

Development of financial instruments

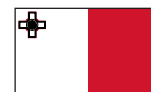
Deliverable 4: Final Report

Technical Support Instrument

Supporting reforms in 27 Member States



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MDB
MALTA DEVELOPMENT BANK

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1 Introduction

The purpose of this report is to provide a summary of the project activities and to set out an overview of the action plan to support the beneficiary (Malta Development Bank – MDB) with the implementation of the recommendations outlined during the project. This report also outlines lessons learnt during the project implementation, which could be used by both DG REFORM and Malta for similar projects in the future.

Section 6 of this report presents a comprehensive list of all deliverables prepared over the course of the project.

2 Summary of project activities

2.1 D1: Inception Report

The kick-off meeting was held on 14 September 2021 via teleconference due to COVID-19 restrictions in place at the time. The agenda for the kick-off meeting addressed the following:

- Introduction to the team
- Context, objectives, and scope of service
- Delivery Strategy
- Organisation and project management
- Key stakeholders
- Appendices

During the kick-off meeting, the beneficiary, DG REFORM and Deloitte agreed to carry out bi-weekly update meetings to provide an update on project progress, pending information and plan of action for the following two weeks. All parties acknowledged the delay between the contract signing date (August 06th, 2021) and the organisation of the kick-off meeting, and the potential repercussions thereof on target delivery dates.

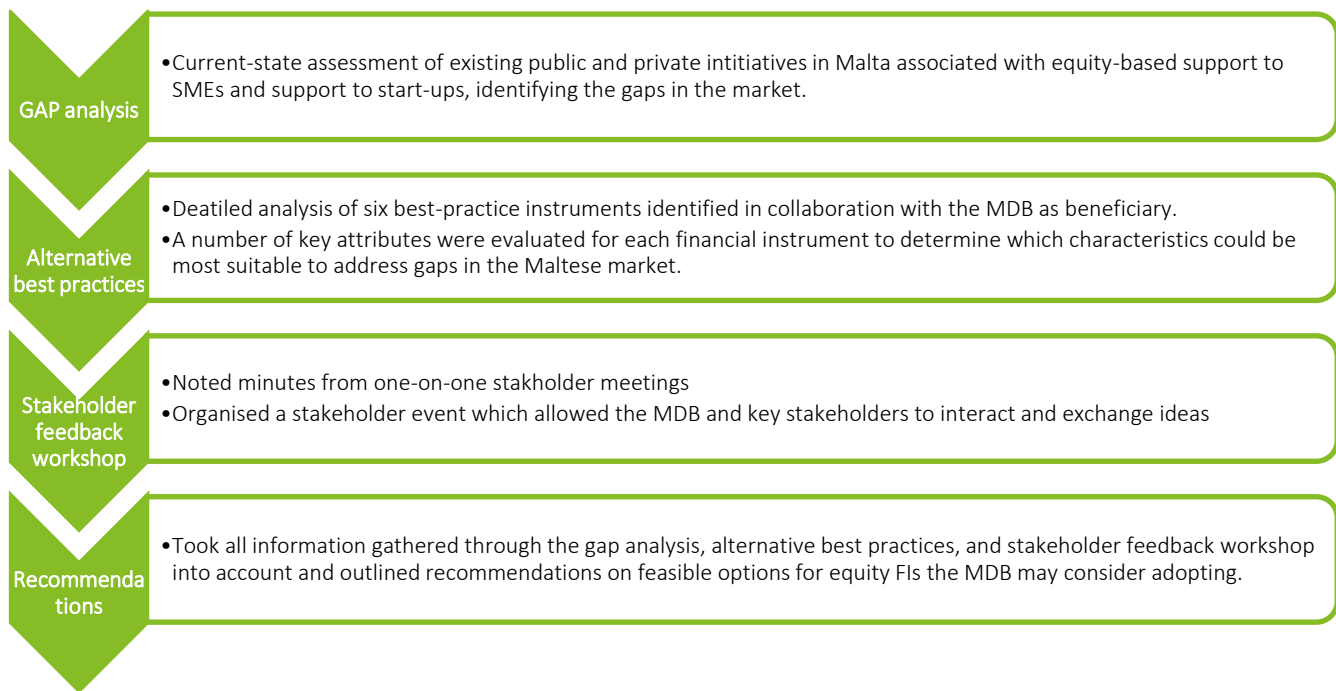
The way forward agreed during the kick-off meeting was reflected in the inception report, which set out the detailed objectives and deliverables which would be prepared over the course of the project.

2.2 D2: Report with recommendations on two new financial instruments

The purpose of Deliverable 2 was to provide the Malta Development Bank ('MDB' or 'Beneficiary'), pertinent information to support its decision-making surrounding the introduction of:

- (i) An equity-based financial instrument for SMEs;
- (ii) A financial instrument to support start-ups.

To achieve this goal, the following four workstreams were undertaken within Deliverable 2:



The first step taken in Deliverable 2 was the preparation of a gap analysis (delivered on 29 July 2022, hereinafter referred to as the “**Gap Analysis**”), by virtue of which Deloitte’s team carried out extensive desktop research combined with one-on-one interviews with 23 different stakeholders within the SME and start-up realm between January and July 2022. This approach was preferred by the beneficiary to the one consisting of gathering extensive written feedback, where the beneficiary was doubting whether sufficient participation, details and honest feedback would be reflected in that manner. More information regarding the content and outcome of these meetings has been provided within Deloitte’s Deliverable 2, Chapter 3, Stakeholder Feedback. This research resulted in the confirmation of a financing gap as identified by the European Investment Advisory Hub (EIAH). The gap is primarily situated in the risk capital funding space. However, pertinent underlying obstacles beyond financing were identified by key stakeholders as being imperative to achieve a coherent business and equity ecosystem:

- i) Underdeveloped and fragmented ecosystem/infrastructure for entrepreneurs to navigate;
- ii) A lack of coordination between existing stakeholders;
- iii) Limited management graduation;
- iv) Nascent equity culture;
- v) Limited visibility of initiatives and success stories;
- vi) Lack of investor education;
- vii) An insufficiently robust legal and fiscal framework.

