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Sustainability Issues in funding research infrastructure

Symposium on European Funding Instruments for the development of Research Infrastructures

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CONCLUSIONS

Governance of
innovation

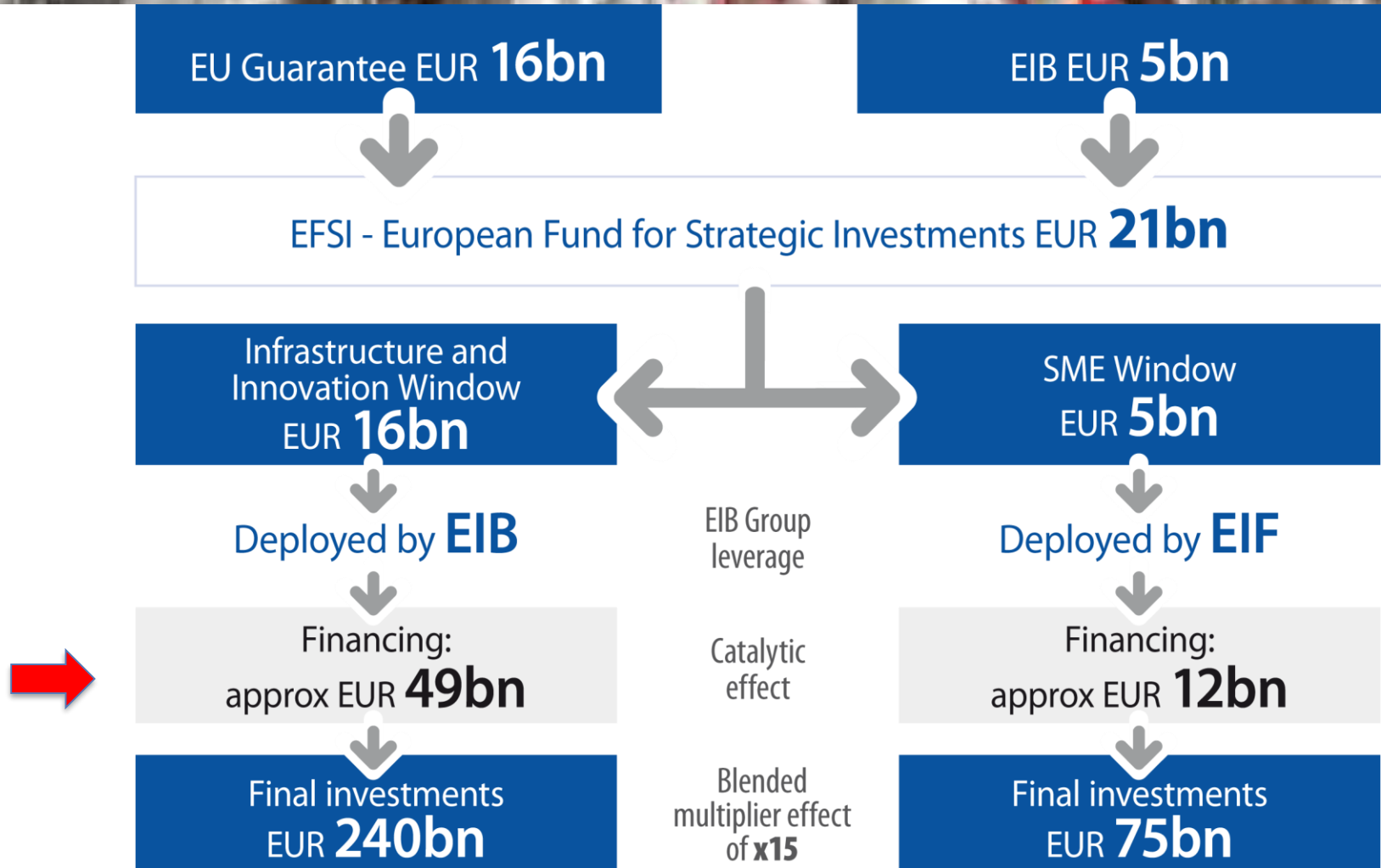


1

Overview Funding

What are the priorities for a sustainable
RI?

European Fund for Strategic Investments (EFSI)



Funding is not the issue, but sustainability

AEG findings on the financial sustainability of RIs

✓ AEG definition of a mature RI for funding

- Approved statutes and governance structure
- Cost and financial plans are defined
- Firm financial commitments for the relevant investments
- Existence of a credible project organisation
- KPIs are established and staff planning outlined
- User strategy is well planned
- Risk analysis is included

✓ Overall investment costs estimated over EUR 20 billions

- ✓ Research Infrastructures could receive funding by the EIB when they reach maturity
- ✓ EIB funding can enable sustainability over time





2

Funding issues

What does the preparatory process require?

