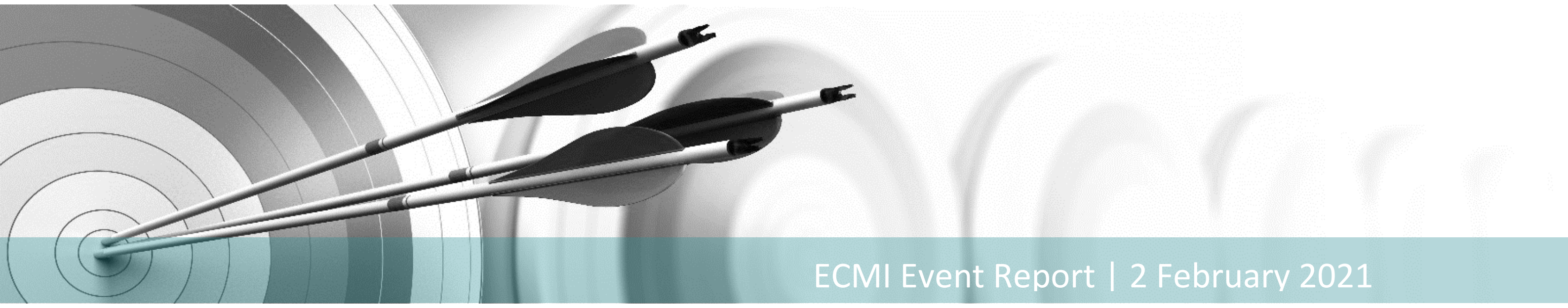


How (more) equity financing for SMEs can become reality

Valentina Allotti, Marcello Bianchi and Apostolos Thomadakis[*]

Governments, central banks and international institutions have been mobilising resources in an effort to mitigate the economic consequences of the coronavirus for small and medium-sized enterprises (SMEs). But the current rescue programmes are largely debt based, raising the prospect of a rapid rise in individual firms' debt levels. In addition, these programmes are not coordinated at the European level and differ greatly in volume across EU member states. To overcome these inefficiencies, academics have recently proposed a European Pandemic Equity Fund (EPEF) to provide equity-like investments in SMEs, in exchange for a proportionate participation in the companies' earnings.

Speakers:

Elena Carletti, Professor of Finance, Bocconi University; founder and Scientific Director, Florence School of Banking and Finance, European University Institute

Jesús Gonzalez Nieto, Director of MAB (Mercado Alternativo Bursátil – Alternative Stock Market), Bolsas y Mercados Españoles

Barry McGrath, Manager, Innovation and Alternative Finance, European Investment Fund

Morana Mavricek, Policy Officer, DG FISMA, European Commission

Moderated by **Apostolos Thomadakis**, Researcher at CEPS-ECMI

[*] *Valentina Allotti is Senior Legal Policy Officer, Capital Markets and Listed Companies, at Assonime*
Marcello Bianchi is Deputy Director General and Area Head, Capital Markets and Listed Companies, at Assonime
Apostolos Thomadakis, Ph.D., is Researcher at ECMI and CEPS

This report is based on the discussions held during a webinar organised by ECMI-CEPS in cooperation with Assonime on "Equity financing for SMEs – how to make it a reality", on 9 July 2020. The report is not a transcript of the speakers' interventions; rather, it should be understood as an interpretation of their views by the author.

Introduction

The key challenge that European capital markets are facing in the current pandemic environment is how to recast the emergency rescue measures already implemented, in order to support the recapitalisation of small and medium-sized enterprises (SMEs) and ensure their survival and growth in the long term. To achieve that, three questions need to be answered. First, how to turn investment from debt financing into equity or quasi-equity instruments. Second, how to generate a virtuous circle between public and private investments. Third, how interventions at the European and national levels can be balanced and coordinated.

The development of stronger capital markets in Europe, in particular, the fostering of equity financing, could overcome some funding constraints stemming from overreliance on banking, address the issue of overindebtedness of parts of the EU corporate sector and provide for healthier transfer sharing of risk across member states. This is particularly relevant for young, small and innovative companies, given that these firms tend to depend more on intangible assets that are difficult to value, and they have greater difficulty accessing capital markets than larger firms. A higher proportion of equity funding could help reduce EU companies' debt overhang, which is a legacy of all the external shocks that have occurred over the past decade or more (e.g. the global financial crisis, the European debt crisis, Covid-19 crisis), making it imperative to find ways to deleverage and to improve resilience against such setbacks.

To kick off the process and facilitate access to equity market, a large flow of investment should be provided in the form of equity-like instruments to SMEs by a newly established European fund, supported by all national governments and managed by an EU agency. This will allow profitable SMEs to overcome current difficulties linked to the coronavirus, strengthen their capital structure and gradually have their financing supplemented by private funds.

