



Kuriamė:  
Lietuvos ateitį  
2014–2020 metų  
Europos Sąjungos  
fondų investicijų  
veiklos programą



# ACTIVITIES OF INVEGA

19-10-2015

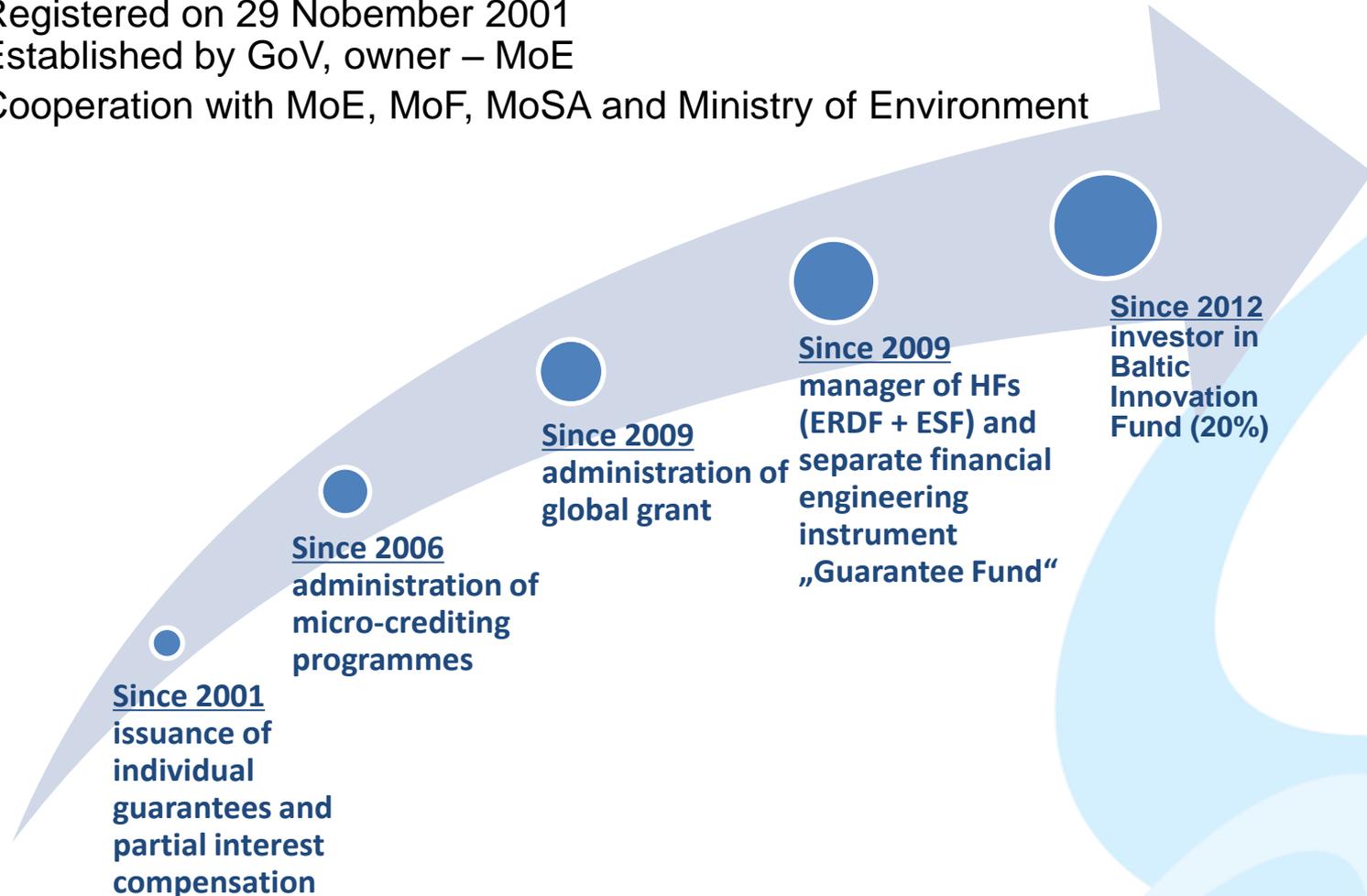


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# About INVEGA

# INVEGA

- Registered on 29 November 2001
- Established by GoV, owner – MoE
- Cooperation with MoE, MoF, MoSA and Ministry of Environment

