



# **Policy Booklet 4**

## **Financial Instruments for Innovation**



European Union  
European Regional  
Development Fund



## WELCOME

The COVID-19 pandemic has been an unprecedented crisis that has had a profound impact on our societies and economies. In particular, firms, startups, and small and medium-sized enterprises (SMEs) have faced significant challenges in maintaining their operations and innovation activities in the post-pandemic context.

The European Commission has been at the forefront of the efforts to respond to the COVID-19 crisis and support the recovery of the European economy, through key initiatives such as the Recovery and Resilience Facility (RRF). The national and regional governments, financial institutions, and other regional stakeholders have responded to the challenge by developing innovative financial instruments to support innovation and entrepreneurship, which have played a crucial role in helping firms and entrepreneurs to navigate the economic downturn caused by the pandemic.

This policy booklet compiles good practices on the implementation of financial instruments for innovation in response to the COVID-19 crisis. It showcases examples of innovative financing solutions, such as venture capital, credit lines, liquidity loans and combined FIs that have been implemented in different countries and regions.

The booklet provides insights into the ways in which these financial instruments have been tailored to address the specific needs of innovative startups and SMEs affected by the pandemic. It also explores the role of public policy in creating an enabling environment for innovation financing and highlights the importance of collaboration between public and private actors in promoting innovation and entrepreneurship.

By sharing best practices and lessons learned, we can build a more resilient and innovative economy that can better withstand future crises.

**Alexandre Almeida, ANI**

Lead partner of Innova-FI

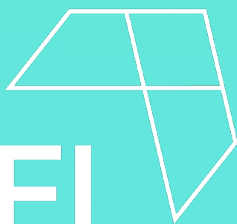


**CALL  
INNOV-ID**



**Innova-FI** 

**Innova-FI**  
Interreg Europe



# Agência de Inovação Nacional

**ANI**



European Union  
European Regional  
Development Fund



AGÊNCIA NACIONAL  
DE INOVAÇÃO

# INNOV-ID

## Portugal

### FUNDING SOURCE

FITEC

Innovation, Technology  
and Circular  
Economy Fund

### TYPE OF FINANCIAL PRODUCTS

Equity/ quasi-equity

### THEMATIC FOCUS

Digital & Technology.  
Industry & Technology.  
Health & Technology.  
Tourism Tech.

### Timing

April 2020 - ongoing

### Partners involved

Portugal Ventures  
Agência Nacional de Inovação  
Startup Portugal

### Re-investment

Expected

### Main results

**3 editions of a seed capital call** opened to support early-stage in science and technology-based projects.

**65 SMEs and startups** invested through Innov-ID.

**6.5 million euros** were invested through public funds in the first two editions.

## SUMMARY

The investment programme Call INNOV-ID aims at promoting access to venture capital financing for science and technology-based projects, through a venture capital fund managed by **Portugal Ventures**, in partnership with **ANI – National Innovation Agency**.

This FI is designed for projects or companies in the pre-seed, seed, or early stage, with developed technology, focusing on the prototype, proof of concept, product (MVP), or product-market-fit validation phase, with growth and scalability potential in the global market.

First launched in 2020, the Call INNOV-ID is part of a set of measures launched by the Portuguese Government to support more than 2,500 Portuguese startups to overcome the consequences of the crisis caused by the COVID-19 pandemic and resume their normal activity after this exceptional period. Within this framework, the Call INNOV-ID aims to respond to the funding needs caused by the effects of the pandemic on micro and small companies. Through this initiative, Portugal Ventures covered a recognized market failure in the Portuguese venture capital ecosystem by adapting its investment strategy to integrate pre-seed startups into its portfolio.

## Objectives

The investment under Call INNOV-ID is designed to support scientific and technological projects, with proven impact, either direct or indirect, in circular economy, green transition, and sustainability goals.

Therefore, the projects and their solutions must contribute directly or indirectly to one of the following:

- decarbonization of the economy;
- process, product, and material sustainability;
- energy efficiency and sustainability;
- circular economy.

Projects can be eligible in four broad sectors, namely:

- Digital & Technology;
- Industry & Technology, preferably in the energy efficiency, decarbonization, sustainability, and circular economy sectors;
- Health & Technology;
- Tourism Tech.

## Basic Requirements:

Firms or projects that apply to the Call INNOV-ID must be:

1. Incorporated companies that fulfill the following criteria are eligible:
  - a. Directly or indirectly contribute to the decarbonization of the economy, process, product, and material sustainability, greater energy efficiency and sustainability or to a circular economy (mandatory);
  - b. Technology-based companies that are the result of proven technology transfer processes of entities in the national scientific and technological system that fulfil at least one of the following criteria:

- i. they are the result of a scientific, technology, or academic research and development programme carried out within higher education institutions or Technology Interface Centres (including, in particular, technology centres, science and technology parks, tech-based incubators, or incubators linked to higher education institutions, or to Technology Interface Centres);
    - ii. they have obtained recognition of suitability in the practice of R&D activities by ANI;
    - iii. they are beneficiaries of incentives managed by ANI;
    - iv. they are promoted by or employ highly qualified human resources;
  - c. Companies that have not been invested in by other venture capitalists (mandatory);
  - d. Companies founded less than 8 years ago (mandatory);
  - e. Companies with registered offices and the majority of their operations in Portugal (mandatory);
  - f. Companies that have no debts outstanding to the Tax Authority and Social Security at the date of application (mandatory);
  - g. Public limited liability companies or private limited liability companies (mandatory);
  - h. Companies that are not directly or indirectly owned or controlled by large companies (mandatory);
2. Companies not yet incorporated can also apply and must comply with the provisions set out under paragraphs 1(a) and 1(b).

## DESIGN AND SET-UP

### Funding and Partners

The Call INNOV-ID was designed and launched through a partnership between the public venture capital firm Portugal Ventures and ANI - the National Innovation Agency in Portugal.

The Call is funded through the Innovation, Technology and Circular Economy Fund (FITEC), mobilizing 10 million euros of public funds for the call's objectives.

Portugal Ventures also involved its **Ignition Partners Network** – a network with over 100 partners which include universities, interface institutes, R&D Centres, incubators, and accelerators. Ignition Partners are heavily involved in the pre-screening of projects and the application process, as applications to the Call INNOV-ID must be submitted exclusively through one of the Ignition Partners.

Ignition Partners also continue to support the projects after the investment, through the appointment of a mentor, who will provide mentoring and will be responsible for monitoring the activity of the beneficiary and providing reports to Portugal Ventures.

### Investment strategy

The Call INNOV-ID offers **100k€ tickets** for startups and innovative, science-based, and technological projects.

The investments follow the SAFE – Simple Agreement for Future Equity approach, by means of the subscription of (i) one share, with a value of €1, that carries special rights/class A shares; and (ii) convertible notes, convertible into class A shares, as decided by Portugal Ventures within 24 months following the investment, where Portugal Ventures proposes to have a minority interest in the share capital.

The Founders are afforded a put option to acquire Portugal Ventures' stake (capital and credits), within the first 18 months, for the amount invested plus 20%.

The Call Innov-ID also allows for possible follow-on investment in a subsequent round of syndication with other investors if within 18 months from the date of the investment, there is a capital increase corresponding to at least double the amount invested.

## IMPLEMENTATION

In 2020, following the launch of the 1st edition of Call INNOV-ID, in just one month Portugal Ventures received 117 applications, resulting in an investment of €4 million in 40 projects.

A subsequent call opened in April 2022, for which 85 applications were received and 15 projects were selected for investment (1.5 million euros).



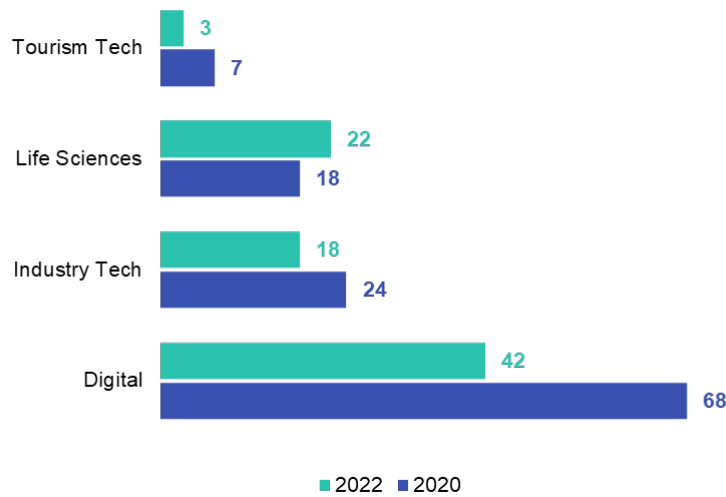
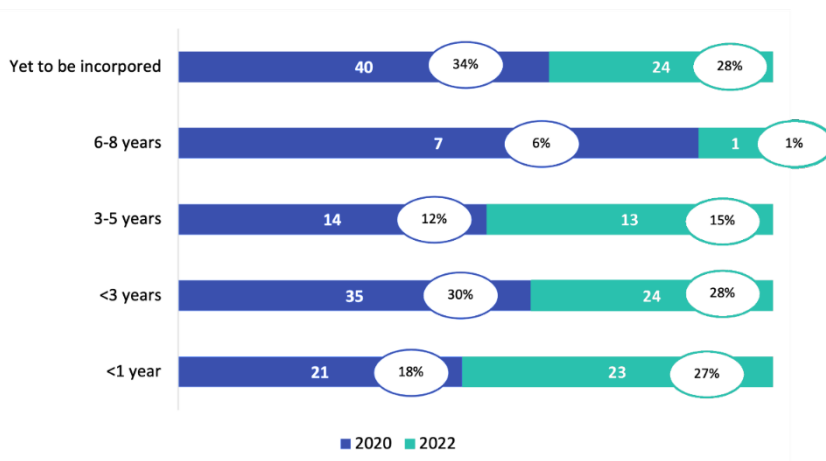
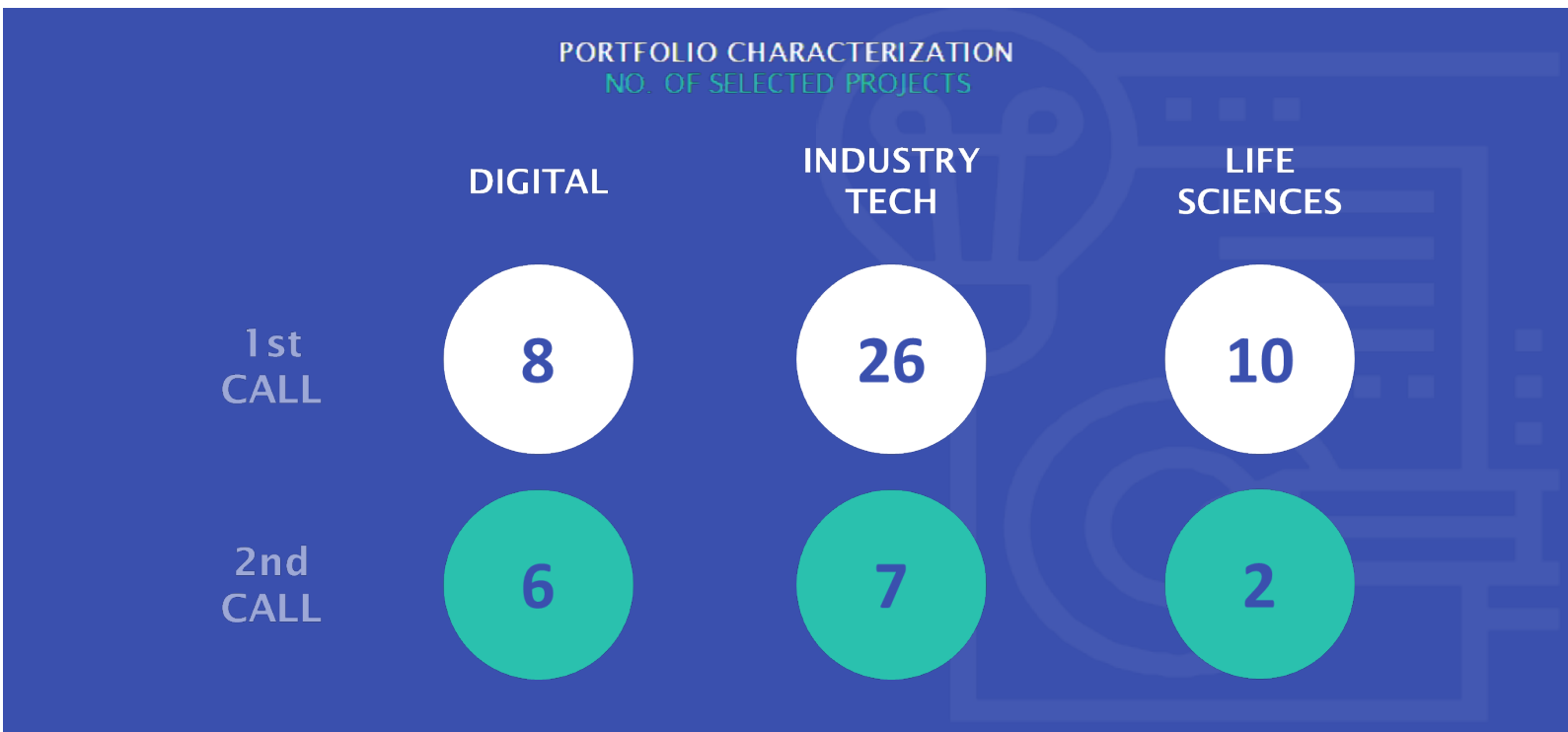


Figure n° 1: Results of Previous editions – Number of applications by thematic area

Figur



A strong number of applications on both calls were made by companies yet to be incorporated, highlighting the potential of this instrument to support entrepreneurship by targeting pre-seed stages and promoting the creation of new innovative startups.

Figure n° 2:

Applications Vs Company Age

## Achievements

The 1<sup>st</sup> call launched in April 2020 supported 40 projects, in the areas of Industry Tech, Digital and Life Sciences.

Of the projects that have applied to receive the investment, over 30% led to the creation of new companies, totaling 157 new jobs created, of which 81 were highly qualified jobs.



**30%** Companies created after the INNOV-ID Call

**157** Total jobs created

**81** Highly qualified jobs created

**25** IP Requests

After 24 months of implementation of the 1<sup>st</sup> call, 21 of the 40 supported companies had started new rounds of investment, expecting to raise a total of 28 M€ of new capital. This figure represents a strong leverage of public funding, initially set at 4 million euros across the 40 supported companies. As of November 2022, 9 of the 1<sup>st</sup> call companies have succeeded in raising an additional 12.5 M€, leveraging the global call edition funding by a factor of 3.

The Call Innov-ID was crucial for BestHealth4U, because it allowed us to continue our development, hire and have the support of an experienced team, as Portugal Ventures, to allow us to prepare and successfully close our seed round of 1M€.

Sónia Ferreira  
Founder & CEO BestHealth4U

**21** Companies started new rounds of investment

**28M€** Expected new capital to be raised

**9** Companies succeeded in raising capital

**12.5M€** New capital raised

## OUTLOOK

The **first two INNOV-ID Calls** were deemed successful in addressing an existing market failure, job creation, intellectual property, and access to further equity, especially in the aftermath of the Covid-19 pandemic.

The **involvement of different partners** was critical for this success. The **Ignition Partners Network** was very important for the swift application process.

A **third INNOV-ID Call** was launched in November 2022.

# POST- COVID SUPPORT

Smart Growth liquidity  
loans for SMEs in Silesian  
Voivodship  
(edition March 2022)



# Regional Development Agency in Bielsko-Biała

**ARRSA**



European Union  
European Regional  
Development Fund



Agencja Rozwoju Regionalnego S.A.  
Bielsko-Biała

# POST-COVID Support

Smart Growth liquidity loans for SMEs in Silesian Voivodship  
(Edition March 2022)

## Poland – Bielsko Biała

### FUNDING SOURCE

FITEC

REACT-EU funds and the  
State Budget

### TYPE OF FINANCIAL PRODUCTS

Loans, guarantees, global  
grants

### THEMATIC FOCUS

COVID-19 Aid

### Timing

1 Edition: 2020 – June 2022

### Partners involved

BGK (Polish Development Bank), 9 local and regional partners in a consortium

### Re-investment

Expected from the loans and guarantees instruments.

### Main results

149 applications submitted

PLN 151 million of liquidity requested

57 enterprises awarded

PLN 49 million of liquidity in granted loans

## SUMMARY

In 2020 the pandemic spreading all over Europe forced numerous companies to suspend their regular business activities. Starting in March 2020 Polish government developed several aid measures to protect Polish SMEs from the consequences of the coronavirus pandemic called ensemble The AntiCrisis Shield. The unprecedented aid for the entrepreneurs organized by European Union and Polish government to support and preserve the businesses, included grants, tax or/and social insurance fees relieves, dedicated liquidity loans with a subsidised interest.

In 2020, 11 Polish state aid schemes to support the economy in the context of the coronavirus outbreak were developed to support companies affected by the pandemic. Under the schemes, the public support would take the form of direct grants, repayable advances, tax and payment advantages, deferrals of tax payments and wage subsidies, and in the form of loans with subsidised interest rates, aiming to support the beneficiaries' immediate liquidity needs.

In 2020, BGK, as the implementing authority and the project manager, launched the programme of the liquidity support loans for SMEs in the programme of mitigation of the negative impact of the COVID-19 pandemic. The dedicated liquidity loans would be available to micro (including self-employed workers), small and medium-sized enterprises (SMEs) facing economic difficulties and liquidity shortages due to the coronavirus outbreak, the lockdown and sanitary restrictions.

