



How can financial sustainability for RIs be achieved, making the best use of European and National resources?

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1. AEG findings on the financial sustainability of RIs

✓ AEG definition of a mature RI

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

✓ AEG Key findings on financial sustainability:

- Many different approval systems at national level: a) financial commitments are at the level of research institutes; b) funds are earmarked in national funding programmes; c) mixed cases
- No clearly defined rules on “who-does-authorise-what-by-when”
- Some funding partners provide only in-kind contributions and annual memberships
- A set of strong national partners commits funds over long time horizon – very “political game”
- Different eligibility and management rules of EU funds
- **No “Action Plan” at EU or national level on how the research community should engage with the funding agencies for RIs**



2. Estimated financial needs of RIs, based on AEG

✓ Over EUR 11 Billion in construction costs

- Group 1: EUR 4.3 Billion
- Group 2: EUR 2.0 Billion
- Group 3: EUR 4.9 Billion
- **Priority Projects: EUR 2.6 Billion**
- **Impl. Support : EUR 3.2 Billion**

✓ Over EUR 1.5 Billion in operational annual costs

- Group 1: EUR 0.5 Billion
- Group 2: EUR 0.15 Billion
- Group 3: EUR 0.8 Billion
- **Priority Projects: EUR 0.2 Billion**
- **Impl. Support: EUR 0.3 Billion**

✓ **Total Funding needs of over EUR 20 billion up to 2020**

3. RIs are potential engines for growth



- ✓ **Professor Jonathan Haskell of Imperial College’s School found that the EUR 3.5 billion invested in basic research bring a return of EUR 45 billion to industry**
 - E.g. Electronic and photonic requirements of SKA will be used in mobile computing and communications
 - Data transfer rates will be 30 time faster than in 2010
- ✓ **Based on JASPERS experience, New Member States have benefitted significantly from RIs**
 - Impacts have been tangible in science upgrading, retaining skills, FDIs, new industrial contracts and development
- ✓ **It is urgent to speed up the process of financial maturity or sustainability to unlock growth opportunities**

4. Funds available on RIs in EU

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- ✓ **Horizon 2020 earmarked funds**
 - Under “Excellence Science”
 - EUR 2.478 Billion
- ✓ **Structural and Investment Funds earmarked on RIs**
 - EUR 5 Billion – EUR 10 Billion

✓ **Developing new world-class RIs**

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- ✓ **EIB Potential envelope (...up to EUR 10 Billion)**

Under InnovFin (EU Finance for innovators)

 - Advisory services to improve investment-readiness of RIs
 - Funding for projects from EUR 25 million until EUR 300 million
 - **If the RI projects are economically and technically viable there is no limitation to funding them**



5. Operational Rules for EU Funds

Horizon 2020 (H2020)

Managing Authority	Commission
Relevance	EU and Horizon 2020 Associated countries
Requirements	At least 3 countries
Eligible costs	Staff (some), equipment, preparatory studies, travel
Budgets	70% H2020 + 30% own public or private funds

European Structural and investment Funds (ESIFs)

Managing Authority	Member State
Relevance	Cohesion regions – Focus on development
Requirements	RIs earmarked in Ops
Eligible costs	Staff (some), infrastructure, equipment
Budgets	Funds from Ops plus public funds (no H2020)

Enabling synergies between ESIFs and Horizon 2020 set rules on using both

Preparation

- ❖ FP7
- ❖ Horizon 2020
- ❖ National Funds

Approval

- ❖ Structural funds and Investment funds for cohesion regions
- ❖ National funds for other regions