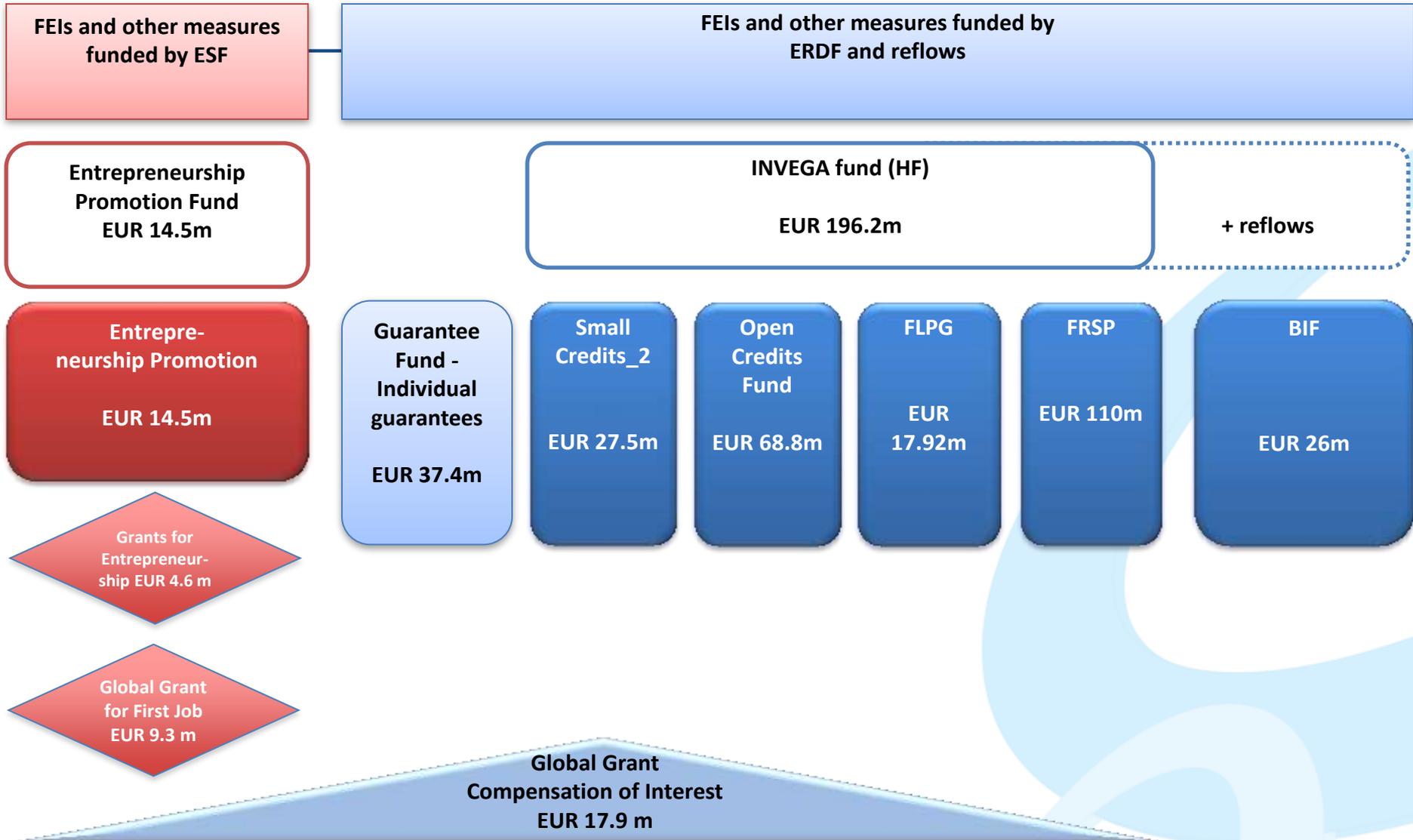


# TYPES OF SUPPORT MEASURES ADMINISTERED BY INVEGA

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# MEASURES FOR BUSINESS ADMINISTERED BY INVEGA (cont.)

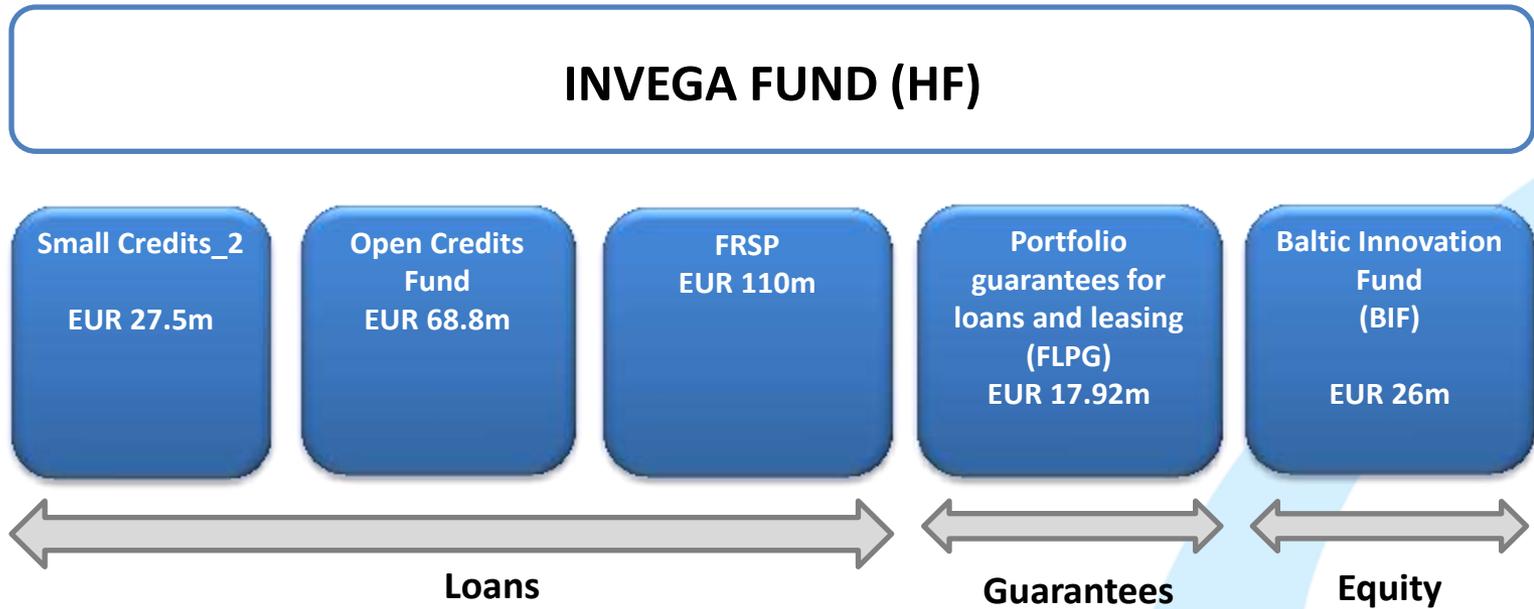


# GUARANTEE FUND

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- Guarantee Fund:
  - ERDF from August 2009
  - Term up to 31 Dec 2018
- Budget: EUR 37.4m
  - INVEGA has co-operation agreements with commercial banks, leasing companies and credit unions
- Main terms of Guarantee Fund:
  - Separate FEI, managed by INVEGA
  - 80% counter-guarantee on INVEGA's commitments under individual guarantees
  - Individual guarantee:
    - Guarantee rate – up to 80% of the credit to SME or up to 60% of leased asset value
    - Max guarantee amount – EUR 1.45m
    - Guarantee premium – 3-4% (subject to additional compensation, what results to 1-1,5%)
    - Purpose for investment or working capital loans for expansion and development of SME's general business activity
- State aid scheme: *de minimis* (restricted sectors: under *de minimis* rules)
- Responsible ministry: MoE