The idea of the project was to support these SME, which applied for the loans and, in the course of the financial analysis and based among others on their financial plan, were recognised the potential to regain their liquidity and to recover the healthy performance.

## Objectives

Main objective: to enable the access to working capital for the companies affected by the COVID-19 pandemic and to ensure their financial liquidity.

## DESIGN AND SET-UP

### Funding and Partners

BGK acts as the Fund's operator compiling and updating annual financial plan of the Fund, administering the accounts of the Fund, servicing proceeds/payments made from the Fund's resources and the debt incurred for the Fund, ensuring current financial liquidity of the Fund, including bond issuance for the Fund and allocation of periodically available funds of the COVID-19 Response Fund. Payments from the COVID-19 Response Fund are made based on the financial plan that is agreed with the Minister of Finance and approved by the Prime Minister. The plan specifies the proceeds and expenditures of the Fund

The Act under which the COVID-19 Response Fund was established does not specify the time frame of its functioning. This time frame will depend on the country's epidemiological situation and its influence on the economy and public finance sector. As of February 2023, the anti-covid financial aid tools and measures are still needed and implemented by BGK on the Polish market.

The project of the liquidity loans with the subsidised interest was initiated by BGK in 2020, shortly after the pandemic outburst, from the Polish Smart Growth Operational Programme (SGOP; in Polish: POIR) under the umbrella of the REACT-EU initiative. It was sourced from the funds of European Union and of the Polish State and managed by the Polish Development Bank – Bank Gospodarstwa Krajowego).

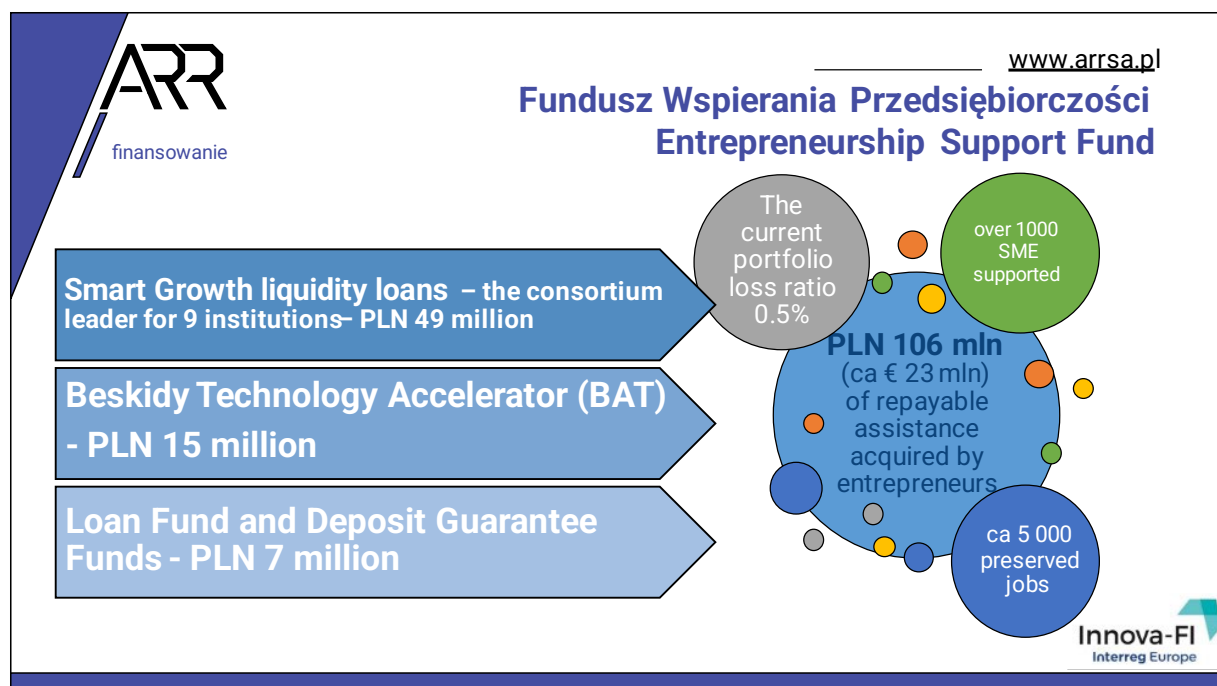
The liquidity loans were distributed on the regional and local levels through the chosen intermediaries. BGK acting as the Fund-of-Funds implementing authority selected eligible financial intermediaries in each region (voivodship).

The Regional Development Agency in Bielsko-Biała was established in 1992 as a non-profit business support organisation with the main aim: the support for the regional development of the area of Bielsko-Biała and SME sector in scope of entrepreneurship, innovative technologies, tourism, culture and sport. The geographical area of the RDA's impact is Śląskie Voivodship, particularly its Southern Subregion.

RDA Bielsko-Biała manages 3 pillar ring-fenced funds:

- Loan fund and Guarantee fund (together PLN 7 million)
- Seed capital fund (PLN 15 million)
- From 2022 – the Liquidity SGOP Anti-COVID Loans.

Figure 1: The financial tools of the Regional Development Agency in Bielsko-Biała for SME support.





The Agency has a strong experience in SME support and in the project management. To answer the call for intermediaries, RDA Bielsko-Biała created a consortium of 9 local institutions from Śląskie Voivodship with experience in the disbursement of the financial tools for SME.

The Consortium was chosen as one of intermediaries in Slaskie voivodship. The members of the Consortium are:

- Regional Development Agency in Bielsko-Biała (the Consortium Leader) – Agencja Rozwoju Regionalnego S.A. w Bielsku-Białej
- Local Development Agency in Sosnowiec - Agencja Rozwoju Lokalnego S.A. z siedzibą w Sosnowcu
- Regional Development Agency in Częstochowa - Agencja Rozwoju Regionalnego w Częstochowie S.A.,
- Regional Development Agency in Ruda Śląska “Inwestor” Ltd. - Rudzka Agencja Rozwoju „Inwestor” Sp. z o.o. z siedzibą w Rudzie Śląskiej
- The Association „Entrepreneurship Centre in Bielsko-Biała” - Stowarzyszenie „Bielskie Centrum Przedsiębiorczości” z siedzibą w Bielsku-Białej
- The Foundation of the Development of Rabka Region - Fundacja Rozwoju Regionu Rabka z siedzibą w Rabce,
- The Association „Local Government Centre of the Entrepreneurship and Development” in Sucha Beskidzka - Stowarzyszenie „Samorządowe Centrum Przedsiębiorczości i Rozwoju” w Suchoj Beskidzkiej
- Western Małopolska Business Centre Ltd. In Oświęcim - Centrum Biznesu Małopolski Zachodniej Sp. z o.o. z siedzibą w Oświęcimiu
- Regional Development Agency of Western Małopolska in Chrzanów - oraz Agencję Rozwoju Małopolski Zachodniej S.A. z siedzibą w Chrzanowie.

## Investment strategy

The process of selection was based on procurement calls. The value of the BGK project amounted PLN 2,86 billion (ca € 622 mln), of which PLN 2,65 billion (ca. € 576 million) came from EU funds.

Conditions of the loans:

- Maximum loan amount per applicant: PLN 15 mln – or - double yearly salaries for 2019 or the most recent year, for which data are available – or – 25% of the borrowers yearly turnover as of 2019; one applicant could be granted more than one liquidity loan within the programme
- Maximum loan repayment period: 72 month including the maximum 6 month grace period and the optional loan repayment holidays

- Lack of fees and commissions for granting the loan and during the regular loan repayment
- No own contribution required
- Subsidy for the entire amount of the capital interest – entrepreneurs do not pay interest; it is funded by the financial aid. The subsidy is registered as the public aid received by the borrower (dotation).
- The loan can fund all costs of operations unless the expense is covered by another programme funded from EU or public or State aid.
- The investment: to 20% of the financing can be invested in fixed assets; in this to 10% for real estate
- VAT included as an eligible cost

## Governance

The aid tool was created and managed on the national level. The Managing Authority responsible for the implementation of the Smart Growth Operating Programme is included in the Ministry of Development Funds and Regional Policy organisational structure. The Managing Authority delegates a portion of its tasks to Intermediate Bodies. By creating such Intermediate Bodies, the Managing Authority transfers a portion of its tasks and the responsibility for their implementation to such bodies, but it still remains responsible for the whole programme. Intermediate bodies for SGOP are Narodowe Centrum Badań i Rozwoju (The National Centre for Research and Development) and Departament Wdrażania Programów Operacyjnych (Department for Operational Programmes Implementation within the Ministry of Economy).

Implementing Authorities are closest to the beneficiaries and are responsible for receiving applications for co-financing and for signing contracts for the implementation of projects. There are 3 Implementing Authorities designated for SGOP:

- Polska Agencja Rozwoju Przedsiębiorczości (Polish Agency for Enterprise Development)
- Ośrodek Przetwarzania Informacji - Państwowy Instytut Badawczy (National Information Processing Institute)
- Bank Gospodarstwa Krajowego (BGK) – Polish Development Bank, which is the institution responsible for the project of the Anti-COVID Liquidity Loans



The applications for the anti-COVID-19 liquidity loans and the process was strictly regulated by BGK, including the visual identification.

Each Consortium member is responsible for their loan portfolio, the reporting data and the loan maintenance and contacts with the borrowers; the Consortium Leader supervises and pulls the information together to submit the information in the system created for this purpose by BGK.

Figure 2: The logo of the Polish development bank: Bank Gospodarstwa Krajowego

## IMPLEMENTATION

The application period was announced in advance on the websites of the Consortium partners. All package of the documentation was available.

The loan applications could be submitted on paper in the 5 points in Śląskie Voivodship or via the on-line application generator. The loans would be granted on a first-in basis given that the application meets all criteria.

The opening of the application process on the 3<sup>rd</sup> March 2022 at 8:00 AM was announced several days in advance.

The rules of applications and the opening times of each point were the same to allow even chances to each applicant and the ease of submitting the application. The Basic List (application summing to PLN 40 million) and the Reserve List (application summing to 250% of the allocation, i.e. PLN 100 million) were created. The remaining applications were also registered in order of submission. The application submission was closed on 7<sup>th</sup> March 2022 at midnight.

The Consortium members processed and analysed all applications submitted; however not all applicants met the criteria. The applicants could be also offered a different amount than requested. The Consortium Leader used the option of application for additional funding to BGK and received further PLN 9 million to satisfy the big demand for liquidity.

40 mln zł do wydatkowania

**Pożyczka płynnościowa POIR – COVID-19**

Preferencyjne pożyczki dla przedsiębiorstw z sektora MSP,  
prowadzących działalność na terenie województwa śląskiego

**Nabór: od 3 marca 2022 r. od godziny 8:00 do 7 marca 2022 r. do godziny 24:00**

Więcej informacji: [www.arrsa.pl](http://www.arrsa.pl)  
Agencja Rozwoju Regionalnego S.A. w Bielsku-Białej, ul. 1 Dywizji Pancерnej 45, 43-382 Bielsko-Biała

Fundusze Europejskie  
Inteligentny Rozwój

Rzeczpospolita  
Polska

Unia Europejska  
Europejski Fundusz  
Rozwoju Regionalnego

Sfinansowano w ramach reakcji Unii na pandemię COVID-19

[www.mapadotacji.gov.pl](http://www.mapadotacji.gov.pl)

Figure 3: The poster about the opening of the application for loans used by the Consortium.

## Final Recipients Targeted

- Type of the applicant enterprise: SME (including self-employed) affected by COVID-19 pandemic, which applied for the loans and, in the course of the financial analysis and based among others on their financial plan, were recognised the potential to regain their liquidity and to recover the healthy performance
- the aid may be granted to undertakings that were not in difficulty (within the meaning of the General Block Exemption Regulation (15)) on 31 December 2019; it may be granted to undertakings that are not in difficulty and/or to undertakings that were not in difficulty on 31 December 2019, but that faced difficulties or entered in difficulty thereafter as a result of the COVID-19 outbreak;
- Exclusions of certain branches (e.g. alcohol or tobacco, nuclear energy, hazard etc.)
- The geographical coverage for the Consortium – Śląskie Voivodship

## Achievements

The Consortium closed the process of loan applications on 30<sup>th</sup> June 2022 with the following results:

**149 applications submitted by enterprises and processed**

**ca. PLN 151 mln (over € 34 million) requested in total**

**57 loans granted**

**PLN 49 million of loan fund disbursed (over € 10,6 million)**

The loans granted are now in the phase of repayment.



Figure 4: The team of the Consortium Leader before the opening of the application point under the COVID-19 sanitary regime in the Regional Development Agency in Bielsko-Biala.

## OUTLOOK

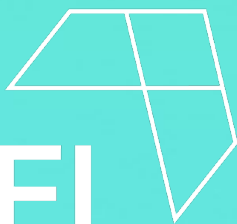
After the popularity of the first project, the second project of liquidity loans has been initiated with the value PLN 1,64 billion (ca. € 356 million), in this PLN 1,227 billion from REACT-EU initiative (ca. € 267 million). The criterion for this aid tool is the impact of COVID-19 pandemics – OR – the impact of the Russian aggression against Ukraine.

The popularity of this financial support tool met such a strong demand that the pool was increased and new editions were organized. Currently, ARR SA is a member of a consortium created to introduce the 2023-edition of the SGOP liquidity loans. The group of recipients was enhanced with the entrepreneurs who suffer the consequences of the war of Russia against Ukraine as an alternative reason of struggle with liquidity and development.

# MASDE MECHANISM

Mechanism for sustainable growth and resilience, based on strategic analysis in cooperation with stakeholders at a sectorial level.

**Innova-FI**  
Interreg Europe



**Valencia  
Institute for  
Business  
Competitive  
ness  
IVACE**



European Union  
European Regional  
Development Fund

**iVACE**  
INSTITUT VALENCIÀ DE  
COMPETITIVITAT EMPRESARIAL

# MASDE MECHANISM

A mechanism for sustainable growth and resilience, based on strategic analysis in cooperation with stakeholders at the sectoral level.

## Spain – Valencia

### MASDE FIRST PHASE

- 1- Regional observatory for sustainable business development - Financing
- 2- Design and implementation on a pilot sector: Textile
- 3- Extensive implementation of the tool 1 in the sector.

### MASDE SECOND PHASE

#### HYBRID STRATEGIC WORKSHOPS

- 1- Design and implementation of methodology and procedures and pilot test in the textile sector.
- 2- Round table and document generated with strategic conclusions for the textile sector.

### MASDE THIRD PHASE

#### AGREEMENTS WITH FINANCIAL INSTITUTIONS. FACILITIES AND TOOLS

- Guaranty funds for MASDE companies and sustainable innovation.
- Agreements with FI's and public administrations.

### Timing

April 2020 - ongoing

### Partners involved

IVACE

Technological Institute Textile (AITEEX)

Textile Cluster (ATEVAL)

Regional Mutual Caution Society (AFIN-SGR)

### Re-investment

Expected

### Main results

Design of the Mechanism and the smart ITC tools and procedures for phase one and two.

Pilot implementation of the two first phases in the textile sector with very good results and the participation of 66 companies.

We already have budget for the guaranty fund and now are in the process of signing the agreement. To be created along 2023, this Guaranty Fund will have the capacity to guarantee 18 million euros.

Previous contacts with financial institutions and a public financial entities, in order to sign agreements for funding MASDE companies.

New industrial sectors will be added to MASDE along next years.



## SUMMARY

Results confirmed that Valencian Financial Ecosystem is a mature one, and public policies are being focused on consolidation and growth, this has a strong reason why, due to the small size of the companies in the region.

It is needed a bridge between companies and financial institutions, they need to speak the same language in order to understand and measure the level of risk on their investments. Specially after COVID-19 financial aspects of the company may cause the failure of the company but do not guarantee their success. **Financers and Investors need to evaluate the company as a whole**, and most of the times they do not have trained professionals neither the tools to do this analysis.

***“Regional Observatory for Sustainable Business Development – Financing”*** was created, analysis and insights were exchanged, and it was the base of the definitions, developments and deployments based on MASDE.

MASDE is the result of a combination of learnings and shared evaluation from key stakeholders on the financial ecosystem, on top of that, recent COVID'19, stressed the need for such new instrument.

There is a crucial need to go one step beyond the scheme in which public efforts are just focused on projects, it is mandatory to know the viability of the company, its strategic plan for future; this will be of value for both sides, the company will have a roadmap to adapt to the new market and social conditions, the public administration will take this knowledge to adapt their support instruments to contribute to finance the implementation of the plan, going beyond the project based and annual financial schemes.

Stakeholders meetings confirmed this gap, the need to choose good companies and to support from public funding their strategic transformation, supported by knowledge providers and mid-long term roadmaps. More than 100 experts participating in different strategic fields like digitalization, market, internationalization, business model, talent, production technologies and R+D, sustainability and Creativity participated in MASDE definition.

The strength of this model is that it works at a sectoral level, where we usually find the most reliable data for the company's strategic planning and it also involves a process of **cooperation and continuous improvement** between the main sectoral actors: cluster, technological or knowledge institute and regional development agency.