However, such an initiative should be accompanied by reforming equity market regulation for SMEs. This entails a simplified, proportionate and comprehensive regime for listed SMEs that reduces admission costs (both direct and indirect costs), disentangles complex listing requirements together with ongoing administrative burdens, and provides a clear and consistent definition of SMEs across different legislative pieces.

In this respect, the new Capital Markets Union (CMU) Action Plan – which follows the first CMU Action Plan of 2015 and considers input from the Report of the High-Level Forum on CMU – puts forward several initiatives to make financing more accessible to European companies, especially SMEs, and support a green, digital, inclusive and resilient economic recovery. More broadly, the new Action Plan aims to mobilise private investment in companies and to complement public support by enhancing a variety of funding alternatives, reducing dependence on a single source of financing and reducing the funding gap.

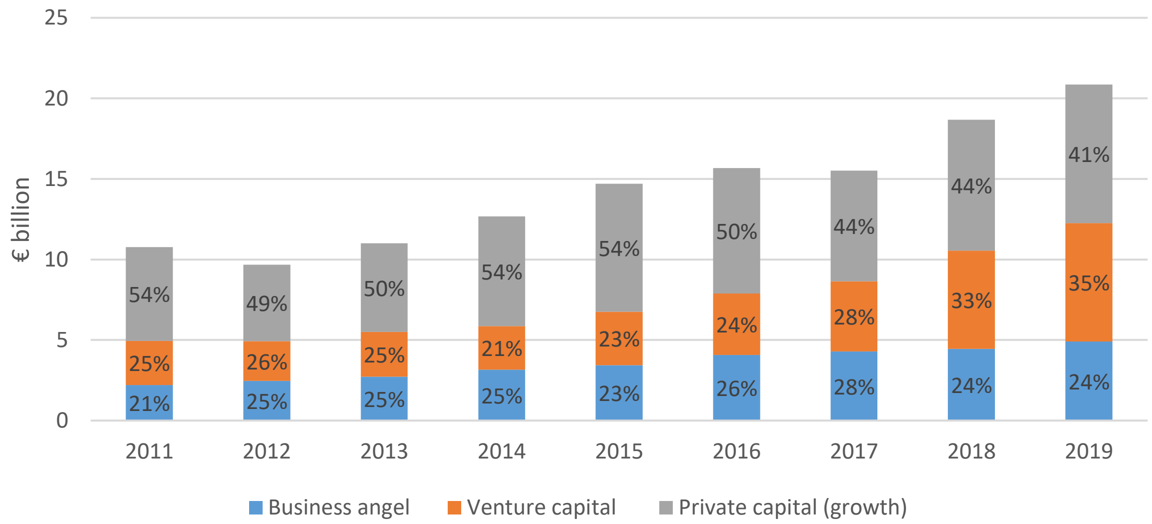
In what follows, we first provide an overview of the development of SME financing over recent years. We then describe the public/private funds system that could be put in place in order to facilitate SMEs' access to equity markets. Subsequently, we discuss the main reforms to equity market regulation for SMEs – both in regulated markets and on multilateral trading facilities

(MTFs) – that could be enacted, following some of the proposals of the new CMU Action Plan but also venturing beyond it.

Development of SME equity financing in Europe

For small, young and innovative companies, which have a limited or no track record and for which bank credit may be risky and less likely to be offered, accessing alternative funding sources is of great importance. Pre-initial public offering (IPO) risk capital, such as equity crowdfunding, business angel, venture capital (VC), or private equity (PE), not only supplements traditional forms of financing but can also act as a 'bridge' toward listing on regulated markets. Although the amount of pre-IPO risk capital invested in European SMEs has increased over the past few years and reached €20.9 billion at the end of 2019 (see Figure 1 below), it represents a tiny fraction (around 2.5%) of the total annual flow of SME financing (including bank lending). On top of that, the market is highly fragmented across Europe, with France and Germany accounting for half (on average 51.5%) of the total amount invested.