# INVEGA FUND (IF)



Responsible ministry: MoE

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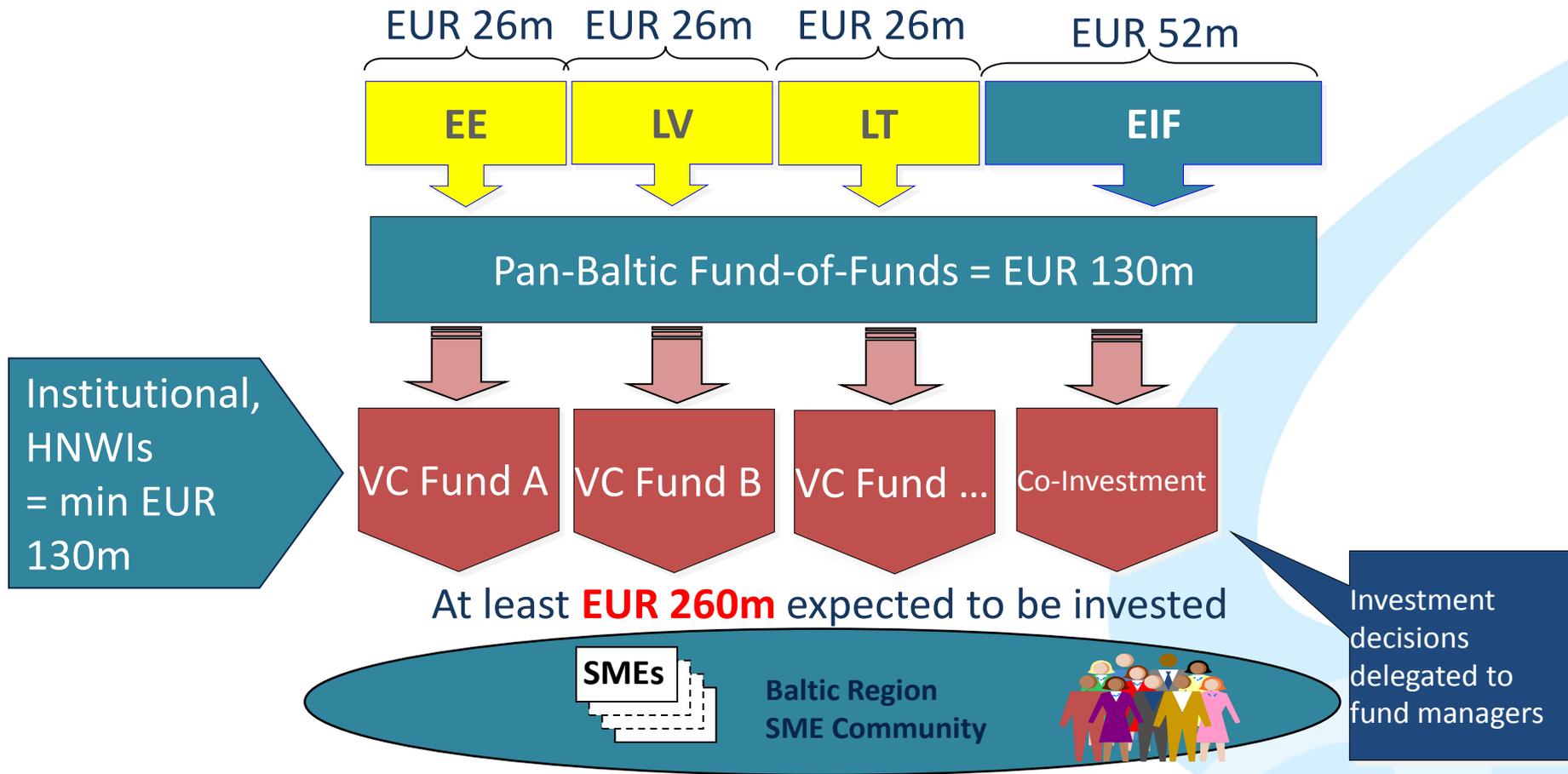
# BALTIC INNOVATION FUND (BIF)

# IF: BALTIC INNOVATION FUND (BIF)

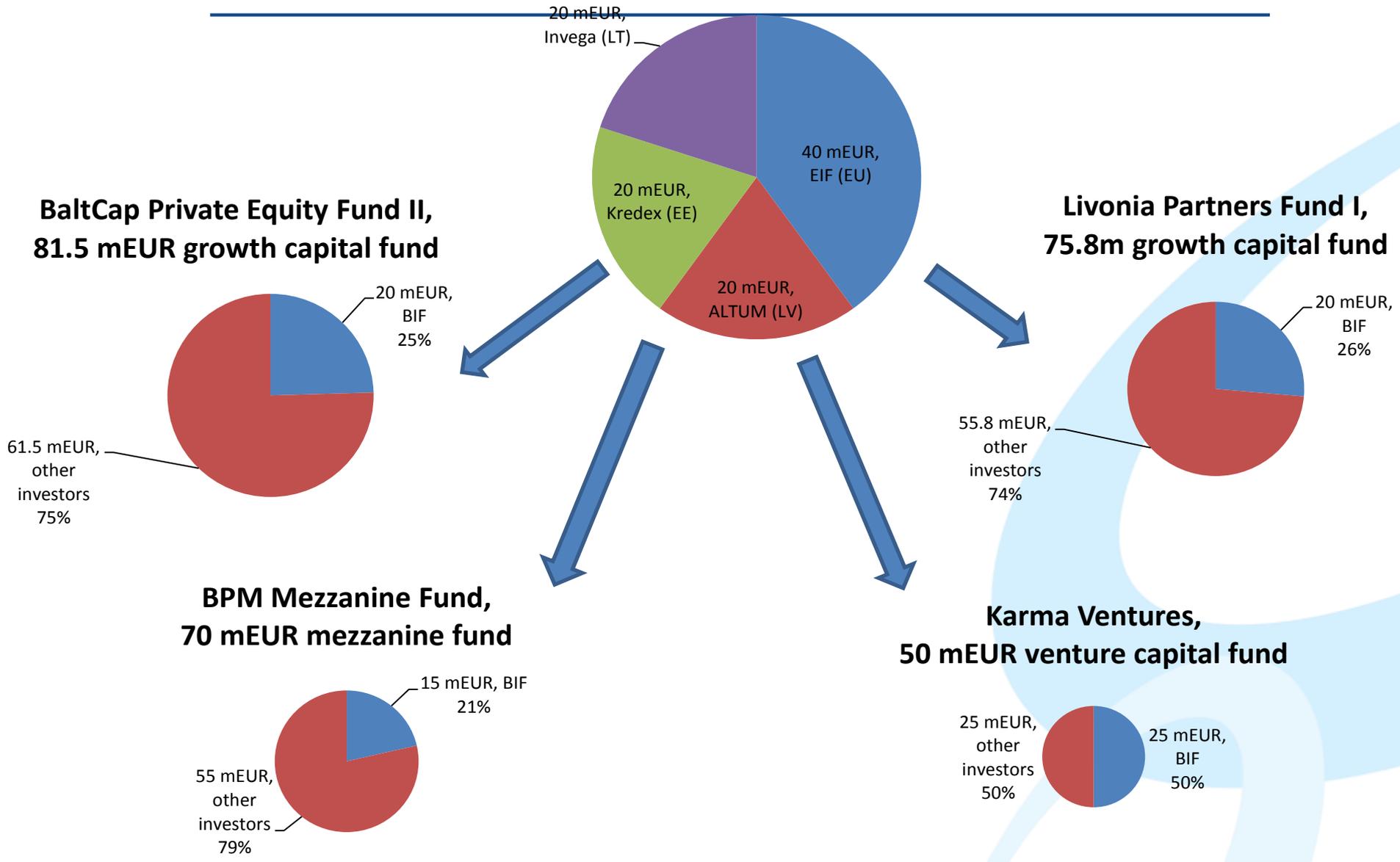
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- Initiative by the EIF and the Governments of the Baltic States
- Pan-Baltic fund-of-funds for investment in venture capital, private equity and mezzanine financing
  - EUR 130m total facility:
    - EIF: EUR 52m + Estonia, Latvia and Lithuania: each EUR 26m
    - Baltic States invest through specialized finance institutions: KredEx (EE), ALTUM (LV) and INVEGA (LT)
    - EIF and Baltic finance institutions treated pari passu
  - Additional > EUR 130m private investment in equity at the VC fund/co-investment level → at least EUR 260m total investment into enterprises in the region
- Investment period started on 01-01-2013
- 4 fund managers selected, 2 had closings (first investment into LT enterprise)