## Description

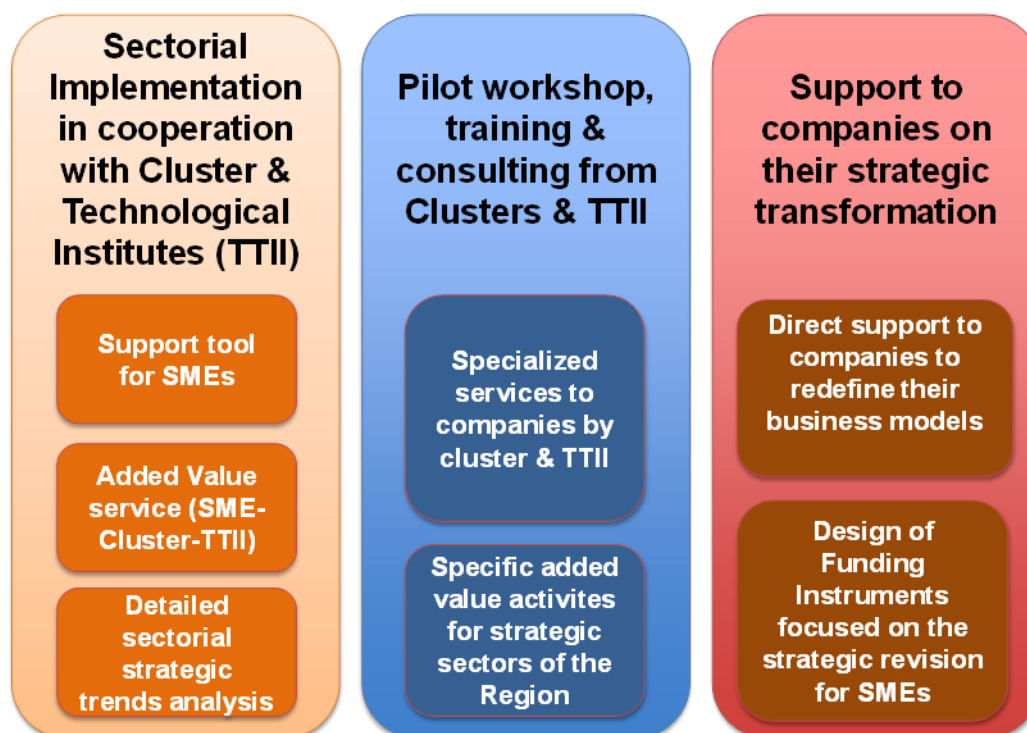


Figure n° 1

MASDE is a mechanism to help and train companies in the process of strategic planning and especially those that are going to face difficult times due to the impact of COVID-19 and its economic consequences; it has different targets:

### Focus at a sectorial level.

- To help the company in its internal and external analysis, with an emphasis on the red lights, strength, weaknesses, opportunities, and dangers from a strategic point of view.
- To generate a signed document or memo, about the viability of the company business plan. Evaluated and signed by the cluster, technological Institute and Development Agency.
- Generation of a document about strategic position plan of the company with evaluation from cluster and Technological Institute of the sector and signed by RDA. This document makes it easy to evaluate the project for the investor or financial institution, facilitates evaluation or scoring for grants.
- To promote agreements with public and private financial institutions as IVF, SGR, ICO, ENISA and banks, also with business angels' networks and venture capital. Those agreements will put into value or in their scoring the fact of having a MASDE certificate.

The essence of this mechanism is based on the need for a strategic reflection within the company and the possibility of contrasting it in a context of cooperation with the relevant agents in its sector, cluster, technological institutes, and institutional framework. In our case the Regional Development Agency, IVACE.

In this framework, it will be much easier for the company to find the most appropriate strategic combination for recovery and sustainable development and obtain adequate funding for investments needed.

With the result of this assessment, the company will have a plan for future, it will help both, the company and the public administration. Public instruments will use this 'strategic plan' to provide a combination of financial tools to help the best companies, overcoming the punctual and myopic vision of supporting only projects, and becoming in real, a partner for the recovery.

**MASDE I** Provides a tool and expert assessment to make a diagnosis on the following areas of the company:

- Talent & People Management
- Market (customers, suppliers, ecosystem...)
- Production & Innovation
- Digital Strategy
- Finance
- Business model
- Sustainability (in process)
- Creativity (in process)

As a result, each company will get a basic Plan elaborated with the tool, but complemented with the assessment of three key experts, one from the cluster, another from the technological center and from the Regional Development agency.

This initiative is also encouraging the cooperation among the four participants, company-cluster-IT-Development Agency, and making them share a vision and a commitment to overcome actual crisis period.

Regional Development Agency, IVACE, but also public financial body (IVF), get valuable information, to later define their financial instruments, and also get the risk evaluation made for the companies, including both technological and business.

The tool uses smart mechanism and algorithms and after as a conclusion creates strategical questions for the company to be answered, previously to the implementation it must be adjusted to the peculiarities of the sector or subsector.

**MASDE II** Also generates strategical seminars as a hybrid action of consultancy, training, consultancy and sector analysis. It has been generated a IT tool, in this case with more than 600 questions that go deeper into the company, supposing not only an 'X-ray' but a 'CAT (Computed Axial Tomography)', with the results of the smart questionnaire there is training in strategical planning, block of assessment and sectorial inferred conclusions.

**MASDE III** The objective of the **Guarantee Fund** with AFIN SGR is to facilitate the financing of investment projects linked to the strategic plans of three types of business profiles:

REDIT - Companies selected by REDIT from among the technological institutes.

MASDE derived from the MASDE sectoral mechanism or can present a strategic plan that justifies the necessary investments for sustainability or strategic viability.

Social INNOVATION- Companies with a sustainable social innovation project.

**Advantages:**

Competitive prices and advantageous conditions.

Adequate repayment and grace periods

Simple in format, processing, and approval

Involve private ECAs in providing capillarity and closed prices.

Risk covered by regional and state funds through the Technical Provisions Fund of the SGR and the CERSA revalidation.

**Product characteristics:**

Current Destination or Investment

Guaranteed 100% by Afin SGR

Financed by Financial Institutions or others (requiring capillarity/price/visibility IVACE

Loans (possible convertible investment loans)

Period 3 to 10 years

From 50.000€ to 1.000.000€

Estimated multiplying effect = 18.18 euros financed for each euro contributed to Afin, assuming a default of 20% and an average return of 73%.

## DESIGN AND STRUCTURE OF THE GARANTY FUND

7

### Structure of guaranty

Comitions Afin Up-Front,



Figure n° 2: Structure of Guaranty

## MASDE Programme Phases

### Players involved

- Regional Development Agency - IVACE. Coordinating the program, involving all the players involved, defining the concept of the tools & methods to be developed, piloted, and later implemented, financing the initiative, evaluating and scaling up the program.
- Individual SMEs. Going through the diagnosis and defining their Strategic Plan.
- Cluster. Providing the perspective of the overall value chain, feedback and assessment about collective measures and initiatives to generate solutions for companies.
- Technological Institutes. Technical assessment, from their advanced vision on the state of the art of the technology and market trends.
- IVF. Public Financial Regional Institute. Providing funds for startups and SMEs.

### Results

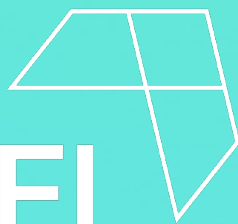
**MASDE 1:** 60 companies from the textile sector have completed the process.

**MASDE 2:** 7 companies representative of the sector have been completed the workshop and sectorial analysis have been done.

**MASDE 3:** Budget for creation of Guaranty Fund have been approved with a total 18 million amount of funding. Contacts with FI are in process.

**Section for anti-crisis interventions in favour of craft enterprises and in support of productive activities and Section for anti-crisis interventions in favour of commercial, tourist and service enterprises ("Anti-crisis sections")**

**Innova-FI**  
Interreg Europe



# Friuli Innovazione – Research & Technology Transfer Centre

**FINN**



European Union  
European Regional  
Development Fund



Research and Technology Transfer Centre

# Section for anti-crisis interventions in favour of craft enterprises and in support of productive activities and Section for anti-crisis interventions in favour of commercial, tourist and service enterprises ("Anti-crisis sections")

## Italy - The Friuli Venezia Giulia Region

### FUNDING SOURCE

Regional Funds

### TYPE OF FINANCIAL PRODUCTS

Subsidized loans

### THEMATIC FOCUS

Debt consolidation and liquidity needs

### Timing

1 April 2020 – 30 June 2022

### Partners involved

Bank

### Re-investment

Not relevant

### Main results

<b>Subsidized Loans</b>	N°	242
<b>Average amount</b>	EUR	136.159,60
<b>Total Amount</b>	EUR	32.950.600,00



## SUMMARY

The Friuli Venezia Giulia Region has activated an aid scheme for the granting of subsidized loans aimed at consolidating short-term debts into medium and long-term debts and supporting the short and medium-term credit needs of businesses under the conditions set out in the Temporary Framework for State aid measures to support the economy in the COVID-19 emergency.

### Introduction to the policy instrument

The regional law 26 July 2013, n. 6 (Adjustment of the 2013 budget), established that the Regional Administration was authorized to set up, within the framework of existing revolving funds, two new schemes:

- the Section for anti-crisis interventions in favour of craft enterprises and in support of production activities and
- the Section for anti-crisis interventions in favour of commercial, tourist and service companies hereinafter referred to as "Anti-crisis Sections".

The endowments of the Anti-Crisis Sections could be used for the granting of subsidized loans for the realization of corporate investments, for the consolidation of short-term debts in medium and long-term debts, for the financial consolidation of companies that boasted difficult-to-collect credits as well as for support short and medium-term credit needs.

The decree of the President of the Region 3 October 2013, n. 0191/Pres. issued the regulation containing the conditions, criteria and methods for the granting of subsidized loans under the Anti-Crisis Sections, hereinafter referred to as the "implementation regulation".

In 202 both Anti-Crisis Sections were upgraded to provide, in addition to normal instruments, also quick answer to those business activities affected by short-term liquidity shortages due to the COVID-19 pandemic.

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<sup>1</sup> The regional law 12 March 2020, n. 3 (First urgent measures to deal with the epidemiological emergency from COVID-19), amended by regional law 23 June 2020, n. 11 (Further interventions in support of productive activities), established that the Temporary Framework for the measures of State aid to support the economy provided by the Communication of the Commission 19 March 2020 (C (2020) 1863 final), as subsequently amended, hereinafter referred to as "the Temporary Framework", was applied to the measures adopted by the Friuli Venezia Giulia Region to deal with the economic crisis of the regional production sector related to the epidemiological emergency COVID-19.

Eligible companies, including self-employed people, with operational headquarters in Friuli Venezia Giulia, could apply for subsidized loans under the Temporary Framework by providing a self-certification about damages they had suffered due to the Covid-19 crisis.

Loans ranging from 5,000 to 300,000 Euro were approved in a short timeframe of 30 days and the financial intermediary in charge of the Anti-crisis sections was allowed not to ask for collaterals according to own judgement on a case-by-case basis.

## Objectives

Article 2 of Regional Law 3/2020 established that the endowments of the Anti-Crisis Sections could be used for the granting of subsidized loans for financial consolidation or the support of short and medium-term credit needs in order to face the backlash caused by the economic crisis following the epidemiological emergency from COVID-19.

The traditional Anti-Crisis Sections schemes were not replaced, but continued to function, by applying the criteria and procedures already provided for in the implementing regulation 191/2013. However, **Regional Law 3/2020 made it possible to request subsidized loans also according to the rules established by the Temporary Framework**, by applying the regulation better referred to below in the implementation section.

Actually the 'normal' subsidized loans differed from 'special' ones in a few respects:

- it was possible to grant 'special' subsidized loans **also to self-employed people**.
- it was possible to grant 'special' subsidized loans **without obtaining a collateral**.
- it was mandatory to grant 'special' subsidized loans within the **shorter term of 30 days** instead of normal term of 90 days.

Additionally, it must be highlighted that another advantage for beneficiaries consisted in the possibility of obtaining a subsidized loan which did not affect the calculation of the aid received. **The Temporary Framework did not require quantifying the aid accrued as a result of the subsidized interest but only to respect the ceilings established for the amount of the subsidized loan**. In particular, as regards the ceiling of 200,000 Euro for the de minimis regime, the Temporary Framework was and remains neutral.

As a consequence, businesses or self-employed people who benefitted of the Anti-Crisis Sections could receive further aid in other forms, both during the application of the Temporary Framework and after the return to the normal State Aid discipline, as the gross grant equivalent of subsidized loans actually was not calculated.

Actually, applications for the 'special' subsidized loans ended up replacing those for the 'normal' ones, even if both the regimes were working in 2020 and 2021.

## DESIGN AND SET-UP

### Funding and Partners

The resources available on the Anti-Crisi Sections for the instrument were the following:

- a) Section for anti-crisis interventions in favour of craft enterprises and in support of productive activities: EUR 17,632,967;
- b) Section for anti-crisis interventions in favour of commercial, tourism and service enterprises: EUR 20,247,074.

The Regional Administration was technically assisted by Banca MedioCredito FVG, hereinafter referred to as "the Bank", that acted as executive partner of the scheme.

### Investment strategy

The subsidized loans had to comply with the following conditions:

- a) a minimum amount of EUR 5,000 and a maximum amount of EUR 300,000;
- b) the final recipient could request more than one loan within the maximum limit of EUR 300,000 on each anti-crisis Section;
- c) the maximum amount of EUR 300,000 was to be understood in terms of residual debt on the current loans;
- d) the loans were granted at the reduced interest rates as in the table below, which were equal to the base rate published by the Commission on 1 January 2020 plus a credit risk margin depending on the duration of the loan, as:

Table n°1: pre-defined minimum interest rates

	<b>Loan with a maturity of 1 year</b>	<b>Loan with a maturity from 2 to 3 years</b>	<b>Loan with a maturity from 4 to 8 years</b>
<b>SMEs</b>	0.10% (10 basis points)	0.10% (10 basis points)	0.69% (69 basis points)
<b>Large Enterprises</b>	0.19% (19 basis points)	0.69% (69 basis points)	1.69% (169 basis points)

e) in the event that the rates referred to in the above table were found to be lower than 0.50%, the fixed rate of 0.50% was still applied;

f) the soft loan contracts were signed by 31 December 2021 and had a maximum duration of 6 years;

g) the amount of the subsidized loan does not exceed:

- 200% of the beneficiary's annual salary expenditure in 2019 or in the last year for which data was available. In the case of companies created after 1 January 2019, the maximum amount of the loan could not exceed the annual salary costs foreseen for the first two years of activity;

Or

- 25% of the beneficiary's total turnover in 2019;

Or

- on the basis of an appropriate justification and a self-certification by the beneficiary regarding its liquidity needs, the amount of the loan could be increased with respect to the aforementioned thresholds to cover any liquidity need from the moment of granting for the following 18 months. This option was available only for SMEs that are not required to prepare and publish financial statements (essentially individual companies and partnerships) and micro companies (including also corporations), so excluding large enterprises;

h) the subsidized loan could be granted to companies that on 31 December 2019 were not in difficulty pursuant to the State Aid framework and also to those that had found themselves in difficulty after 31 December 2019 due to the COVID-19 epidemic;

i) it was possible for those who had already benefited from 'normal' subsidized loans from the Anti-Crisis Sections in the past to ask for new 'special' ones;

j) it was possible for the Bank not to request real or personal guarantees from the beneficiary company, taking into account the amount and duration of the subsidized loan and the ability of the final recipient to meet its financial commitments.

## Governance

The administration of the Anti-Crisis Sections and the granting of the related financial interventions were entrusted to the Management Committee referred to in Article 10 of Regional Law 27 February 2012, n. 2 (Rules on facilitating access to credit for enterprises), based in Trieste, appointed by decree of the President of the Region, following a resolution of the Regional Council.

The Management Committee is made up of a President, four members designated by the Regional Council, one of which representing minorities, and four members chosen from among the names indicated by the business organizations most representative of the economic sectors at the regional level. The members of the Management Committee remain in office for three years and possess the requisites of integrity and professionalism envisaged for persons who exercise similar functions at banks established in the form of joint stock companies.

**The Bank received the loans requests from companies, collecting them in chronological order of arrival, and carried out the investigation on the requests, evaluating the economic and financial sustainability of the operations. If the application passed the preliminary investigation, it was submitted jointly by the Bank and the applying company to the Management Committee.**

The Management Committee, once verified the factual and legal conditions provided for by the legislation, including the economic and financial sustainability of the operation as certified by the Bank, approved the granting of the subsidized loan.

The funding of the operation was then disbursed to the Bank, which proceeded to stipulate the financial contract with the final recipient. Even the funding was completely public, the Bank assumed on itself a 10% risk of loss in the event of non-performing loans.

## IMPLEMENTATION

With decision C (2020) 3482 final, the Italian State aid scheme SA.57021 “COVID-19 framework regime” was authorized by the European Commission, to regulate the granting of aid ordered by Regions, Autonomous Provinces, territorial bodies and Chambers of Commerce pursuant to the Temporary Framework.

With decision C (2020) 4334 final, the regional State aid scheme SA.57252 was authorized by the European Commission, concerning “Amendments to the COVID-19 framework regime for the granting, in the Friuli Venezia Giulia Region, of guarantees and subsidized interest rates on loans pursuant to sections 3.2 and 3.3 of the Temporary Framework”.

With the resolution of the Regional Council of 30 March 2020, n. 490, the criteria and procedures were approved in the first instance for granting subsidized loans to companies damaged by the crisis under the Anti-Crisis Section. With the resolution of the Regional Council of 3 July 2020, n. 992, the new framework of the aid rules relating to subsidized loans under the Anti-Crisis Sections was approved, applying the rules provided for in section 3.3 of the Temporary Framework in accordance with the aid scheme of the SA Region. 57252 (Framework Regime COVID-19).

The Bank was informed with a specific communication of the approval of the new criteria as well of the applicability of the new procedures. The publicity of the new scheme was ensured by the publication of general and specific information on the Region's website. In addition, trade associations and chambers of commerce were made aware of the new scheme. Dissemination was favoured by the fact that the Anti-Crisis Sections were already well known by the audience of the final recipients.