Deloitte undertook preparatory work in the form of a high-level desktop review of various financial instruments to potentially use them as best-practice benchmarks. The selected instruments were based on feedback gathered from the Gap Analysis. The final selection of the six benchmarked instruments was made by the MDB following a workshop session during which several key attributes of the shortlisted financial instruments were identified, which could possibly addressing gaps identified in the Maltese ecosystem. The selected financial instruments against which a detailed benchmarking exercise was undertaken based on desktop research were the following:

1. EIB Fund of Funds – Greece
2. National Fund of Funds – Germany (Saxony)
3. State-owned fund – Hungary
4. Multilateral trading facility – Czech Republic

5. Co-investment with Business Angels – European Angels Fund
6. Equity and non-financial support – Bulgaria

Following the benchmarking exercise, Deloitte, along with the MDB and representatives from the European Commission, hosted an event entitled InvestMT on 27 April 2022¹. This event had a total of 50 attendees, ranging from representatives of government institutions to private entities. The event included presentations by Deloitte on the gaps identified in the Maltese market, as well as key takeaways from the benchmarked financial instruments.

This was followed by a presentation by Andrea Marcello, a representative of the European Investment Fund (EIF) about the potential new initiatives Malta may adopt to foster the development of an equity investment ecosystem, and a presentation by Bence Kovats, a director at Századvég Konjunktúrakutató Zrt, about the lessons and approaches learned from the implementation of state-aided equity instruments in Hungary.

The event also included two panel discussions (i) addressing where Malta is today and (ii) shaping the future. The panels included representatives from the Malta Chamber of SMEs, Malta Enterprise, Firstbridge, the European Investment Fund, Malta Government Investment, Business Angels Malta and Calamatta Cuschieri, including interventions from other stakeholders not on the panel. More detail on InvestMT can be found in Deliverable 2, Chapter 3, delivered on 14 November 2022.

Based on findings from the first three stages, Deloitte proceeded to set out its recommendations on the two financial instruments.

It was recommended that the proposed FI to support start-ups will take the form of an accelerator and seed financing FI. It would have two components:

- **Accelerator stage** will focus on providing entrepreneurs the opportunity to research, assess and develop an initial concept. During this stage, the entrepreneurs will have access to incubator services and mentoring; and
- **Seed stage** will focus on providing (i) follow-on financing to participants in the Acceleration stage; and (ii) seed financing to other eligible start-ups which have not participated in the Acceleration stage, as long as the initial concept is developed.

In this way, this financial instrument would be able to address the financing gap at seed financing stage, provide smart money by ensuring technical assistance is available alongside financing, enhance the support framework for start-ups and strengthen the start-up pipeline.

The second financial instrument targeted for SMEs, was recommended to take the form of a commercialisation and growth investment fund targeting equity and quasi-equity investment in SMEs in the commercialisation and growth stage of their business lifecycle. In this way, this financial instrument will improve the availability and access to risk capital finance, promote investment in innovation to support growth and provide a follow-up funding route for start-ups in the growth stage of the business lifecycle.

¹ This stakeholder feedback workshop (InvestMT) was intended to take place within six months after the signature of the contract (i.e. before February 06th, 2022). However, owing to persistent uncertainty regarding national elections due to take place in the first half of 2022, the parties were unable to commit to a date on which stakeholders attendance would not be affected by these elections. This was a particular concern considering that participants identified for the stakeholder workshop included representatives of relevant ministries, who would likely be unable to attend in the period leading up to the elections. Following the results of the national elections on March 28th, 2022, the earliest mutual availability for the Malta Development Bank, Deloitte and DG REFORM was Wednesday, April 27th, 2022. As such, a cumulative delay of approximately three months was incurred at this stage of the project.

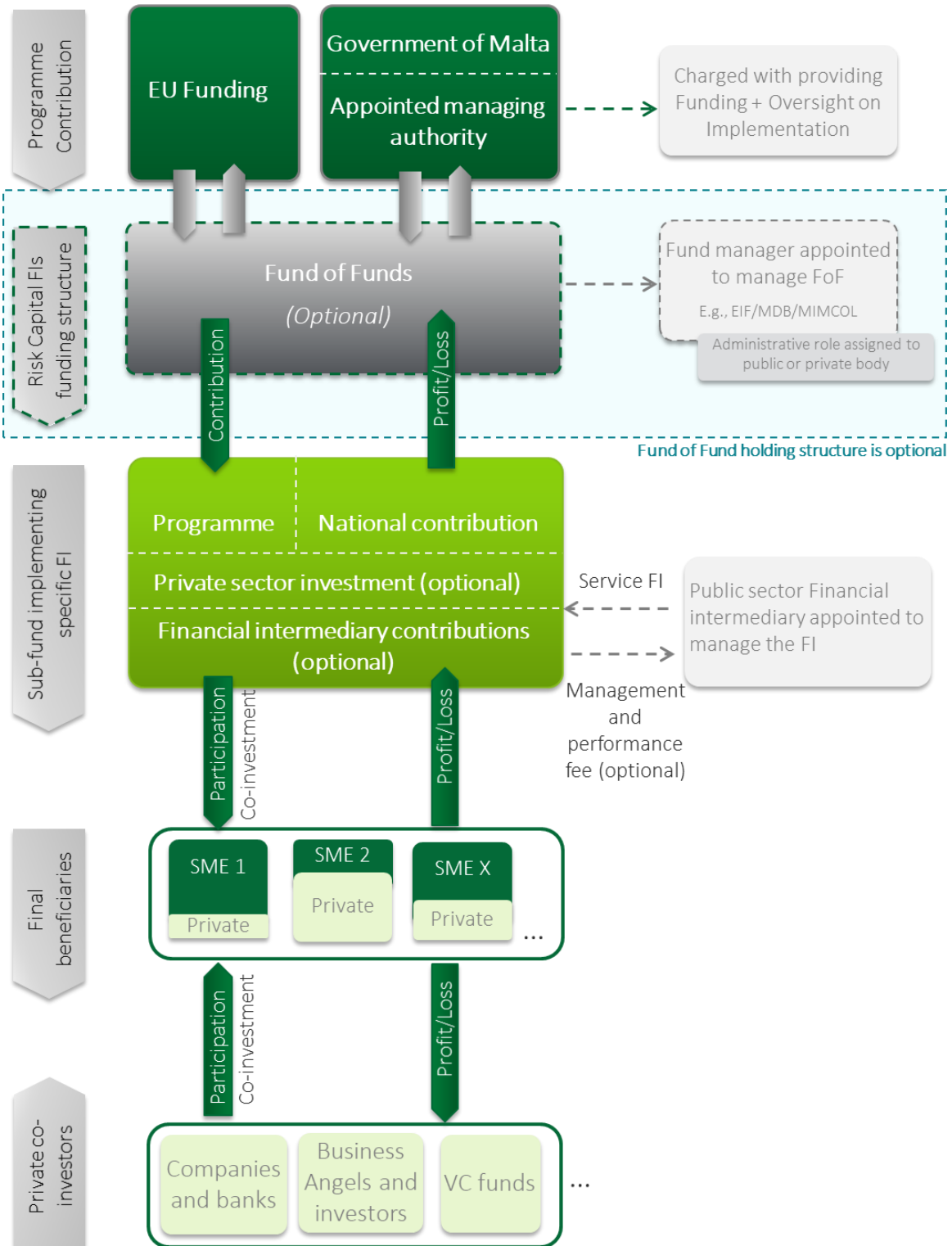
2.3 D3: Detailed report for the preparation to launch two financial instruments

The work carried out in the course of Deliverable 2 provided the foundation for Deliverable 3, which included (i) a report, one for each instrument, outlining the detailed design of the two financial instruments and (ii) a report outlining the actions required from the MDB and other national players to launch the two financial instruments.