# BALTIC INNOVATION FUND: STRUCTURE



# Example: Baltic Innovation Fund



## Example: Baltic Innovation Fund

- Investors

- Latvia, Lithuania and Estonia invested a total of EUR 78m on commercial terms (EUR 26m each country)
- European Investment Fund invested EUR 52m
- >EUR 260m commitments to the funds, out of which:
  - BIF – EUR 80m.
  - Private pension funds invested a total of EUR 103.2m EUR
  - Other investors

- Results

- EUR 300m estimated amount of funding available to enterprises in 2015-2020 period
- Multiplier on public resources

# IF: LOANS

<b><i>Instrument</i></b>	<b><i>OCF</i></b>	<b><i>FRSP</i></b>
Allocation to FEI, EUR m	68.8	110
Purpose of loans	Investments and working capital (including credit lines)	Investments and working capital
Max loan amount	Co-financing of up to 75%, but not more than EUR 434 430  100% risk for FIs	Up to EUR 4.8m  Risk sharing – 50:50
Final recipients	SMEs	SMEs
Loan maturity	Up to 72 months	12–120 months
Interest rates	Soft loans: max margin < 3%; base rate – 3 m. EURIBOR + 0,1%	Market interest rates
Financial Intermediaries (FIs)	UAB „Medicinos bankas“, AB Citadele bank	AB SEB bank, AB „Swedbank“ and AB „Šiaulių bankas“

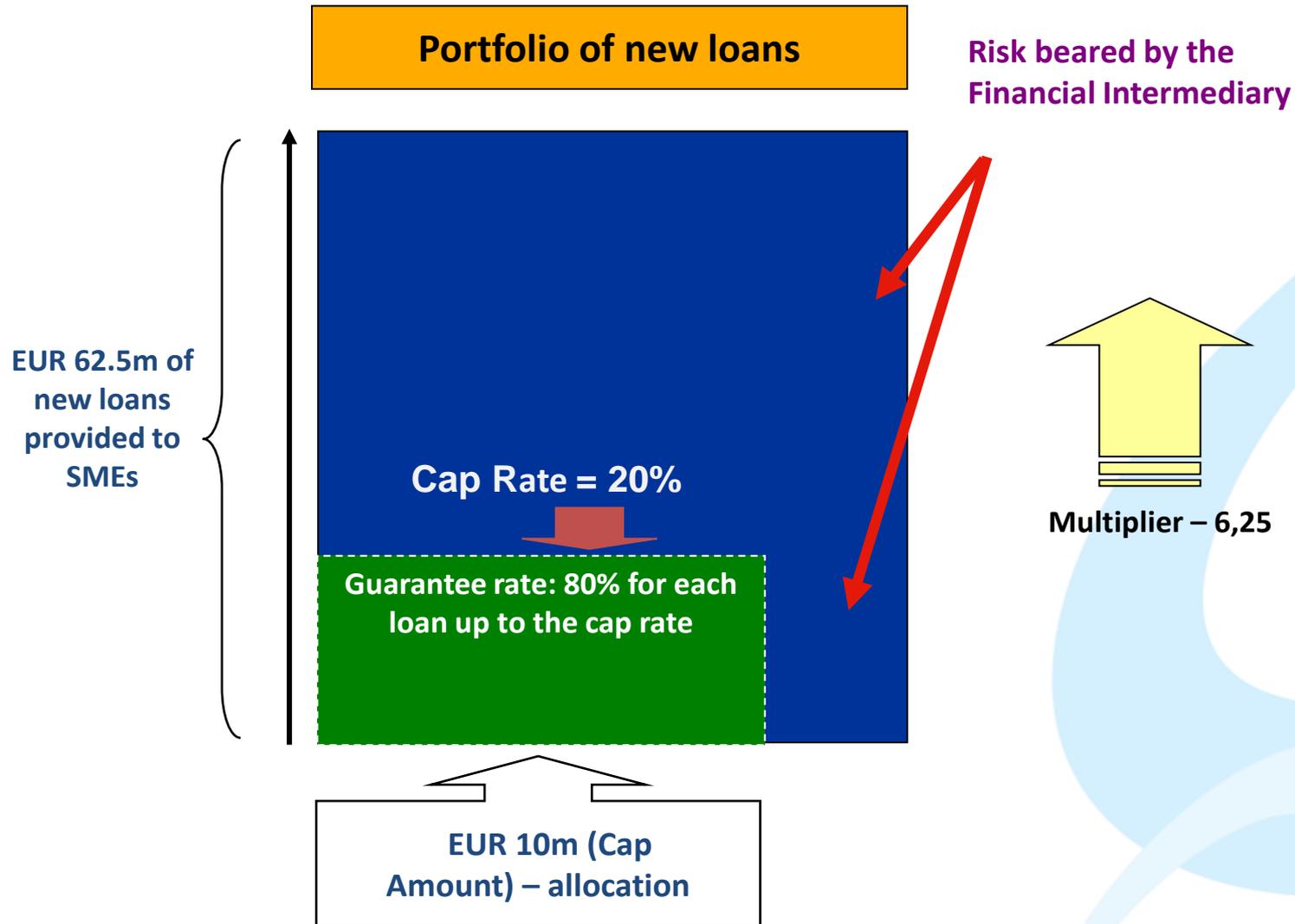
# IF: FLPG (PORTFOLIO GUARANTEES)

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- Allocation: EUR 17.92m
- INVEGA Fund instrument since 01-01-2013 (former JHF)
- Financial Intermediaries: Nordea Bank AB Lithuania Branch and AB “Šiaulių bankas” (FLPG for Loans), „UniCredit Leasing“ Lithuania Branch (FLPG for Leasing)
- Portfolio guarantees instrument for loans and leasing:
  - Final recipients – SMEs
  - Guarantee rate – 80%
  - Max transaction size to be included in portfolio – EUR 1.875m
  - Guarantee fee – 0.5–1% on guarantee amount
- State aid: *de minimis*

***Portfolio volume to be created/guaranteed – EUR 107m***

# EXAMPLE OF FLPG FOR LOANS



# PARTIAL COMPENSATION OF INTEREST

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- Global grant measure
- Size: EUR 17.9m