AEG Conclusions on funding RIs

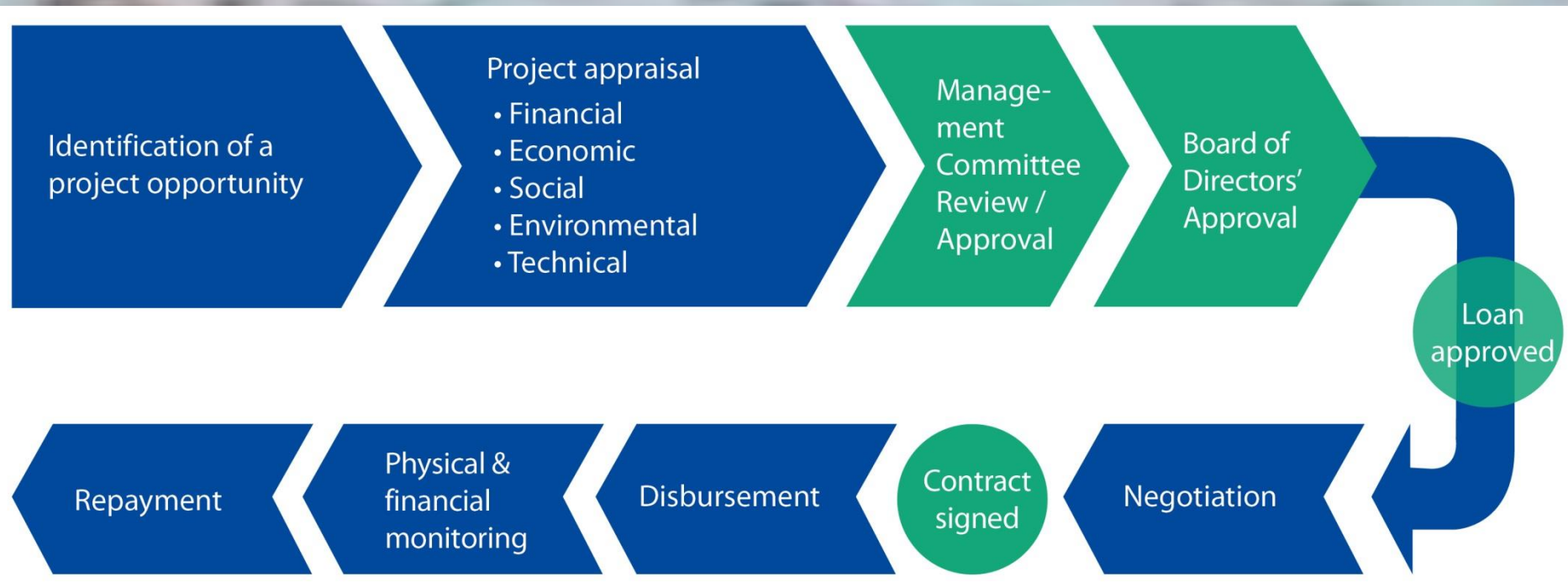
- ✓ **Mismatch between long term funding needs and short term commitments at national level**
 - Funding partners provide in-kind contributions and annual memberships
 - EU Horizon 2020 funds mainly support the Preparatory Phase
 - Long negotiation in the Preparatory/Approval stage for Structural Funds (only available in some regions)
 - High risks of delays in the approval stages: Business cases and Investment Decisions are very complex
 - **RIs have increasingly a “distributed” nature**
 - Validation of investment costs requires advanced work-packages, which need to be evaluated before being submitted to Funders
 - Funding solutions have to be tailored to the needs of each RI, taking into account national partners' contribution and project considerations
 - Securing funds require a partnership involving various actors
- ✓ **There is a need to develop a common platform for optimising maturity**
- ✓ **The EIB is supporting this process by giving guidelines on BP**

How does the EIB project cycle work?

We support sound and sustainable projects



Technical team checks the sustainability of the project



When is the EIB support most efficient?

Preparation

Approval

Implementation

❖ Horizon 2020

❖ National Funds

❖ Structural funds and Investments funds for cohesion regions

❖ The EIB can support Member States and eligible counterparts by closing the gap on national funds

Enabling synergies between Horizon 2020, EFSI funds as well as private partners when the projects are financially mature, means supporting financial sustainability



3

Sustainable funding eco- system

In the PP Phase, grants are a point of departure.

In the Pre-Implementation Phase, funding is a point of arrival.

What are the key seeds for sustainability?

What is the first check list for EIB support to RIs?

