

# The Operation of State Investment in Ireland and Germany

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## Ireland



**SBCI**  
**The Strategic Banking**  
**Corporation of Ireland**

## Germany

**KfW** (Kreditanstalt  
fürieder- aufbau)  
Bankengruppe



# Operation of State Investment

## *Ireland*

*IDA(1948)*

*Enterprise Ireland (1994) ISIF  
(2013) SBCI (2014)*

### •Key Activities

- Exports
- FDI and SMEs
- Turn to infrastructure

•Government programmes secondary, becoming more important

•Direct engagement with key 'client firms' (FDI) and diverse firms (SMEs)

•Indirect engagement through funds

## *Germany*

*KFW (1948)*

### 3 Domestic Pillars

- SMEs
- Exports
- Municipal / Social

- Government programmes secondary
- 'Lending-on' operation, sets framework for direct engagement with firms by partners

# Integration with Public and Private Spheres

## *Ireland*

### *Enterprise Ireland*

#### *SBCI*

##### Public

- Publicly owned
- Direct public funding
- SBCI adopts the KfW model
- Supervision by civil servants and business board members

##### Private

- Stimulating private funds
- Financial agents used to manage venture and recovery funds

Commercial banks and finance houses are SBCI's main distribution partners

## *Germany*

### *KfW*

##### Public

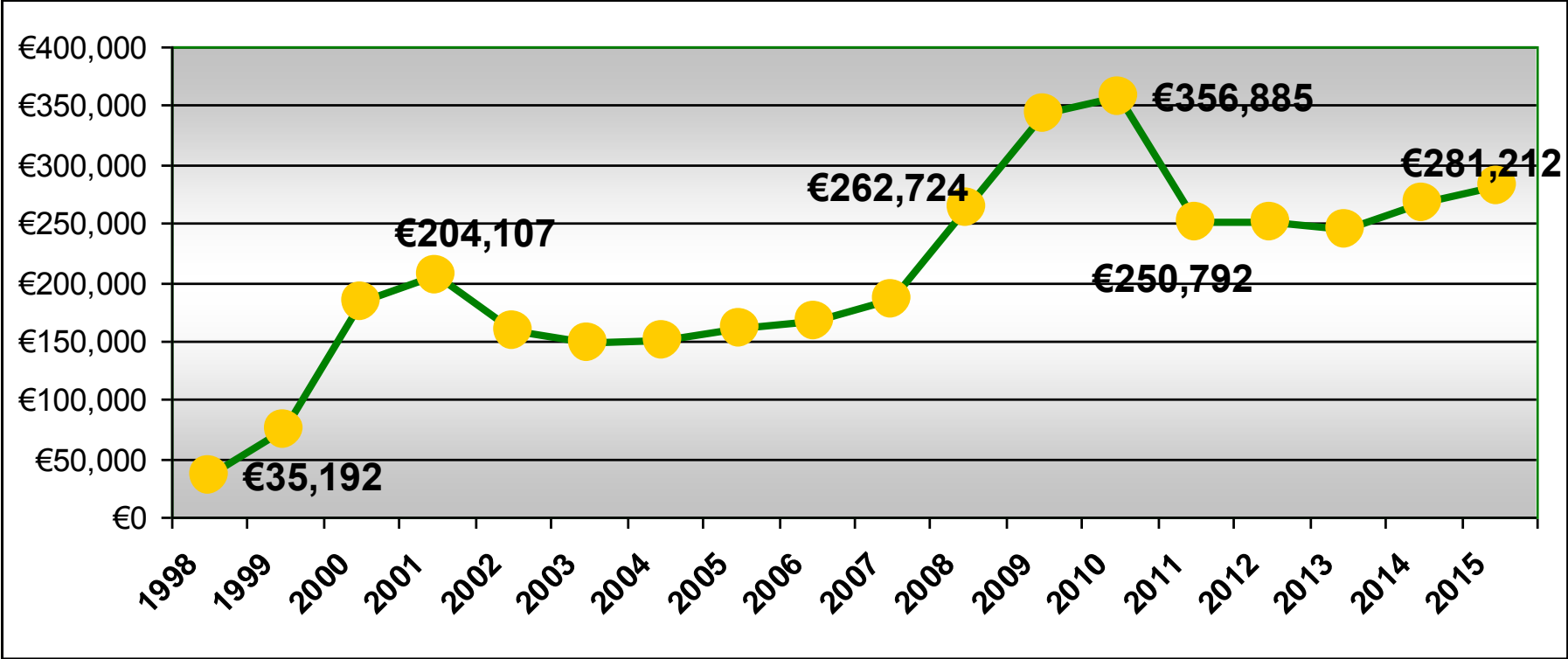
- Publicly owned
- Direct public funding minimal
- State guarantee
- Supervision by Federal Ministers through Board

##### Private

- International Capital Markets  
90% +
- Savings banks, cooperative banks and commercial banks are KfW's main distribution partners

