

BPIFRANCE'S MODEL

A TAILOR-MADE SUPPORT FOR BUSINESSES

1. THE ROLE OF NATIONAL PROMOTIONAL BANKS AND INSTITUTIONS IN EUROPE

National promotional banks and institutions (NPBIs) are legal entities carrying out financial activities on a professional basis which are given a mandate by a Member State and/ or regional authorities to carry out economic development activities.

They play a key role in designing and implementing competitiveness support programmes suited to local needs while contributing to EU priorities:

- This is particularly true when it comes to foster enterprises' access to finance and innovation, where NPBIs employ a wide range of instruments (grants, debt, guarantee, equity). NPBIs interventions supplements the support offered by the banking industry. Either by addressing structural and cyclical market gaps, or by acting as a marketplace actor, crowding-in private interventions.
- In addition, they are strongly committed in implementing EU policies targeting job creation and long-term growth (i.e. green transition, digital economy, sustainable finance). Measures implemented in response to the 2008 crisis and the Investment plan for Europe in particular, have highlighted the crucial role that NPBIs play in delivering EU growth agenda.

For these reasons, NPBIs are essential partners in building bridges between the public and private sectors and national and European policies.

2. THE STRENGTHS OF BPIFRANCE'S MODEL AMONG NPBIS

Although NPBIs share a common mission and cooperate closely, **Bpifrance embodies a new type of public support for businesses for three main reasons:**

- Business lines are merged into a single organisation pooling together:
 - A guarantee institution;
 - A credit institution;
 - An innovation agency;
 - A direct and indirect (fund of funds) investment operator;
 - An export credit agency;
 - A sovereign fund investing patient capital in large companies;
 - An advisory service provider, i.e. a coach for entrepreneurs.

This one stop shop structure is incredibly powerful to ensure **fast deployment of national and EU funding policies** including in a context of a sanitarian crisis where financial instruments can be in place **within 15 days**. It also simplifies the public support landscape for companies.



- A local based banking group, close to entrepreneurs:
 - Relying on 49 local offices where 90% of funding decisions are made;
 - At the heart of the entrepreneurial ecosystem;
 - Operating on behalf of Regional Authorities.
- A Direct financing activity (debt and equity), based on systematic co-intervention with the private sector:
 - To address market failures not covered by the private sector;
 - To share risks and provide a double screening of business viability;
 - To professionalise the financial ecosystems through co-interventions;
 - To ensure a contracyclical approach and provide patient capital.

This first-of-a-kind model, **guided by sustainable development principles**, makes it possible to develop a holistic approach and better meet businesses' needs at all stages of their development. In that regard, this model is particularly relevant to address efficiently **companies' key challenges such as climate mitigation and adaptation, digitalisation, robotization and internationalisation**.

3. THE POSITIVE IMPACT OF BPIFRANCE'S MODEL ON THE ECONOMY

Bpifrance's model has proven its effectiveness on French businesses:

- Figures show that Bpifrance's support increases the resilience of its beneficiaries. Their average annual revenue growth is 2 times bigger than other companies;
- Bpifrance's support is key for very small enterprises, which account for 70% of the 80,000 business supported each year;
- The leverage on private investors is impactful:
 - €1 of unsecured loan to finance intangible investments generates €3,6 of private financing;
 - €1 of grant leverages €2,1 of third-party funding;
 - €1 in Bpifrance guarantee fund covers half of a private loan of €21,4;
 - €1 of subscription in French private equity funds generates nearly €5 from third-party investors.

4. BPIFRANCE MEASURES IN RESPONSE TO THE COVID-19 OUTBREAK

Building on its wide range of tools, Bpifrance can adapt the volume of its interventions over time according to market needs. The response to the covid-19 outbreak is a good example where eight measures were taken (other under development):

- **INDIRECT ACTIONS**
 - Guarantee: Deployment of the € 300bn French government guarantee to enhance companies' access to bank financing;
 - Investments: Relaxing investment policy in terms of fund size targeted and % of commitment in funds.
- **DIRECT ACTIONS**
 - Advisory services: set up of a hotline to answer entrepreneurs' questions ("psycho-bank") as well as support to 1 500 accelerated companies;
 - Debt: Unsecured loan scheme for SMEs and mid-caps;
 - Investments: Launch of two quasi equity funds for SMEs (€100m) and start-ups (€80m);
 - Innovation: Acceleration of the payment of innovation aid and relaxing innovation eligibility criteria;
 - Export: Increase of the export credit insurance portion (up to 90%);
 - Short-term measures: Top up of 30% to confirmed lines of credit.