	Until 30-06-2015	Since 30-06-2015	
		Vilnius, Kaunas, Klaipėda	Regions
Loan (leasing) guaranteed by INVEGA	50%	70%	95%
Investment loan (leasing) without INVEGA's guarantee for investments into equipment and machinery	50%	70%	95%
EPF loan	95%	95%	95%
Loan (leasing) from INVEGA Fund FEIs (OCF, FRSP and FLPG)	-	70%	95%
Loan (leasing) from INVEGA Fund FEIs for business entities those suffered from Russian embargo	-	95%	95%

- Responsible ministry: MoE

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# ENTREPRENEURSHIP PROMOTION FUND

# ENTREPRENEURSHIP PROMOTION FUND

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- Holding Fund with measure – “*Entrepreneurship Promotion*”:
  - 1) ESF from December 2009
  - 2) term up to 31 Dec 2018
- Budget: EUR 14.5m
- FI: Consortium of 57 credit unions, represented by Lithuanian Central Credit Union
- Main terms of microcredits:
  - For start-up SMEs (legal entities and individuals) – operating < 1 year
  - Up to LTL 86k (EUR 25k) for one credit per SME
  - Up to 90% financed by ESF and 10% by credit union
  - Credit union’s interest margin – < 3.49%
- State aid scheme: *de minimis* (restricted sectors: under *de minimis* rules)
- Responsible ministry: MoSa

**“*Entrepreneurship Promotion*” – combination of FEI (microcredits) with trainings/counselling**

# Year 2009 ...

## *“Entrepreneurship Promotion Fund”* *ESF, Human Resources Development Programme*

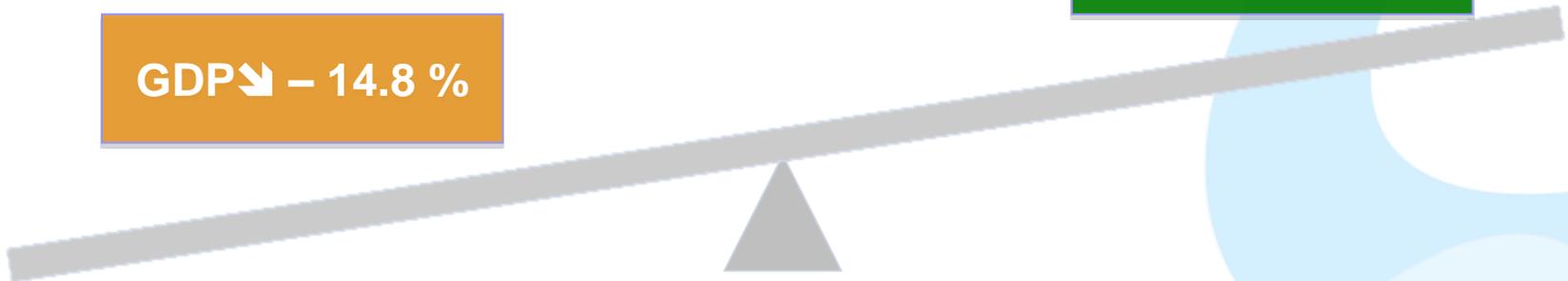
No access to  
finances for start-  
ups, especially for  
socially sensible  
groups

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

GDP ↘ – 14.8 %

Instrument to  
facilitate start-  
ups financing  
and job creation

?



