



Entrepreneurship Promotion Fund 2014-2020, Lithuania

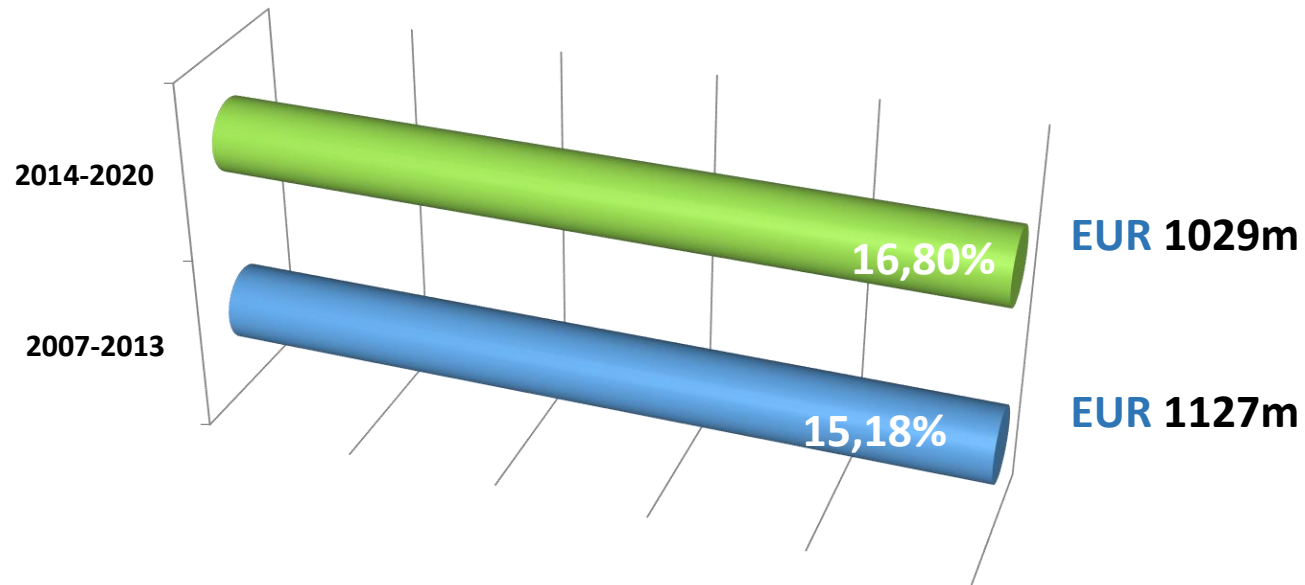
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ESF IN LT OVER 2 PP

(MEUR, PERCENTAGE OF ALL EU FUNDS IN LT)



Main areas of investment: employment, social inclusion, life-long learning, education, administrative capacity building.

MORE

WITH LIMITED PUBLIC RESOURCES?



POSITIVE SOLUTION – FINANCIAL INSTRUMENTS!

Continuity

Re-use

Attraction of private investments

Multiplication of investments



HF IN

2007-2013



- HF ENTREPRENEURSHIP PROMOTION FUND under Human Resources Development OP
 - Budget: EUR 14.5m (ESF) + 10% private
 - HF manager: INVEGA
 - FI manager: Consortium of 57 Credit Unions, represented by LCCU
 - Microcredits (up to EUR 25 000) for SMEs operating <1 year, with special attention for priority groups + trainings for business start, accounting, law, marketing
- + Compensation of 95% (by ERDF) of interest paid by SME
- + Global grant measure – *Subsidies for Entrepreneurship Promotion*
- + INVEGA guarantees up to 80%



RESULTS

2007-2013



- Amount of disbursed loans (ESF) – EUR 18.2m
- 1/2 of borrowers – priority groups
- 72% of loans for investments
- 28% of loans for working capital
- Only 5% default rate
- Good results due to additional measures introduced (publicity, global grant measures)

