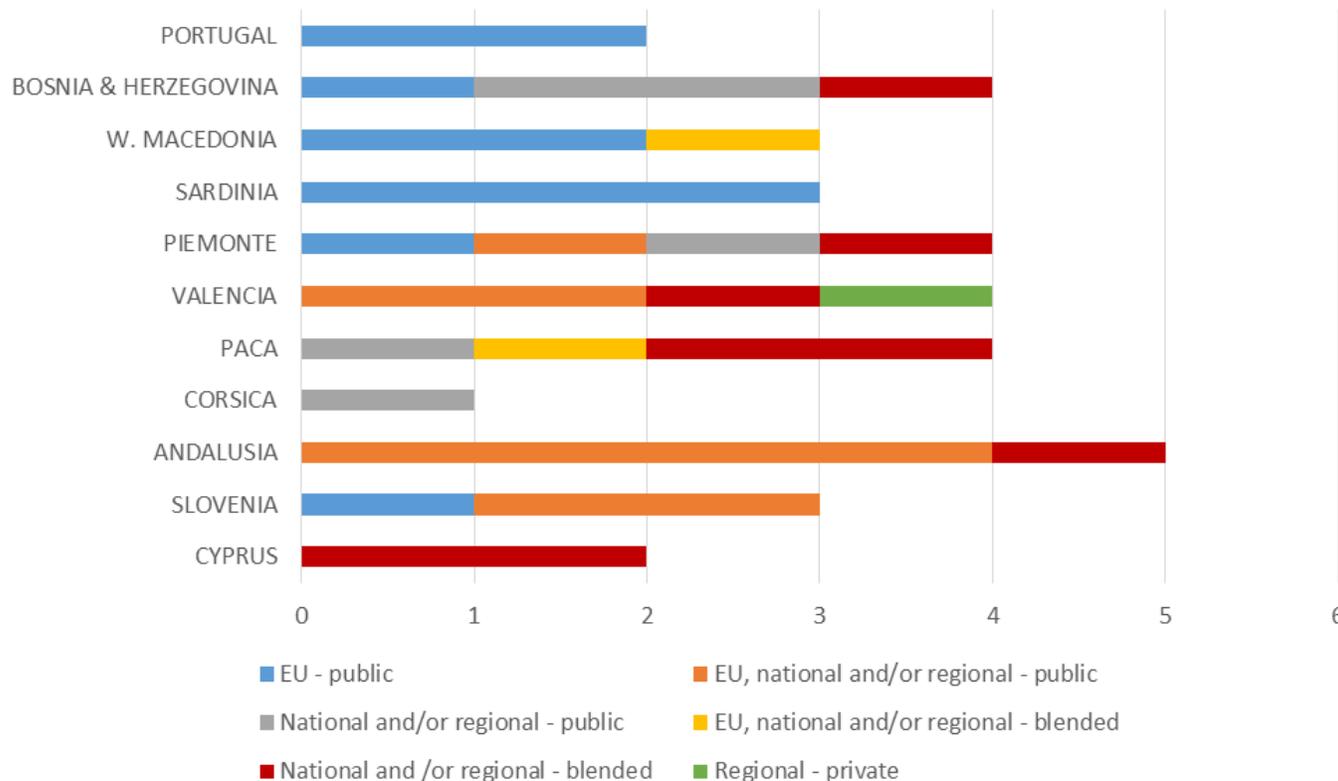
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Source of funding



29% (10 cases) of the financial instruments are from the **EU budget and public**

26% (9 cases) are from both the **EU and national and/or regional public sources**

23% (8 cases) are national and/or regional of **blended source** (private and public)

1 case was reported regarding a regional and private financial instrument.





43% (15 cases) of the financial instruments were **not targeting a specific thematic focus** but the green growth in the broader sense of the definition having no special sectorial focus.