The design of the two FIs was based on the recommendations set out in Deliverable 2. This was agreed with the MDB following a workshop session held with the MDB on 25 August 2022.

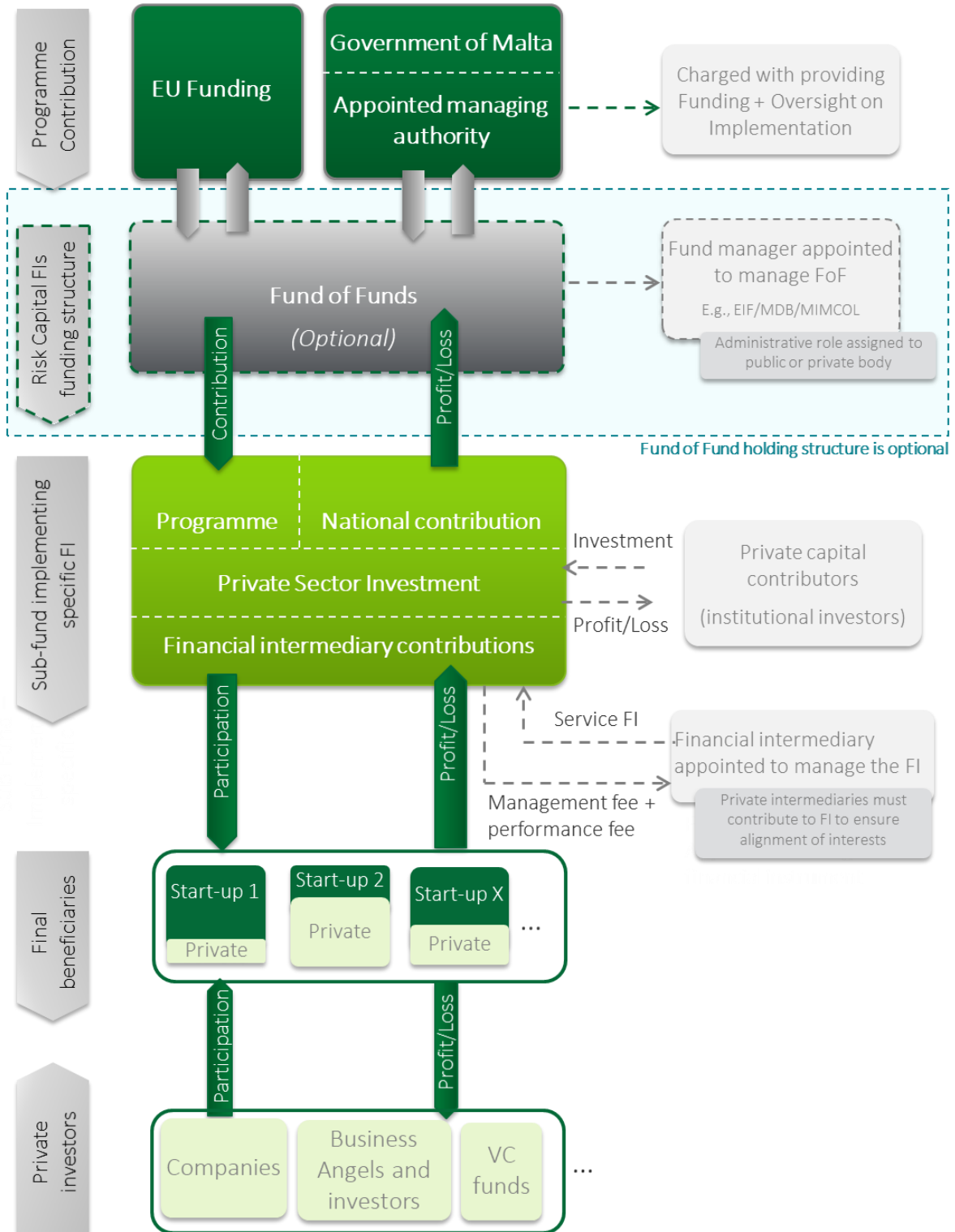
The following are graphical representations of the Malta SME Equity Fund co-investment model, and of the Malta Accelerator and Seed Fund co-investment model.

Figure 1: Malta SME Equity Fund co-investment model



Source: Deloitte 2023

Figure 2: Malta Accelerator and Seed Fund co-investment model



Source: Deloitte 2023

3 Lessons learned

The lessons learnt from the project are categorised into different themes as follows:

Preparatory work

The complexity of the Project necessitated the performance of various elements of preparatory work; these were fundamental to ensure that:

- a) due consideration was given to the relevant EU and international standards of best practices and the extent to which their proposed integration could be expected to be of overall benefit within the context of the Maltese ecosystem;
- b) appropriate guidance could be gleaned from the systems and solutions implemented by other high-performing jurisdictions; and
- c) all the contextual information obtained and collated in terms of the foregoing could be analysed and presented to the beneficiary in a simple and straightforward form, to facilitate the exercise of the policymakers' discretion as to the direction of travel.

Collaboration and communication

The Project clearly benefitted from a constant and transparent stream of communication by and between the Deloitte team and the beneficiary. The Financial instruments, by their nature, allow a significant degree of customisation, and the implementation of the underlying principles could have been achieved through a variety of different options.

Continuous collaboration was fundamental to ensure that the direction of Deloitte's work, both at a preparatory stage and in connection with the preparation of the actual financial instruments, was in line with the ultimate objective of the project. The efficiency of the Project was also facilitated by the conceptual discussion of relevant options and possibilities which made sure that the time and effort of all involved was invested efficiently in the development of deliverables based on concepts that had already been agreed to, in-principle, in advance.

