

Task Force SMEs

SME'S ACCES TO FINANCE (Annex 1)

A. THEME: USE OF ROMANIAN AND EU PUBLIC FUNDS – in respect to SMEs access to finance

Measure 1: Regulating and use (public funding – clear Budget allocations) of **revolving instruments in SME financing** (type JEREMIE, JESSICA, Seed/VC/PE funds) to balance the “one-off” state subsidies and grant-type financial stimulus of the SMEs, more equity products vs. debt stimulus (the latter already covered by Central Bank measures, etc.)

Objective: Better impact of resources deployed into SMEs, in creating market leaders (examples to be followed) and better alignment with beneficiaries of financing for the stated objectives.

Milestones: Gradual [%] increase of proportion of total Public RO funds (with SME focus) into revolving instruments: [15%] in 2014, [25%] in 2015, [35%] in 2016, [50%] in 2017 and onwards.

Corollary: Creation of a regulated public or public-private entity that gradually acquires the necessary skills (e.g. at present JEREMIE projects management is delegated to European Investment Fund)

Notes about Measure 1:

- Addresses EC need for local pro-rata financing in Revolving instruments they created centrally (preferred now by EC to EU grants), thus EU SME funds potential absorption
- Addresses EC concerns regarding the impact and destination of EU funds
- (based on EU-wide studies) has a better impact in creating a sustainable SME consolidating body
- Develops local (public) expertise in (SME) equity financing instruments

B. THEME: FOCUS ON (/INCREASE OF) EARLY STAGE FINANCING – [!] complementary measure to Entrepreneurial education/coaching

Measure 2: State sponsoring (anchoring) Seed and Venture Capital funding of SMEs under private-public management, with **Western EU expertise transfer**. (E.g. In cooperation with VC platforms, incubators, international angel networks, crowd-funding and research centres)

Notes about Measure 2:

- Given the lack of (Eastern Europe) risk investing appetite of private local or international capital three elements need combined: (i) knowhow transfer for Seed/Venture investing into a State Agency (or a PPP) – normally achievable via co-management by a reputable EU based



venture/seed operator, (ii) regulation in place (ASF) for pooling/mutualising investments, (iii) guarantee scheme for such investments (first loss type) – e.g. use of FNGIMM (underused in debt product only)

- the above conditions met would alleviate EC's concerns about the management and stimulate Central EU funding into such platforms as well (Angel networks, seed and venture funds or R&D pools of central EU money)

C. THEME: REGULATORY FRAMEWORK IMPROVEMENTS (non-budgetary actions to positively impact the SME financing) – ecosystem development

Measure 3: FSA allowing/regulating different regulated pools of local capital (eg mutual funds, SIFs, pension funds, insurance companies) to participate/subscribe in equity and bond issuances of (not-graded) SMEs or SME-targeted pools of funds (either limited to or including vehicles sponsored as per point B - TBD)

Note about Measure 3:

- such measure would have multiple externalities

