



Entrepreneurship Promotion Fund 2014-2020, Lithuania

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Summary



- Lithuania
- Fund of funds **(FoF)** Entrepreneurship Promotion Fund 2014-2020, financed by European Social Fund **(ESF)**
- Financial instrument Entrepreneurship Promotion Fund 2014-2020, financed by ESF **(FI or EPF2)**
- Small and Medium-sized Enterprises (SMEs)
- Microloan + consultations
- Financial size: Operational Programme contribution **EUR 24.5m**
- + **EUR 2.28** additional private resources



Strategic context

Block 1



 #ficompass



Strategic context

– Background



- Baltic region
- Lithuania
- Capital: Vilnius
- Major cities: Vilnius, Kaunas, Klaipėda
- Joined EU in 2004
- National currency – Euro (since 2015)
- # inhabitants (January 2017) – 2,849,317



In Lithuania
unemployment in:
2012 – 13.2%
2016 – 7.9%

In Europe
unemployment in:
2012 – 10.6%
2016 – 9.8%

In Lithuania
GDP 2016 – 2.3%
(forecast 2017 – 2.7%)
GDP per capita
2015 – 75 PPS

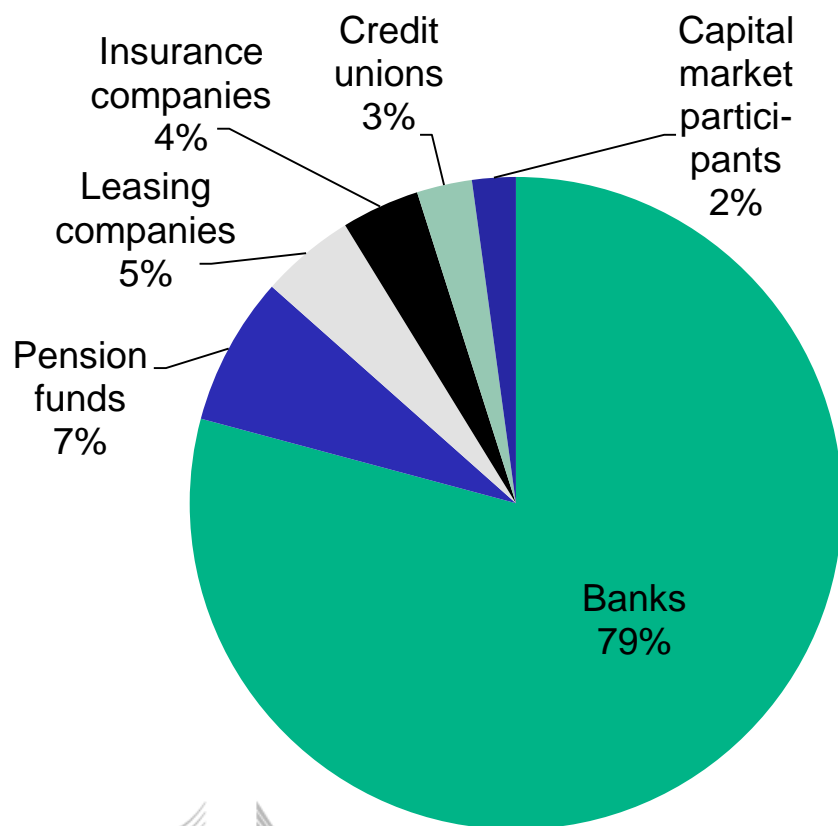
In Europe
GDP 2016 – 1.9%
GDP per capita
2015 – 100 PPS

Strategic context

– Structure of Lithuanian Financial System



Assets



3 NPBs – INVEGA, PIDA, ACGF

INVEGA

- ✓ Established by Government (GoV) of Lithuania on 29 November 2001
- ✓ State owned 100%, private limited liability company
- ✓ Share capital – EUR 8.69m
- ✓ Liabilities under individual guarantees calculated into State Debt of Lithuania
- ✓ MoE is responsible for supervision of INVEGA

Strategic context



- ESIF investments in Lithuania over 2 PP

2007-2013
programming period

1. Human Resources Development Operational Programme (OP) (ESF)
2. Economic Growth OP (ERDF+CF)
3. Cohesion Promotion OP (ERDF+CF)
4. Technical Assistance OP (ESF)

EUR
6775.5m
(3 funds 4 OPs)



2014-2020
programming period

EUR
6709.3m
(3 funds 1 OP)

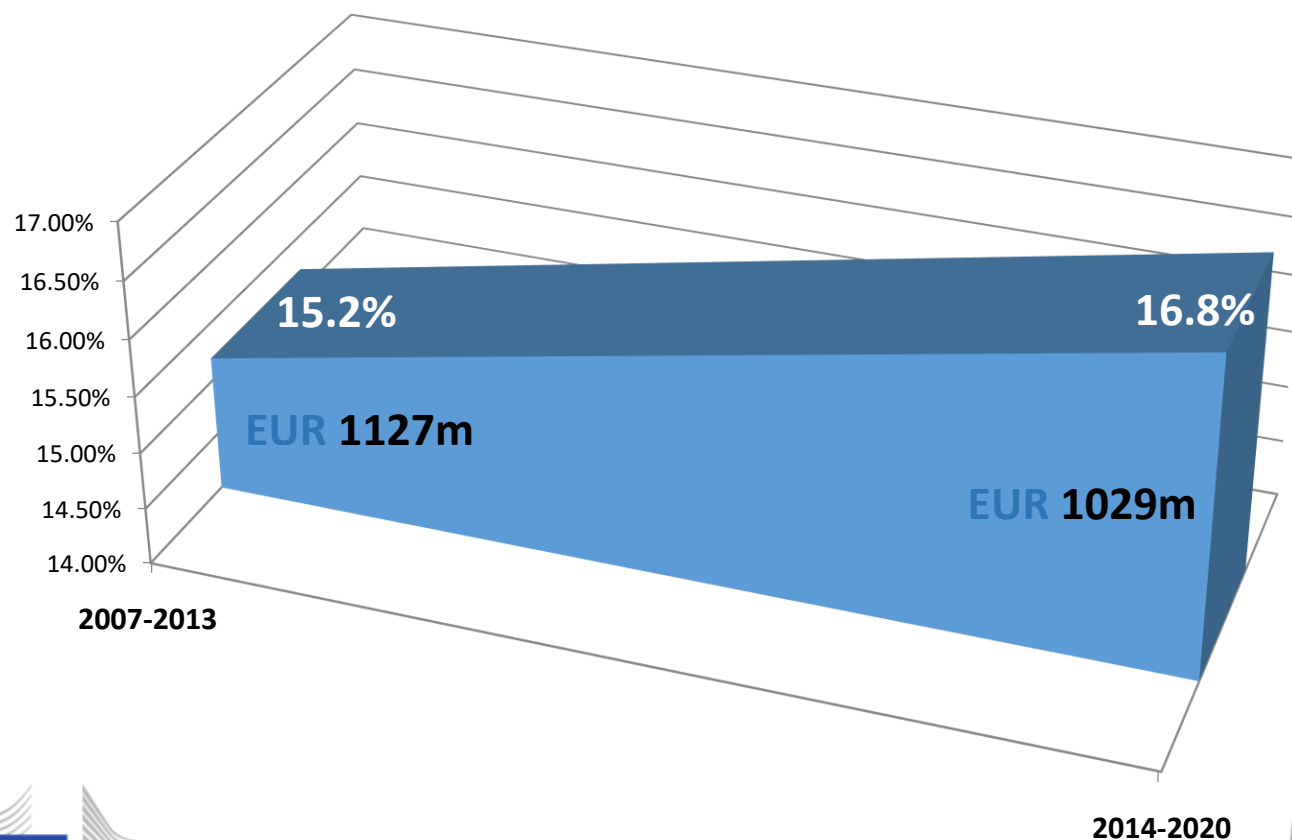
EU Funds Investment
OP for 2014-2020
(ESF+ERDF+CF)