When the preparation of Deloitte's deliverables was at a more advanced stage; the early review by the beneficiary of materials that were in-development, but generally representative of the intended outcome, was also a helpful means to ensure the suitability of the final deliverable.

Milestone management

At key junctures of the Project, Deloitte was required to present deliverables to the beneficiary, who was in turn required to provide insight and feedback thereupon, which would then facilitate Deloitte's preparation of further deliverables.

The timelines of the Project were most effectively adhered to using milestone management – punctuated as necessary with meetings that were held to ensure that the fulfilment of upcoming milestones could be reviewed if and as appropriate. The use of agreed-to milestones for the delivery of certain work or feedback allowed all parties concerned to plan their intended work and extent of engagement, in an extent that any necessary feedback or insight that was necessary from the other party could be reasonably expected to be received by the time of the following milestone.

Bi-weekly touchpoints

To ensure constant communication from a project management standpoint, bi-weekly touchpoint meetings were organised and held throughout Deliverable 2 of the Project. These meetings provided a forum for high-level feedback to be discussed and communicated, and further to make sure that all parties were aligned as to the ongoing work and objectives.

While these sessions provide an effective forum to discuss ongoing work and milestones, maintaining a consistent bi-weekly meeting schedule during periods when the project requires minimal intervention may prove onerous. It is suggested that project teams should plan to have the bi-weekly touchpoints planned but consider postponing and/or cancelling specific sessions as required where these are expected to lead to minimal value added.

External factors impacting timeline

There are external factors such as summer and Christmas holiday periods which are known to limit productivity. Having the project commencing in the beginning of August resulted in a delay in project commencement which impacted project timeline. It would have been ideal if project commencement dates had been aligned to start post rather than before such periods.

One-on-one stakeholder sessions preferred over questionnaires when collaborating with underdeveloped areas

During the project, one-on-one meetings were organised with various stakeholders to obtain their views of the current system and possible future enhancements which they believe should be adopted. While such an approach is more onerous and time consuming, the one-on-one interview approach was considered preferred to a questionnaire-driven approach given the low maturity level nationally on the topic and the limited ongoing interaction among stakeholders in the market. This allowed the project team to glean significant insight on the current market gaps and limitations which would not have been possible using other modes of stakeholder feedback.

Despite the use of one-on-one sessions, the significant cultural shift contemplated meant that some of the stakeholders were only able to provide limited input. To overcome such instances, it may be more beneficial to delay specific stakeholder discussions to later in the project timeline until a more advanced draft of the recommendations is available and discuss more concrete recommendations with stakeholders. This is expected to result in a more interactive and value-added consultation session. The benefit of such an approach was evident from the positive interaction and feedback received during the in-person stakeholder session organised in Deliverable 2 when more concrete examples of options contemplated were presented.

Areas in which the MDB may require further support

The expected rollout of the two equity financial instruments together with positioning of the MDB as a key stakeholder in coordinating and driving change within the equity investment space in Malta will undoubtedly place pressures on the MDB. As a result, the MDB and/or the Maltese Authorities may:

- require additional personnel to support the coordination and development of the equity ecosystem;
- require support in developing a comprehensive national strategy to address the development of the equity ecosystem in Malta, capturing initiatives beyond the two proposed equity FIs;
- require technical support for the design and implementation of a national fund-of-fund structure in Malta;
- require support on establishing an effective intermediary to manage one or more of the proposed equity financial instruments.
- require technical support to design a quasi-equity financial instrument to support funding gaps identified in the high-risk debt space (primarily the market between equity and senior debt).

In addition to the above considerations, it is relevant to note that the MDB Act restricts the amount of equity funding that can be allocated to equity investments.

4 Action plan for the Beneficiary

The action plan outlined in Chapter 3 of Deliverable 3 provides a clear direction of the role envisaged for the MDB. This is summarised into four key activities, namely:

- a) **Coordinator:** Take a lead in coordinating joint discussions between government and supporting agencies to establishing a national strategy to address equity financing gaps.
- b) **Promoter:** Take a lead role at national level to promote the establishment of the two equity FIs.
- c) **Intermediary:** Act as an Intermediary on the implementation of the SME Equity FI.
- d) **Quasi-equity product development:** Address gaps identified in the high-risk debt space through the introduction of new quasi-equity products.

A detailed list of action points envisaged for the MDB to effectively pursue its coordinator and promoter role are outlined in Chapter 3 of Deliverable 3.

Implementation of the two proposed FIs

It is suggested that prior to the implementation of the two proposed FIs, a national strategy and action plan linked to that strategy is developed by key stakeholders. This is envisaged to take at least nine months to develop and agree on. Once a decision has been made whether to implement the two FIs as proposed, or whether to implement an alternate version, the following action points will need to be considered for the implementation of the FIs. Note, reference date refers to the completion of this project.

#ID	Task	Actors	Indicative timeline
3.1	Finalisation of instruments design		
3.1.1	Finalise instrument structure and design based on chapters one and two of this deliverable, and propose final details and amendments based on feedback gained through the FI Common Forum ² . Consistency and alignment between the two FIs should be maintained as their success is dependent on one another.	FI Common Forum	Reference date + 9 months
3.1.2	Obtain a decision from the Government of Malta regarding the identification of the relevant Managing Authority or responsible persons within the existing Managing Authority.	FI Common Forum	Reference date + 11 months
3.1.3	Completion of ex-ante assessment using deliverables within this project, adjusted as necessary based on funding programme identified to be used for the FIs Ex-ante assessment must be completed prior to the Managing Authority (MA) making contributions to the FI.	MA with FI Common Forum support	Reference date + 12 months

² Given that the elevation of Malta's start-up and equity ecosystem to the next level of maturity will require input from a broad number of stakeholders, with each bringing their relevant experience to promote an effective national strategy and eventually agree on a targeted set of FIs to support the Maltese ecosystem, the action plan caters for the establishment of a dedicated working group, referred to as the FI Common Forum hereinafter.