Implementation

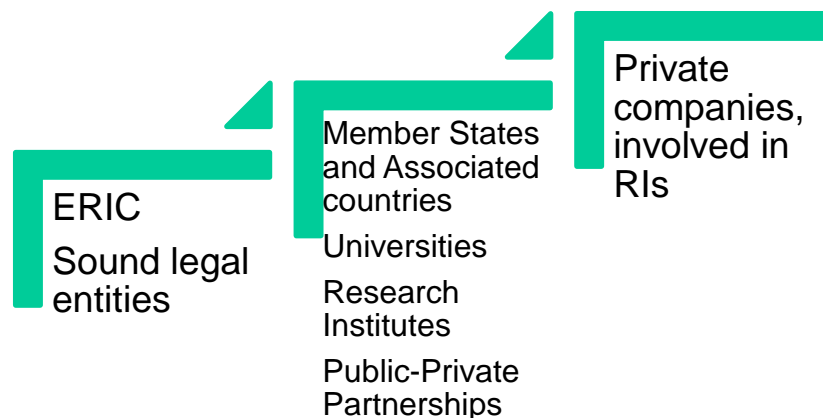
- ❖ Only in part Structural funds and Investments funds for cohesion regions
- ❖ National funds

6. Indicative mechanisms for EIB lending

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



Enabling synergies between Horizon 2020, ESIFs and EIB as well as private partners

