



Financial interviews at Corvinus

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26-05-2013



General setting: Eco-innovation and Resource efficiency

- **Resource efficiency** is one of the most important overall objective of the Hungarian National Strategic Reference Framework – in coherence with the EU policy
- **Eco-innovation** is often considered as an integrated part of the (general) efficiency improving investments

Interview methodology

- Agreed upon set of questions
- Interviewed financial actors and multipliers:
 - from public institutions (disposing of state support, initiating and assessing applications),
 - from financial consultant firms (helping companies in the application process),
 - from private financial institutions (private banks)
- Visits, telephone calls

Findings: financing eco-innovations

- The biggest part of eco-innovations are financed by public (EU or national) funds, in the frame of co-financed applications.
- The share of the private financial sector (via providing investment loan facilities for micro and small enterprises) is not too relevant, because of the high risk covering costs. Only some of the biggest banks offer such loan constructions.
- Exemplary projects (best practice examples) are collected and communicated by the National Innovation Office and the National Development Agency.

Findings: Perception of financial actors

- The most important economic parameters for an **SME's decision to invest in eco-innovation:**
 - cost reduction (energy cost reduction, long time investment cost reduction, etc.);
 - revenue growth (granted green energy prices, green marketing possibilities, etc.).
- **Concrete financing instruments** that support SMEs:
 - Business Development Operational Programme (including environmental development objectives)
 - European Investment Bank Energy efficiency program for SMEs, provided by Raiffeisen Bank, etc.

Findings: evaluation of economic costs and benefits of eco-innovation

- using the European Union's official working paper methodology – WP for the CBA (Cost-Benefit Analysis)
- using the classical NPV calculation considering the additional benefits (net sales) and cost savings (e.g. energy cost reduction)

Findings: Drivers and Barriers at the **enterprise level**

Drivers to improve the awareness for eco-innovations:

- cost reduction;
- reaching public investment (esp. EU) grants;
- enlarge the revenues.

Barriers are:

- lack of a public risk guarantee;
- lack of relevant expertise;
- administration burden of financing and investment
- lack of long term perspective.

Findings: Drivers and Barriers at the **political framework level**

Drivers:

- support of SMEs
- support of the R&D;
- reducing the dependency on imported energy;
- cost reduction;
- 100% absorption of the EU grants.

Barriers:

- lack of long term perspective;
- institution building rather than policy-driven actions;
- lack of a public risk guarantee;
- lack of relevant expertise;
- administration burden of financing and investment.

Preliminary conclusions on public financing of eco-innovations I.

- At the strategic planning level:
 - No survey of the real demand: the supply is based on hypothetical demand
 - the spending of EU-funds would be much more effective if supply was actively fit to demand
- Public financing constructions: extremes
 - Some constructions are too strict: administrative burden, too high requirements
 - Some are too loose: „Green Investment program” runs out of its source in one day

Preliminary conclusions on public financing of eco-innovations II.

- Application process:
 - Companies (and consultancy firms behind) optimise the application to the invitation to tender instead of the implementation of the project
 - Consultants have no responsibility in the implementation, they get their fee for a successful application
- Managing the financing process:
 - The project management is often interested in delay, as their contract is not performance-based
 - Managing not really feasible projects is hard and frustrating



Dziękuję za uwagę!