#ID	Task	Actors	Indicative timeline
3.1.4	Obtain agreement from the Managing Authority and relevant government administration regarding the allocation of funding to the FIs, including the amount of national funding as well as EU funding, and the source of EU funding to be deployed.	MA	Reference date + 14 months
3.1.5	Based on the outcome of 3.1.4, determine whether an EU funding application is required for new funds, or whether existing funds should be diverted.	MA	Reference date + 15 months
3.1.6	Based on the outcome of 3.1.1, assess whether a state aid notification will be required and appoint the relevant parties responsible for the preparation of such a state aid notification. The steps set out in the state aid section of Chapters 1 and 2 of this deliverable may be used as a guide.	MA with external support as required	Reference date + 11 months
3.1.7	Formation of FoF structure at national level, including preparation of funding agreement between MA and Fund of Funds, if applicable.	MA	Reference date + 14 months
3.1.8	Selection of fund of fund manager in line with eligibility criteria and national strategy (if a decision was made to proceed with the Fund of Fund structure).	MA	Reference date + 14 months
3.1.9	Determining the intermediary selection approach which will be applied (direct award or public procurement) and issuing of call for expression of interest where relevant, based on the example provided in Deliverable 3 of this project.	MA or FoF manager	Reference date + 16 months
3.1.10	Selection of financial intermediary to support the implementation of each specific FI. This will be finalised following the signing of a funding agreement ³ .	MA or FoF manager	Reference date + 20 months
3.2	FI set up		
3.2.1	Identification of key partners to contribute to the Investment Committee and setting up of this Committee, where applicable. This includes a charter setting out its obligations and operations.	Selected intermediary	Reference date + 21 months
3.2.2	Opening of relevant accounts and transferring of resources ensuring a proper accounting and audit trail in line with the funding agreement.	Selected intermediary	Reference date + 21 months
3.2.3	Setting up of the documentation, templates, management and control systems and ensuring it is operational.	Selected intermediary	Reference date + 23 months
3.2.4	Developing of relevant capacities at financial intermediary level through recruitment and/or training.	Selected intermediary with external support	Reference date + 23 months
3.3	Implementation		
3.3.1	Selection, funding and disbursement to eligible start-ups and SMEs in line with investment strategy and contracts put in place.	Selected intermediary	Reference date + 24 months until end of FI investment period
3.3.2	Managing of payment flows from the MA in accordance with the funding agreement, taking into account absorption capacity and forecasted disbursement patterns.	Selected intermediary	Reference date + 24 months until end of FI

³ Note , the selection process will be dependent on whether a competitive process or a direct award is pursued.

#ID	Task	Actors	Indicative timeline
3.3.3	MA submits relevant payment applications of the committed programme contribution to the Committee	MA	Reference date + 24 months until end of FI
3.3.4	Monitoring and reporting from the sub-fund to the FoF and MA on support provided to final recipients, management costs and fees, the value of investments and the results of internal control and monitoring.	Selected intermediary & FoF Manager & MA	Reference date + 24 months until end of FI
3.3.5	Ongoing verifications of information from the FIs and preparation of implementation report to be appended to Annual Implementation Report.	MA	Reference date + 24 months until end of FI
3.3.6	Ongoing management verifications and audits during set-up and implementation and to support payment applications to the Committee, including on-site performance and monitoring visits.	MA	Reference date + 24 months until end of FI
3.3.7	Optional: audits may be carried out by the relevant Audit Authority at the level of the MA, FoF, intermediary or at the level of final recipients if supporting documentation is not available at the level of the aforementioned bodies.	Audit Authority	Reference date + 24 months until end of FI
3.3.8	Revisions to ex-ante assessment and/or funding agreement in line with the progress of the equity ecosystem and the success of existing instruments.	MA	Reference date + 24 months until end of FI
3.4	Maturity and wind-up		
3.4.1	Execution of exit strategy to recover invested resources and following up with beneficiaries to obtain feedback about potential future improvements to the current or future FIs	Intermediary	Start date of FI + 3 years until end of FI

Upon completion of the FI investment cycle (i.e. new beneficiaries are no longer eligible for support from the FI), the government of Malta and relevant authorities shall seek advice of the FI Common Forum to determine whether an updated version of the instrument should be implemented, or whether the objectives have been obtained and no or a reduced level of support may be required.

On liquidation, all accounts created should be settled and closed, with shareholders being paid any remaining funds, as per relevant agreements put in place.

5 Project summary

The project overview provided below is meant to be used by the European Commission for both internal and external communications. It briefly summarises the project's goals and contents.

Project: REFORM/SC2021/023 – Development of Financial Instruments

Background

Malta's business landscape is uniquely characterised by an above-average presence of micro enterprises, employing less than 10 employees. Based on statistics⁴ issued by the National Statistics Office ('NSO'), such enterprises account for 97.35% of businesses registered in Malta, with a further 2.10% of businesses classifying as small, with a staff complement between 10 and 49 employees. A mere 0.55% of businesses are classified as medium or large enterprises employing more than 50 individuals. Understanding the abovementioned business environment prevalent in Malta is key to the operations of the MDB. As Malta's only national promotional bank, the MDB plays a role of paramount importance in addressing significant and pressing market failures as well as sub-optimal investment situations.

A crucial failure within the Maltese ecosystem has been the financing of research and innovation (R&I) activity, which is essential to drive long-term value-added economic growth, both at national and European levels. Malta consistently ranks among the weakest countries within the European Union for the level of investment directed at research and innovation. The situation is further exacerbated by various challenges faced by SMEs, which prevent them from reaching their full potential. Aside from low levels of professionalisation to support growth, development and R&I, a majority of SMEs face undercapitalisation. This is partly owing to an underdeveloped and dispersed equity market, which steers organisations in the direction of high levels of indebtedness.

The abovementioned conclusions and statistics are corroborated by the findings from the European Investment Advisory Hub (EIAH) assignment, which confirm that the majority of Maltese businesses are microenterprises, with a substantial presence of start-ups. It also reinforces the need to target R&I initiatives and support schemes to SMEs and start-ups (being the prevalent cohort) if Malta were to materially increase investment in R&I in future years above current levels. Furthermore, findings acknowledge the presence of several existing initiatives in the market (albeit not specifically addressing equity market gaps) but identify the limited coordination among stakeholders as one of the reasons for their limited success in bridging the persistent market gaps.

Purpose

The objectives of the project could be categorised into two key components, namely:

- 1) To help the MDB design and introduce two new financial instruments to the Maltese market, these being;
 - i) An equity-based financial instrument for SMEs and
 - ii) A financial instrument to support start-ups.

- 2) To set out recommendations on the role the MDB may adopt to act as a catalyst to facilitate cooperation within the equity and start-up support ecosystem in Malta with the objective of integrating the various fragmented initiatives in Malta.

⁴ Based on 2019 figures.