# Enterprise Ireland Total Financial support to Industry 1998-2015

€ Millions



Sources: Enterprise Ireland Annual Reports 2002-2015

# Examples of Ei Activities in 2015

## Start-ups

- Financially supported 217 start-ups

## Innovation

- Approved 86 R&D investments of over €100k to client companies

## Internationalisation

- 224 grants approved for internationalisation, market access, market review

# SBCI Funders and On-Lenders 2016

<b>Funders</b>	
KFW	€150m
European Investment Bank (EIB)	€400m
Ireland Strategic Investment Fund (ISIF) / NTMA	€250m
The Council of Europe Development Bank(CEB)	€200m
Equity Financing	€10m

Source SBCI annual report 2016

<b>On-Lenders</b>	
AIB	€400m
Bank of Ireland	€200m
Finance Ireland Limited	€51m
Merrion Fleet Management Ltd	€25m
Ulster Bank	€75m
First Citizen Finance	€40m
FEXCO Asset Finance	€70m
Bibby Financial Services Ireland	€45m

# SBCI Lending by Sector 2016

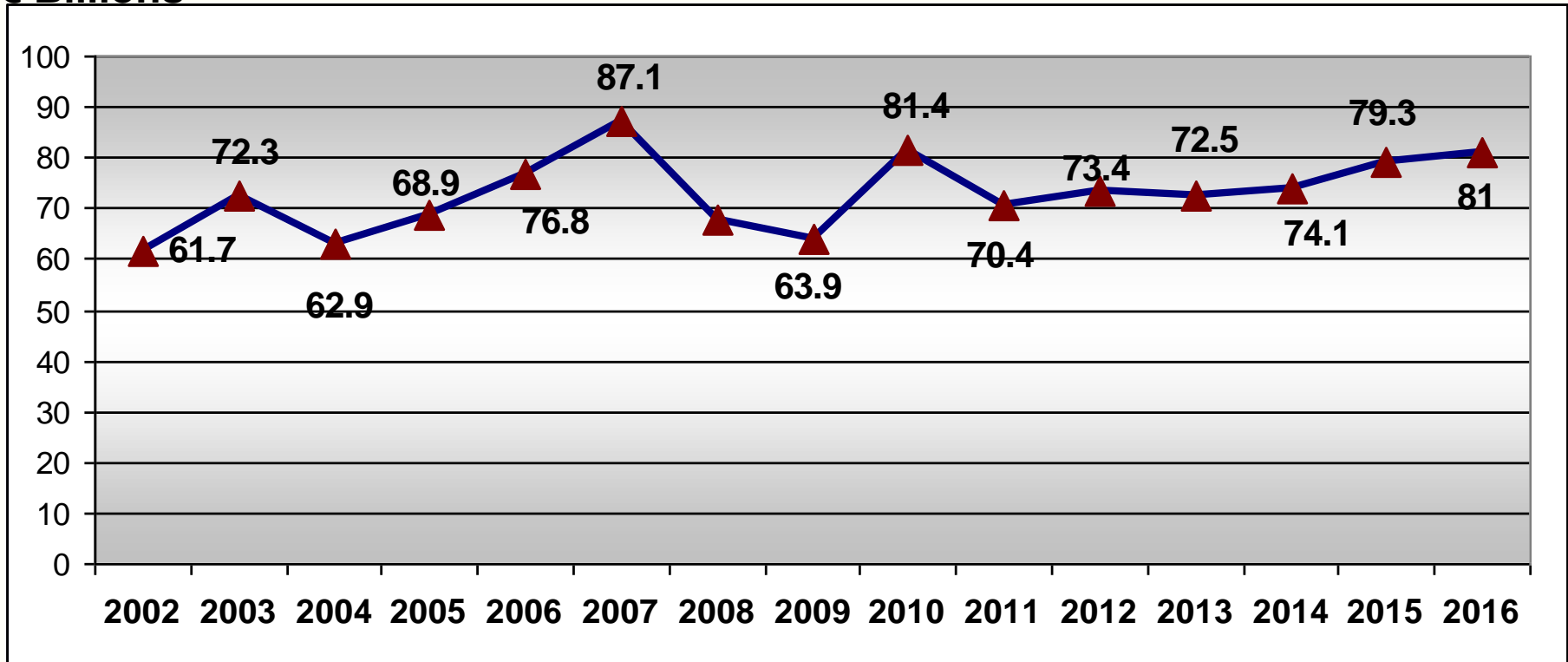
<b>Agriculture</b>	23%
<b>Wholesale / Retail</b>	18%
<b>Accommodation and food</b>	14%
<b>Admin &amp; Support</b>	10%
<b>Manufacturing</b>	8%
<b>Professional / Scientific</b>	5%
<b>Construction</b>	4%
<b>Transport</b>	4%
<b>Other</b>	15%

