



Financial Instruments 2014-2020 under European Structural and Investment Funds (ESIF)

Brussels, 19-20 January 2015

*Implementation of Entrepreneurship Promotion
Fund (EPF) - Lithuania*

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Implementation of Entrepreneurship Promotion Fund (EPF) in Lithuania

19 January 2015



Year 2009...



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“Entrepreneurship Promotion Fund”
ESF, Human Resources Development Programme

No access to
finances for start-
ups, especially for
socially sensible
groups

Unemployment ↗
13% – 2009
(↗ 18.2% – 2010)

GDP ↘ – 14.8%

Instrument to
facilitate start-
ups financing
and job
creation

?

Challenges and targets of EPF



■ *The aim of the Entrepreneurship Promotion measure*

- promote self-employment and entrepreneurship as a sustainable way to keep people active in the business and labour market
- promote quality employment and social inclusion
- create more new jobs

■ *The long-term target is to encourage a culture of self-employment and entrepreneurship in Lithuania*

- Only training, consultation, orientation activities **were not sufficient** to promote self-employment and job creation



Intervention scheme of EPF



▪ **Micro loans** for business start-ups in order to promote self-employment and entrepreneurship

▪ **+ Trainings**

▪ Key elements:

- Micro credits combined with personal skills and needs assessment, training, consultation on preparation of business plans
- Ceilings of loan – up to EUR 25 000 micro credit
- One-stop-shop principle applied

<i>Target groups</i>	<i>Priority groups</i>
SMEs (legal entities and individuals) < 1 year	Unemployed Disabled Youth below 29 Persons over 50

Targets and results achieved



Name of the indicator	Targets	Results as of 1 December 2014	Implementation %
Number of the individuals attended the trainings	5000	4437	89
Number of the individuals successfully completed training	4500	4361	97
<i>Number of the individuals from the priority attended the trainings</i>	<i>1500</i>	<i>2755</i>	<i>184</i>
Number of loans (disbursed by CU)	1200	1091	91
<i>Number of individuals/enterprises from the priority groups received loans</i>	<i>180</i>	<i>522</i>	<i>290</i>
Number of jobs created	1000	2283	228



OP indicators

Indicators approved by SC



Targets and results achieved



Organized 400 trainings and 1520 consultations in different regions (17 cities)

	Targets	Results as of 1 December 2014	Implementation %
Number of the individuals attended the trainings	5000	4437	89
Number of individuals from the priority groups who attended the trainings	4500	4361	
Number of loans (disbursed by CU)	1500	2755	
Number of individuals/enterprises from the priority groups received loans	1200	1091	91
Amount of loans disbursed – EUR	1500	522	290
	15.4 m (123%)	2283	228

High activity – 62 % of all training participants: youth below 29 – 2046; unemployed – 530 disabled – 107; persons over 50 – 373

Survey of EPF start-ups about business creation: 82 % positive 15 % can't say for this moment

Amount of loans disbursed – EUR 15.4 m (123%)

Self employment for: socially sensible groups – 48 %

2 new jobs per company in average

Survey of EPF recipients plans for 2015: 50 % increase number of employees 46 % keep number of employees

Lessons for the future



It takes time to implement...

- ◆ From the idea till the HF agreement – **9 months**
- ◆ first trainings started within **9 months** after the signature of the HF agreement
- ◆ first loan issued within **11 months** after the signature of the HF agreement

But it worth to start and wait patiently for long lasting results!

Plans for 2014–2020

- modified EPF with the main objective to help people become self-employed or to set-up a company
- encourage the creation of new jobs
- focus on persons with difficulties in labour market

■???

- different loans and trainings providers
- more focus or additional incentives for attracting socially sensible groups
- more focus on selection of participants (identifying real needs for training; identifying potential entrepreneurs)
- grant scheme together with loan scheme in one package for start-ups
- competence, reliability, capacity of financial intermediary of implementing such an instrument