Adopted by EC in
Sept 2014



Strategic context

- ESF in Lithuania over 2 PP (Percentage of all EU funds in LT)





HF and FI in Lithuania in 2007-2013

Jessica HF
(EIB)

- Modernisation loans for multi-apartments and student dormitories

Jeremie HF
(EIF)

- Venture capital for SMEs

Invega HF
(INVEGA)

- Debt instruments for SMEs (loans and portfolio guarantees)

Entrepreneurship
Promotion Fund
(INVEGA)

- Loans for entrepreneurship promotion

Guarantee Fund
(INVEGA)

- Individual guarantees for SMEs

Experience and lessons learned 2007-2013 (1/2)



FEI in 2007-2013:

- Holding Fund “Entrepreneurship Promotion Fund” (HF) with FEI – “*Entrepreneurship Promotion*” (FEI) under Human Resources Development OP
- Budget: EUR 14.5m (ESF) + 10% private
- HF manager: INVEGA
- FEI 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 + training for starting a business, accounting, law, marketing
- Responsible ministry: MoSSL
 - + Compensation of 95% (by ERDF) of interest paid by SME
 - + Global grant measure – *Subsidies for Entrepreneurship Promotion*
 - + INVEGA guarantees up to 80%



Experience and lessons learned 2007-2013 (2/2)



- 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

Use of legacy funds



Financial Instrument (FI) “*Guarantees for start-ups*” under HF EPF:

- since June 2016
- guarantees provided until 31 October 2023
- Budget: EUR 8.3m
 - 80% counter-guarantee on INVEGA’s commitments under individual guarantees
 - Individual guarantee:
 - Guarantee rate – up to 80% of the credit to SME operating <1 year
 - Max loan – EUR 25 000
 - Guarantee premium – 4% (subject to additional compensation, what results to 1%)
 - Purpose – for investment or working capital loans
- FI manager: INVEGA
- Responsible ministry: MoSSL



Objectives in 2014-2020

- Firm commitment to continue with FIs
- Extending FIs to new sectors
- Cooperation between national and international financial institutions
- Promotion of NPBs and investment platforms by using EFSI

Strategic context

– Specificity of the TO (1/2)



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 labour demand by promoting entrepreneurship of the population, in particular those who face difficulties on the labour market

***OP priority 7 corresponds to CPR Thematic Objective 8**

Ex-ante assessment

– Approach



Overview

- *Ex-ante assessment 2014-2020* carried out by joint group – **INVEGA, MoF, MoE, MoSSL, EIF** in partnership with a wide range of stakeholders
- Presented to the Monitoring Committee – April 2015
- Limited access to finance for new and growing SMEs, especially start-ups and socially sensible groups
- Continuity of success story of EPF 2007-2013
- Full version and summary is available on:
<http://www.esinvesticijos.lt/lt/dokumentai/verslo-finansavimo-2014-2020-metu-europos-sajungos-strukturiniu-fondu-lesomis-isankstinis-vertinimas>



Ex-ante assessment

– *The study*



Market assessment (1/3) – Market failure, suboptimal investment

Information gathering:

- Demand analysis – survey on SME access to finance and investments planned
- Supply analysis – interviews with financial institutions on availability and terms for financing
- Analysis of recent studies for SME environment/governmental support for SMEs

Market failure – EUR 645m in 2016-2023 or EUR 80m per year

Factors limiting access to finance and lessons learned:

- little knowledge of alternative financing methods
- strict financing requirements
- lack of collateral
- exclusion of newly established enterprises – need for special attention to early-stage companies to promote development
- limitations of Basel III requirements
- legal regulatory failures, etc.



Ex-ante assessment

– The study



Market assessment (2/3) – Value added

QUALITATIVE	QUANTITATIVE
Prompt response to changing economic situation and changing needs of SMEs	Attract additional private resources
Loan instruments implemented in 2007-2013 correspond to best practice defined by OECD	Efficiency of FIs compared to subsidies due to repayment capacity of final recipient
Simple application process, clear and understandable requirements	Significant positive impact on investment loans identified
Less distortion of local market	Economic viability of investments