Preparation

Approval

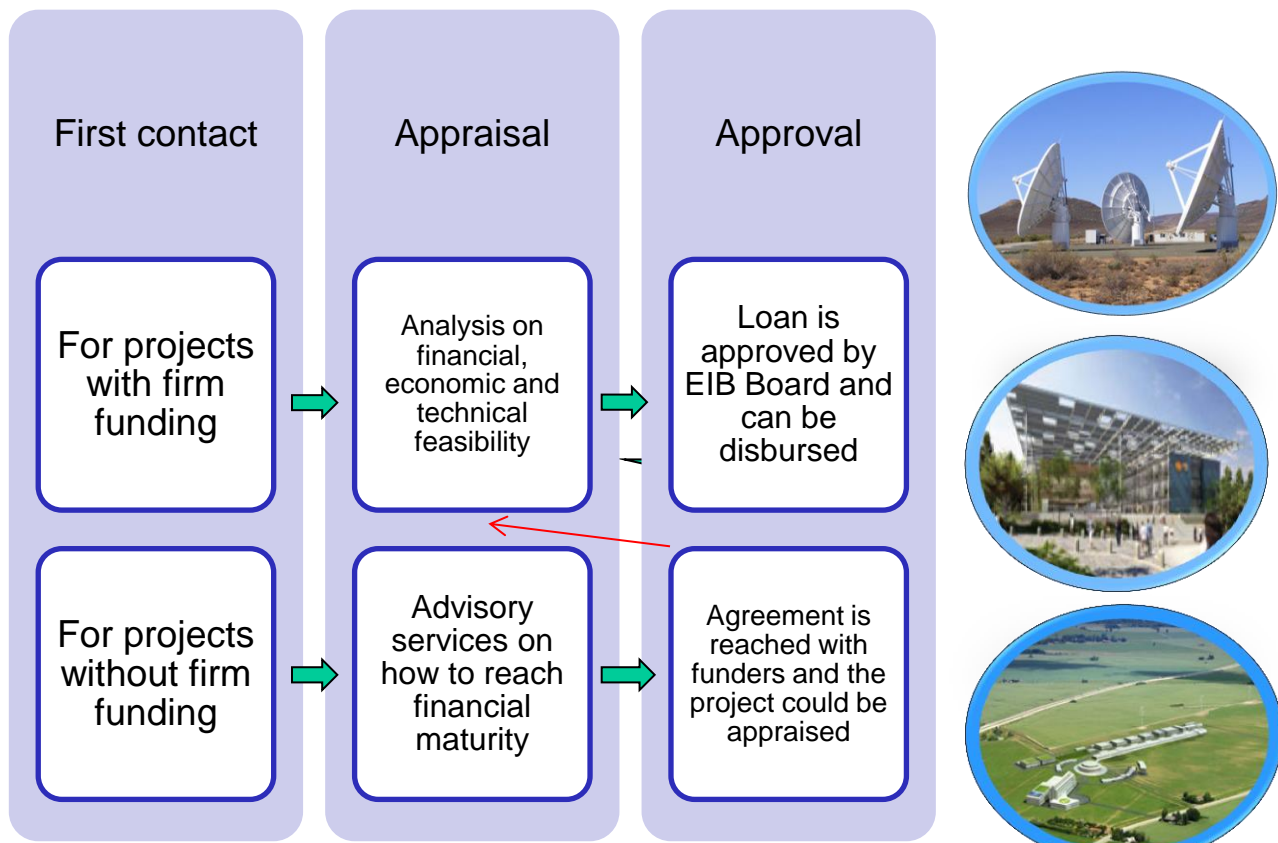
Implementation

- ❖ FP7
- ❖ Horizon 2020
- ❖ National Funds

- ❖ Structural funds and Investments funds for cohesion regions
- ❖ The EIB can support MS, AC and eligible counterparts in providing national funds

- ❖ Only in part Structural funds and Investment funds for cohesion regions
- ❖ The EIB can support MS, AC and other eligible counterparts in providing national funds

7a. Process of EIB involvement at project level



EIB value-added

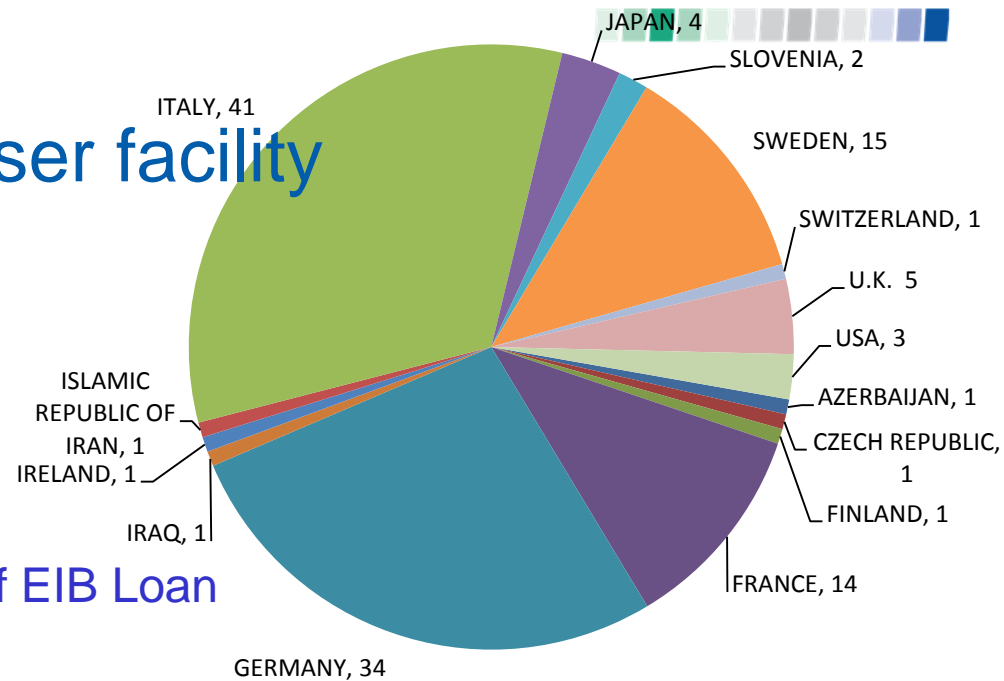
- Provide expertise and not only funding
- Define “tailored RIs engineering solutions”
- **Bridge a gap between vision and delivery on a long term basis**