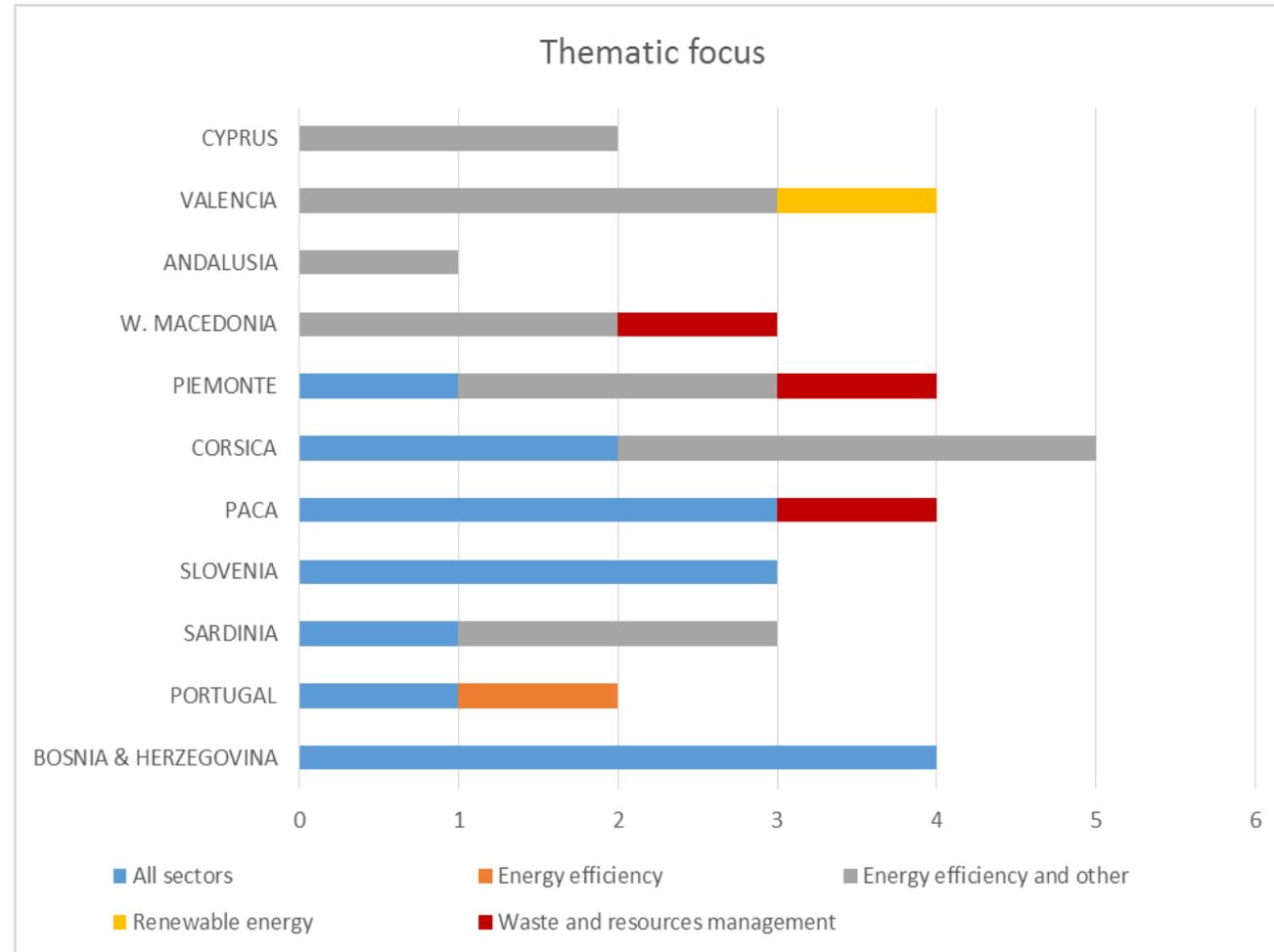
43% (15 cases) were targeting **energy efficiency** measures in combination with renewable energy, waste and resources management, eco-innovation and clean technologies.

9% (3 cases) were targeting **waste and resources** management

3% (1 case) either energy efficiency or **renewable energy**.