**MEASURES FOR BUSINESS ADMINISTERED BY
INVEGA AND FINANCED FROM EU SF RESOURCES**



**FEIs and other
measures funded by
ESF**

**FEIs and other measures funded by
ERDF and reflows**

**Entrepreneurship
Promotion Fund EUR
14.5m**

**INVEGA fund (HF)
EUR 196m**

**Entrepre-
neurship
Promotion
EUR 14.5m**

**Guarantee
Fund -
Individual
guarantees
EUR 37.4m**

**Small
Credits_2
EUR
27.5m**

**Open
Credits
Fund
EUR
51.3m**

**FLPG
EUR
15.2m**

**FRSP
EUR
110m**

**Baltic
Innovation
Fund BIF
EUR 20m**

**Grants for
Entrepreneurship
Promotion EUR 2.9 m**

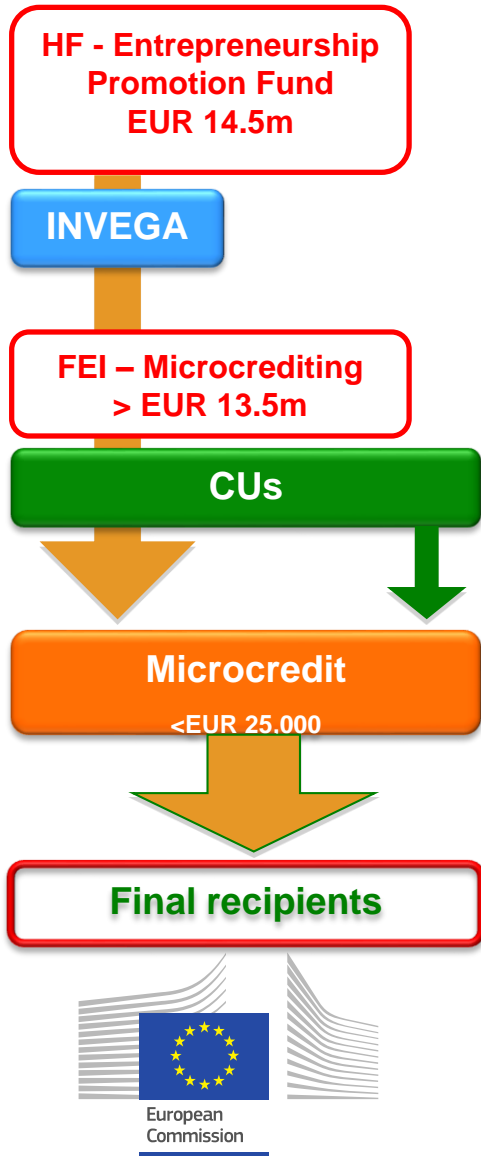
**Global
Grant for
First Job
EUR 9.3 m**

**Global Grant
Compensation of Interest
EUR 16.2 m**

Individual guarantees



Set-up of EPF



- Budget: LTL 50 million (EUR 14,48 million)
- HF manager: INVEGA
- Financial intermediary: Consortium of 57 CU led by LCCU (international public procurement)
- Final recipients: start-up companies and individuals <12 month
- Microcredit < EUR 25,000. 90% ESF contribution / 10% CU resources
- Interest rate for final recipients: 3 months VILIBOR + 0,1% ($\geq 2\%$; $\leq 6\%$) + <3.49% margin
- CU undertakes the all lending risk under the instrument. Possibility to combine microcredit with INVEGA's guarantees, % subsidies, grant for Entrepreneurship promotion

General Training
„Basics of Entrepreneurship“
Entrepreneurship Training
„Business Plan Training“
„Accountancy and tax basics“
„Business and labor law basics“
„Business management basics“
„Marketing basics“
„Staff's management in Business“

Consultations
Individual counseling on business plan provides training service providers





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Thank you!



9 month to start ... EPF



Activities		Date
Governmental resolution (to MoSSL: consider possibility of introducing new FEI scheme under ESF)		4 March 2009
Changes of HRD OP:	Approved by the Monitoring Committee	7 April 2009
	Approved by the European Commission	17 July 2009
Approval of HRD OP Complement (description of new FEI measure) by the Government		22 July 2009
Selection criteria`s approved by the Monitoring Committee		15 September 2009
Discussion on and drafting an agreement between MoSSL, MoF and INVEGA		September-December 2009
Letter of MoSSL to the MoF concerning selection of HF (art 44 b) of Reg. 1083/2006)		24 December 2009



Implementation of EPF



Activities	Date
Signature of the agreement between Ministry of Social Security and Labour, Ministry of Finance and INVEGA	30 Dec 2009
1 st Steering Committee of EPF meeting took place	17 February 2010
International public procurement launched	31 March 2010
Agreement between INVEGA and Consortium of CU signed	30 July 2010
First trainings started	20 September 2010
First loan issued	8 November 2010
95% compensation of interest (Ministry of Economy)	27 January 2012
Global grant measure: partial compensation of salary	30 September 2013



Grants for Entrepreneurship Promotion



Global Grant measure

- Amount: EUR 2.89 million (*it was decided to increase the financing for measure up to EUR 4,34 million*)
- Applicants: borrowers of loans from EPF
- Partial compensation of salary (subsidies): up to EUR 7 240 5 if applicant belongs to a priority group (youth below 29, unemployed, disabled, persons above 50). For others: up to EUR 5 792 4
- **Manager – INVEGA**

29 August 2013 the first call for tenders (till 31 May 2014)

3 October 2014 the second call for tenders (till 15 January 2015)

Results as of 1 January 2015:

- *535 supported enterprises (EUR 2 million)*
- *Subsidies for 1527 employees*