Ex-ante assessment

– The study

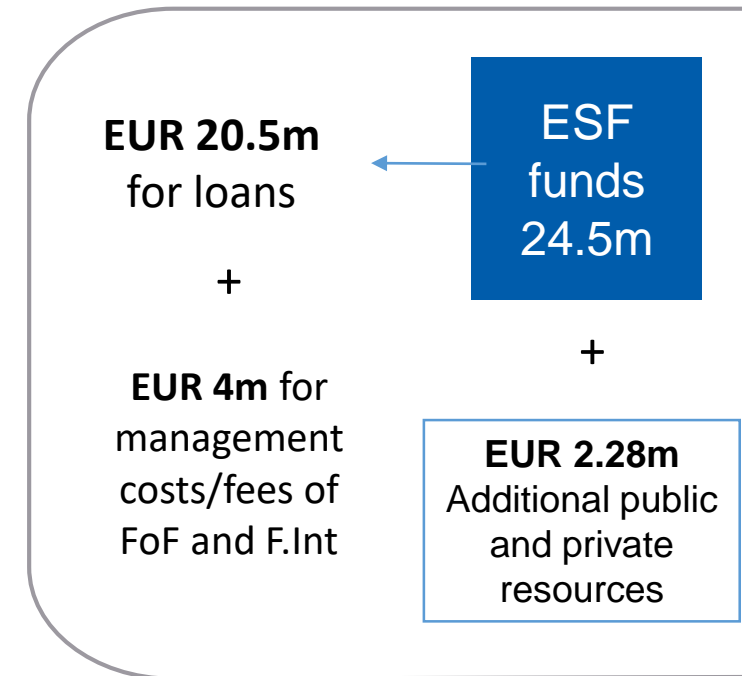


Market assessment (3/3) – Additional public and private resources

- Up to 90% financed by FI and
≥ 10% by Financial Intermediary

Leverage – 1.1x

Estimated leverage



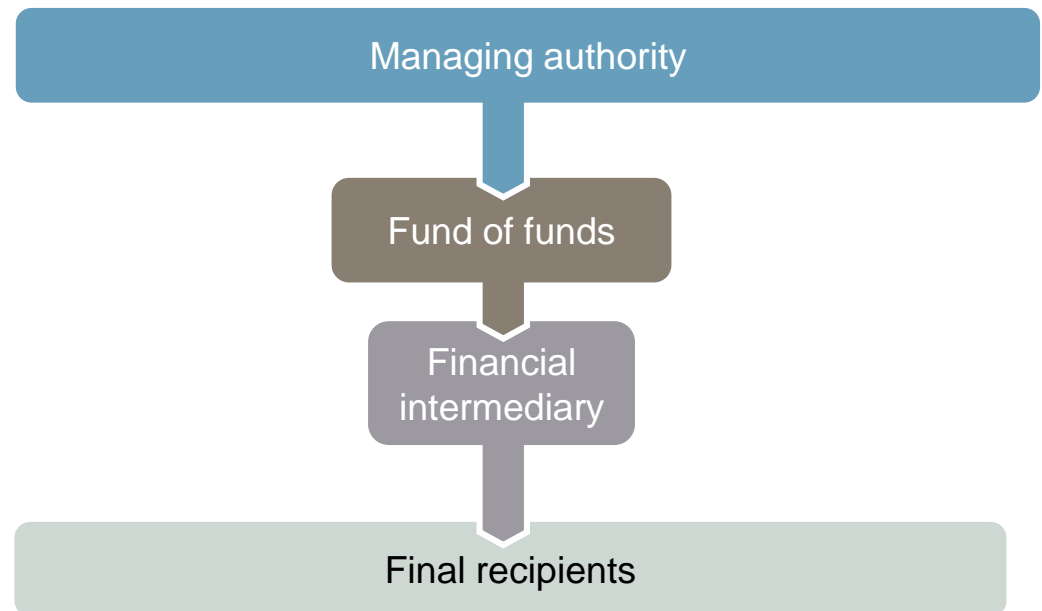
Ex-ante assessment

– *The study*



Delivery and management (1/4) – Proposed investment strategy

- FoF structure
- Tailor-made
- State aid scheme: *de minimis* at SME level
- Combination with global grant measure – *Subsidies for business start-ups* (separate operations)



Ex-ante assessment

– The study



Delivery and management (2/4) – Proposed investment strategy

Comparison with 2007-2013

- FI Entrepreneurship Promotion was very successful
- FI Entrepreneurship Promotion 2014-2020, financed by ESF (EPF2) – similar to EPF

SIMILARITIES		DIFFERENCES 2007-2013 vs 2014-2020	
SME <1 year	priority groups	Training	Consultation
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 not fixed	Maturity: up to 10 years



Ex-ante assessment

– The study



Delivery and management (3/4) – Expected results

Name of the indicator	Expected results
Persons and enterprises supported by FI	1 000
Persons or enterprises that used FI, of which: persons and enterprises facing difficulties in labour market	440
Number of new jobs in new enterprises/businesses	1 800
Number of new jobs in new enterprises/businesses, of which: persons facing difficulties in labour market, employed in new enterprises/businesses	810
Share of new enterprises/businesses supported by FI, successfully operating 12 months after receipt of loan	82%

Ex-ante assessment

– *The study*



Delivery and management (4/4) – Provision for update

Provisions allowing review and update of ex-ante assessment:

- Lack of funds compared to demand
- Amendments to national and EU legal acts during FI implementation, which restricts implementation of FIs as indicated in ex-ante assessment or allows much easier and less costly implementation than indicated in ex-ante assessment
- Changes to national strategic goals and objectives
- Significant deviation between planned and achieved results can be obstacle to FI implementation to its full extent.

Ex-ante assessment

– *Recommendations and lessons learned*

Lessons learned and recommendations

- First experience – good experience
- Relevant data
- Involvement of different stakeholders
- Time consuming process
- Flexible ex-ante assessment in order to reflect actual market situation



Design and set-up

Block 2



 #ficompass



Design and set-up



FI management process – general scheme

Strategic planning

- Operational Programme
- Ex-ante assessment (Initiated by MA)
- National sectoral programmes

Operational planning

- FI measures implementation plan (IB, coordination with MA)
- Preparation and approval of project selection criteria (IB, MA, MC)

Design and set-up



FI management process – general scheme

Selection

- Preparation of project financing conditions (MA, coordination with IB)
- Call for proposals for potential FoF managers to submit proposal (MA)
- Assessment of proposals and selection of FoF manager (PSC – MA and IB)
- Funding Agreement (MA, IB, FoF manager)

Implementation

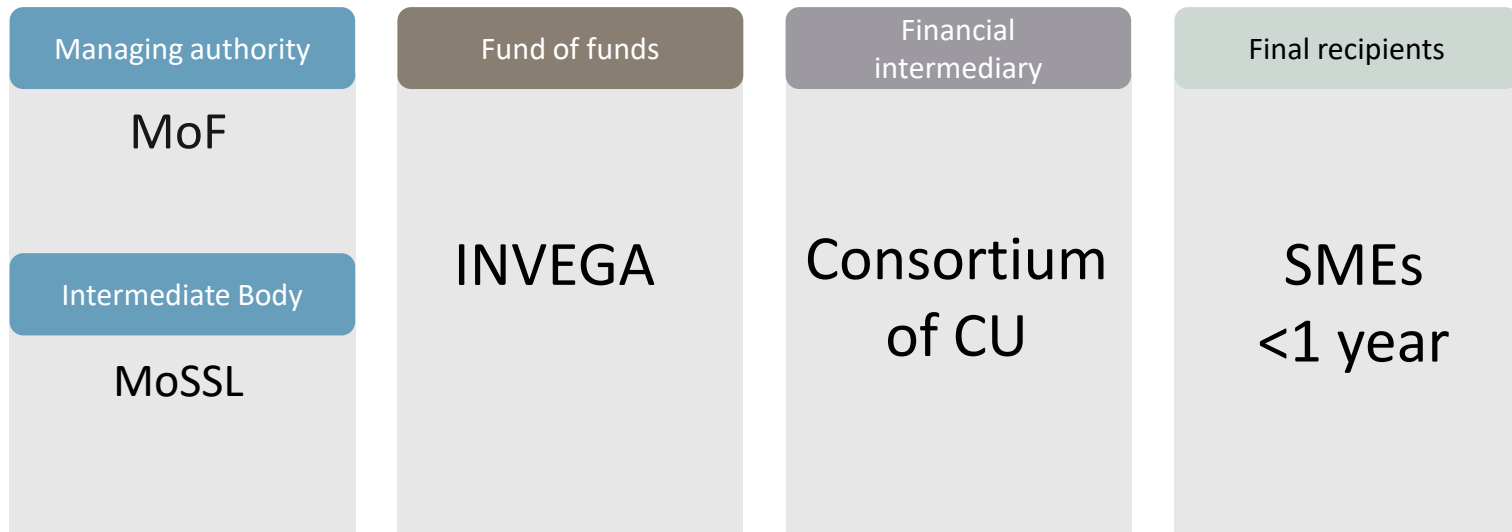
- Establishment of Steering Committee (IB, MA)
- Selection of F.Int (FoF manager)
- Reporting (FoF manager and F.Int)
- Management verifications (administrative verifications and on-the-spot verifications) (MA/CA)
- Payments (MA – verification of eligibility of expenditure; IB – payment)
- Audit (AA, EC, CoA)

Design and set-up

– *Implementation structure*



Schematic overview



Design and set-up

– *Implementation structure*



Options considered under CPR Art. 38(1), 38(3) and 38(4)

Choice made based on:

- results of interviews with market participants and market survey
- results of FIs from 2007-2013 programming period
- different provisions of regulations applicable in the last and new programming period
- speed of implementation, experience, cost of potential managers
- different aims of separate FIs

Why a fund of funds structure?