## Final recipients targeted

In accordance with the resolution of the Regional Council 992/2020, they were beneficiaries of the measure:

a) in the case of subsidized loans under the Section for anti-crisis interventions in favour of craft enterprises and in support of productive activities: the companies registered in the provincial Register of **artisan enterprises** as well as **any size construction and manufacturing enterprises**, registered in the Business Register and **having operational headquarters in the regional territory**;

b) in the case of subsidized loans under the Section for anti-crisis interventions in favour of commercial, tourism and service enterprises: **small and medium-sized enterprises with operational headquarters in the regional territory**, registered in the Business Register, carrying out economic activities relating to the **commercial, tourism and services sectors, as well as self-employed people**.

For the purposes of accessing subsidized loans, the final recipients presented, together with the application, **a self-certification in which they attested to suffer temporary short-term liquidity shortages as a direct consequence of the economic crisis from the COVID-19 epidemic**. The self-certifications were subject to sample checks, on the basis of adequate supporting evidence provided by the final recipients, such as accounting documents and balance sheet data.

## Achievements

Year	Data	Craft enterprises and productive activities	Commercial tourism and service enterprise
2020	Granted Loans	81	108
	Granted Amount	14.930.000,00	11.703.600,00
	Disbursed Loans (NET of revocations & recalculations)	77	101
	Disbursed Amount (NET of revocations & recalculations)	13.980.000,00	10.615.600,00
2021	Granted Loans	42	22
	Granted Amount	6.220.000,00	2.185.000,00
	Disbursed Loans (NET of revocations & recalculations)	42	21
	Disbursed Amount (NET of revocations & recalculations)	6.220.000,00	2.085.000,00
2022	Granted Loans	0	1
	Granted Amount	-	50.000,00
	Disbursed Loans (NET of revocations & recalculations)	-	1
	Disbursed Amount (NET of revocations & recalculations)	-	50.000,00
Total	Granted Loans	123	131
	Granted Amount	21.150.000,00	13.938.600,00
	Disbursed Loans (NET of revocations & recalculations)	119	123
	Disbursed Amount (NET of revocations & recalculations)	20.200.000,00	12.750.600,00
	Average Disbursed Amount	169.747,90	103.663,41

Table n° 2: Anti-Crisis Sections' results (2020-2022)

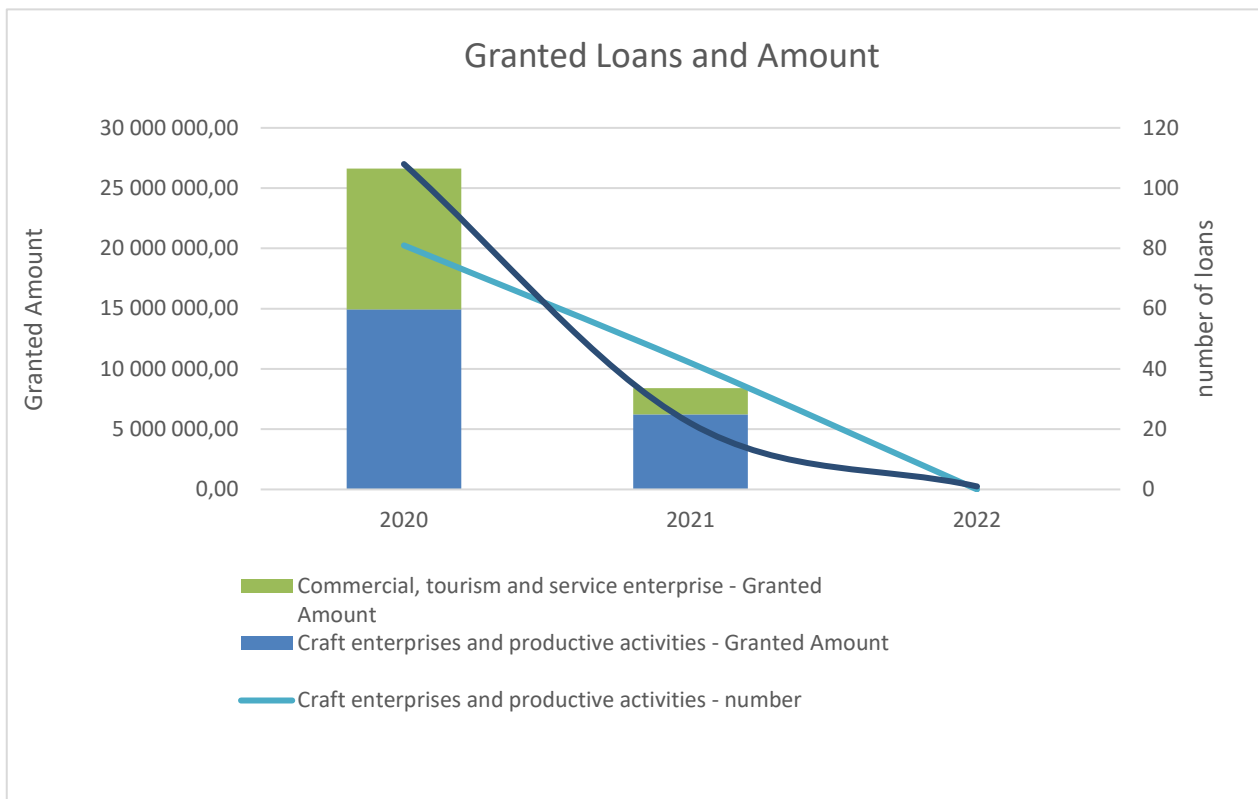


Figure n° 1: Granted loans and amount.

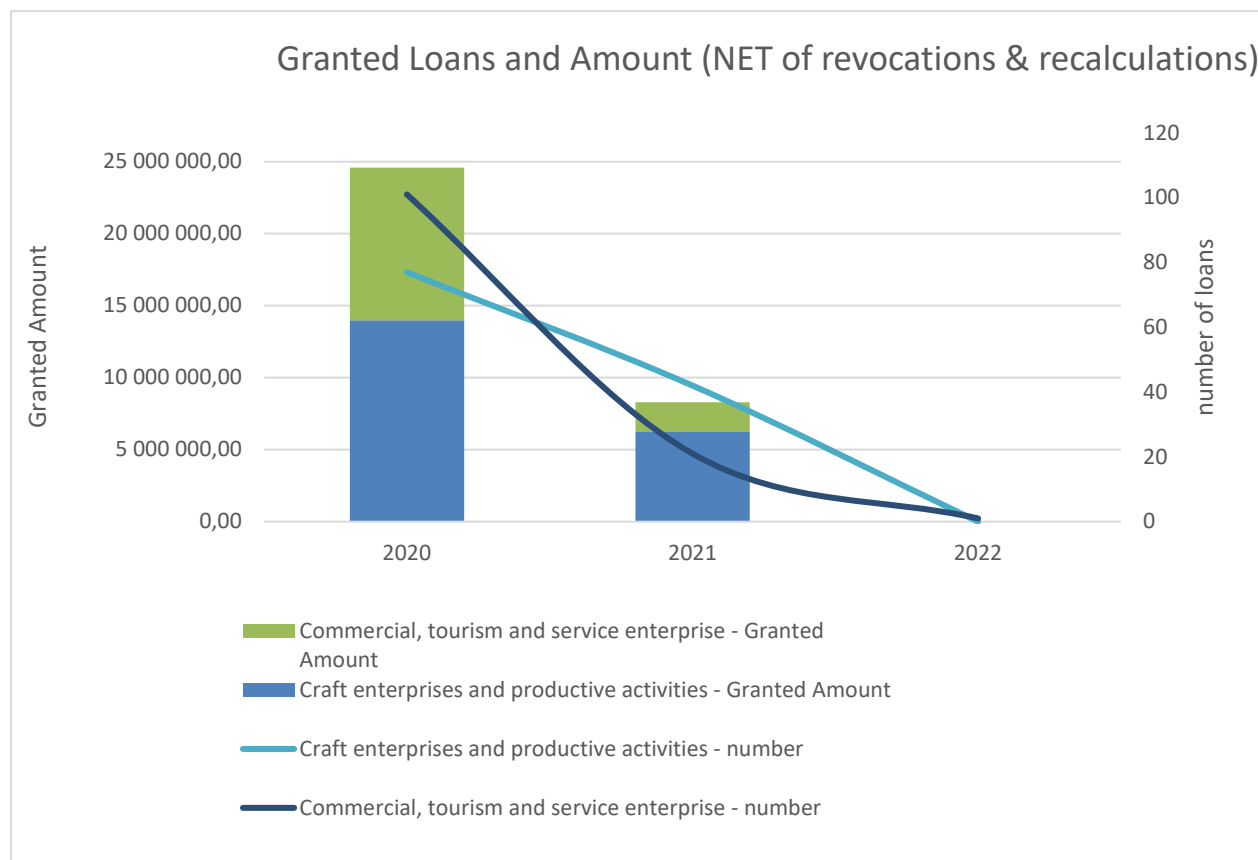


Figure n° 2: Granted loans and amount (NET of revocations & recalculations)

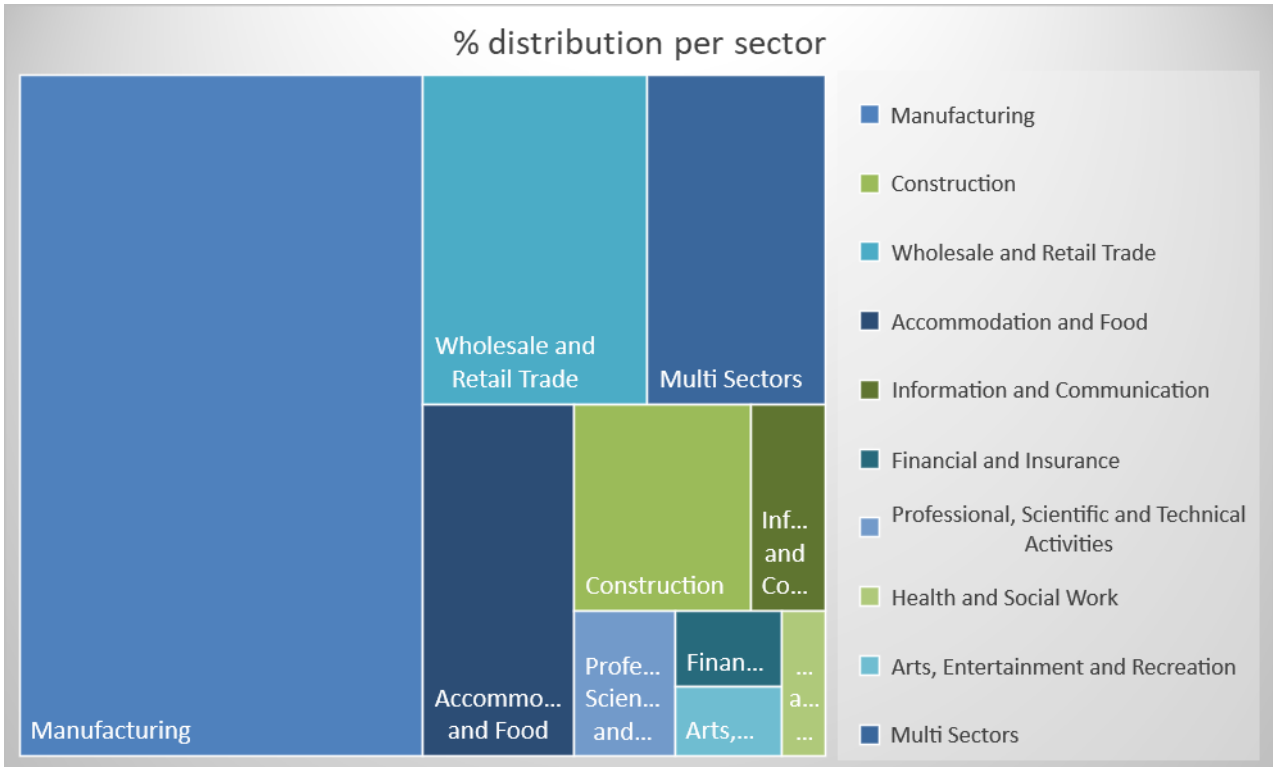


Figure n° 3: Total amount granted per sector in % until 31 December 2021

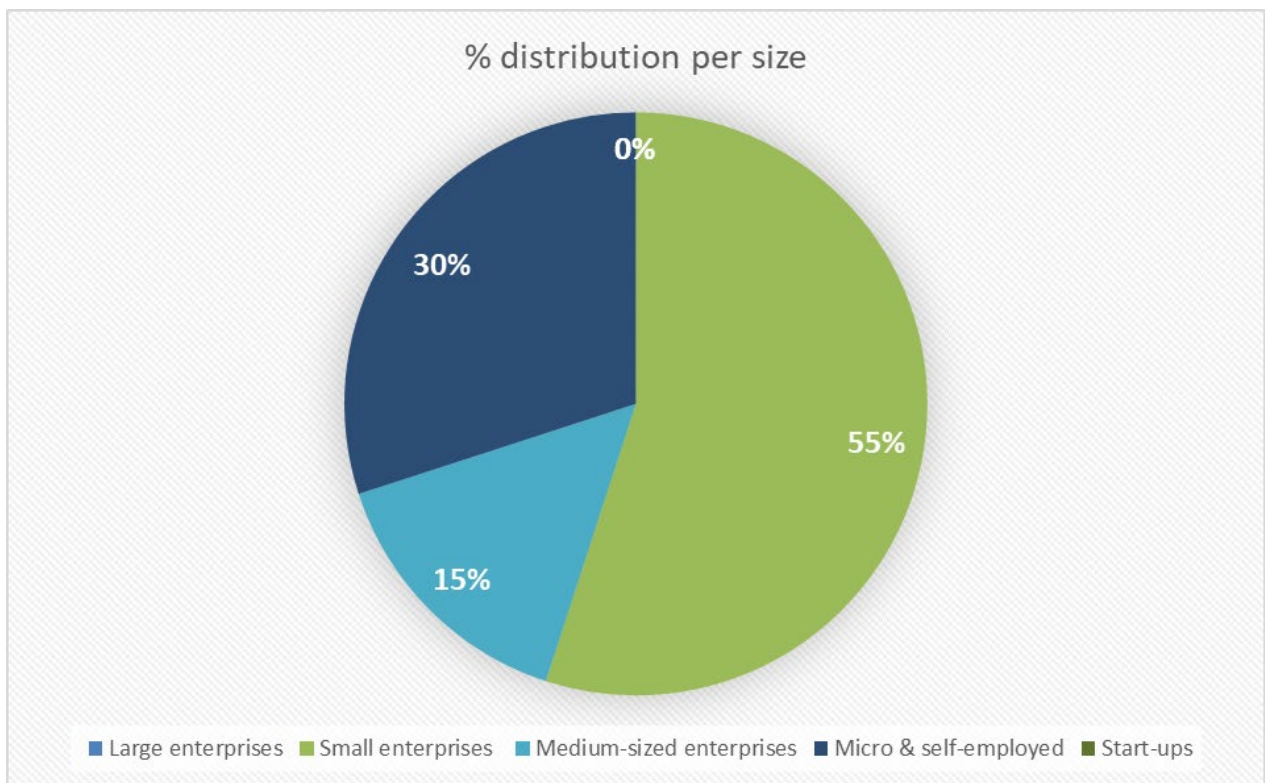


Figure n° 4: Total amount granted in % until 31 December 2021 per type of company




## OUTLOOK

The instrument was closed at the end of the FVG Framework Regime, which was set at 30 June 2022, following the expiry of the Temporary Framework. **All admissible applications, which can be submitted until April 30, have been satisfied.**

The financial resources still available and the legal current relationships of the Anti-Crisis sections were devolved to the Fund for the development of SMEs and services referred to in Regional Law 2/2012, that is as well a revolving fund and is administered by the same Management Committee of the Anti-Crisis Sections.

The Bank continues to look after the execution of the loans still in progress. Since Anti-Crisis Sections granted subsidized loans with an average duration between 4 and 6 years, it is too early to have significant statistics on non-performing operations.

# INVEGA Covid-19 aid package

Innova-FI 



# Investment and Business Guarantees Ltd.

**INVEGA**



European Union  
European Regional  
Development Fund



# INVEGA Covid-19 aid package Lithuania

## FUNDING SOURCE

State budget

## TYPE OF FINANCIAL PRODUCTS

Loans, guarantees, global  
grants

## THEMATIC FOCUS

COVID-19 aid

### Timing

16 March 2020 – 31 October 2022

### Partners involved

INVEGA, Ministry of Economy of Republic of Lithuania, Ministry of Finance of Republic of Lithuania, financial intermediaries: banks, credit unions, leasing, factoring companies, crowdfunding platforms, alternative finance providers, etc.

### Re-investment

Expected from the loans and guarantees instruments.