Content of the Project

The following key actions and deliverables were undertaken and prepared during the separately identified components of the project:

Recommendations on two new equity financial instruments

- Performed a gap analysis on current support available for start-ups and SMEs in the Maltese market.
- Organised one-on-one sessions with key stakeholders to obtain insight on limitations of the current ecosystem and possible future enhancements.
- Compiled benchmarking report outlining the design of six other financial instruments adopted in EU jurisdictions namely, Greece, Germany, Hungary, the Czech Republic, Bulgaria and the European Angels Fund.
- Organised an event entitled InvestMT, which included presentations from the European Investment Fund and Századvég Konjunktúrakutató Zrt (a preferred advisor to the Hungarian Development Bank). It also included a panel discussion among key stakeholders. The session also served to provide market stakeholders a chance to view the work that had already been undertaken, possible options being contemplated and served as a platform to share their views.
- Set out recommendations for the design of two new financial instruments based on gaps identified, best practices extracted from the benchmarking exercise and based on stakeholder feedback received.
- Set out recommendations for the role the MDB may adopt within the start-up and SME support ecosystem.

Report outlining the detailed design of two new equity financial instruments

- Prepared a detailed report outlining the design of the proposed Accelerator and Seed FI. This included a detailed design of the key attributes of the FI, the envisaged role and responsibilities of the intermediary and state-aid considerations.
- Prepared a second detailed report outlining the design of the proposed SME Equity FI. This included a detailed design of the key attributes of the FI, the envisaged role and responsibilities of the intermediary and state-aid considerations.
- Prepared a report outlining a detailed action plan for the MDB and other stakeholders to pursue the implementation of the two proposed FIs. It also outlined in further detail the envisaged role and objectives of the MDB within the start-up and equity support ecosystem. It also outlined intermediate actions the MDB may adopt to address other market gaps identified, which would complement the two proposed FIs.

6 List of all project deliverables

Deliverable 1 – Inception Report

Deliverable 2 – Report with recommendations on two new financial instruments

- Chapter 1: Existing initiatives, schemes, products, and gap analysis
- Chapter 2: Alternative best practices
- Chapter 3: Stakeholder feedback workshop
- Chapter 4: Recommendations for the design of the two new financial instruments

Deliverable 3 – Detailed report for the preparation to launch the two financial instruments

- Chapter 1: Financial instrument to support start-ups
- Chapter 2: Equity based financial instrument for SMEs
- Chapter 3: Action plan

Deliverable 4 – Final Report

7 Appendix

7.1 Project description

Title: Development of Financial Instruments

Summary

This project forms a part of service request **REFORM/SC2021/023 – Development of financial instruments** under framework contract **SRSS/2018/01/FWC/002** and was funded by the European Union via the Technical Support Instrument (TSI) and implemented by the Malta Development Bank (“MDB”), in cooperation with the Directorate General for Structural Reform Support (DG REFORM) of the European Commission.

The purpose of the project was to provide to the MDB pertinent information to support its decision-making and implementation of the following two new financial instruments:

- (i) An equity-based financial instrument for SMEs;
- (ii) A Financial instrument to support start-ups.

Context

Malta’s business landscape is uniquely characterised by an above-average presence of micro enterprises. This, together with an underdeveloped equity investment ecosystem limits equity and quasi-equity financing available for research and innovation activity. This continuous underinvestment in higher-value investment will limit the long-term growth potential of Malta’s economy.

Support delivered

The project first phase of the project consisted in a gap analysis involving extensive desktop research and interviews with 23 stakeholders. A benchmarking exercise highlighting key attributes from six financial instruments across Europe, was followed by a stakeholder event entitled InvestMT to obtain feedback from key stakeholders. At the end of this phase, a report outlining recommendations for the two financial instruments was prepared.

The second phase consisted in a report outlining the detailed design of the two financial instruments based on MDB’s preferences.

Results

The project resulted in the detailed design of two new equity financial instruments, being:

- **Accelerator and Seed FI** – A financial instrument targeted at supporting start-ups at their initial phase of development. The intermediary of the FI is also expected to operate an accelerator to enhance pipeline opportunities.
- **SME Equity FI** – A co-investment instrument aimed at increasing liquidity in the Maltese equity market.

An action plan outlining proposed next steps for the MDB to support the evolution of the start-up and SME ecosystem was also prepared.

7.2 Social media text

Twitter post 1:

The MDB successfully concluded a project aimed at supporting further development of the equity ecosystem in Malta, in collaboration with Deloitte and funded by the European Union's DG REFORM. It is now looking forward to continuing collaborating with stakeholders to put theory into practice.

Twitter post 2:

Despite being the backbone of our economy, SMEs and start-ups continue facing challenges in accessing finance. Following the launch of its products in the debt finance space, the MDB endeavours to form part of a nationally coordinated effort to address remaining gaps in the equity and risk finance space.

7.3 Visual materials

Figure 2: InvestMT Conference – Audience address by MDB CEO at the time (Mr Rene Saliba)



Figure 3: InvestMT Conference - Panel Discussion



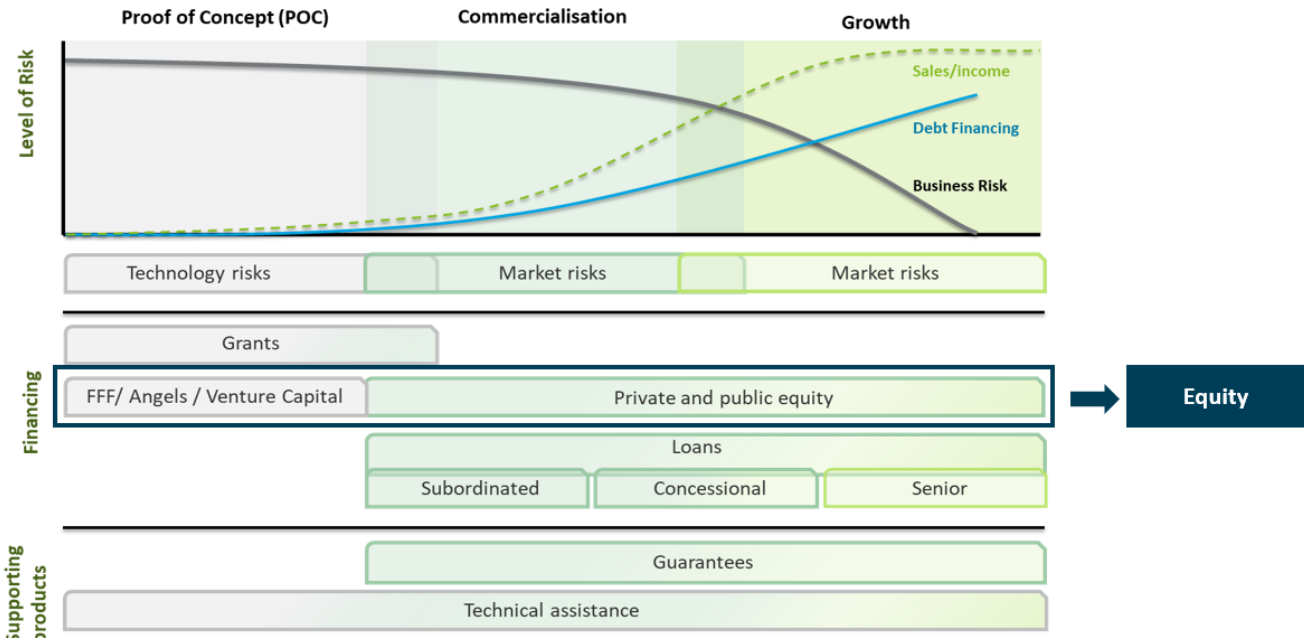
Moderated by Matthew Xuereb (Deloitte Director), Andrea Marcello (EIB), Herald Bonnici (MGI), Johan Zammit (BAM) and Nick Calamatta (Calamatta Cuschieri)