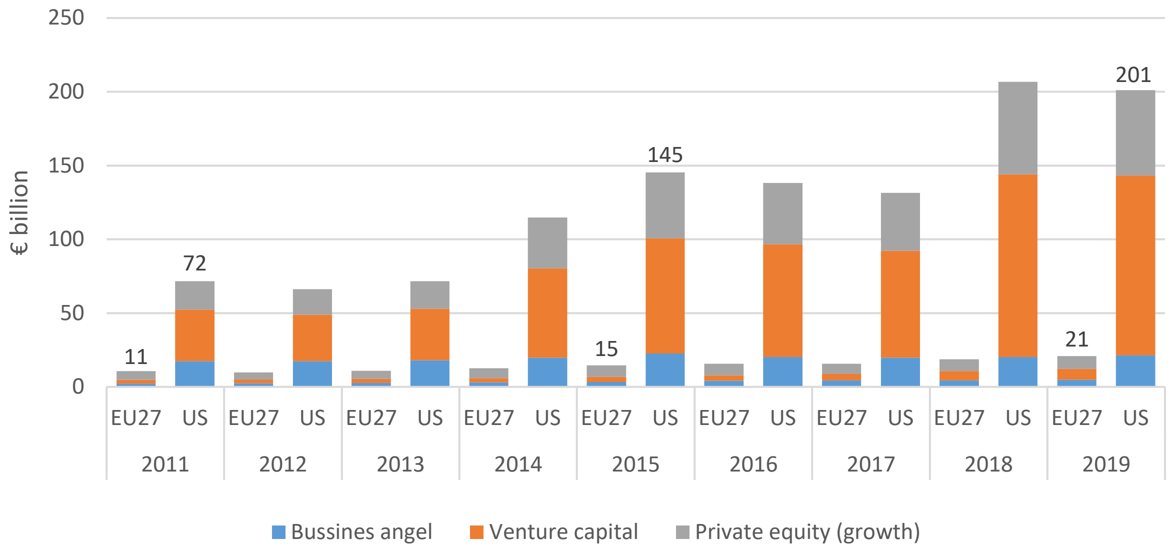
Figure 1. Pre-IPO risk capital investment by asset class (EU-27, € billion)



Notes: Venture capital includes equity investments made for companies at their seed (launch), start-up (early development) or later stage (expansion) of business. Private equity includes only growth capital and not later investment stages (e.g. replacement capital, rescue/turnaround and buyouts).
Sources: European Business Angel Network (EBAN) and Invest Europe.

Despite encouraging recent progress in the availability of risk capital for European SMEs, the gap with the US has increased further (see Figure 2 below). The annual amount of risk capital in the US totalled €201 billion at the end of 2019, 10 times the amount invested in the EU-27 (€20.8 billion). Relative to the size of their respective economies, the US pre-IPO risk capital represents 1.2% of GDP, while in Europe amounts to 0.14% of GDP.

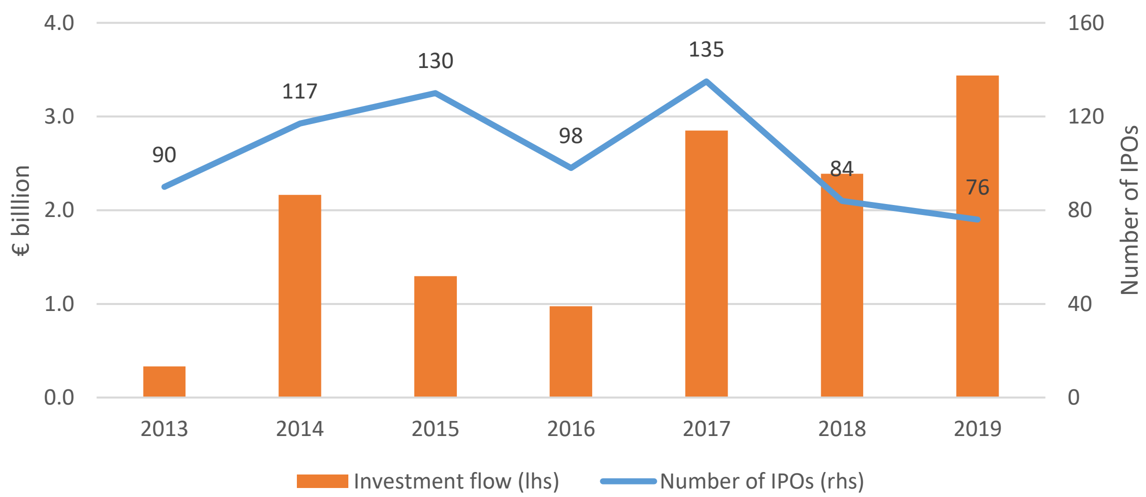
Figure 2. Pre-IPO risk capital investment by asset class (EU-27 and US, € billion)



Sources: EBAN, Invest Europe, National Venture Capital Association (NVCA), Center for Venture Research (University of New Hampshire).