**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**

**Entrepreneurship  
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**

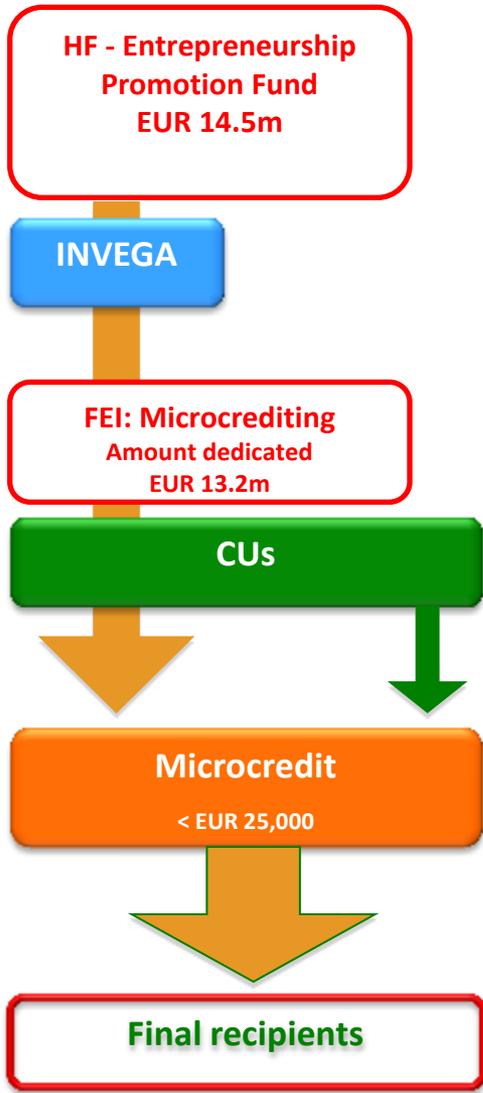
**Baltic Innovation  
Fund BIF**

**EUR 20m**

**Grants for  
Entrepreneurship  
Promotion EUR 2.9 m**

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

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

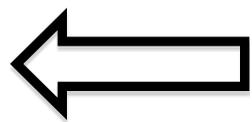


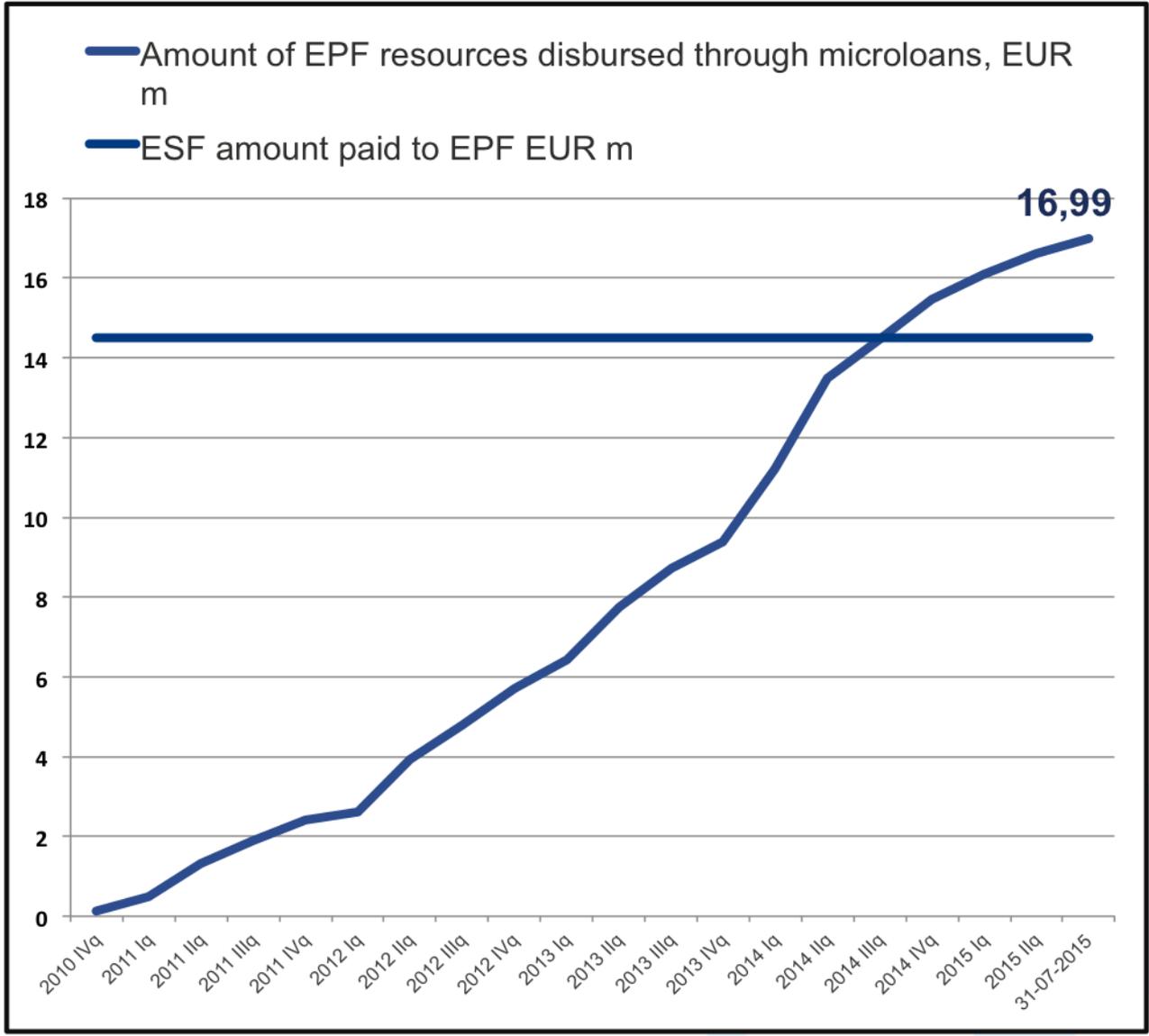
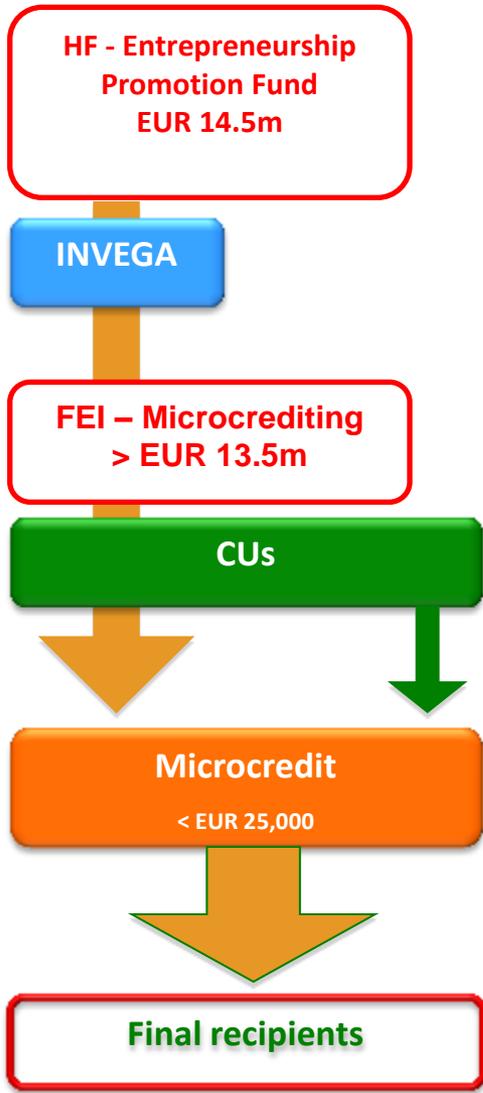
- Budget: LTL 50 million (EUR 14.48 million)
- HF manager: INVEGA
- Financial intermediary: Consortium of 57 CU led by LCCU (international public procurement)
- Final recipients: start-up companies and individuals < 12 month
- Microcredit < EUR 25,000. 90 % ESF contribution / 10 % CU resources
- Interest rate for final recipients: 3 months VILIBOR + 0,1% (≥ 2 %; ≤ 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“

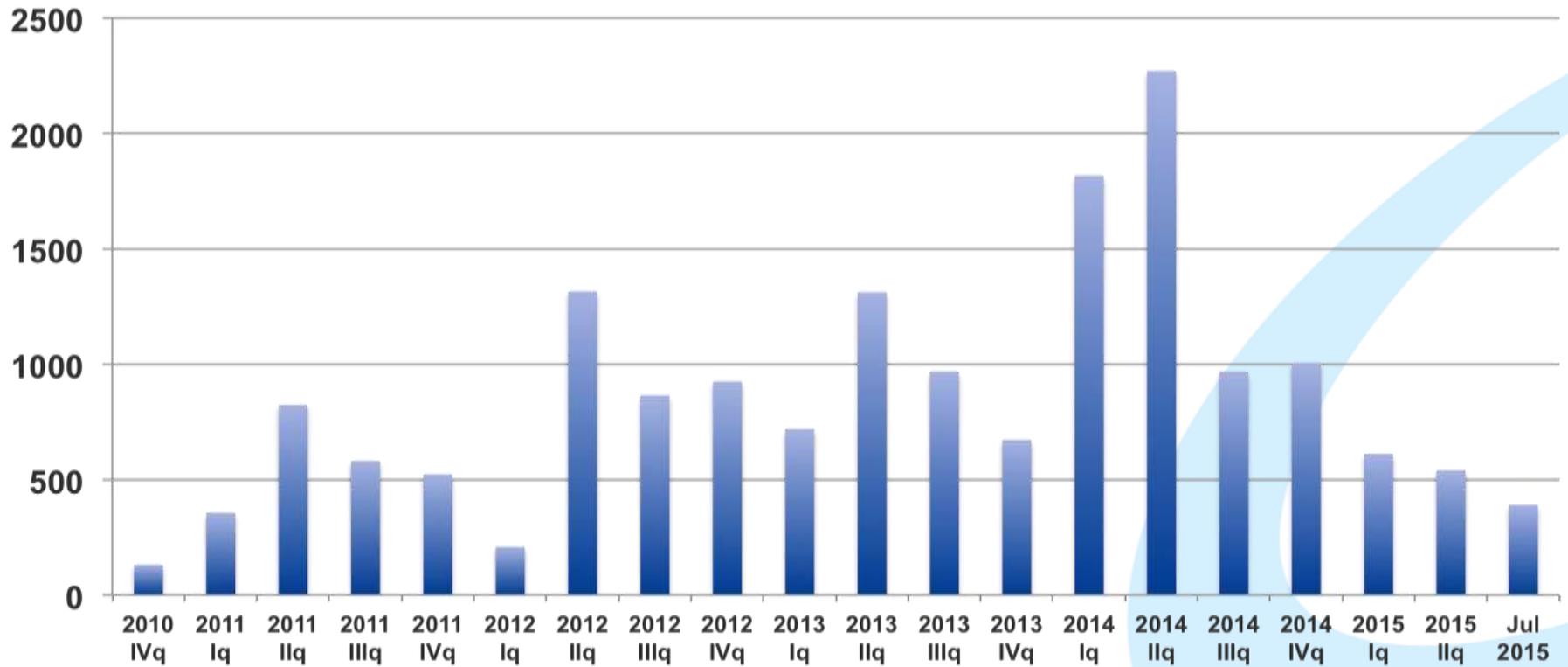
**Entrepreneurship Training**  
 „Business Plan Training“  
 „Accountancy and tax basics“  
 „Business and labor law basics“  
 „Business management basics“  
 „Marketing basics“  
 „Staff’s management in Business“