Source SBCI annual report 2016



# Kfw Disbursements 2002-2016

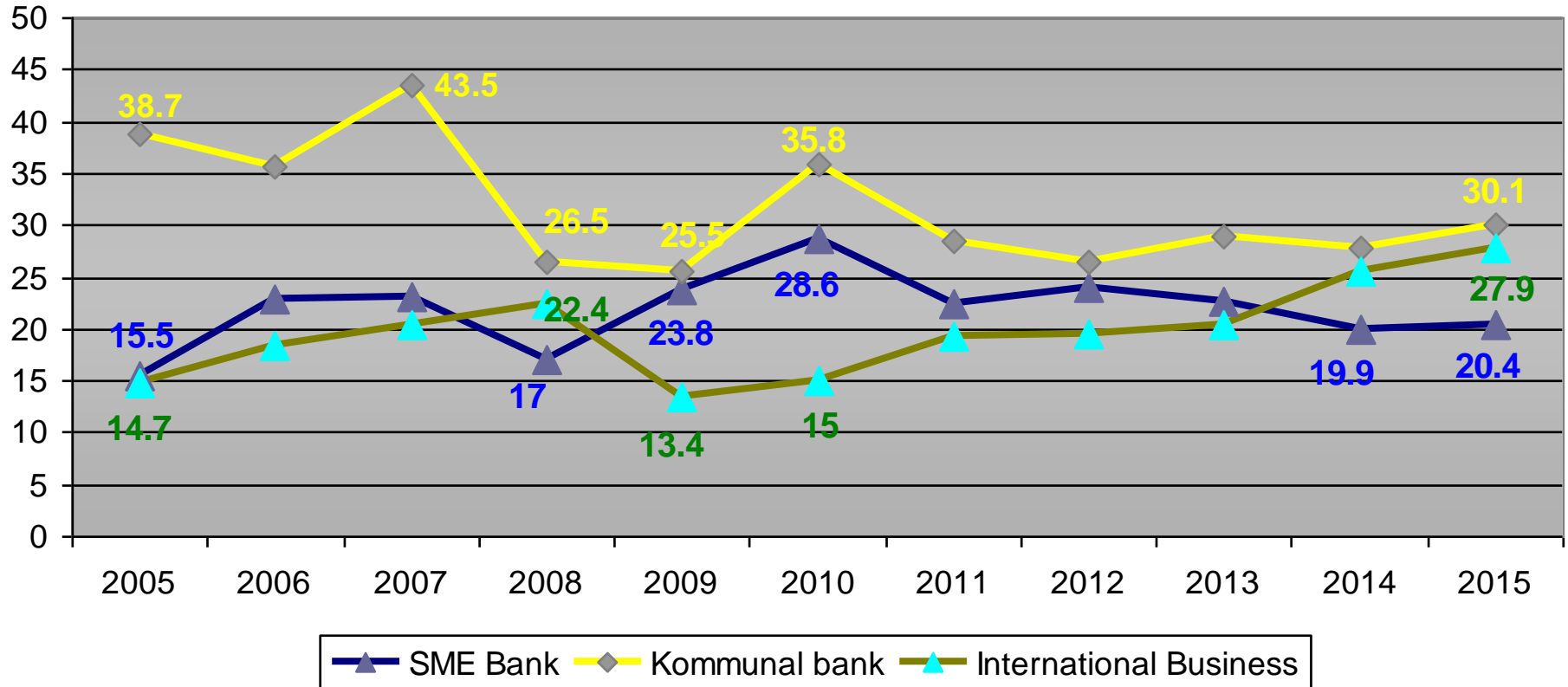
€ Billions



Source KfW annual reports 2002-2016

# Kfw Sector disbursements

€ Billions



Source KfW annual reports 2002-2016

# Examples of kfw Financing Products / Programmes

- KfW Start-Up Loans (€943m invested in 2011)
- In 2015 KfW allocated 46% of the SME budget (EUR 9.3 billion) to climate and environmental protection.
- ERP Innovation Programme R&D (€1.4bn invested in 2014)
- ERP Regional Promotion Programme – for disadvantaged regions (€570m invested in 2011)
- KfW provided support of EUR 5 billion to municipalities as well as municipal and social enterprises in 2015.
- In 2015 KfW launched the special “Refugee accommodation” facility. A total of EUR 1 billion has been allocated providing accommodation for 100,000 refugees.
- KfW Loan programme to expand childcare centres, €350m allocated from 2013-2015

**Source KfW annual reports 2002-2016**

# Models of State Investment Vehicles: A Typology with Examples

		Institutional Form of State Agency	
		Bank	Development Agency
		<i>Mobilises and channels funds to firms</i>	<i>Targets business and technical capabilities of firms</i>
Form of Relation between State and Firms	Direct <i>Evaluation carried out by agency staff or investment committee</i>	BNDES (Brazil)	IDA/Enterprise Ireland (Irish Strategic Investment Fund, 2013)
	Indirect <i>Setting criteria for decentralized evaluation by partners or via external peer review</i>	KfW (Germany) SBCI (Ireland)	SBIR (USA)