Figure 4: InvestMT – Interaction with the audience



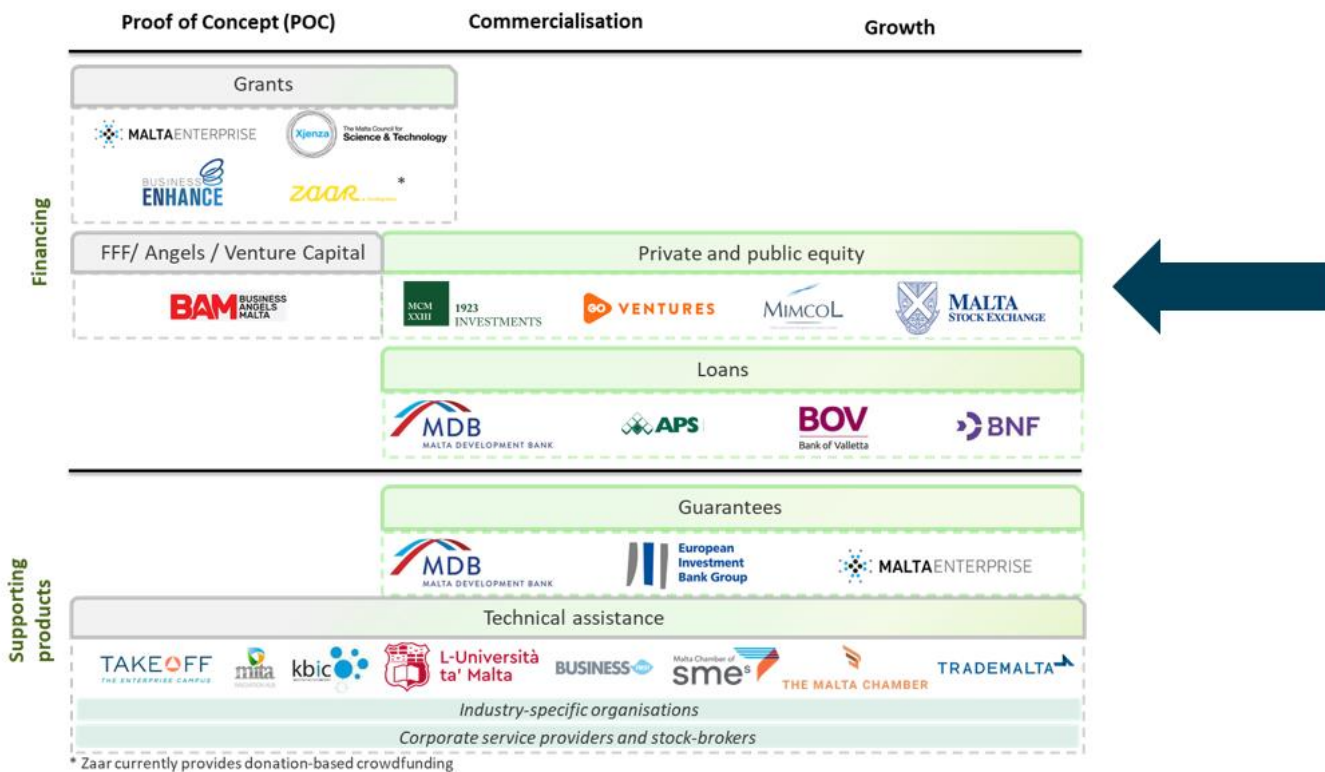
Feedback being provided by MDB Deputy CEO at the time of the event, Paul Azzopardi. Mr Azzopardi is now the CEO of the MDB.