Absorption

149%

New jobs created

3 580

loans

1 306

training participants

5 002



AIMS IN 2014-2020



- Continuation of FIs
- Expansion - new sectors/ financial products
- Enhanced cooperation between partners
- Promotion of NPBs and investment platforms

12 % OF TOTAL OP RECOURSES DEDICATED TO FI



#ficompass



Strategic context

2014-2020



In Europe
Self-employed in
2012
15.2%

In Lithuania
Self-employed in
2012
9.7%

OP priority 7
(ESF)
EUR 286m

FI
EUR 24.5m
(9% of OP
priority 7)

OP priority 7*



OP priority 7 – Promoting quality employment and participation in the labour market specific objective

Objective 7.3.3 – Increase labor demand by promoting entrepreneurship of the population, in particular those who face difficulties on the labor market

*OP priority 7 corresponds to CPR Thematic Objective 8



FoF

2014-2020



- **Microcredits up to EUR 25 000** for start-ups (up to 1 year)
 - Up to 90% financed by FoF and $\geq 10\%$ by Consortium
 - Maturity: up to 10 years
 - Interest rate for SME: 3 months EURIBOR on the private part of the loan (i.e. 10%) + 3% on total loan
 - No loan agreement administration fees for SMEs
- **Particular focus** on priority groups facing difficulties on labour market – unemployed, disabled, youth below 29, persons over 54, women, creating “green” job places
- **Consultations** on establishment and management of new business
- **F.Int** bares entire lending risk
 - + Global grant measure – *Subsidies for Entrepreneurship Promotion*
 - + INVEGA guarantees up to 80%



2007-2013 vs 2014-2020



SIMILARITIES	DIFFERENCES	
SME <1 year	trainings	consultations
priority groups		Base rate on 10% of loan + margin on entire loan
Up to EUR 25 000	Base rate + margin on entire loan	Base rate on 10% of loan + margin on entire loan
	compensation of 95% interest	-
no admin. fees for SME	Maximum maturity weren't fixed	Maturity: up to 10 years



RESULTS

2014-2020



Name of the indicator	Target 31-12-2023	Performance 31-12-2017
Persons and enterprises supported by FI	1 000	176 (18%)
Persons or enterprises that used FI, out of which: persons and enterprises facing difficulties on labour market	440	115 (26%)
Number of new jobs in new enterprises/businesses	1 800	241 (13 %)
Number of new jobs in new enterprises/businesses, out of which: persons facing difficulties on the labour market, employed in new enterprises/businesses	810	134 (17%)
Share of new enterprises/businesses supported by FI, successfully operating 12 months after receipt of loan	82 %	100 %

KEY CHALLENGES

2014-2020



- Lack of legal certainty for practical implementation of FIs provided in the EC Regulation and guidance
- National audit findings due to different interpretation of CPR and EC guidance
- The scope of ex-ante assessment
- Involvement of financial intermediaries
- Financing new types of FI from ESIF
- Phased payments (Omnibus)
- Scope of information required from the final recipients
- National reforms needed to move forward with FIs



POST 2020



- Continuation of **best practices** of application of FIs at local (MS) level and exploring new areas for application
- Adopting **effective** simplification measures (introducing more flexibility, less rigidity, more flexibility for tailor-made instruments)
- **Easier combination** rather than competition between FI and other EU-level instruments (e.g. EFSI)
- **No need for „common set of rules“** at EC level – one size does not fit all
- **Maximising leverage effect** of FIs – only possible when flexible and „user-friendly“ instruments are established.







financial instruments
 revolving capacity building
 added value **ERDF** funding agreement
 governance **ESF** EU guidance
 technical support seminars leverage financial intermediaries ex-ante assessment
 co-financing **ESIF** microfinance case studies
 investments **fi-compass** final recipients
 business plan **Thank you** thematic objectives
 advisory services guarantees banks loans **EaSI** equity
 private investors life cycle combination of support
 conferences **EAFRD** factsheets
fund of funds **EMFF** investment strategy **CF**
 managing authorities manuals