- Flexibility
- Division of functions btw MA, MoSSL, FoF manager and F.Int
- Positive experience from previous programming period



Design and set-up

Selection of FoF manager



Main actions	Date
Ex-ante assessment, presented to MC	23-04-2015
OP measure approved	13-07-2015
Selection criteria approved by the MC	27-08-2015
Launch of call for expression of interest	14-09-2015
Application received	18-09-2015
Assessment of application (including according to Art. 7 of Delegated Regulation)	24-09-2015
Project Selection Committee (PSC) established	25-09-2015
I PSC meeting Decision made – to submit additional information until next meeting according to questions raised by PSC members	28-09-2015
Assessment of applications based on additional information	21-10-2015
II PSC meeting Decision made – to sign the Funding Agreement	23-10-2015
Signature of Funding Agreement (MA, IB, FoF manager)	08-12-2015

Design and set-up

Selection criteria for FoF manager



Selection criteria for FoF manager (MA) – assessed if:

- FoF manager is a legal entity, aiming at achieving public interest under control of public authority
- Corresponds to Art. 12(4) and 12(5) of Law on Investments and is acting in the field indicated in paragraph 1.1 of GoV Resolution No. 814 of 5 August 2015, as it is set forth in Art. 38(4)(b)(ii) of CPR

Selection criteria for FoF activities and final recipients (MoSSL):

- Project must comply with goals and targets of measure „To provide support for start-up focusing on persons facing challenges in labour market” of national strategic document (Action plan for Programme of Employment, 2014-2020)
- Final recipients: SMEs operating up to 1 year; loan up to EUR 25 000 for starting-up (developing) own business



Approved by MC on 27 August 2015



Design and set-up

*Inter-administrative cooperation –
procedure before 18 April 2016*



- Funding agreement signed exclusively between public authorities, without participation of private party
- INVEGA is established by GoV Resolution under MoE
- No private provider of services was placed in a position of advantage *vis-à-vis* competitors (confirmation on non-discrimination from Competition Council and Public Procurement Office received)
- GoV assigned INVEGA to implement FIs for SME financing at business establishment, implementation and development stage (GoV Resolution No 814 of 5 August 2015)
- Services provided by INVEGA are related to pursuit of objectives in public interest

Design and set-up



– *Selection of bodies implementing the FI*

General awareness raising/market testing:

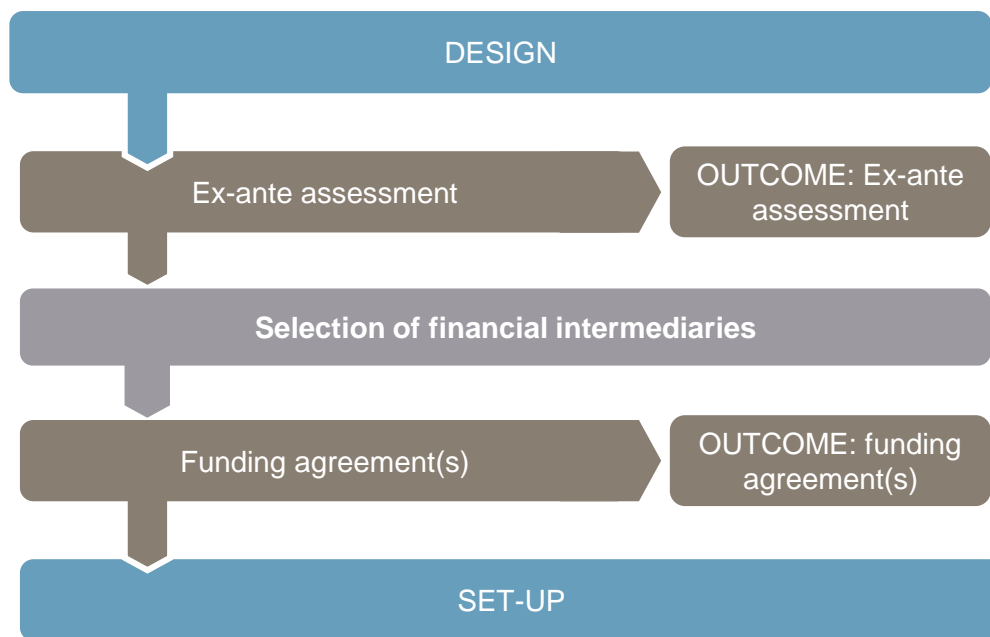
- Presentation of main provisions of FI to market players
- Draft public procurement documents published for comments in February 2016
- Public procurement tender published on 18 April 2016
- Invitation via e-mail to all potential financial intermediaries in Lithuania after publication on central information system of public procurement

Design and set-up

– Selection of bodies implementing the FI



- *F.Int*: public procurement under open procedure → Consortium of credit unions
- Eligibility criteria: *F.Int* – criteria for qualitative selection as applicable under public procurement + general requirements for financial institution