### Main results

In total during 3 years of the pandemic:

- 10 different instruments offered to businesses
- 10 531 business entities supported
- EUR 439.6 million distributed to different business
- 13 708 contracts signed with business entities

# SUMMARY

Since the beginning of the pandemic on 16 March 2020 until 31 October 2022, the financial support provided by the national development institution Investicijų ir verslo garantijos (hereinafter referred to as INVEGA) to business amounts to more than EUR 439 million of funding transferred through the COVID-19 aid measures. Since the beginning of the pandemic, INVEGA has offered businesses 10 different instruments from the COVID-19 aid package helping to address the financial challenges that have arisen as a result of this crisis

## Objectives

Provision of more than EUR 439 million financial support through the measures proposed by INVEGA to business in order to:

- Offer financing and reduce financing risk and thus facilitate the availability of loans and leasing to improve corporate liquidity,
- Allow small businesses to mitigate the effects of the covid-19 outbreak, which could spread through payment chains and result in their disruption, and help maintain the continuity of business operations of trade credit recipients,
- Reduce the impact of the covid-19 outbreak on businesses and entrepreneurs by providing loans to finance operating costs of businesses,
- Reduce the impact of the covid-19 outbreak on the tourism business by providing funding in the form of loans to cover the essential expenses of accommodation service providers that provide classified accommodation services as well as of business entities that provide catering services,
- Reduce the impact of the covid-19 outbreak on the tourism business by providing funding in the form of loans to tour operators for them to make refunds to tourists who had their trips cancelled because of the covid-19 outbreak,
- Help micro, small or medium-sized entities (smes) facing difficulties due to the covid-19 outbreak to obtain financing in the form of loans enabling smes to cover the necessary costs: staff salaries, real estate rent, utilities, loan administration fees and other necessary expenses of the borrower,
- Support smes, large enterprises and entrepreneurs that hold valid travel services provider certificates granting them the right to engage in outbound and/or local tourism,

- Ensure the solvency and business continuity of classified accommodation providers due to the decrease in the number of users of classified accommodation services due to the covid-19 outbreak and the increase in costs due to rising prices for natural gas, electricity, and heat supply (utilities),
- Compensate of covid-19 testing for employees for a business to be able to continue its operations smoothly and safely,
- Reduce the financial burden on self-employed persons affected by covid-19 outbreak by compensating the costs related to renting premises and operating thereof (rental fee, water, heat,
- Electricity supply, elevator, cleaning and storage of premises, handling of building and environment, the costs of building renovations and repairs of equipment, parking spaces or indexing under the original lease agreement),
- Reduce the impact of covid-19 outbreak and assure solvency and continuity of the activities of tour operators of incoming tourism. The grants were awarded to tour operators of incoming tourism for the services of organized tours in the republic of lithuania provided to foreign tourists,
- Cover the expenditures incurred by the applicants due to the lease of non-residential premises used to carry out economic activities during the compensation period (from 16 march 2020 to 31 august 2020).

## DESIGN AND SET-UP

### Funding and Partners

INVEGA is a national promotional institution established by the Government of Lithuania in 2001 with the aim to facilitate access to finance for business through the design and implementation of various financial instruments and global grant measures, mainly linked with the financial instruments. INVEGA became one of the main institutions providing support to businesses affected by COVID-19 pandemic. In 2020-2022 10 new business financing instruments were developed, some of them in a very short time. All these instruments were aimed at combating COVID-19 impact and became one of the main State tools in helping Lithuanian business.

The main partners were the Ministry of Economy and Innovation (MoEI) and the Ministry of Finance (MoF). The Ministries provided necessary funding to INVEGA and took the strategic decisions regarding the financial instruments and grant measures.

A part of funding was channeled via the financial intermediaries under two financial instruments: Loans to Businesses Most Affected by COVID-19 and Portfolio Guarantees for Loans 2. Traditionally the main partners of INVEGA were the credit institutions (banks and credit unions). But with many traditional financiers tightening standards for corporate lending, INVEGA started to operate via the alternative financiers (like crowdfunding platforms, other alternative finance providers) which could react to the needs of the businesses faster and more flexible.

Moreover, other financial instruments (Direct COVID-19 Loans, Guarantees to Secure Fulfillment of Obligations of Travel Services Providers, Loans for Payable Invoices, Loans for Providers of Accommodation and Catering Services) and all global grant measures (Partial Compensation of Lease Payments for Businesses Most Affected by COVID-19, Compensations to Self-employed Persons for Rent and Related Costs, Compensation of COVID-19 Testing for Employees, Compensation and One-time Allowances for Providers of Classified Accommodation, Grants for Tour Operators of Incoming Tourism) were implemented by INVEGA directly.

## Investment strategy

More than EUR 439 million reached the business in 2020-2022 period through the COVID instruments.

During the pandemic period, to mitigate the impact of the crisis on the economy and to help businesses experiencing difficulties, INVEGA aided businesses in three main areas:

- Offering soft loans with state funds,
- Issuing guarantees for the financial services provided by financial institutions,
- Compensating various expenses incurred by the business, for example of rent payments and related costs for businesses, the interest on deferred business loans; covid-19 testing etc.

In 2021, as in 2020, the largest part of the financing was provided to the business in the form of loans. In the second year of the pandemic, INVEGA's instrument "Direct COVID-19 Loans" was the most popular. During the first phase, under the "Direct COVID-19 Loans" instrument, businesses received the financing for almost EUR 35 million.

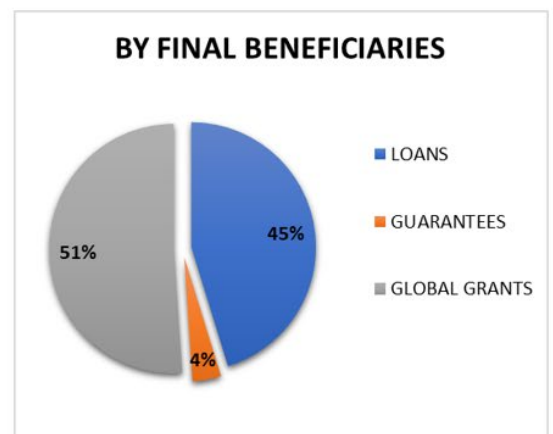
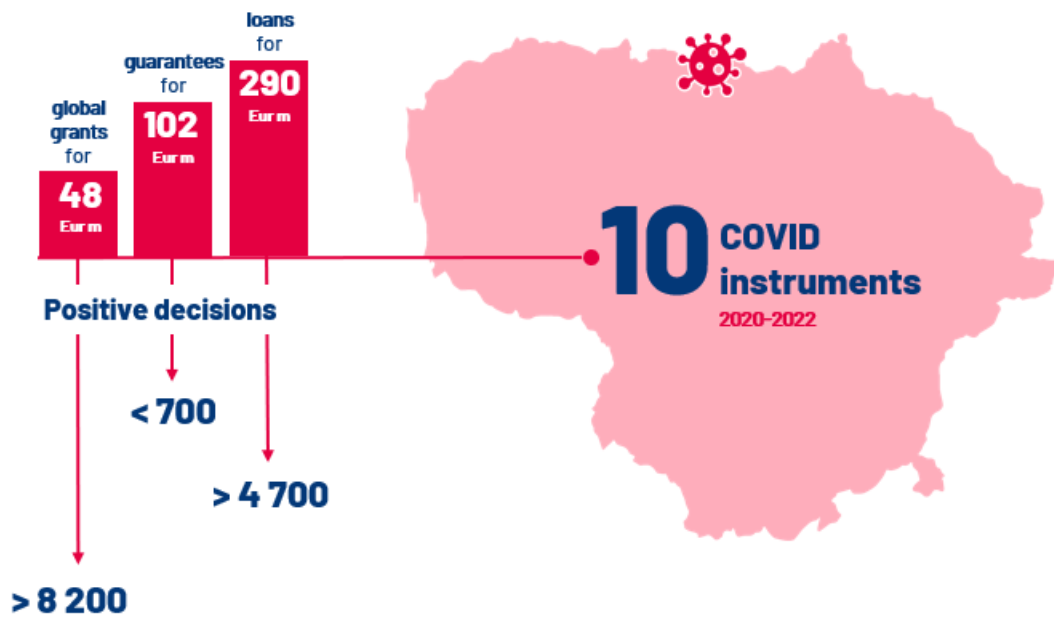
The second invitation for the application for loans was launched in 2022. During this period business received more than EUR 24 million of loans. The loans provided were intended to reduce the impact of the pandemic and to finance the operating costs of businesses affected by COVID-19 outbreak. Meanwhile, via another direct lending instrument "Loans for Travel Service Providers", the business received a total of more than EUR 19 million of financing.

In both the first and the second years of pandemic, the business could benefit from the instrument "Guarantees to Secure Fulfillment of Obligations of Travel Services Providers". Since the launching of the instrument, so that tour operators can carry out their activities insurance companies and financial institutions have already been given guarantees for more than EUR 6 million.



The rent compensation measure, which was relaunched in 2021, attracted no less interest. The "Compensations to Self-employed Persons for Rent and Related Costs" measure could have been used by entrepreneurs conducting activities based on an individual activity certificate or a business certificate. These entrepreneurs were compensated for their rent expenses for almost EUR 3 million. The business could also benefit from the "Compensation of COVID-19 Testing for Employees" measure. Through this measure, the businesses received EUR 420,000 of compensation for testing of employees.

## Support for business during COVID-19 crisis





## Governance

Financial instruments were financed from a fund of funds called INVEGA fund, managed by INVEGA on behalf of the MoEI as well as the MoF. The global grant measures were financed from the budgetary allocations of the MoEI.

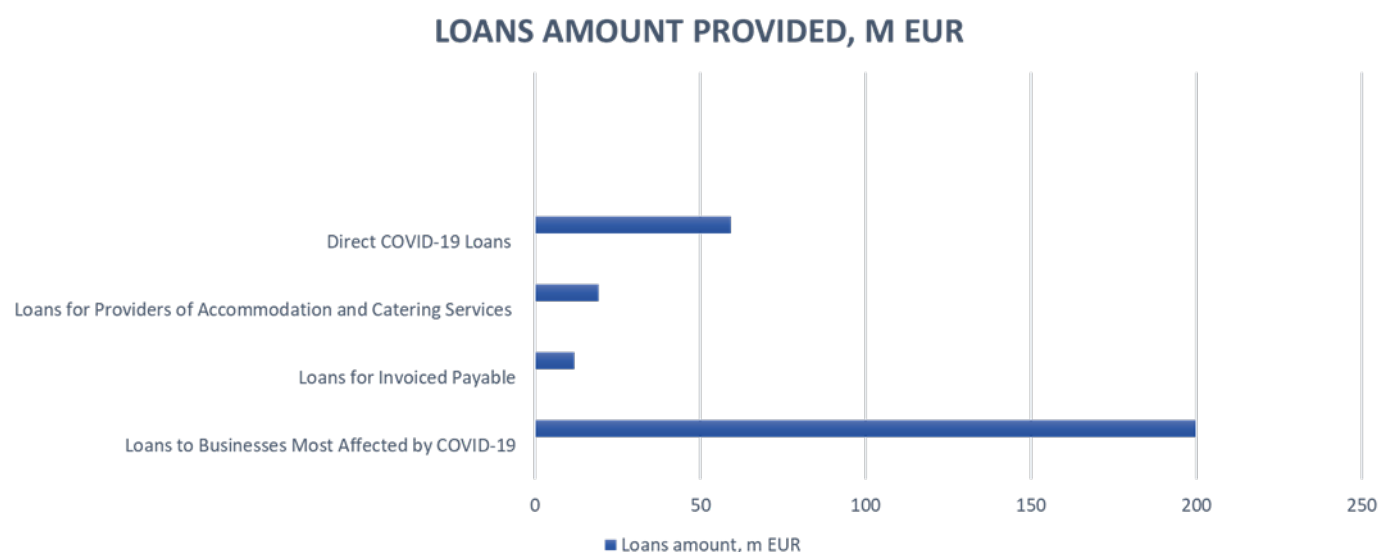
## IMPLEMENTATION

### Final recipients targeted

#### Loans

INVEGA was managing four loans financial instruments specifically dedicated for COVID-19 situation:

1. Loans for Invoices Payable – ASAP loans,
2. Loans for Providers of Accommodation and Catering Services,
3. Direct COVID-19 Loans, under which INVEGA provided loans directly to business entities (under 2 invitations),
4. Loans to Businesses Most Affected by COVID-19.



As of 31-10-2022 the provision of new loans under the abovementioned financial instruments was closed and only administration activities of loans are being carried currently.

**Loans for Invoices Payable** (hereinafter referred to as **ASAP loans**) allowed small businesses to mitigate the effects of the COVID-19 outbreak, which could spread through payment chains and result in their disruption, and help maintain the continuity of business operations of trade credit recipients.

The ASAP loan was intended for the supplier company for the invoices issued from January 1 until March 31 to the buyer company, which due to the COVID-19 outbreak experienced difficulties and was unable to pay or only partially paid such invoices.

Up to EUR 11.92 million from the State budget of the Republic of Lithuania was allocated for the implementation of this instrument.

The minimum loan amount was EUR 500 and the maximum loan amount was EUR 500 000. ASAP loans were granted for a period of 12 months with the possibility of extension, but not more than for 36 months.

**Direct COVID-19 Loans** purpose was to reduce the impact of the COVID-19 pandemic on businesses and entrepreneurs by providing loans to finance operating costs of businesses and to reduce the lack of investment loans in the Lithuanian economy due to the crisis. This financial instrument was implemented in two stages.

### **1st invitation for applications**

Loans were provided to businesses that met the criteria for assistance set by the Government of the Republic of Lithuania (Resolution No 499, subparagraph 2.1), with the main criterion being a decrease in turnover of more than 30% during the second quarantine period (1/11/2020-31/1/2021) and, in the case of new companies, a restriction on their activities.

Businesses applying for loans had to meet the minimum reliable taxpayer criteria at the time of submission of the application and had to have submitted the set of the financial statements for the year 2019 to the Centre of Registers, which was used to assess if, as of 31 December 2019, the applicants were not considered to be in difficulty. A borrower who, together with a group of companies (if the borrower is a member of a group of companies), was in difficulty as of the said date, but was not considered to be in difficulty at the time of the application, could also apply for a loan.

A borrower who is a very small or small enterprise was not considered to be in difficulty if it was not subject to collective insolvency proceedings and no rescue and restructuring aid was granted to it. Moreover, borrowers could not be bankrupt or in the process restructuring and had to meet the certain other requirements.

Borrowers who have had already entered into a loan agreement but wished to change the terms, could submit a free-form application to INVEGA.

Only one loan could have been granted to one borrower, which could not exceed the average monthly turnover and in any case could not exceed EUR 100,000. In addition, in accordance with the requirements of the State Aid, the amount of the loan could not exceed double annual wage bill (including tax) of the borrower's employees or 25 per cent of the borrower's turnover in 2019.

The average monthly turnover calculation period was determined, and the loan amount was calculated according to the methodology approved by INVEGA and the loan amount calculator was prepared according to this methodology.

Direct loans were provided on preferential terms, i.e., at reduced interest rate, which depended on the loan period and size of the borrower. The highest interest rates could be up to 0.69% for SMEs and up to 1.69% for the large enterprises.

### **2nd invitation for applications**

Loans for the operating costs could have been provided to the SMEs and large enterprises that met the requirements.

In case of investment loans – only SMEs could apply that met the requirements for applicants. One borrower could be granted one loan which could not be larger than 2 months' average turnover. The amount of the loan was determined considering the actual shortage of the funds for the implementation of reasonable plans for business development, change of export or import directions. Maximum loan amount could reach EUR 5 million (EUR 10 million for the group of companies), but no more than 25 percent of the 2019 turnover or twice the amount of wages and taxes per year in case of loans for the operating costs.

Maximum loan amount could be EUR 3 million for a company (entrepreneur) and a group of companies (if the borrower belongs to a group of companies) in case of investment loans. For a micro enterprise, small enterprise or entrepreneur, the amount of the loan could not exceed 50% of the amount of the eligible investment project costs; for a medium-sized enterprise – 40% of the eligible investment project costs.

Investment loans were subject to a fixed annual interest rate depending on the term of the investment loan, as indicated in the table of interest rates provided below. In the case of interest rate for working capital loan could be as is indicated in the table of interest rates below plus:

- 2.9% on loans amounting for up to EUR 1 million,
- 2.46% on loans from EUR 1 million.

Loan purpose	Borrower status	Loan duration				
		Up to 12 months inclusive	From 13 months up to 36 months inclusive	From 37 months up to 72 months inclusive** *	From 73 months up to 84 months inclusive	From 85 months up to 96 months inclusive
Loan for working capital*	SME	0.1%	0.19%	0.69%	–	–
Loan for working capital*	Large enterprise	0.19%	0.69%	1.69%	–	–
Investment loans**	SME	0.1%	0.19%	0.69%	1.64%	1.83%

\* Working capital loans were provided using the minimum annual interest rate indicated in the State aid COVID Temporary Framework , depending on the loan term and the size of the borrower, by adding the average annual interest rate for the period from June 2021 to November 2021 for new loan agreements of non-financial companies (enterprises) of the euro zone of the Lithuanian monetary financial institutions announced by the Bank of Lithuania in EUR – 2.9 percent for working capital loans amounting up to EUR 1 million and 2.46 percent – for loans from EUR 1 million.

\*\* A fixed annual interest rate was applied, depending on the term of the investment loan.

\*\*\* Working capital loans had a maximum loan duration of 36 months. It could be extended from 37 months to 72 months (inclusive) until the negotiable loan becomes problematic when the payee of the negotiable loan has difficulty in fulfilling its obligations.

**Loans to Accommodation and Catering Service Providers** aimed at reducing the impact of the COVID-19 pandemic on the tourism business by providing funding in the form of loans to cover the essential expenses of accommodation service providers that provide classified accommodation services and of business entities that provide catering services.

A loan was intended to cover the essential expenses (wages of employees, purchase of transport and other services, real estate lease, property maintenance costs, and payment of other loan instalments under the loan repayment schedules):

- if beneficiary was a classified accommodation service provider, a loan was granted to an SME or a large enterprise that holds a valid accommodation service classification certificate,
- if beneficiary was a catering service provider, a loan was granted to a large enterprise which main activity was provision of restaurant and prepared meal delivery services,
- beneficiary was not a company or a group of companies that was in difficulty as of 31 December 2019 and have not been subject to bankruptcy procedures,
- beneficiary had submitted a set of the financial statements for 2019 to the Centre of Registers.

The total amount available under the measure for loans to accommodation and catering service providers was EUR 22 million. Maximum amount of the loan was EUR 3 million. Term of the loan – up to 72 months. The loan was disbursed in instalments on a quarterly basis (every 90 calendar days).

**Loans to the Businesses Most Affected by COVID-19** were unsecured loans that helped SMEs facing difficulties due to the COVID-19 outbreak to obtain financing in the form of loans enabling SMEs to pay for the necessary costs.