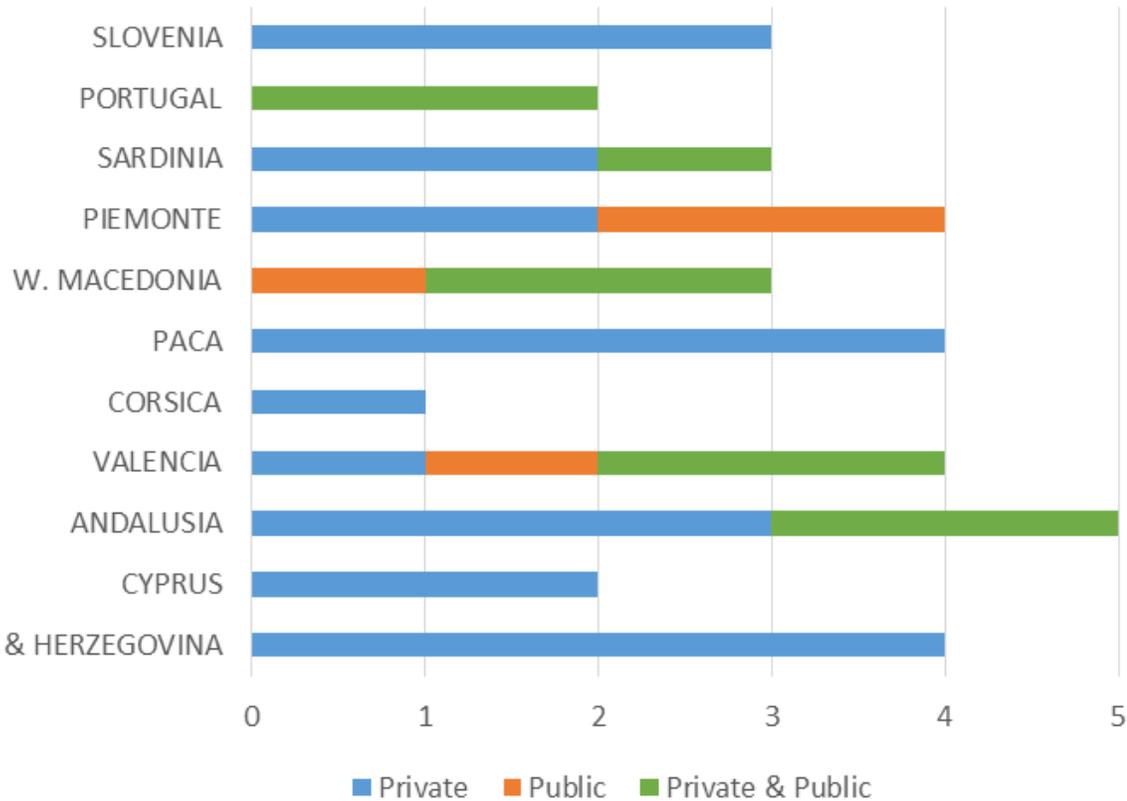
Green sectors included in the overview and analysis of financial instruments for financing innovation in the green economy sector:

- Energy efficiency
- Renewable energy
- Waste and resources management
- **Eco – innovation**
- **Clean technologies**