EIB can provide loans to

Borrower	Eligible counterpart
Locations	EU Member States (MS) and H2020 Associated countries (AC)
Requirements	Up to 50% of eligible costs
Eligible costs	Research staff, studies, infrastructure, equipment
Conditions	Technically and financially mature RI project

Eligible counterparts

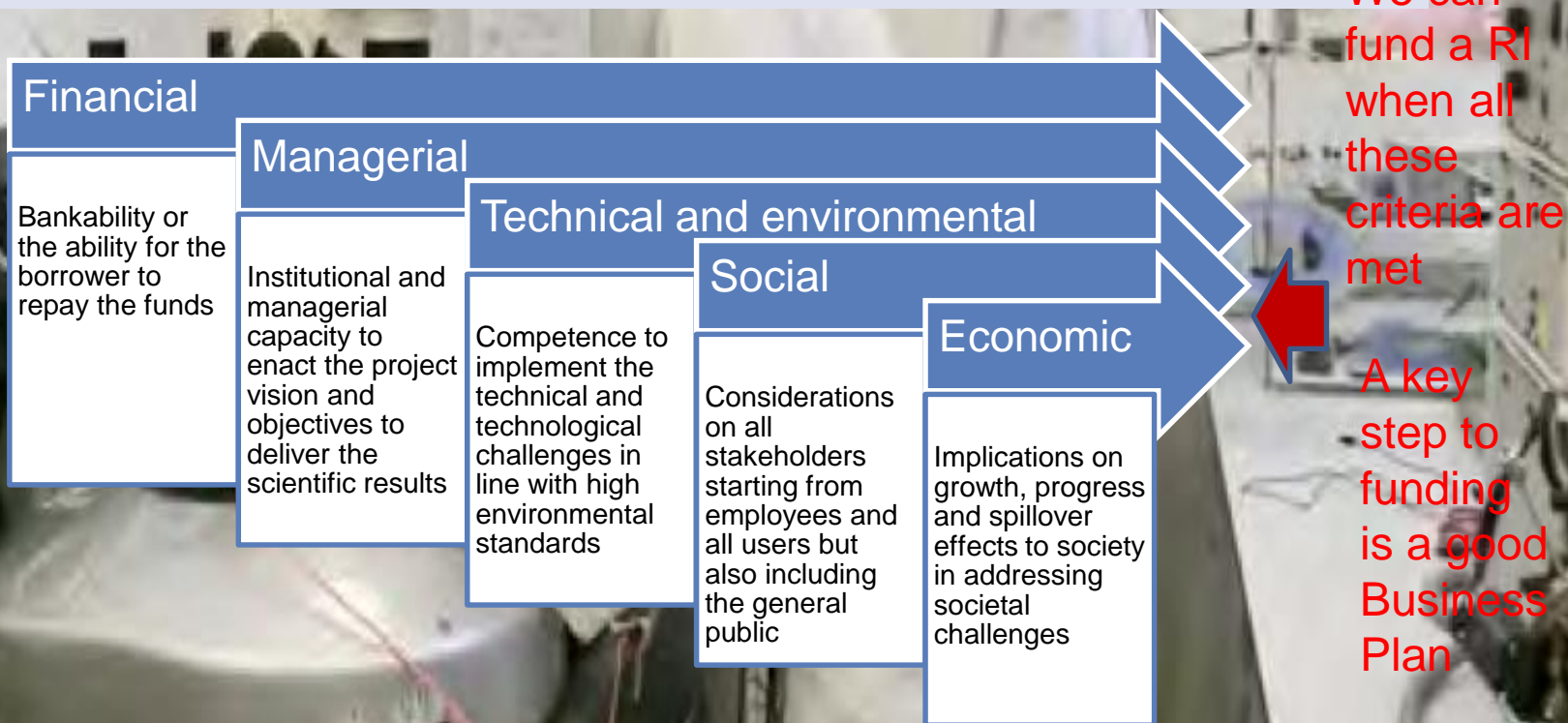
ERIC
Sound legal
entities

Member States
and Associated
countries
Universities
Research
Institutes
Public-Private
Partnerships

Private
companies,
involved in
RIs

What does sustainability mean for EIB?

- ✓ Ensuring strong governance, transparency and accountability, for the use of public funds;
- ✓ Integrating high environmental, technical and social standards into business activities, by linking research to innovation outcomes;
- ✓ Minimising risks and delivering results



Delivering high societal impacts

$B_m =$

(S) knowledge creation
+ (T) technological spillovers
+ (H) human capital formation
+ (C) cultural outreach
+ (A) increase in the life expectancy and quality for patients
+ (R) revenues from service provision

$C_m =$

Past investment costs
+ future upgrading and expansion
+ operating costs

- ✓ **E.g. A recent case study on cost benefit analysis of a RI funded by the Bank shows that an innovative facility in medicine has a rate of return over 15%**
 - **The case of the National Hadrontherapy Center for Cancer. (Mario Genco, Chiara Pancotti, Silvia Vignetti, CSIL Centre for Industrial Studies). 2014 University of Milan**
- ✓ **There is the need for constructing more case studies on cost benefit analysis to show the economic return of innovative investments**



4

Good governance of innovation

How to achieve your sustainability long term?

Financial sustainability and governance are fully integrated: you cannot harvest what you have not planted



Complete your BP by engaging all your stakeholders



Start as soon as possible to involve users to give you feedback



Ensure that Member States put the RI in their roadmap



Consider long-term Funding as an investment in the country's future



Thank you - Q & A

Let's go invent tomorrow
rather than worrying
what happened
yesterday (Steve Jobs)

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