Equity financing offers an important alternative for growth-oriented SMEs to raise capital, given that these firms tend to depend on more difficult-to-value intangible assets. The development of small IPO markets could incentivise investment in SMEs and, alongside securitisation and other non-bank debt financing instruments, could improve the allocation of risk and risk taking, thus supporting growth. Despite these benefits, EU public markets for SMEs are struggling to attract new issuers. The number of IPOs on SME-dedicated markets, the so-called junior stock markets, declined significantly in the wake of the global financial crisis, and has not picked up since.[1] At the end of 2019, IPOs proceeds on European junior markets (excluding the UK- based London Alternative Investment Market) stood at around €3.5 billion, while the number of IPOs dropped to 76 (see Figure 3 below).

Figure 3. IPO activity on junior markets (without the UK)

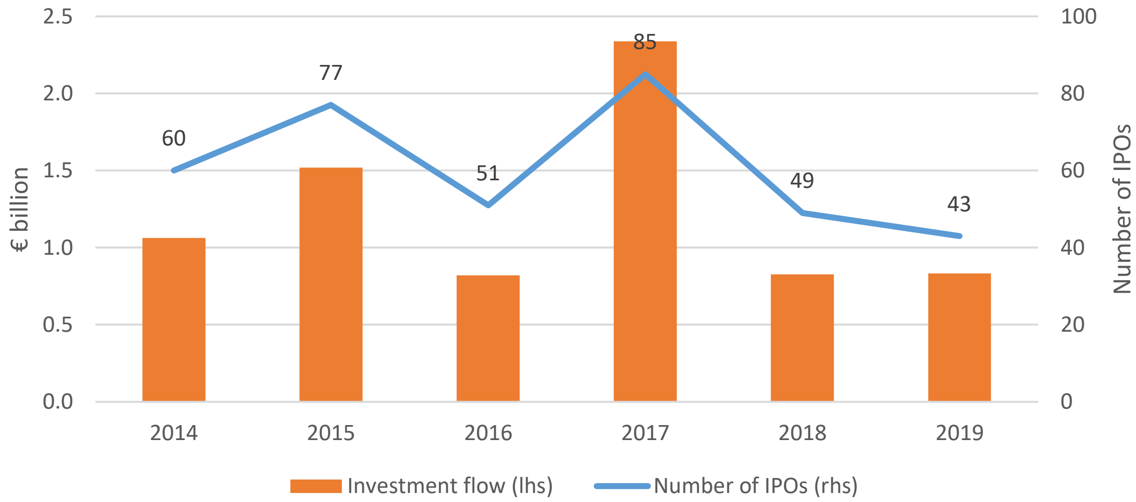


[1] See the Commission's impact assessment regarding the promotion of the use of SME growth markets.

Notes: The junior markets included are: Borsa Italiana AIM, Euronext Growth (Amsterdam, Brussels, Dublin, Lisbon, and Paris), Nasdaq Nordic First North (Copenhagen, Helsinki, and Stockholm), Deutsche Börse Scale, Warsaw NewConnect, and Bolsas y Mercados Españoles (BME) Growth Market. The investment flow into Euronext Growth for 2019 is not available.
Source: IPO Watch Europe (PwC) and individual stock exchanges.

The picture is similar when looking at SMEs' IPO activity in the main markets (see Figure 4 below). The number of SMEs listed on EU exchanges dropped from 85 in 2017 to 43 in 2019, while the investment flow through newly listed and already listed shares stood at €0.8 billion, a third of that in 2017. On top of that, the proportion of IPOs conducted by SMEs – out of the total number of listings in the main markets – has fallen from around 70% between 2000 and 2007 to 45% between 2014 and 2019.

Figure 4. SMEs' IPO activity in main markets (without the UK)



Notes: SMEs are identified as those companies that satisfy the following criteria: i) employ less than 250 workers, and ii) have an annual turnover lower than €50 million. Companies for which information on those two criteria was missing or not available were excluded from the sample. The main markets included are: Athens Stock Exchange (SE), BME, Bucharest SE, Budapest SE, Bulgarian SE, Deutsche Börse, Euronext (Amsterdam, Brussels, Dublin, Lisbon, and Paris), Nasdaq Nordic (Copenhagen, Helsinki, and Stockholm) and Baltic (Riga, Tallinn, and Vilnius), and Warsaw SE. Investment flow refers to the money raised by new companies through IPOs of new and already listed shares. Data on the classification of companies by size and turnover are only available from 2014 onwards.
Source: Federation of European Securities Exchanges (FESE).