**Consultations**  
 Individual counseling on business plan provides training service providers





# Issue of microcredits by quarters, EUR thousands



## Results achieved

Name of the indicator	Results as of 31 July 2015	Measure monitoring indicator	Implementation
Number of the individuals attended the trainings	4979	5000	99.6 %
Number of the individuals successfully completed training	4867	4500	108.2 %
<i>Number of the individuals from the priority groups attended the trainings</i>	3127	1500	208.5 %
Number of loans (disbursed by CU)	1229	1200	102.4 %
<i>Number of individuals/enterprises from the priority groups received loans</i>	586	180	326 %
Number of jobs created	2884*	1000	288 %

\*At the end of 2014

## Results of EPF

- Amount of loans paid to final recipients (as of 31 July 2015):
  - Total EUR 18.88m (133 % total OP contribution )
  - EPF resources EUR 16.99m (117 % OP contribution )
  - CUs' resources EUR 1.89m
- Minimum loan granted – EUR 579,2
- Average loan granted – EUR 15,4 thousand
- Purpose of the loan: for investments (72 %), for working capital (28 %)
- Loan recipients: legal persons (83 %), individuals (17 %)
- 53 % of EPF microcredits received INVEGA's guarantee
- Microcredits by Priority groups:
  - 37 % - youth under 29 years
  - 8 % - elder above 50 years
  - 2 % - unemployed
  - 1 % - disabled

# Lessons learned

## *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!**

### **Survey of EPF start-ups about business creation:**

- **82 % positive, 15 % can't say for this moment**

### **Plans for 2015:**

- **50 % increase number of employees, 46 % keep the same number of employees**

## Outlook for 2014-2020

- After 2018 reallocation of reflows from EPF for another instrument
  - Modified EPF\_2:
    - 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 labor market
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## ***9 month to start... EPF. Actual timetable***

<b>Activities</b>		<b>Date</b>
Governmental resolution ( <i>to MoSSL: consider possibility of introducing new FEI scheme under ESF</i> )		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 <sup>st</sup> 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

# ENTREPRENEURSHIP PROMOTION SUBSIDIES

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- Global Grant measure
- Budget: EUR 4.6m
- Applicants: Loan borrowers of the Entrepreneurship Promotion Fund
- Subsidies:
  - EUR 7240.5 if applicant belongs to a priority group (youth till 29 years of age, unemployed, disabled, persons senior than 50 years of age). Applicant's status is determined on the date of submission of the application to a credit union to receive the EPF loan
  - EUR 5792.4 if the applicant does not belong to a priority group
- Responsible ministry: MoSa
- Measure is finished, but analogue is planned to be implemented

# SUPPORT FOR THE FIRST JOB

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- Global grant measure
- Budget: EUR 9.3m
- Beneficiaries: private and public legal entities (excluding budgetary institutions), subsidiaries and representative offices of foreign companies, natural persons (employers)
- Compensation:
  - for person  $\leq 29$  years, who is employed for the first time
  - 23.3% of wage (including taxes) but not more than EUR 115 per month per one employee
  - compensation period –  $\leq 12$  months
- State aid scheme: no state aid
- Responsible ministry: MoSa

# FEIs: RESULTS (30-06-2015)

FEI	Allocated, EUR m		Disbursed to final recipients*** EUR m	Number of final recipients supported*
	ERDF/ESF	reflows		
INVEGA Fund	196.2****	48.9	306.24	3165
SC2	27.5	0	51.35	907
OCF	57.06	11,75	74,05	560
BIF	0	20	-	1
FRSP	97.8	12,2	180.65	960
FLPG	13.02	4.9	0.19**	737
Guarantee Fund	37.36	0	3.1**	2995
Entrepreneurship Promotion Fund	14.5	0	18.7	1223

\* Number of loans (leasing)

\*\* Sum of guarantee payments

\*\*\* Management fees (costs) not included

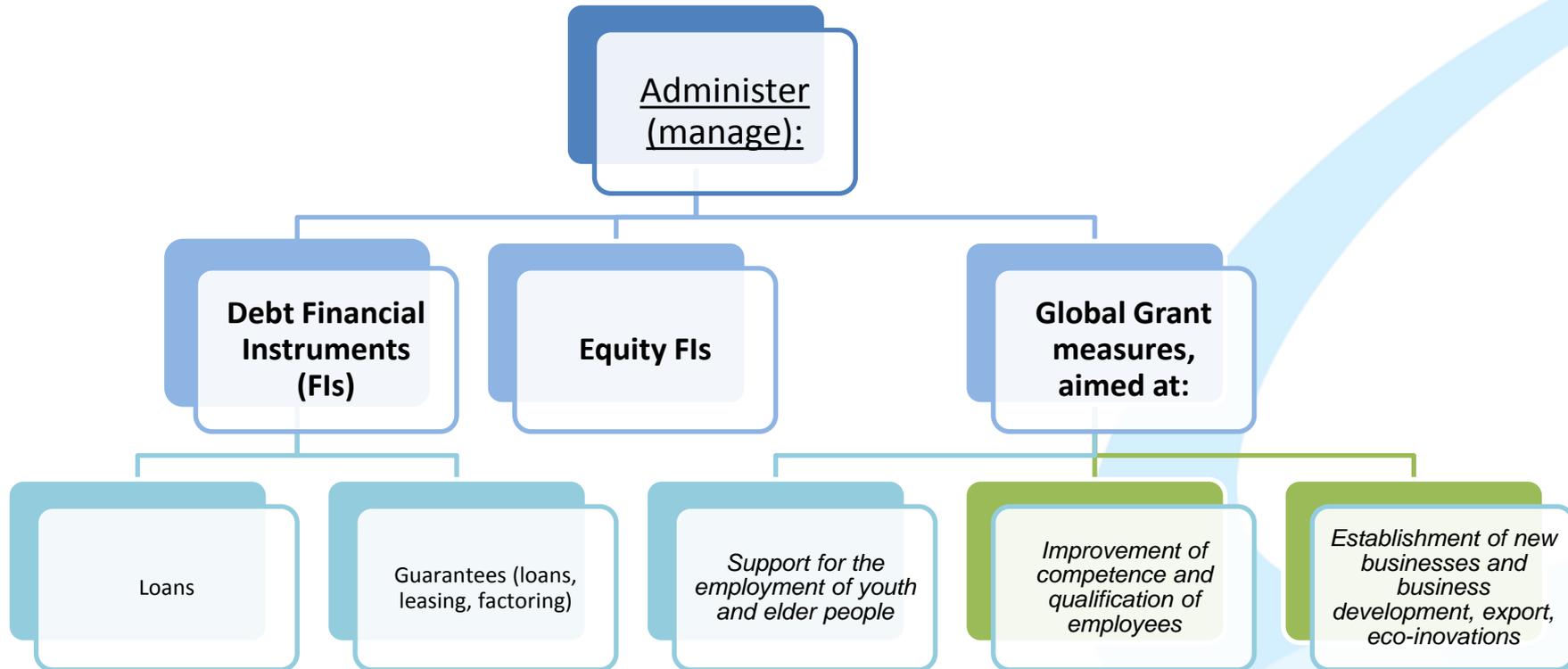
\*\*\*\* Part of funds allocated for the management costs of INVEGA Fund