Loans helped to cover the borrower's minimum monthly payments: staff salaries, real estate rent, utilities, loan administration fees and other necessary expenses of the borrower.

Eligible companies were:

- SMEs,
- their turnover decreased by more than 30%,
- they have retained at least 50 percent of employees, compared to the number of the borrower's employees on 1 March 2020.

Up to EUR 200 million from the State budget of the Republic of Lithuania was allocated for the implementation of this instrument. The maximum loan amount was EUR 1 000 000. One loan could have been granted to one borrower under the instrument.

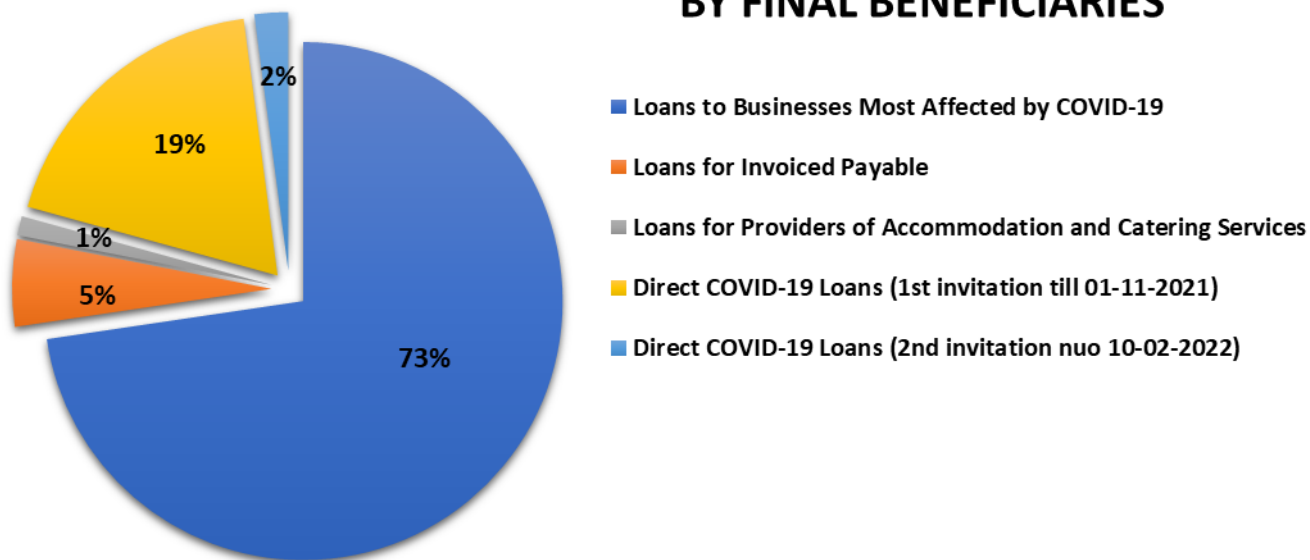
Loans were provided by the financial institutions that signed cooperation agreements with INVEGA.

Financial intermediaries could sign loan agreements with borrowers and disburse loans until 31 July 2020.

## Statistics review

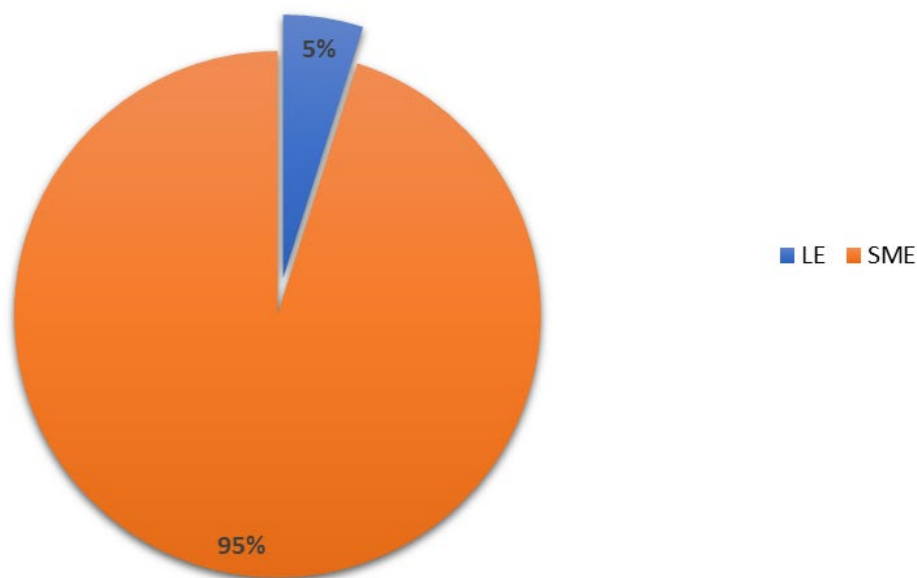
The total amount of loans provided under each of the four financial instruments as of 31-10-2022 are presented in the chart below:

### BY FINAL BENEFICIARIES



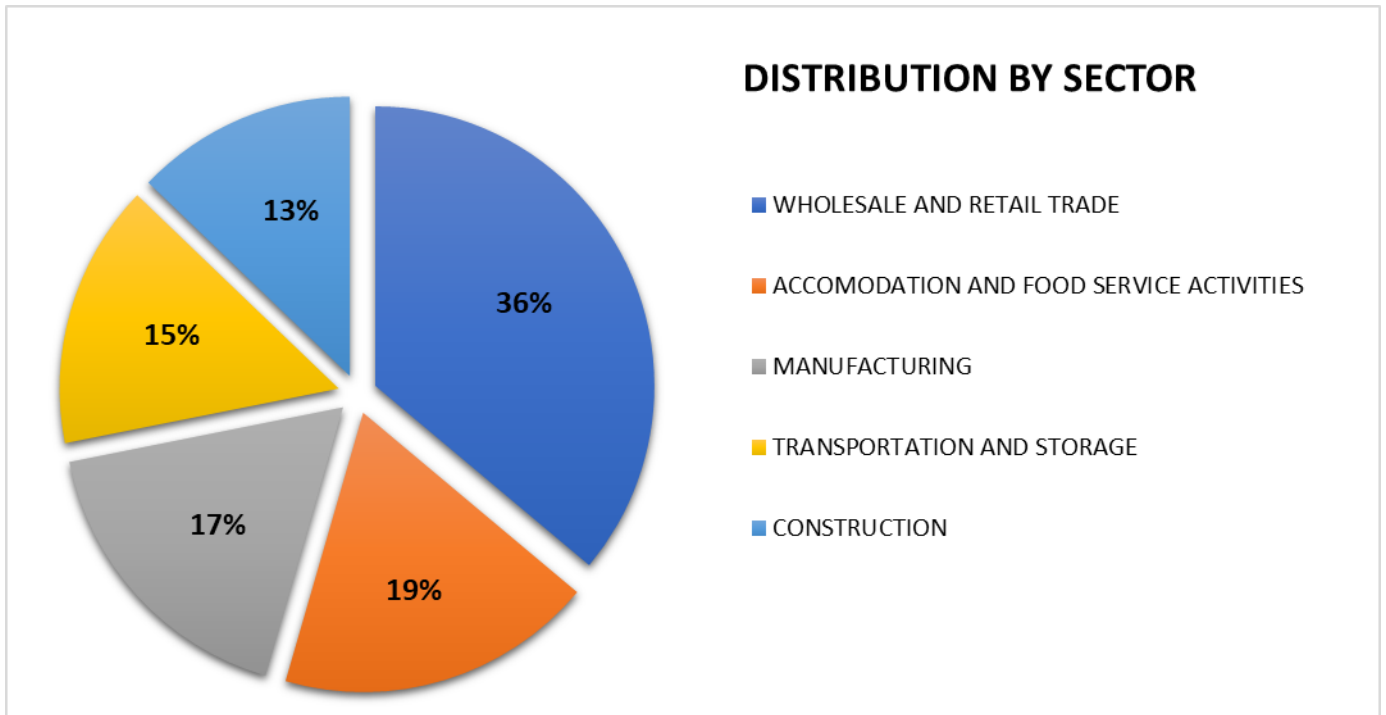
The majority of loans were disbursed to micro and small enterprises, which comprises 95% of loans and 69% of total loans amount.

### BY ENTITY SIZE, UNIT



In case of distribution of loan amounts by sector – wholesale and retail trade as well as accommodation and food service activities are prevailing sectors, comprising 43% of total loans amount provided, which is not a surprising result, considering the restrictions applied in Lithuania during quarantines (COVID waves) as well as due to the reason that one of the financial instruments was specifically dedicated for accommodation and catering service providers.

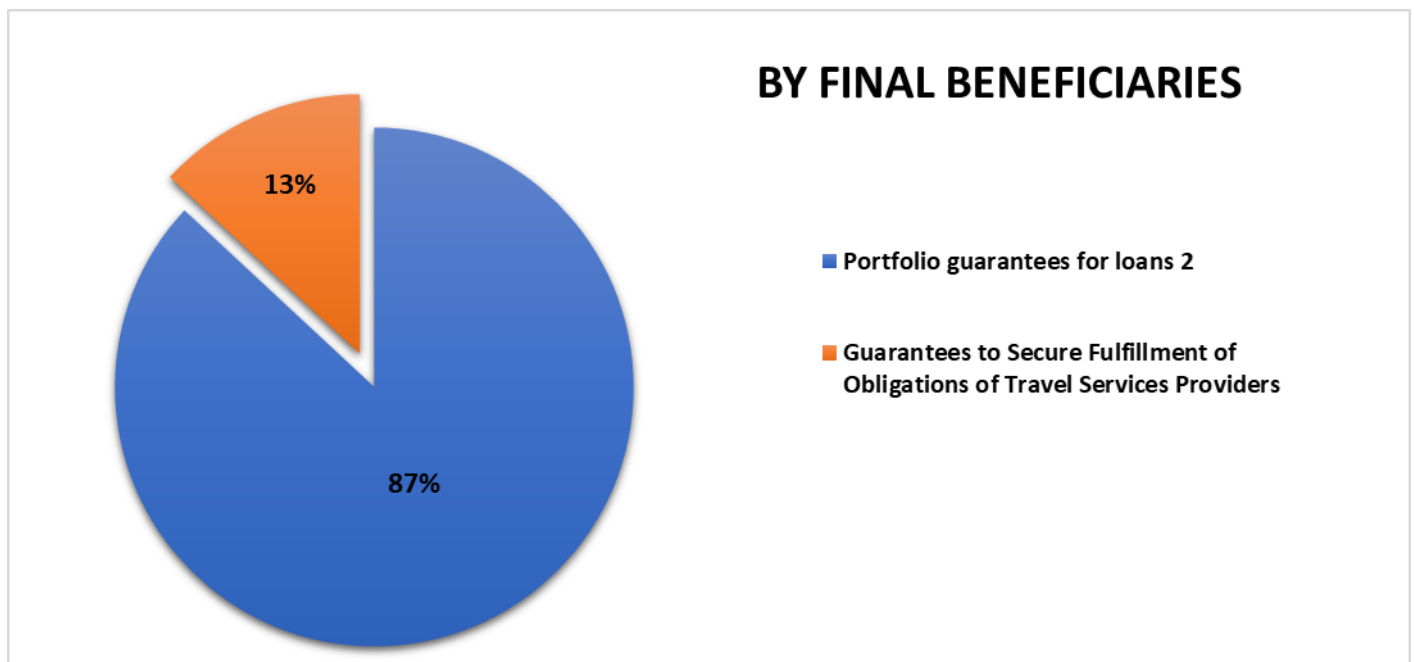
The distribution of loan amounts by sectors is presented in the chart below:



As of 31-10-2022 the terminated loans comprised only 0.63% of the total loans amount provided. It should be noted that due to repetitive waves of COVID-19 outbreak, the grace periods of loans under some of the abovementioned financial instruments were several times extended and the repayments are starting to gain pace only in 2022 (especially in case of the latest instruments).

### Guarantees

INVEGA was managing two guarantee financial instruments specifically dedicated for COVID-19 situation: Guarantees to Secure Fulfillment of Obligations of Travel Services Providers and Portfolio Guarantees for Loans 2.



**Guarantees to Secure Fulfillment of Obligations of Travel Services Providers** were dedicated to SMEs, large enterprises and entrepreneurs that hold valid travel services provider certificates granting them the right to engage in outbound and/or local tourism.

Under this financial instrument the insurance company or financial institution could apply to INVEGA for the guarantee of security of fulfilment of the obligations of the travel services provider.

Following the issuance of the guarantee by INVEGA, the insurance company or financial institution could provide a security of fulfilment of mandatory obligations to the travel services provider.

The financial instrument **Portfolio Guarantees for Loans 2** was targeted at companies facing shortages due to the COVID-19 outbreak. This instrument reduced financing risk and thus facilitated the availability of loans and leasing to improve corporate's liquidity.

Small and medium-sized business entities operating in the Republic of Lithuania and large enterprises, which on 31 December 2019 were not considered to be in difficulty, but were in difficulty in 2020 as a result of the outbreak of COVID-19 were eligible to use the instrument if one of the following conditions were met:

- The turnover decreased by at least 30%,
- The financial flows generated by the enterprise became insufficient to cover existing liabilities,
- The value of the emergency coverage (critical liquidity) ratio became less than 1.

Each loan or leasing transaction included in the portfolio under the instrument Portfolio Guarantees for Loans 2 was guaranteed by 80%.

The guaranteed portfolio could be comprised of:

- Working capital loans, including reverse leasing transactions, to support corporate liquidity, granted not earlier than on 16 March 2020.
- Previously signed unsecured investment (including leasing transactions) and working capital (excluding reverse leasing transactions) loans for which the repayment schedule was extended, or the deferred repayment was applied not earlier than on 16 March 2020.

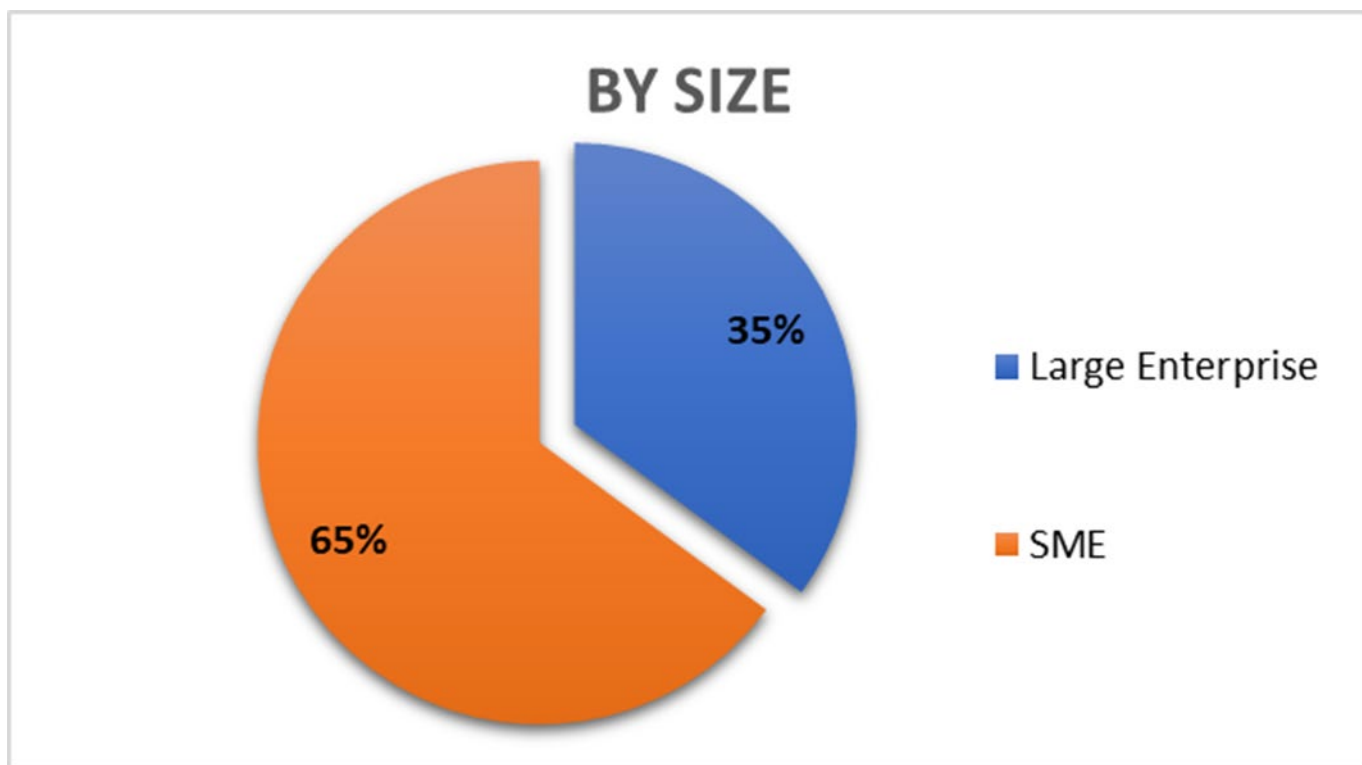
The maximum term of loan or leasing transaction could be 6 years (72 months).

The amount of the eligible loan or leasing transaction should not exceed EUR 5 million.

Loans and leasing transactions were included in the guaranteed portfolio until 31 December 2020.