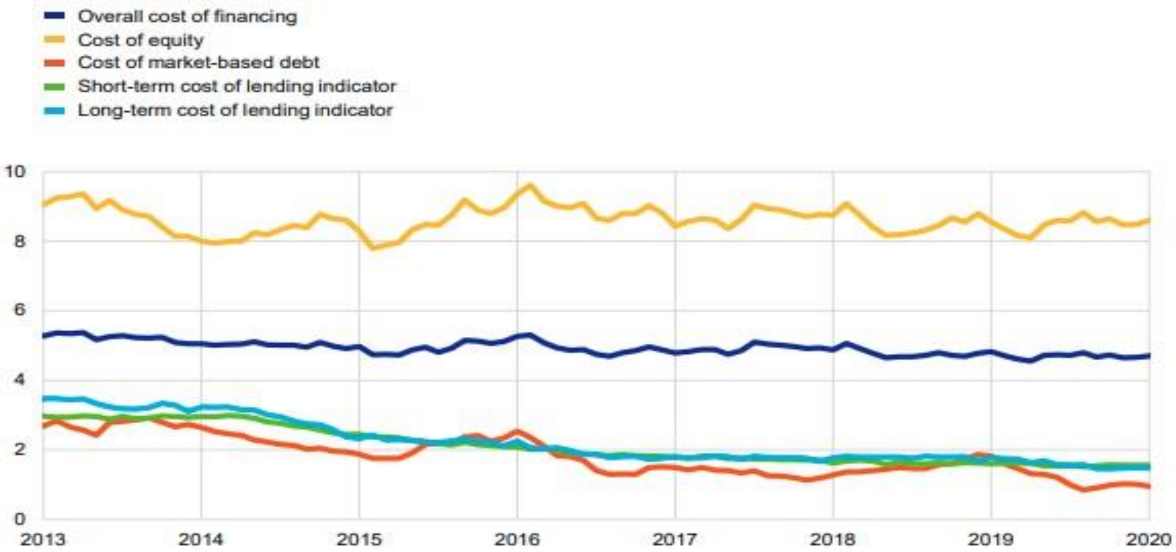
Moreover, an IPO is considered to be most beneficial to the upper end of the SME size spectrum, as IPOs by micro-SMEs represent on average 19% of the total SME IPOs.[2] SMEs of sufficient size and adequate level of development find it easier to access the capital markets.[3] Several circumstances have contributed to this observation. Among them are information asymmetries; high listing, maintenance and administrative costs; a lack of equity culture in

[2] Micro-SMEs are those with less than 10 persons employed; small SMEs, those with 10-49 persons employed; and medium-sized SMEs, those with 50-249 persons employed.
[3] IPOs by small and medium-sized SMEs account for approximately 45% and 36%, respectively, of total SME IPOs.

certain countries and inadequate management practices; continued company delistings; the high cost of equity compared with the cost of debt; and flourishing VC and PE markets.[4]

According to the latest European Central Bank (ECB) data (see Figure 5 below), the cost of equity – which is more than four times that of debt – has remained stable over the past few years (in excess of 8% of the overall cost of financing for non-financial corporations, or NFCs).[5] This has rendered equity financing, as opposed to borrowing from banks or the issuance of bonds, a comparatively expensive means of corporate funding in recent times.[6]

Figure 5. Nominal cost of external financing for euro area NFCs by component (in %)



Note: The overall cost of financing for NFCs is calculated as a weighted average of the costs of bank borrowing, market-based debt and equity, based on their respective amounts outstanding.
Source: ECB.

Public/private funds

The Covid pandemic exposed two important issues. On one hand, there is an urgent need for liquidity by the corporate sector, which was heavily affected by the disruption of production and the large decline in demand. On the other hand, the early and uncoordinated responses offered by member states – mostly based on direct financial assistance – resulted in an alarming rise in corporate leverage, to the point of heightening firms' default risk. To deal with these

[4] See Lannoo, K. and A. Thomadakis (2019), "Rebranding Capital Markets Union: A Market Finance Action Plan", CEPS-ECMI Task Force Report, Centre for European Policy Studies; AFME (2020), "Capital Markets Union: Key Performance Indicators", 3rd ed., 28 October, Association for Financial Markets in Europe.

[5] There is an extensive literature on the cost calculation of equity and debt, which uses a variety of different metrics and models (e.g., Merton, R. (1974), "On the Pricing of Corporate Debt: The Risk Structure of Interest Rates", *Journal of Finance*, 29(2): 449-470; Barnes, M. and J. Lopez (2006), "Alternative Measures of the Federal Reserve Banks' Cost of Equity Capital", *Journal of Banking and Finance*, 30(6): 1687-1711; Cooper, I. and S. Davydenko (2007), "Estimating the Cost of Risky Debt", *Journal of Applied Corporate Finance*, 19(3): 90-95; Da, Z, R. Guo and R. Jagannathan (2012), "CAPM for Estimating the Cost of Equity Capital: Interpreting the Empirical Evidence", *Journal of Financial Economics*, 103(1): 204-220; Geis, A., D. Kapp and K. Kristiansen (2018), "Measuring and Interpreting the Cost of Equity in the Euro Area", ECB Economic Bulletin, Issue 4, European Central Bank).