Design and set-up



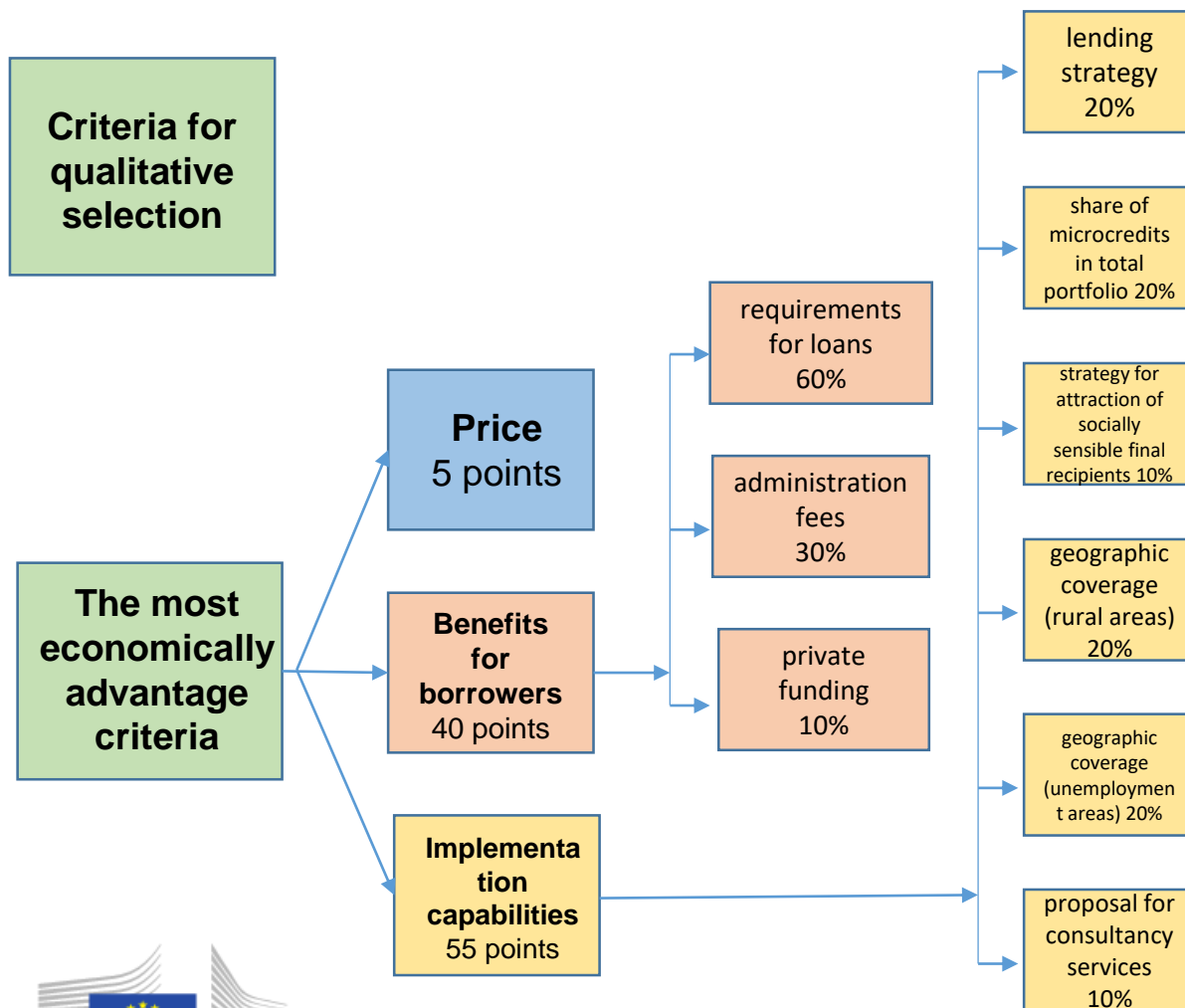
– *Selection of bodies implementing the FI*

Main actions	Date
Public discussions on requirements for selection of F.Int launched	01-04-2016
Tender published (3 applications received)	18-04-2016
Deadline for applications	30-05-2016
Winner announced - Consortium of 42 Credit Unions, represented by Lithuanian Central Credit Union (LCCU)	04-07-2016
Funding agreement between INVEGA (FoF) and Consortium (F.Int) signed	05-10-2016
First disbursement to SMEs	December 2016

F.Int selected exclusively by INVEGA internal resources

Design and set-up

– Selection of bodies implementing the FI



Selection criteria

- criteria for qualitative selection
- the most economically advantage criteria

Criteria fully in compliance with DA No 480/2014

Design and set-up

– *Selection of bodies implementing the FI*



Lessons learned:

- Publication of draft selection documents for comments
- Publication of Q&A
- “Pre-warming” of potential tenderers

Feedback from market:

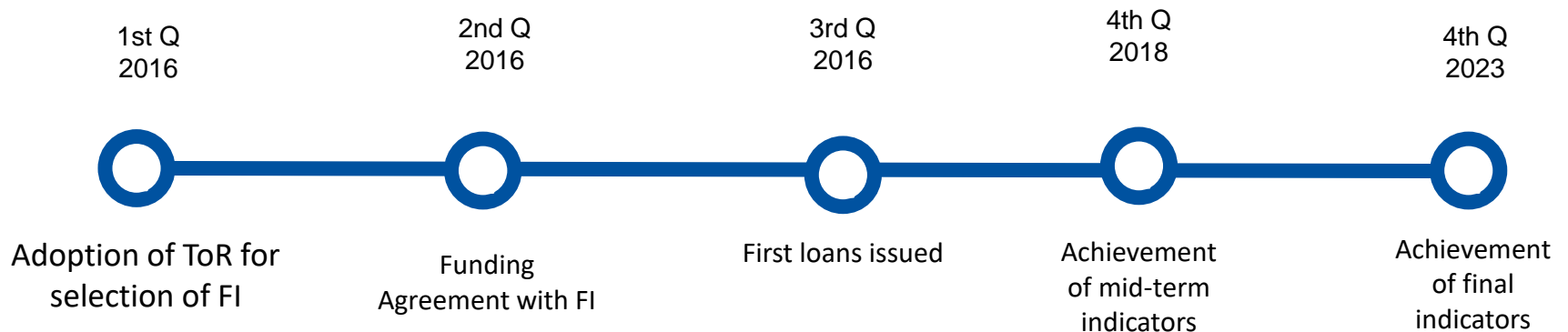
No complaints on selection process received