Figure 5: Business lifecycle with identified equity gap



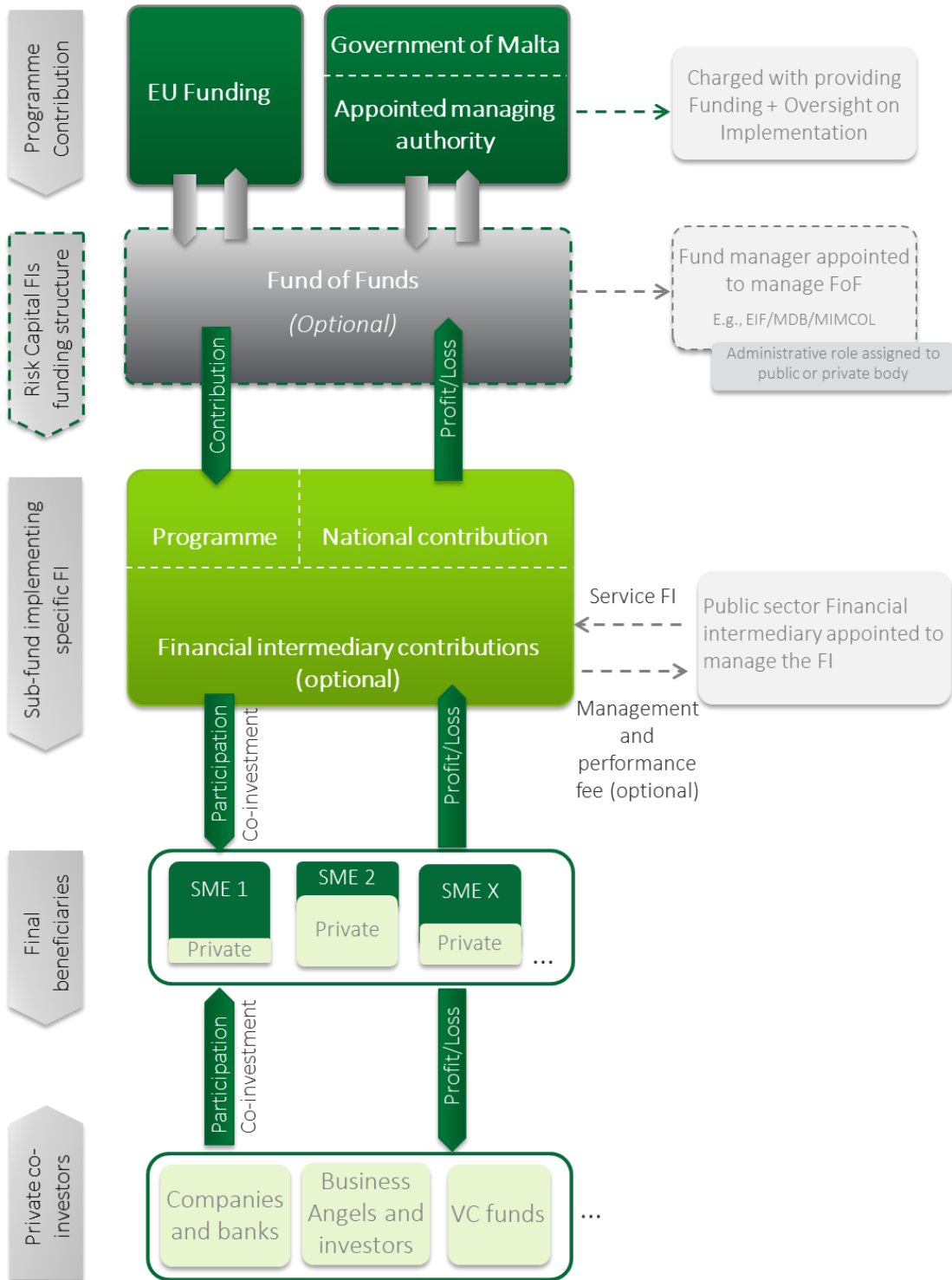
Source: Deloitte 2023

Figure 6: Business lifecycle with existing actors in place and identified equity gap



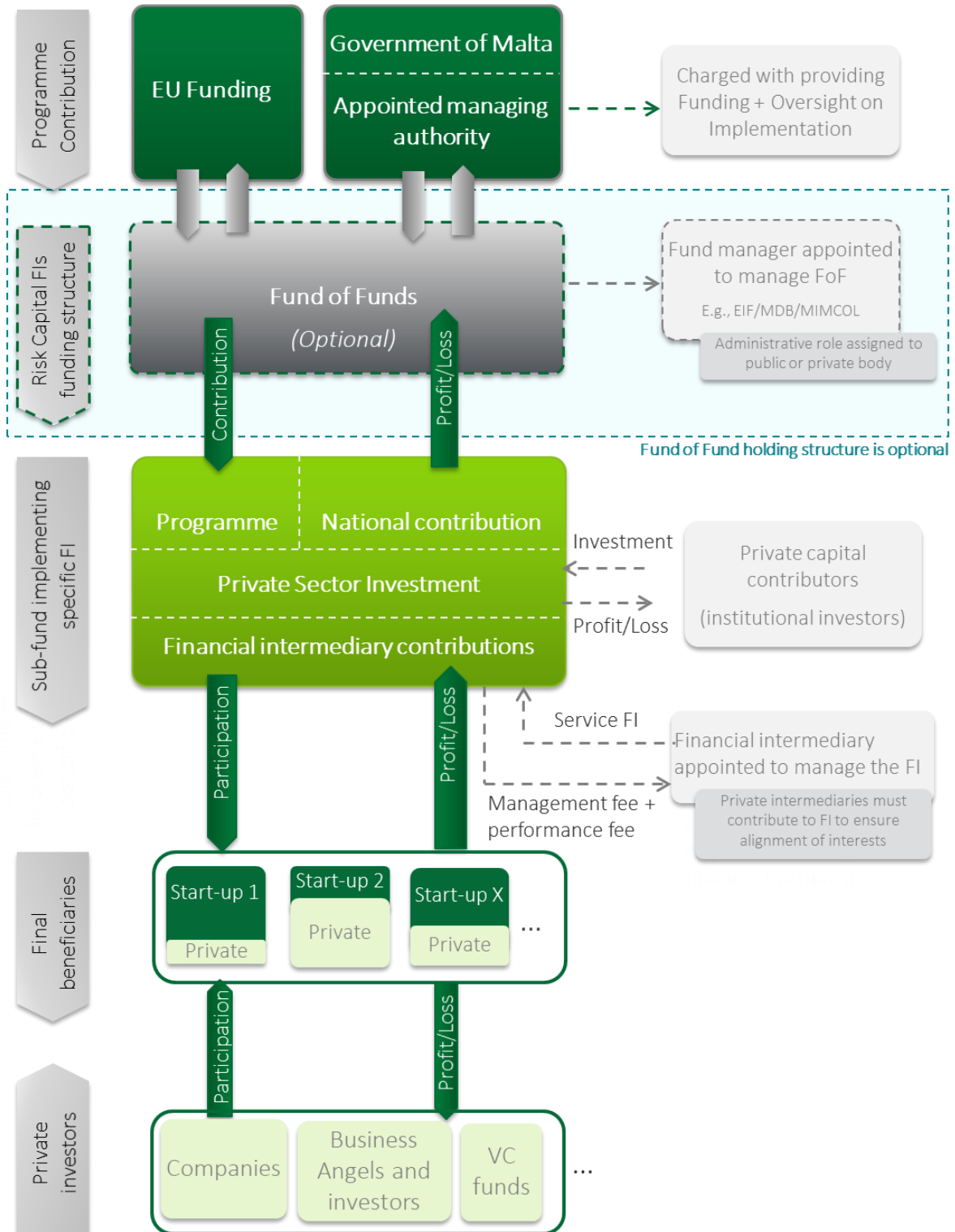
Source: Deloitte 2023

Figure 7: Overview of SME FI structure



Source: Deloitte 2023

Figure 8: Overview of Accelerator and Seed FI structure



Source: Deloitte 2023



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