[6] Although the cost of equity is generally higher than the cost of debt because equity investors take on more risk when purchasing a company's stock as opposed to buying a company's bond, taking on too much debt may cause the cost of debt to rise above the cost of equity owing to the higher interest rate demanded (i.e. the bond coupon rate).

problems, a group of academics suggested the creation of a European Pandemic Equity Fund (EPEF).[7]

According to the proposal, the EPEF will offer cash to firms in exchange for a temporary increase in the corporate profit tax rate once the crisis has receded. The additional tax income raised in this way will be channelled back to the Fund in the future, representing its return on investment according to the following scheme: it trades an initial cash injection by the EPEF into the firm against a proportionate participation in future gross earnings ('value added') or net earnings ('profits'). The former can be implemented by upwardly adjusting the firm's value-added tax (VAT) remittances, while the latter relies on a tax surcharge, conditional on corporate tax payments.

Under EPEF, the cash flows emanating from firms are similar to those associated with an equity stake in that firm. For example, an investor hands over cash to the firm in the initial year, and every year thereafter (assuming the firm is profitable) a defined share of the profits flows back to the investor. In the case of a loss, the investor shares in the losses. The 'cash-against-surcharge' contract makes its performance dependent on the firm's success and renders the scheme equity-like, without being equity in a strictly legal sense of the term.

The advantage of financing through an equity-like instrument is twofold. First, it does not increase corporate leverage; second, it does not challenge the current ownership structure or the corporate governance of the firm[8] – as is the case, for example, for private equity investment. The latter consideration is especially important for privately owned SMEs that are unwilling to dilute their control, which would occur if common equity were issued. This is one of the reasons why SMEs resist going public and rely on bank loans instead.

The proposed scheme provides a termination option that gives firms the right to buy out the EPEF in the future, when the funds are no longer needed. In fact, the firm can terminate its annual payment of surcharges to the fund by repaying – after a specified number of years – a fixed amount to the EPEF. The goal is to make the scheme attractive to the candidate firms and reinforce its transitory nature.

Regarding the scope of financing, EPEF's funds should be mostly channelled to firms that do not have direct access to capital markets (typically, unlisted SMEs), although all firms are potentially eligible (even larger ones). However, it should target profitable companies, in the sense that have good prospects to return to profitability once the pandemic is over (or at least eased) and they were viable right before the outbreak of the pandemic (i.e. at year end 2019).

To reach out to firms, the proposal suggests relying on already existing national entities, like development banks, tax authorities or other such institutions. These agencies should be able to channel cash directly to firms through their relationship networks.

---

[7] See Boot, A., E. Carletti, H.-H. Kotz, J.P. Krahnen, L. Pelizzon and M. Subrahmanyam (2020a), "Corona and the Financial Stability 3.0: Try equity – risk sharing for companies, large and small", SAFE Policy Letter, No. 81, March. Boot, A., E. Carletti, H.-H. Kotz, J.P. Krahnen, L. Pelizzon and M. Subrahmanyam (2020b), "Corona and the Financial Stability 4.0: Implementing a European Pandemic Equity Fund", SAFE Policy Letter, No. 84, April.

[8] Although EPEF may want to have a say.

As for its funding structure, the EPEF will be endowed with resources from all European countries, thus reflecting its European nature and ambition to create a common perception of shared responsibility. Moreover, the EPEF should be allowed to issue its own bonds and ought to be open to risk-bearing equity contributions by private investors. This means that the EPEF should be a legal entity with its own standing, for which the management could be entrusted to a well-established European agency (e.g. the European Investment Bank).

The EPEF could also complement other current EU initiatives for SME financing, namely, the new Solvency Support Instrument (SSI) and the announced EU SME IPO Fund. As a matter of fact, all these instruments share the same goals but differ, at least partially, in the categories of target companies (mostly companies with no access to capital markets for EPEF, while the SME IPO Fund will focus on supporting companies already able to go public) and in the investment methodologies (as the EPEF envisages direct investments in companies, while the SSI would mostly provide support to reduce the risk for financial intermediaries and private investors of investing in eligible companies).