Design and set-up

– Funding agreement MA-FoF



Implementation period

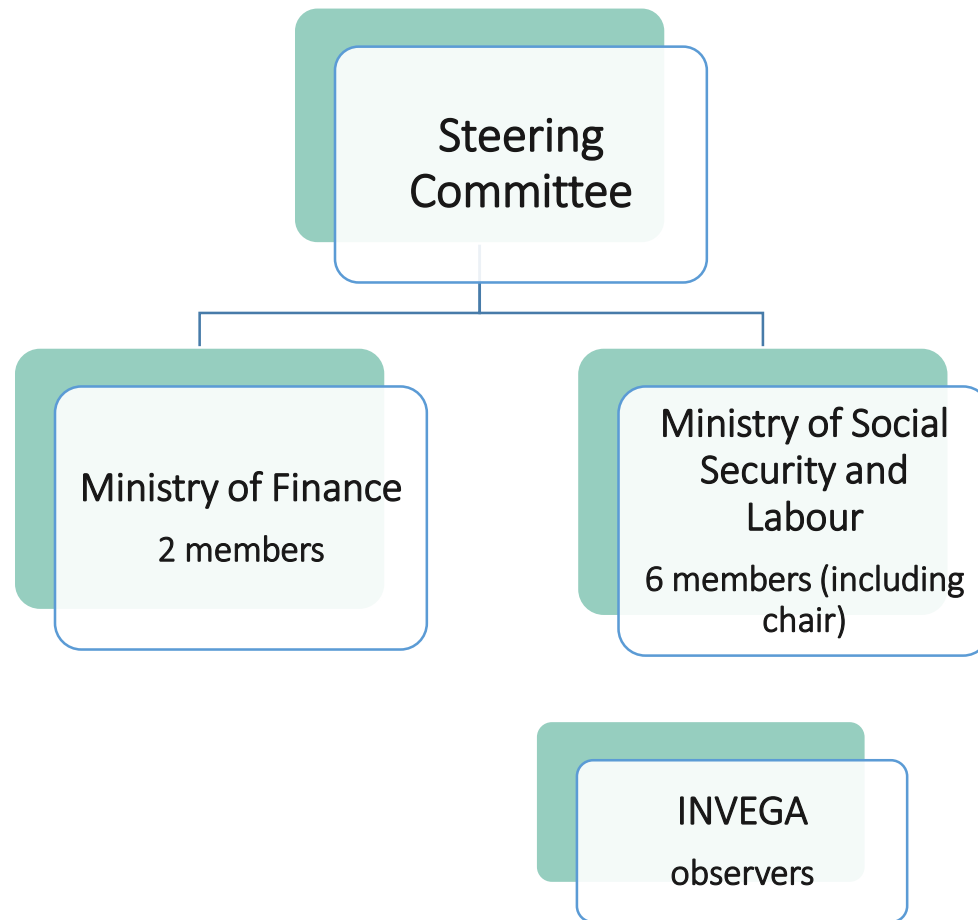


Design and set-up

– *Funding agreement MA-FoF*



Governance and management at FoF level



Design and set-up

– *Funding agreement MA-FoF*

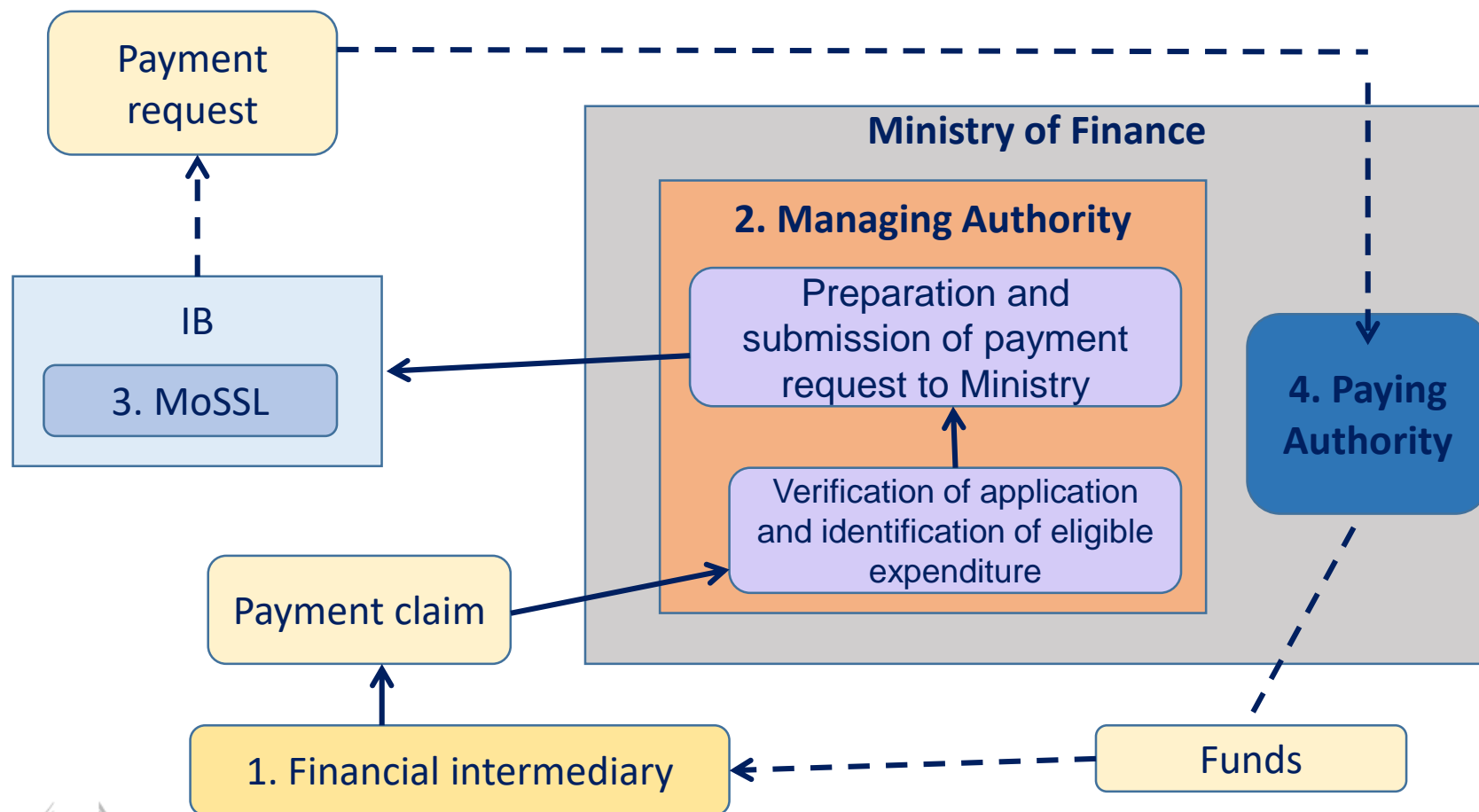


Main functions of Steering Committee:

- Consideration and approval of ToR for selection of FI (part of public procurement documentation)
- Consideration of amendments to Investment Strategy
- Monitoring progress and results achieved by FoF
- Submitting recommendations to FoF manager concerning further development of FoF activities
- Consideration and approval of annual FoF budget, report on costs and other reports
- Approval of Annual Implementation Report
- Consideration and approval of FoF manager management costs increase/reduction
- Proposals for usage of reflows

Design and set-up

– Funding agreement MA-FoF



Design and set-up

– *Funding agreement MA-FoF*



Payment Claims (PC)

- **I PC received** – 16-12-2015 (18-01-2016) (Paid) (EUR 6.7m) **(D)**
- **II PC planned** – 30-06-2018 (EUR 6.7m) (30% spent as eligible from I PC)
- **III PC planned** – 31-03-2019 (EUR 0m) (60% spent as eligible from I PC) **(D)**
- **IV PC planned** – 31-12-2019 (EUR 6.7m) (60% spent as eligible from I-II PC)
- **V PC planned** – 31-12-2020 (EUR 0m) (85% spent as eligible from I-II PC) **(D)**
- **VI PC planned** – 30-09-2021 (EUR 6.7m) (85% spent as eligible from I-II & IV PC) **(D)**
- **VII PC planned** – 31-03-2021 (EUR 0m) (85% spent as eligible from I-II & IV, VI PC)
- **VIII PC planned** – 31-12-2023 final PC (EUR 0m) (100% spent as eligible)

Design and set-up

– *Funding agreement MA-FoF*



Management cost and fees

- Management costs cannot exceed limit set in Art.13 of DA No 480/2014
- Preferential remuneration – in accordance with Art. 12 of DA No 480/2014

Account management

- FoF – a separate block of finance with separate accounting
- Temporary free resources invested according to FA and order of MoF
- Info on interest and other gains submitted to MoSSL and MoF quarterly

Design and set-up

– *Funding agreement MA-FoF*



State aid provisions

“De minimis” calculation methodology

*Aid < EUR 200 000 per
undertaking over any
period of 3 fiscal years*

MoSSL is responsible for the approval of State aid scheme:

- under Regulation (EC) No 1407/2013 (*de minimis* rules)
 - legislation, duration, restricted sectors, thresholds, final beneficiaries, gross grant equivalent calculation, cumulation, monitoring
 - INVEGA has to ensure and monitor whether F.Int is providing loans under Regulation No. 1407/2013 and approved State aid scheme
-
- **State aid scheme:**
 - Coordinated with Competition Council of Lithuania
 - Approved on 3 February 2016