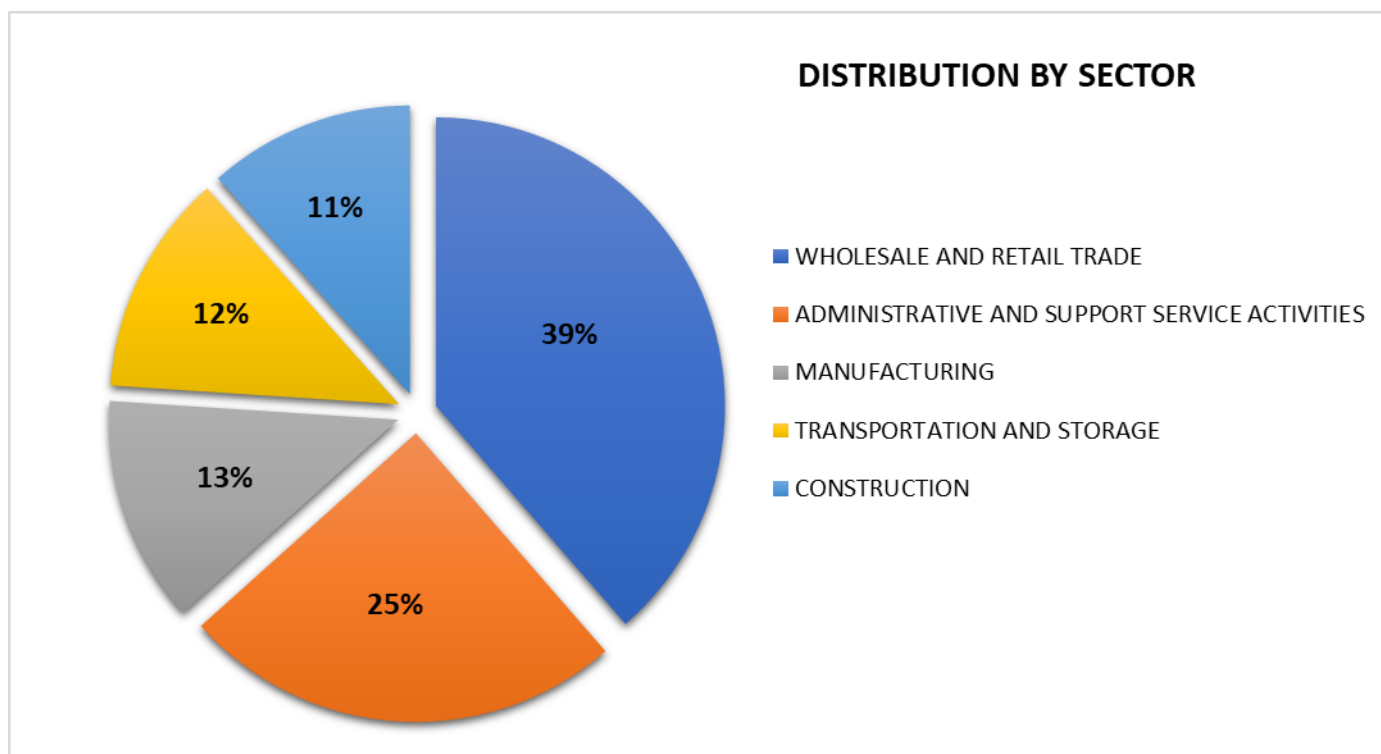
### Statistics review

The majority of guarantees were disbursed to micro and small enterprises, which comprises 65% of total guaranteed amount



In case of distribution of guarantee amounts by sector – wholesale and retail trade as well as accommodation and food service activities are prevailing sectors, comprising 58% of total guarantees amount provided.

The distribution of guarantee amounts by sectors is presented in the chart below:

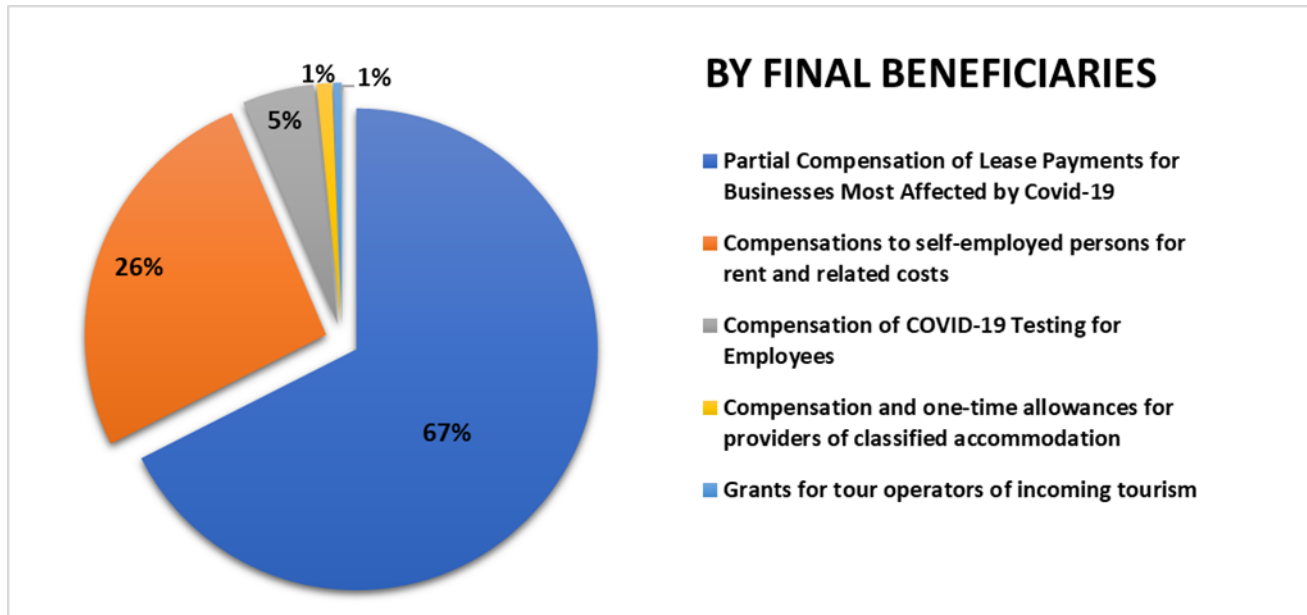




## Global Grants

INVEGA was managing four global grants measures specifically dedicated for COVID-19 situation:

1. Partial Compensation of Lease Payments for Businesses Most Affected by Covid-19 and Compensations to Self-employed Persons for Rent and Related Costs,
2. Compensation of COVID-19 Testing for Employees,
3. Compensation and One-time Allowances for Providers of Classified Accommodation,
4. Grants for Tour Operators of Incoming Tourism



**Partial Compensation of Lease Payments for Businesses Most Affected by COVID-19** was provided to cover the expenditures incurred by the applicant due to the lease of non-residential premises used to carry out economic activities during the compensation period (from 16 March to 31 August 2020). The eligible entities under this measure were as follows:

- those activities complied with those prohibited or restricted during the quarantine,
- which benefited from at least a 30% rental discount applied by the lessor,
- applicants those secondary activities, which were prohibited or restricted during the quarantine, were carried out in leased premises which, in accordance with the statistical classification of economic activities (NACE Rev. 2) were entered in the Register of Taxpayers not later than on 16 March 2020,
- which at the time of application did not have the status of a company under bankruptcy, restructuring or liquidation, and which owners and/or managers had not been subject to any criminal conviction and final judgment concerning economic and financial criminal acts within the past 5 years and such persons had no unexpired or non-called conviction.

The maximum amount of partial compensation of lease payments per month was 50% on the lease amount payable by the lessee in February 2020.

The objective of the **Compensations to Self-employed Persons for Rent and Related Costs** was to reduce the financial burden on self-employed persons affected by COVID-19 by compensating the costs related to renting premises and operating thereof (rental fee, water, heat, electricity supply, elevator, cleaning and storage of premises, handling of building and environment, the costs of

building renovations and repairs of equipment, parking spaces or indexing under the original lease agreement).

The maximum amount of compensation that could be granted was 70% of the fixed costs (costs linked to the renting and operation of the premises), up to a maximum of EUR 20,000 according to all applications for compensation submitted by the applicant, for which a positive decision on granting compensation was taken.

The size of compensation should be calculated based on the sum of fixed costs included in the invoice, excluding VAT, except for the cases where the applicants were non-VAT payers.

A total of EUR 12 million was allocated from the State budget to implement the measure.

Compensation was granted for fixed costs incurred between 1 November 2020 and 30 April 2021. Applications could be submitted until 15 October 2021. The agreement on the lease of premises, under which the fixed costs were incurred, had to be signed until 1 November 2020 at the latest.

Compensation for employees testing under the measure “**Compensation of COVID-19 Testing for Small and Medium-sized Enterprises**” could be provided to a company or an entrepreneur classified as SME and meeting the following requirements:

- There was a contract concluded with a health care institution (HCI) that had the right to perform COVID-19 testing.
- COVID-19 tests were performed to company employees who were employed under contract against remuneration, owners of sole proprietorships (or appointed managers of sole proprietorships where they had a civil contract), managers of small partnerships (or representatives of small partnerships).
- No bankruptcy and/or restructuring proceedings had been initiated against the company at the time of application.
- The SME had not received compensation of COVID-19 testing costs from another public funding.
- The SME did not perform its main activities in the agricultural, forestry, fishery and aquaculture sectors.

Compensations were be allocated for testing costs incurred from 23 February 2021 to 31 May 2021.

The maximum amount of compensation was up to EUR 12 per serological antibody test and up to EUR 12 for SARS-CoV-2 rapid antigen test. If the test costed less than EUR 12, it was reimbursed in full.

A total of EUR 30 million was allocated for compensation of employees testing from the State budget.

**Compensation and One-time Allowances for Providers of Classified Accommodation** aimed to ensure the solvency and business continuity of classified accommodation providers due to the decrease in the number of users of classified accommodation services due to the COVID-19 pandemic and the increase in costs due to rising prices for natural gas, electricity, and heat supply (utilities).

The beneficiaries who could have applied to the instrument:

- Legal entities applying for compensation of up to 50 percent of the costs incurred for the utilities provided by the classified accommodation services – hotel, motel, guest house, camping service facility located in the building specified in the application, during the period from 1 November 2021, to 31 March 2022. Value-added tax and interest on overdue utilities were not compensated by the measure.
- Legal entities and individuals, when a one-time allowance of up to EUR 100 was requested for each room in the facility specified in the application.

The maximum possible amount of compensation for one facility was EUR 50,000. Compensation was given only once for one facility.

The total amount of State Aid granted to one provider of classified accommodation services and persons related to it could not exceed EUR 2.3 million. Applications could be submitted until 16 May 2022.

The purpose of the **Grants for Tour Operators of Incoming Tourism** was to reduce the impact of COVID-19 pandemic and to assure solvency and continuity of the activities of tour operators of incoming tourism. The grants were awarded to tour operators of incoming tourism for the services of organized tours in the Republic of Lithuania provided to foreign tourists.

Entities that were eligible under this measure:

- SME that satisfied the criteria established in the Law on Small and Medium-sized Business Development.
- The grant recipient was registered in the Register of Legal Entities before 31 October 2019.
- It had a valid certificate of a tour operator of incoming tourism at the time of application.
- The code of the main economic activities in the Lithuanian Department of Statistics according to the Classification of Economic Activities (EVRK 2nd ed.) was attributed to group 79.1 “Activities of travel agencies and tour operators”.
- It had not received any unlawful aid that was recognized as unlawful and incompatible with the internal market by the decision of the European Commission, or it had refunded the total amount, including the interest, in accordance with the legal acts.
- It was not an enterprise going bankrupt or under restructuring, and no insolvency proceedings have been initiated against the enterprise.
- It satisfied the minimal criteria of reliable taxpayers.
- On 31 December 2019, it was not an undertaking or a group of undertakings in difficulty or it was an undertaking in difficulty but was not already considered as being in difficulty at the time of application.

The maximum possible amount was:

- for one tourist for the travel services provided from 1 January 2019 until 31 December 2021 – EUR 3.
- to one business undertaking – EUR 30,000.

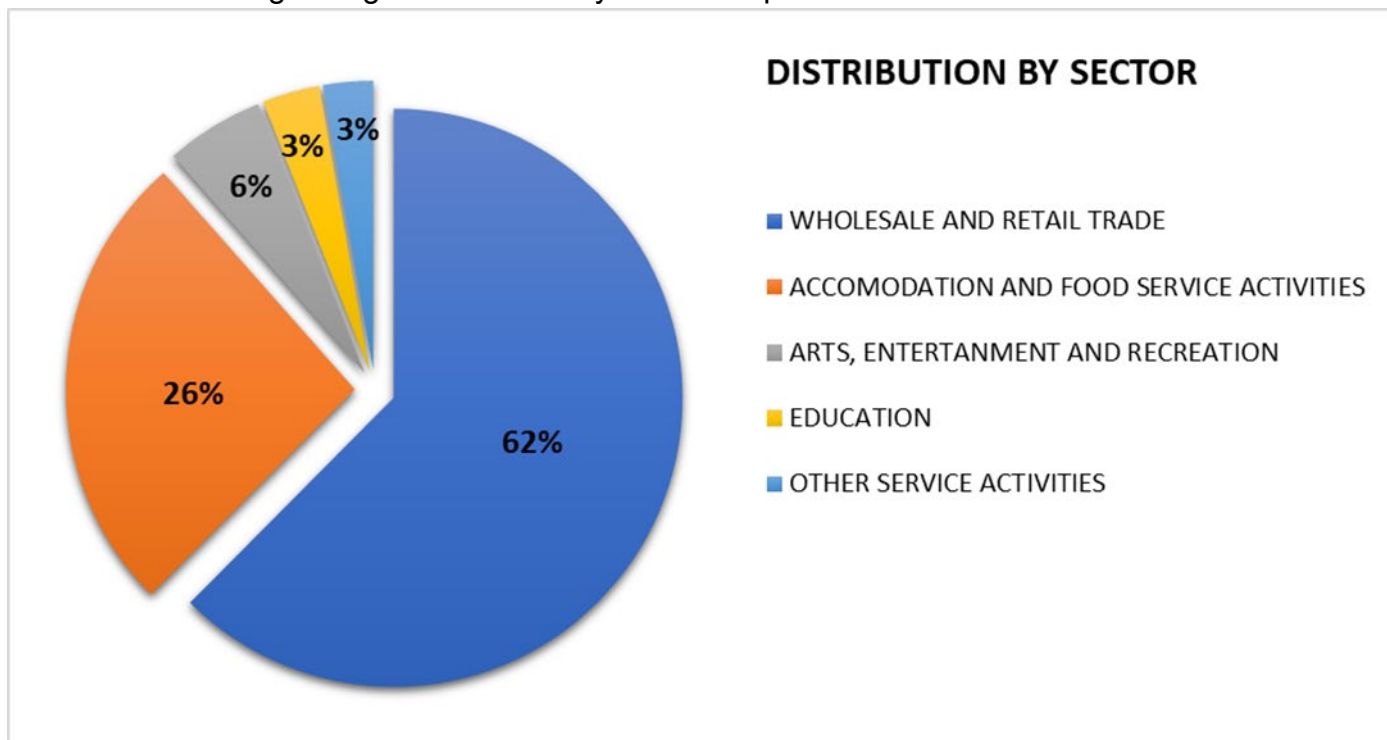
The amount of EUR 300,000 from the reserve of the Government of the Republic of Lithuania was assigned to this measure.

The applications for grants to tour operators of incoming tourism were accepted until 9 May 2022 inclusive.

## Statistics review

In case of distribution of global grant amounts by sector – wholesale and retail trade as well as accommodation and food service activities are prevailing sectors, comprising 82% of total global grants amount provided,

The distribution of global grant amounts by sectors is presented in the chart below:



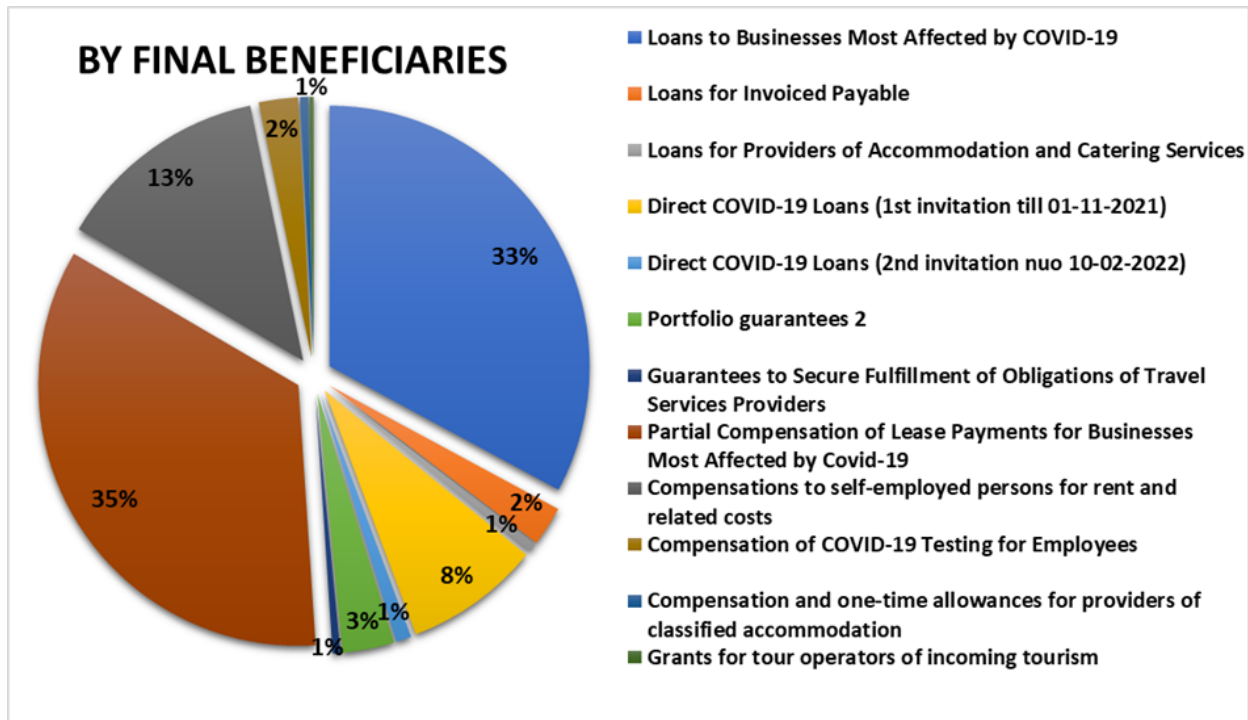
## Achievements

In total during 3 years of the pandemic:

- 10 different instruments were offered to business
- 10 531 business entities were supported
- EUR 439.6 million were distributed
- 13 708 contracts were signed with business entities.