Reforming equity market regulation for SMEs

Facilitating access to equity markets for SMEs has been a key priority of EU policy in the past few years; however, the strategy followed by the EU thus far has been less than effective.[9] Equity and bond issuance remain of marginal importance for SMEs compared with other sources of funding.[10] High costs and the complexity of capital markets regulation are among the main reasons why SMEs are hesitant to seeking resource to capital markets.[11] The recently adopted SME listing package[12] goes in the right direction and eases entry into equity offerings, but the scope and the effects of the simplification exercise could certainly be improved.[13]

SME growth markets have not yet proved their way

The current system rests more than ever on the idea of creating a label of quality for SME growth markets. Aiming to broaden access to market-based sources of financing for European SMEs, the Markets in Financial Instruments Directive (MiFID) II introduced a new designation for MTFs, the 'SME growth market' label (SME GM). An MTF can be registered as an SME GM if at least 50% of the issuers whose financial instruments are traded on the exchange are

[9] See Lannoo and Thomadakis (2019); Lannoo, K. and A. Thomadakis (2020), "Europe's Capital Markets Puzzle", ECMI Policy Brief, No. 28, November 2020, European Capital Markets Institute.

[10] See Thomadakis, A. (2017), "Developing EU Capital Markets for SMEs: Mission impossible?", ECMI Commentary, No. 46, 4 September, European Capital Markets Institute.

[11] The Market Abuse Regulation (MAR), for example, extended all the obligations of the market abuse regime already in place for companies on regulated markets to MTFs, and granted to SME growth markets only limited leeway in terms of insider lists and publication of inside information. Regarding the former, the previous exemption of issuers from producing an insider list has been replaced by a relatively less stringent requirement for issuers to include in their lists "only those persons who, due to the nature of their function or position within the issuer, have regular access to inside information". As for inside information, while currently issuers who have their financial instruments admitted to trading on an SME growth market should provide an explanation when the information is made public, MAR changes allow for such disclosure to be delayed (without the need to report reasons for such delay).

[12] Regulation (EU) 2019/2115.

[13] See Assonime (2017), "Response to the European Commission Consultation Document on Capital Markets Union Mid-term Review 2017", 17 March, Associazione fra le Società Italiane per Azioni.

SMEs.[14] The basic assumption is that by sharpening the regulatory distinctions between trading venues and, at the same time, gathering homogeneous firms on the same platform, can attract interest and deepen liquidity for the securities listed therein. However, a clear demonstration of this assumption is lacking.

The European Commission's inception impact assessment on the review of the MiFID II/MiFIR framework stresses repeatedly that the greater visibility stemming from the adoption of an EU regulatory framework for SME markets will increase liquidity, as well as that harmonisation will facilitate the creation of a network among those markets (and thus further attract liquidity). So far, having dedicated trading venues for SMEs has not resolved the obstacles that discourage smaller issuers to list: i) the insufficient liquidity and scale of this market, and ii) the lack of visibility of investment research relating to SMEs.

The new CMU AP moves in the right direction, but…

The new CMU Action Plan acknowledges that significant obstacles to SME listings persist. Building on the measures already taken under the first CMU Action Plan, targeted simplifications of current listing rules, aiming to reduce compliance costs and remove the procedural roadblocks that hold SMEs back from tapping public markets, should be introduced. In this respect, under Action 2 of the new Action Plan, the Commission will assess whether the listing rules for public markets, both SME growth markets and regulated markets, could be further eased. The assessment will focus on the appropriateness and consistency of the definition of SMEs across financial legislation, potential reconceptualisation of the regime to safeguard against market abuses, and the merits of introducing transitional provisions for first-time issuers on regulated markets and SME growth markets.

Although the new Action Plan addresses the right issues, moving forward, any new initiative should be ambitious and should extend the scope of reforms in two ways. *First*, a wider set of companies should be targeted, thus expanding the definition of SMEs. *Second*, all trading venues, including regulated markets, should be covered.[15]

SME definition requires urgent attention

Regarding the definition of SMEs, which will be assessed by the Commission by the end of 2021, a clear indication comes from the Report of the High-Level Forum on the Capital Markets Union. According to that report, all publicly listed companies on any type of market whose market capitalisation is lower than one billion euros should be defined as small and medium capitalisation companies (SMCs). Similarly, the Report of the High-Level Group of experts appointed by the Ministers of Germany, France, the Netherlands, Italy, Spain, Poland and Sweden suggested amending the SME definition adopted under MiFID to qualify an SME GM by raising the threshold from €200 million to €500 million, in line with other EU legislative measures (e.g. the EU Growth Prospectus, the European Long-Term Investment Fund).

[14] In this context, an SME is defined by MiFID II as an enterprise with average market capitalisation of less than €200 million based on end-year quotes for the previous three calendar years.

[15] See Enriques, L. (2018), "What should qualify as a "SME Growth Market"?", Oxford Business Law Blog, 26 January; Assonime (2018), "Response to the EC Consultation on Building a Proportionate Regulatory Environment to Support SME Listings", 7 March, Associazione fra le Società Italiane per Azioni; Bianchi, M., C. Di Noia and M. Gargantini (2018), "The EU Securities Law Framework for SMEs: Can Firms and Investors Meet?", in Mayer, C., S. Micossi, M. Onado, M. Pagano and A. Polo (eds), Finance and Investment in Europe: The European Case, Oxford University Press.