Design and set-up

– Funding agreement MA-FoF



Exit policy & winding-up

- Funding agreement is valid until fulfilment of all obligations (from EU funds or resources returned)
- Funding agreement can be terminated by INVEGA or Ministries
- After termination all resulting obligations, requirements and assets are transferred in accordance with instructions of Ministries

Re-use of resources

- Resources returned will be used in accordance with CPR Art. 44 and 45
- Steering Committee proposes to MoSSL to allocate funds for implementation of FI based on market demand (according to assesment of market conditions)



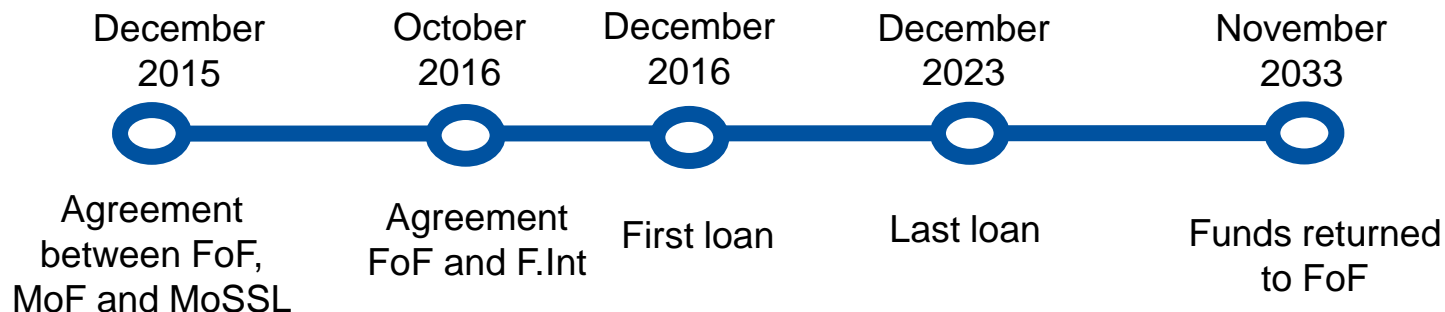
Design and set-up



– Funding agreement. FoF – Financial intermediary

Implementation period

- FoF with FI:
 - since December 2015
 - loans (microcredits) shall be disbursed until 31 December 2023 (not less than 10% – until 31 December 2018)
 - funds shall be repaid to FoF until 5 November 2033



Design and set-up



– *Funding agreement. FoF – Financial intermediary*

Investment strategy and business plan (1/2)

- **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
- **Consultations** on establishment and management of new business
- **Particular focus** on priority groups facing difficulties on labour market – unemployed, disabled, youth below 29, persons over 54, women, creating “green” jobs
- **F.Int** bears entire lending risk

FI Budget: EUR 22.83m (ESF) for lending and management fee of Consortium + **EUR 2.28m** private funds of F.Int

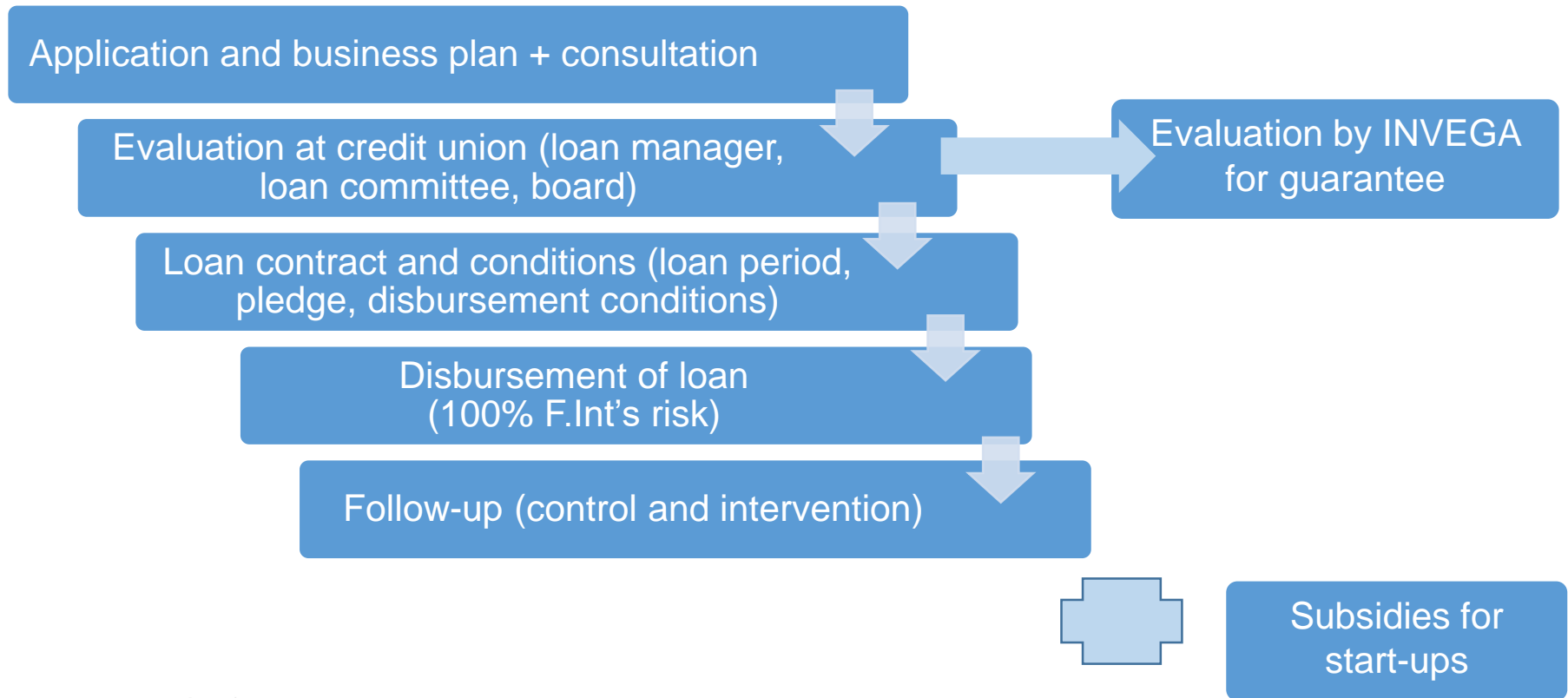


Design and set-up



– *Funding agreement. FoF – Financial intermediary*

Investment strategy and business plan (2/2)



Design and set-up



– *Funding agreement. FoF – Financial intermediary*

Monitoring and reporting requirements

- **FoF manager** monitors FI + F.Int and final recipients:
 - implementation of FI – annual on-the-spot check (sample basis)
 - purposes of check – assurance that F.Int is following the FI implementation plan and F.Int's reports are correct
 - aspects to be checked:
 - *loans are provided in line with requirements*
 - *data provided by F.Int in reports is correct*
 - *other requirements of agreement with F.Int are fulfilled*
 - 1st check is planned in 2017