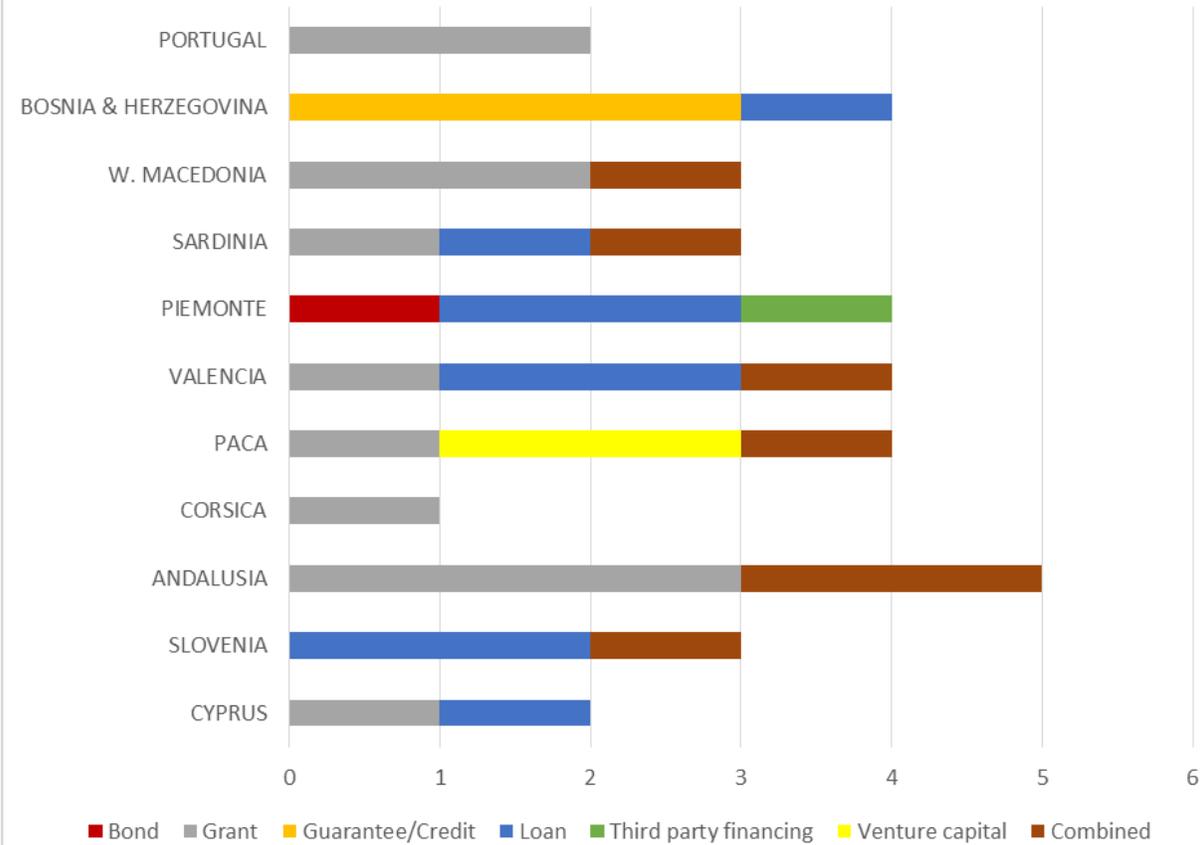




Type of beneficiary



Type of financial instrument





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Instruments should be managed by market professionals

Institutions (public authorities) very often do not have enough market knowledge and enough skilled professionals to manage financial instruments.

Using private investors to bring knowledge and advice

In many cases, e.g. PPP, the role of private investors is not limited merely to leveraging private capital - they provide market knowledge, advice and support to innovative companies increasing their chances of success on the market.

Instruments should be designed taking local market differences into account

The different levels of development of the supply side within the Mediterranean countries needs to be taken into account when designing financial instruments.

In many cases, schemes are designed based on their apparent success in other markets, but without doing a proper assessment of local conditions, historical context, or whether an approach is suitable for the needs or stage of the local market development.

Providing follow-up funding mechanisms

Financial instruments are rarely designed in a way that provides support to an innovative project through the lifecycle of projects.

Need for follow-up funding in the different stages of the company development.

Often instruments were rarely connected to each other, even while managed by the same institution.

Flexibility of instruments

Envisage some level of flexibility – on the one hand, they should be designed taking into account the differences in the local markets – the size of the market, its stage of development, the size of funding needed etc.

On the other hand, instruments should be flexible in adapting to changes in the project plan and company's needs and performance

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Key **implementation challenges** were similar: The lack of guidance in many funding programmes created uncertainties and resulted often in significant delays. These attributed to the **limited experience among many domestic players**.

Overall the **quality of information on financial instruments is poor**

The **monitoring system** set by managing authorities usually has only a few indicators and these are generally **inadequate to provide an impact assessment**.

Existing evaluations provide very limited evidence on the effectiveness of FI. Evaluations which assessed FIs in relation to recipient firms in general indicate that the SMEs created jobs and increased their turnover, but only in a few cases were outcomes measured in terms of the net effects of FI support.

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Thank you for your attention



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Thursday 28 - Friday 29 March 2019, Nicosia, Cyprus

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