SME GM label should extend to regulated markets as well

Concerning the trading venues, a way to favour access to public markets for SMEs and still build upon the SME GM label would be to allow regulated markets (or their specialised segments) to be treated as if they were SME growth markets. Under this scheme, a simplified regime will apply to all companies listed on the SME GM, be it a segment of a regulated market or an MTF. By thus allowing for a more proportionate treatment of SMEs listed on regulated markets, they could also benefit from the burden alleviation offered by, for example, the EU Growth Prospectus.

Furthermore, the new Action Plan focuses on both SME growth markets and regulated markets, and envisages the possibility of adopting a special IPO transitional period – up to a maximum of five years – for first-time issuers in any trading venue. Such an extended IPO transitional period would not only encourage SMEs to access public markets, but would also help them to migrate from an SME GM to a regulated market. The latter case is particularly important, given that in regulated markets listing rules and regulatory burdens may hamper smaller issuers attempting to list, compared with an alternative market where listing rules should be simpler for all companies.

Conclusion

With the outbreak of Covid19 hitting European economies hard, SMEs have been significantly affected both in terms of their supply capacity (e.g., reduced labour resources, low capacity utilisation, interrupted supply chains) and the demand side (e.g. a liquidity squeeze and depressed spending and consumption). Given that small, young and innovative companies tend to have a shorter life span and higher default probability than larger firms, securing liquidity and ensuring access to capital are vital. Since the beginning of the pandemic, national governments and European authorities have put forward several relief programmes and measures to support SMEs. However, these responses have not been coordinated at the European level, differ greatly in their scope and availability across member states, and are largely debt based. In addition, they entail several long-term risks, such as the rise in corporate leverage, increased bank risk and sovereign exposure, as well as the amplification of cross-national distortions due to competition in product and capital markets.

The natural framework for contending with these issues is the Capital Markets Union project. Most of the actions envisaged in the new CMU Action Plan focus on the structure and functioning of the capital markets, from the perspective of both companies and investors. By doing that, it focuses on two of the three questions put forth in the introduction: i) promote equity investments (instead of debt), by making it easier and less costly for SMEs to access public markets; and ii) attract private investment, by encouraging the participation of retail and institutional investors.[16]

The third question, that is, how to ensure that interventions and rescue measures relating to the pandemic adopted at the European and national levels are balanced and coordinated, has

[16] Some of the actions pointed in this direction are the creation of a European single access point that provides investors with seamless access to financial and sustainability-related company information; the review of the legislative framework for the European Long-Term Investment Fund (ELTIF); and the removal of certain regulatory obstacles for insurance companies and banks seeking to invest for the long term and in SMEs particularly.

not been properly resolved. One way to reach such balance and systemisation is the implementation of specific investment tools, projected and managed at European level, to directly funnel capital, namely, equity capital, to companies less able to directly access capital markets. At the same time, from a longer-term perspective, structural imbalances require a step-up in pace in building truly integrated capital markets and overcoming the current fragmentation along national lines. In this vein, the new Action Plan correctly underlines the need for further harmonisation of EU capital markets rules and for monitoring progress towards supervisory convergence. The Action Plan adopts a prudent approach, envisaging a transition to more integrated EU supervision by working toward an enhanced single rulebook for capital markets and by looking at ways to ensure that national authorities and the European Securities and Markets Authority (ESMA) work together. It does not, however, address the key issue of the need for a single European capital markets supervisor.

European Capital Markets Institute

ECMI conducts in-depth research aimed at informing the debate and policymaking process on a broad range of issues related to capital markets. Through its various activities, ECMI facilitates interaction among market participants, policymakers and academics. These exchanges are fuelled by the various outputs ECMI produces, such as regular commentaries, policy briefs, working papers, statistics, task forces, conferences, workshops and seminars. In addition, ECMI undertakes studies commissioned by the EU institutions and other organisations and publishes contributions from high-profile external researchers.

ECMI EUROPEAN CAPITAL MARKETS INSTITUTE

Centre for European Policy Studies

CEPS is one of Europe's leading think tanks and forums for debate on EU affairs, with an exceptionally strong in-house research capacity and an extensive network of partner institutes around the world. As an organisation, CEPS is committed to carrying out state-of-the-art policy research that addresses the challenges facing Europe and maintaining high standards of academic excellence and unqualified independence and impartiality. It provides a forum for discussion among all stakeholders in the European policy process and works to build collaborative networks of researchers, policymakers and business representatives across Europe.

CEPS