# GG MEASURES: RESULTS (30-06-2015)

Measure	Allocated, EUR m		Amount under decisions (ERDF/ESF/reflows) EUR m	Disbursed (ERDF/ESF/reflows) EUR m	Number of decisions
	ERDF/ESF	reflows			
Partial Compensation of Interest	16.2	1.7	18.8	16.2	4911
Support for the First Job	9.3	0	8.5	6.8	21073
Entrepreneurship Promotion Subsidies	4.6	0	5.2	3.2	797

# FUTURE PLANS

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# GG MEASURES PLANNED TO BE ADMINISTERED

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▶ 2 Partial Compensation of Interest (PCI) – EUR 17.3m

▶ Business Consultant LT – EUR 11.58m

▶ Expo Consultant – EUR 11.58m

▶ Eco Consultant – EUR 1.45m

▶ PCI – EUR 4.34 for industrial enterprises

▶ Support for Job (analogue of Support for the First Job) – EUR 40.55m

▶ Subsidies for Start of Business (SSB) (analogue of Entrepreneurship Promotion Subsidies) – EUR 13m

▶ SSB (PCI part) – EUR 2.9m

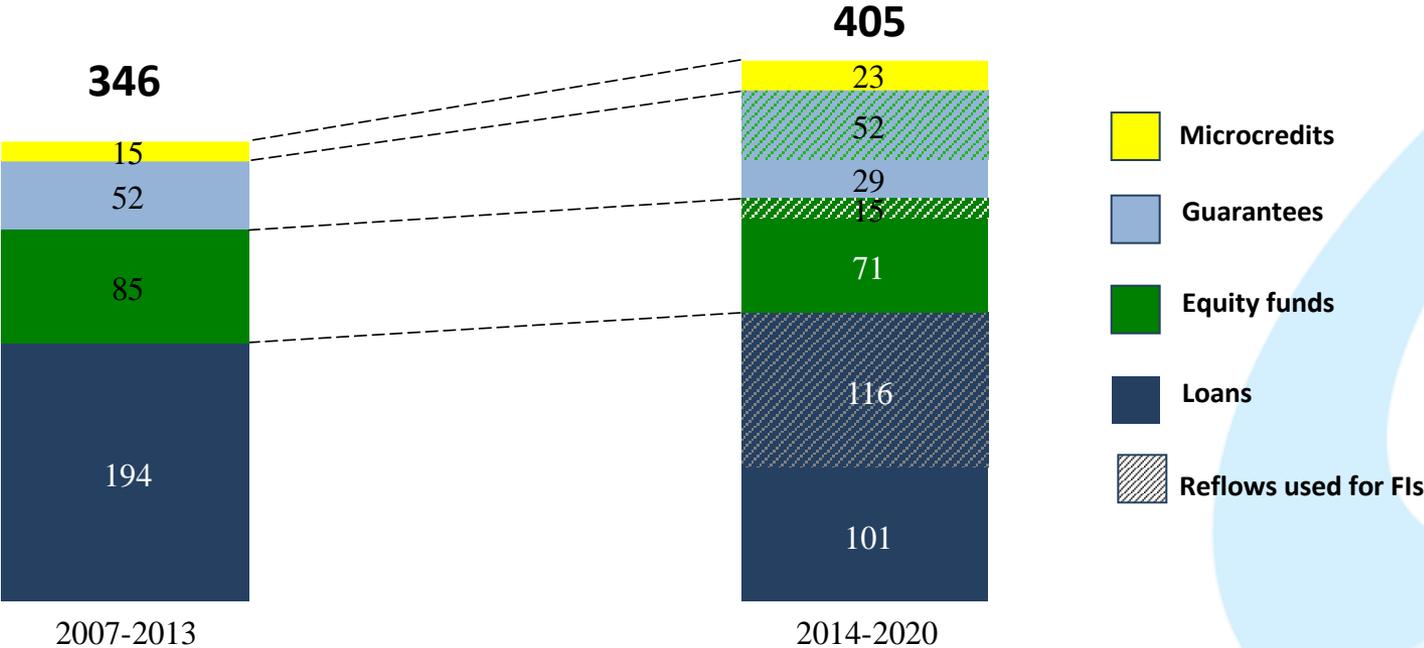
▶ Voucher for Competence EUR 62.84m

# INVEGA – PROJECT MANAGER

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- **Financial Instrumens (FIs) from:**
  - *ESIF*
  - *National Budget (reflows)*
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# FINANCIAL INSTRUMENTS (FIs)



# FIs FROM ESIF

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## Loans

- FRSP
- Entrepreneurship Promotion Fund 2 (EPF2)

## Guarantees

- FLPG (loans, leasing, factoring)

## Equity

- Seed and VC Fund (R&D)
- 2 RCFs
- Business Angels Co-investment Fund 2
- Co-investment Fund (partially R&D)

# FIs FROM REFLOWS

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## Loans

- Open Credits Fund 2

## Guarantees

- Guarantee Fund 2 (individual guarantees)
- Guarantees for loans from EPF 2 (individual guarantees)

## Equity

- Seed and VC Fund
- Co-investment Fund

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Thanks!