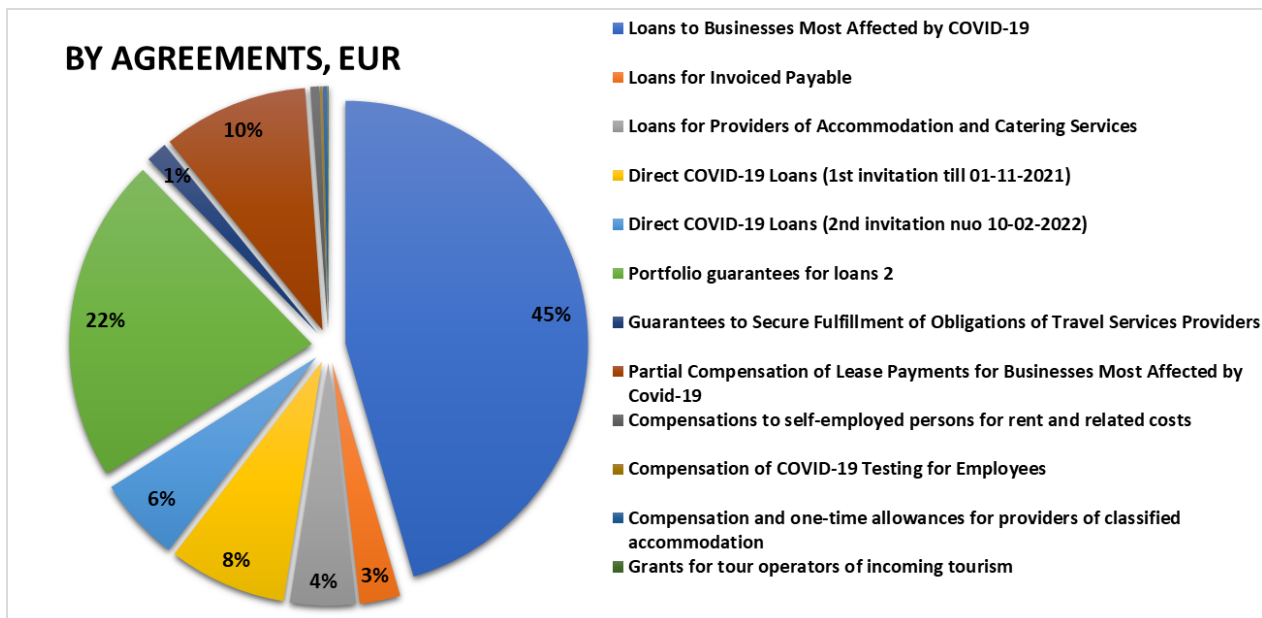
Out of 10,531 entities supported, the majority of final recipients are counted under the global grant measure „Partial Compensation of Lease Payments for Businesses Most Affected by COVID-19“ and under the Loans to Business Most Affected by COVID-19.

The distribution of total financial support by final recipients is presented in the chart below:



The transactions under the Loans to Businesses Most Affected by COVID-19 comprised 45% of all signed contracts.

The distribution of total support amounts by signed contracts is presented in the chart below:



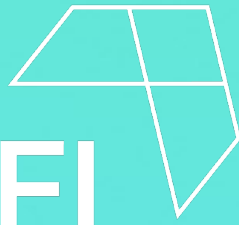
## OUTLOOK

When COVID-19 broke up in Europe, Lithuania immediately took severe measures to stop the virus. Luckily, business and mobility restrictions came along with a wide package of public funding for most affected business. In cooperation with leading banks in Lithuania, which signed a moratorium allowing companies to postpone repayment of their loans, it became possible for companies to win time and rearrange their businesses, save jobs and adopt to new realities. Statistical data shows that these measures were truly effective as number of defaults was significantly lower than it was initially expected. Lithuanian economy also did not fall into a recession but remained on the growth path. To sum up, despite of unfavorable conditions, Lithuanian business managed to find its way to survive. Unfortunately, it was almost no time to properly recover as new challenges emerged because of Russian aggression in Ukraine.

# FI COVID-19 in Slovenia



**Innova-FI**  
Interreg Europe



**Slovenia -  
Ministry of  
the Economy,  
Tourism and  
Sport  
(METS)**



European Union  
European Regional  
Development Fund



REPUBLIC OF SLOVENIA  
**GOVERNMENT OFFICE FOR DEVELOPMENT  
AND EUROPEAN COHESION POLICY**



# Financial Instruments' response to COVID-19 Slovenia

## FUNDING SOURCE

ERDF & private national sources

## TYPE OF FINANCIAL PRODUCTS

Microloans for SMEs  
Loans for RDI

## THEMATIC FOCUS

Strengthening businesses affected by the pandemic in Slovenia

### Timing

September 2020 – December 2023

### Partners involved

Management Authority - Ministry of Cohesion and Regional Development

Intermediary Body – Ministry of the Economy, Tourism and Sport

Implementing Body – SID Bank, promotional development and export bank

Financial Intermediaries – Slovene Enterprise Fund, banks and savings banks

### Re-investment

Expected

### Main results

Available:

65 mio EUR ERDF funds + min 30 mi EUR leverage  
(national private funds).

Already supported:

3,995 final recipients, 102 mi EUR

## SUMMARY

“Financial Instruments COVID-19” operation was set up as a response to COVID-19 crisis in 2020. It aims to offer additional and prompt financial help to SMEs, who have suffered due to COVID-19, in the form of microloans with favorable interest rates, longer grace and payback periods and lower credit insurance. It also offers financial help to enterprises investing in RDI activities. The loans governed under temporary framework regime for State aid measures to support the economy during the outbreak of the COVID-19 disease and can be used for either working capital or investments.

### Introduction

The FI COVID-19 operation is financed by the European Regional Development Fund (ERDF) within the framework of the Operational Programme for the Implementation of the European Cohesion Policy in the 2014-2020.

### Objectives

Enterprises, especially SMEs, in Slovenia were affected, if not critically endangered, by COVID-19. Health restrictions and other measures resulted in business and supply chain disruptions, supply price rise, liquidity shortages and labour shifts to other more resilient industry branches. Market could not respond at very short notice to overnight changed market conditions. Non-repayable grants were delivered to the enterprises in vast amounts, but they were too scarce to meet the needs of all. Therefore, additional targeted repayable financial support for all SMEs affected by COVID-19 has been set up in the form of FI COVID-19 operation.

### Basic Requirements:

SMEs, who have suffered due to COVID-19, are entitled to microloans with favorable interest rates, longer grace and payback periods and lower credit insurance. Financial help for enterprises investing in RDI activities is also available.

## DESIGN AND SET-UP

### Funding and Partners

ERDF funds amount to 65,000,000 EUR (60,000,000 EUR for SMEs and 5,000,000 EUR for RDI), with leverage of 32,500,000 EUR in the form of national private funds (30,000,000 EUR for SMEs and 2,500,000 EUR for RDI investing enterprises).

The FI COVID-19 operation is financed by resources of the Operational Programme for the Implementation of the European Cohesion Policy in the 2014-2020, according to the Communication No. C(2020) 1863 from the European Commission on the Temporary Framework for State aid measures to support the economy during the current outbreak of the COVID-19 disease, dated 19. 3. 2020.

### Investment strategy

The action finances the Working Capital of enterprises in the form of a microcredit of up to 25,000 EUR and RDI activities in the form of loans of up to 2,500,000 EUR covering the following costs:

- Purchases goods for use
- Purchases of Raw Materials and Consumables
- Total Expenses for the Provision of Services
- Rents paid
- Staff costs
- Other Operating costs.

### Governance

This FI COVID-10 operation is managed by the Managing Authority of the Operational Programme for the Implementation of the European Cohesion Policy in the 2014-2020 – Ministry of Cohesion and Regional Development (MCRD), Intermediary Body - Ministry of the Economy, Tourism and Sport (METS), Implementing Body – Fund of Funds SID Bank, promotional development and export bank and Financial Intermediaries – Slovene Enterprise Fund, participating banks and savings banks.

## IMPLEMENTATION

After concluded public call for Fund of Funds, the financial agreement was signed between Ministry of the Economy, Tourism and Sport and SID Bank, promotional development and export bank in September 2020.

SID Bank selected financial intermediaries and the first SMEs were granted microloans in December 2020.

The tranches to the Fund of Funds were paid in October 2020, December 2020, May 2021 and August 2021, each amounting 25 % of the total 65,000,000 EUR ERDF funds (16,250,000 EUR).

## Achievements

The FI COVID-19 operation was set up in September 2020 in just a few months' time. It mobilized more than 35,000,000 EUR private funds and exceeded the leverage of 1.5. The financial intermediaries are already approving the 2nd turn of repaid microloans for SMEs. It is expected that many more SMEs will be supported by 31. December 2023.

<b>97,500,000 EUR</b>	<b>Available (1<sup>st</sup> turn)</b>
<b>3,995</b>	<b>Final Recipients supported</b>
<b>102,000,000 EUR</b>	<b>Granted (1<sup>st</sup> &amp; 2<sup>nd</sup> turn)</b>
<b>0 EUR</b>	<b>Public Budget Funds Spent</b>

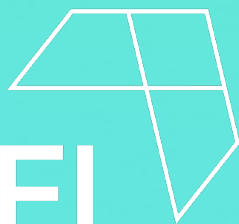
## OUTLOOK

Good experience with the first FI operation in Slovenia (FI 2014-2020, set up already in 2017) and upgraded second FI COVID-19 operation offer a broad assortment of refundable support mechanisms (microloans, loans, (quasy)equity financing, portfolio guarantees etc.). Financial instruments are the future of state aid support to the national economy, as the example of the COVID crisis has given us an even stronger sense of what a stable economy means, and support mechanisms are a very welcome and necessary form of assistance to the economy, especially in times of crisis.

# Support for micro & small companies affected by COVID-19 in the Region of Central Macedonia



**Innova-FI**  
Interreg Europe



# Business and Cultural Development Centre

**KEPA**



European Union  
European Regional  
Development Fund



# Support for micro & small companies affected by COVID-19 in the Region of Central Macedonia

## FUNDING SOURCE

ERDF & National sources  
(Public Investments Programme)

## TYPE OF FINANCIAL PRODUCTS

Non-repayable grant

## THEMATIC FOCUS

Strengthening businesses affected by the pandemic in Central Macedonia

### Timing

1 year

### Partners involved

Managing Authority of Regional Operational Programme of Central Macedonia

### Re-investment

N/A

### Main results

19.500 Applications received.

6.800 companies granted.

600 mil. € requested.

204 mil € granted.



## SUMMARY

The Action "Support for micro and small companies affected by COVID-19 in the Region of Central Macedonia" concerns the strengthening of businesses affected by the pandemic, in the form of a non-refundable grant as working capital to cover their expenses. It is governed by the temporary framework regime for State aid measures to support the economy during the outbreak of the COVID-19 disease.

### **Introduction to the policy instrument.**

The action "Support for micro and small companies affected by COVID-19 in the Region of Central Macedonia" is financed by the European Regional Development Fund (ERDF) within the framework of the Operational Programme "Central Macedonia" 2014-2020 of the National Strategic Reference Framework (NSRF) 2014-2020, Priority Axis 3 "Improving the competitiveness of small and medium-sized enterprises", Thematic Objective 3 "Improving the competitiveness of small and medium-sized enterprises including those in the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)", Investment priority: 3c "Supporting the creation and expansion of advanced capabilities for the development of products and services" and in Specific Objective 3c1 "Increasing the rate of introduction of new / improved products and services by SMEs".

## Objectives

Businesses in the Central Macedonia Region are experiencing liquidity shortages and significant losses due to the impact of the measures to limit the outbreak of the COVID-19 disease. The exceptional nature of the COVID-19 outbreak means that these losses could not have been foreseen, they are severe and therefore create conditions for businesses that are notably different from the market conditions in which they normally operate. Even healthy companies, which are well prepared for the inherent risks of doing business as usual, face difficulties that threaten their viability. The primary objective of this action is to provide targeted, public support in order to ensure that there will be sufficient liquidity in the market to deal with the effects of the COVID-19 disease.

In this context, the specific action concerns the support of businesses affected by the pandemic, in the form of a non-refundable grant as working capital to cover their expenses.

## DESIGN AND SET-UP

### Funding and Partners

The total Public Expenditure of this Call amounts to 205,000,000 euros.

The Action is financed by resources of the European Regional Development Fund (ERDF) within the Operational Program "Central Macedonia" 2014-2020 of the NSRF 2014-2020, according to the no. from 19.3.2020/C(2020) 1863 Communication from the European Commission on the Temporary Framework for State aid measures to support the economy during the current outbreak of the COVID-19 disease.

### Investment strategy

The action finances the Working Capital of businesses in the form of a non-refundable grant. More specifically, it subsidizes a business with an amount equal to 50% of the 2019 expenses. The subsidy limit is from a minimum of €5,000 to a maximum of €50,000.00. That is, businesses with expenses under €10,000 cannot participate, while businesses with expenses over €100,000 will be subsidized with €50,000.

The amounts on which the above percentage (50%) is calculated result from the following sum:

- Purchases goods for use
- Purchases of Raw Materials and Consumables
- Total Expenses for the Provision of Services
- Rents paid
- Staff costs
- Other Operating costs.

The paid-up working capital must have been used up within 2021. This will be evidenced by the respective statements of the year 2021.

### Governance

This Action is implemented by the Managing Authority of the Regional Operational Programme of Central Macedonia (ROP CM) with the Intermediary Agency for Operational Programmes of Competitiveness and Entrepreneurship – EFEPAE (in particular the competent Partner-Regional Unit of EFEPAE, KEPA-ANEM), according to the legislative framework that governs the implementation of the NSRF 2014-2020.

## IMPLEMENTATION

The basic legislative framework on the basis of which the action is implemented is the sixth article of the Legislative Content Act of 20.3.2020 "Emergency measures to deal with the consequences of the risk of spreading the coronavirus COVID-19, to support society and entrepreneurship and to ensure the smooth operation of the market and public administration".

The relevant Call for Proposals was published in September 2020, with the start of submission on 10/09/2020 and the end of submission on 12/10/2020. The comparative evaluation of the submitted proposals was done by the relevant Evaluation Committee that was set up and completed within 2 months (29/12/2020). The evaluation criteria were the following:

- Annual Work Units (AMU) of 2019.
- Earnings before Taxes, Interest & Depreciation to turnover (year 2019).
- Impact of Covid-19 on the turnover for the period 1/4/2020 to 30/06/2020 in relation to the corresponding period 1/4/2019 to 30/06/2019.

The applications were submitted electronically to the State Aid Information System (SSIS) provided by the Ministry of Development and Investments ([www.ependyseis.gr](http://www.ependyseis.gr)). The companies that joined this Action had 7 months to complete it. After the end of the Action, a sample check is expected to be carried out for the consumption of the amount of the grant.

The action is implemented through the State Aids Information System (SSIS), either by updating it directly, or by updating it through interfaces.

## Final recipients targeted

Beneficiaries of the aid, i.e. businesses that may be eligible for public funding under this action, are Small and Micro companies, which:

- had less than 50 employees in the year 2019,
- legally operate in the Region of Central Macedonia,
- were established before 01/01/2019,
- were not problematic on 31 December 2019,
- have their main activity included in the eligible list from the Call,
- operate exclusively with one of the eligible corporate/commercial business forms.

## Achievements

The Action "Support for micro and small companies affected by COVID-19 in the Region of Central Macedonia" was successfully completed, since it managed to mobilise the interest of the businesses of Central Macedonia on the one hand, and on the other hand to cover the entire amount of public funding foreseen.

<b>19,500</b>	<b>Applications received</b>
<b>6,800</b>	<b>Companies granted</b>
<b>600,000,000€</b>	<b>Total budget requested</b>
<b>204,000,000€</b>	<b>Total amount granted</b>
<b>30,000</b>	<b>Average grant / company</b>

A total of 19,500 proposals were submitted, with a total budget reaching six hundred million euros (€600,000,000).

The companies that were granted were 6,800 and the total amount of the subsidy amounted to €204,000,000 (about €30,000 on average per company).

Despite the time constraint due to the urgent need to deal with Covid-19, the Action's planning and implementation process is considered highly effective. Within 1 year a new horizontal business support program was run, having managed to provide comparative evaluation results in just two (2) months.

## OUTLOOK

The Action "Support for micro and small companies affected by COVID-19 in the Region of Central Macedonia" was implemented for the first time in Greece, effectively providing funding in advance, in order to immediately strengthen the liquidity not only of the beneficiary businesses but also of the market in general.

The same Action (as originally planned for the Region of Central Macedonia) was implemented in 12 of the 13 Greek regions. Moreover, it can be considered a good practice since it was adopted by other similar sectoral and national programmes in Greece.

The essential benefit of this initiative is that it helped to draw some useful conclusions about the impact of the pandemic on business operations. In addition, it may well be used as a model of business support for other crises that may occur in the future.

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