The loan can take from 5 months to one year to be granted

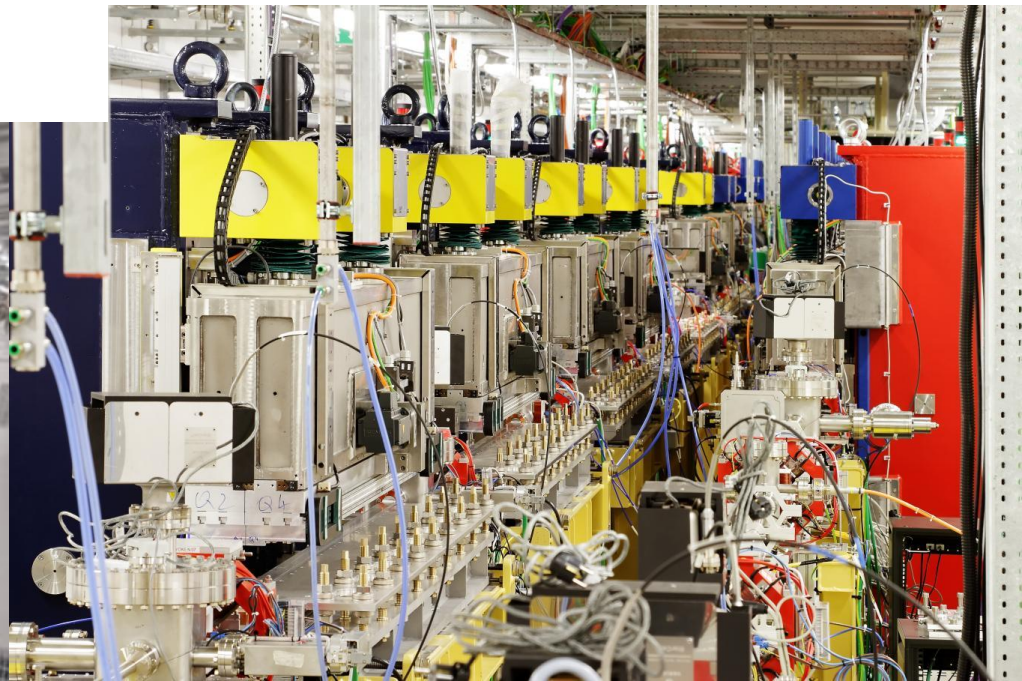
7b. FERMI free-electron laser facility

✓ **EUR 164 Million 2005-2011 construction costs**

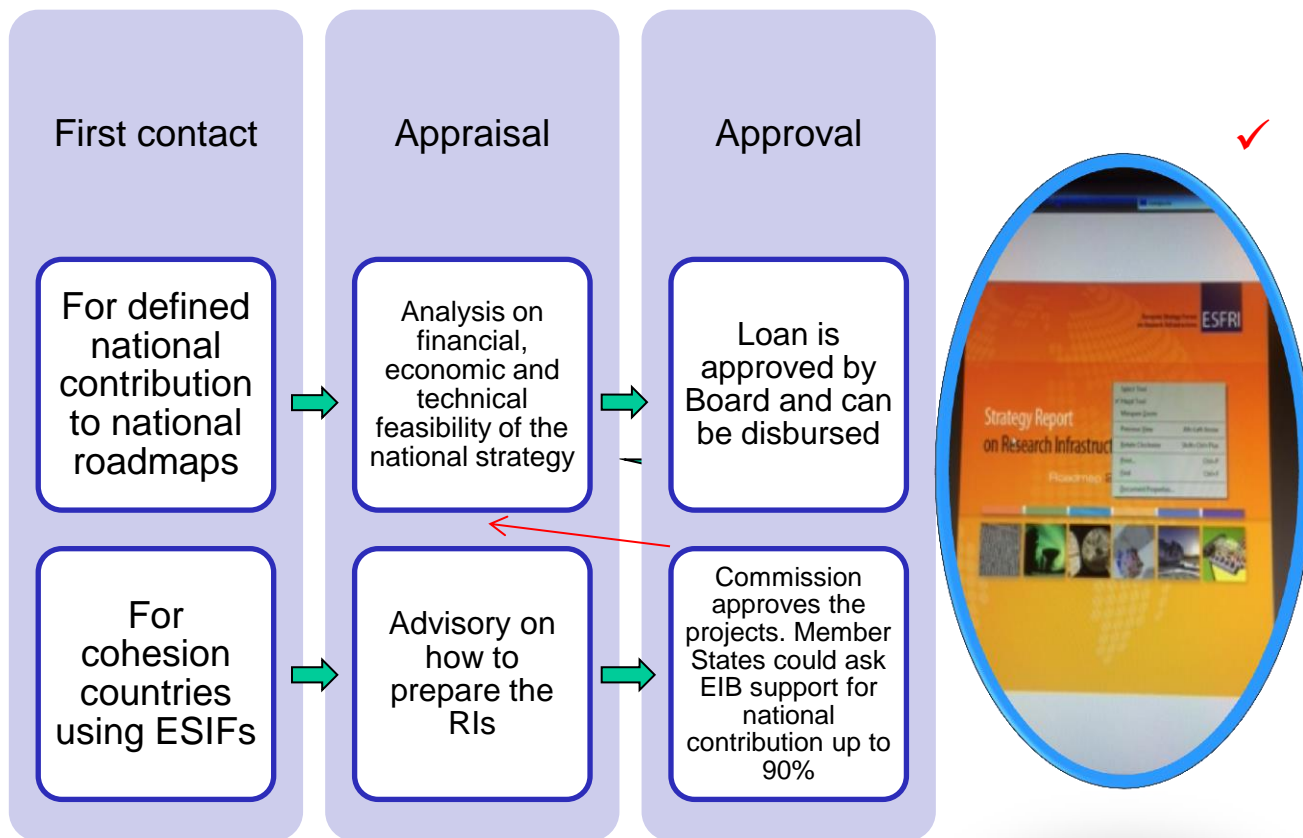
■ **Financing included EUR 80 million of EIB Loan**



125 experimental proposals in 2012-2013



8. Process of EIB involvement at national Ministry level

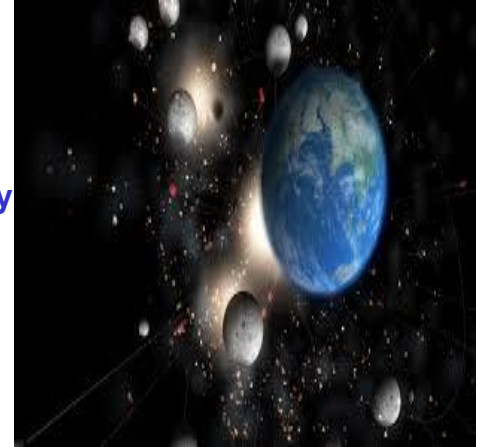


- EIB value-added**
- Allow to spread financing over time
 - Avoid that austerity “blocks” RIs projects
 - **Support MS and AC to keep commitments on national Roadmaps**

The loan can take from 5 months to one year to be granted

9. Key lessons on financial sustainability of RIs

- ✓ **Different legal entities require different funding models**
 - ERIC legal entity requires Governments' approvals
 - Other legal entities (e.g. Belgian AISBL or) are based on a variety of financial commitments
 - National university or research institutes involved in RI require funding agency approval
- ✓ **Mismatch between long term funding needs and short term commitments**
 - Funding partners provide in-kind contributions and annual memberships
 - EU Horizon 2020 funds support mainly 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 increasing a “distributed” nature
- ✓ **There is a need to develop a common platform for optimising financial maturity as each RI consists of a diverse “universe” of complex funding needs**
 - 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 requires a partnership involving various actors



10. Conclusions: A common Action Plan



✓ All truths are easy to understand once they are discovered; the point is to discover them – Galileo

- ✓ **Need to have an Action Plan to accelerate financial maturity and funding for RIs**
 - With ESFRI in collaboration with the Commission, the EIB and Ministries' representatives
 - Clear guidelines to facilitate access of funding by sharing information
 - Sharing of best practice via seminars, workshops
 - Optimisation of funding - Evaluation, peer reviews
 - Others?
- ✓ **Potential way forward**
 - Set up of a Task Force on funding RIs focused on funding
 - Well defined contact points in each Ministry of Education and Research for funding RIs
 - Financially competent experts in each RI to manage financial resources
 - Use of JASPERS and Advisory Services at the EIB
 - Others?

Thank you - Q & A

- ✓ **Contacts at the EIB**
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