Design and set-up

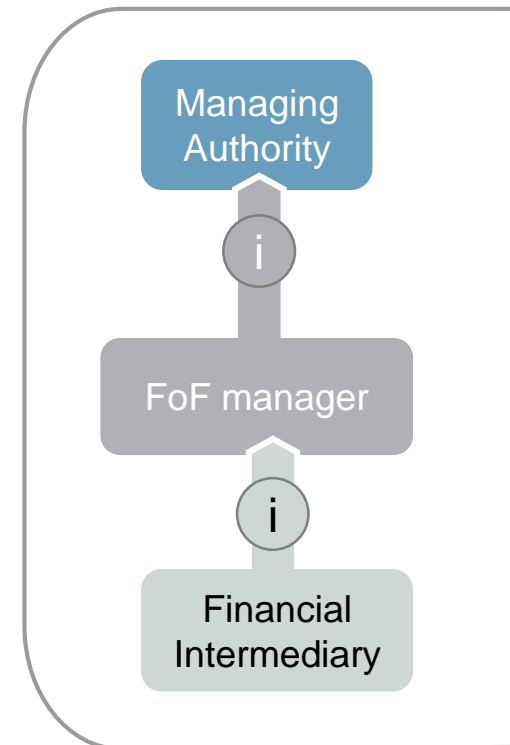


– *Funding agreement. FoF – Financial intermediary*

Monitoring and reporting requirements

- **F.Int → FoF manager:** monthly reports on achievement of indicators, quarterly reports on irregularities, semi-annual report on communication
- **FoF manager → MA, MoSSL and SC:**
 - monthly reports with main information
 - quarterly reports on achievement of indicators and irregularities
 - quarterly financial statements of FoF and report on accrued interest and other income
 - semi-annual treasury report
 - annual report on implementation of FoF and FI + audited financial statements
 - cash-flow report (annual + when needed)
 - final report

Monitoring implementation



Design and set-up



– *Funding agreement. FoF – Financial intermediary*

Audit requirements

- Supporting documents kept at F.Int level
- Access to documents for auditing authorities:
 - European Court of Auditors
 - European Commission
 - National Audit Office
 - MA, MoSSL, INVEGA
 - Financial Crime Investigation Service under Lithuanian Ministry of Interior
 - Special Investigation Service of the Republic of Lithuania
 - Competition Council
 - Other EU institutions and EU bodies and duly authorized national entities entitled to inspect



Design and set-up



– *Funding agreement. FoF – Financial intermediary*

Payments

FI funds accounted separately from other funds of F.Int

- Advance payments in tranches for F.Int
- Funds transferred to F.Int within 10 calendar days from request (payment claim)

Phased contribution

- up to **15%** in each interim payment
- if at least **90%** of previous payment(s) has been spent as eligible expenditure (disbursed to SMEs)

Design and set-up



– Funding agreement. FoF – Financial intermediary

F.Int management fees – paid quarterly

Calculated according to DA 480/2014 Art. 12 and Art. 13 → overall $\leq 9.64\%$ of EUR 22.83m (ESF funding) (including consultation activities):

base remuneration – 0.5% per annum of ESF funds paid by FoF to F.Int, calculated *pro rata* from disbursement by FoF to F.Int until repayment to FoF

performance-based remuneration:

- 1% p.a. of ESF funds paid to final recipients plus reflows re-lent to final recipients and not yet repaid to CU, calculated from the date of payment to final recipient until repayment to CU
- funds returned from investments - 1% per annum of ESF funds paid to final recipients, calculated from repayment by final recipient to CU until repayment to FoF
- 5% p.a. of management fee for previous reporting year – final recipients satisfaction with CU services and activities before provision of loan (60-75% positive replies)
- up to 5% p.a. of management fee for previous reporting year – for achievement of indicators ($\geq 10\%$ exceeding plans)
- Shall not exceed 1.5% p.a. of ESF funds and reflows paid to final recipients and not yet repaid to CU, calculated from the date of payment to final recipient until repayment to CU



Design and set-up

– *Funding agreement. FoF – Financial intermediary*



Exit policy & winding-up

- Funding agreement between FoF and F.Int valid till 31 December 2033
- Funds from FI shall be repaid to FoF until 5 November 2033

Re-use of resources

- Priority for ESF funds (programme contribution)
- Reflows can be re-lent – additional agreement between FoF and F.Int



Design and set-up



Visibility and publicity

- Active promotion of FI
- Annual reports on publicity measures implemented
- Participation in entrepreneurship promotion events → possibilities for business under EPF2
- Information about EPF2 on www.invega.lt, www.lku.lt, www.socmin.lt, www.esinvesticijos.lt
- Press releases about EPF2





Implementation

Block 3



Implementation

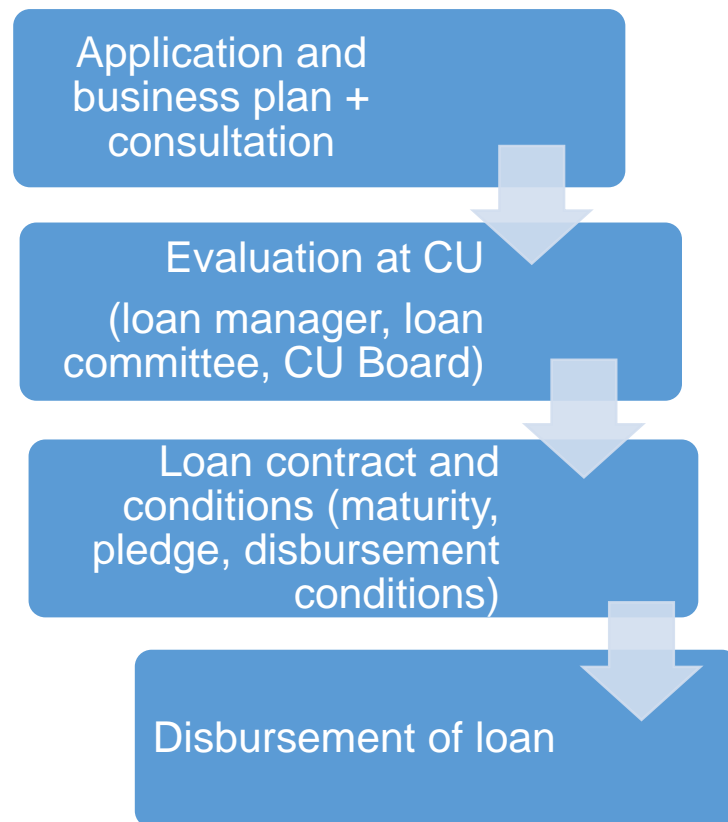


– Procedures in place at the financial intermediary regarding implementation and providing the product to final recipients

Selection/due diligence

- Registration:
 - by phone, internet www.lku.lt, CU
- Consultation on establishment and management of a new business
- Lending:
 - applicant: fills in application for loan; prepares business plan and other documents
 - loan manager: helps complete application; consults on development and implementation of business plan; makes reservation for *de minimis* amount in Competition Council database; collects and submits documents to loan committee and CU Board, collects and submits documents for INVEGA guarantee
 - CU Board: analysis and evaluation of business plan; decision on loan contract

Process takes approx. 2 months



Implementation



– *Procedures in place at the financial intermediary regarding implementation and providing the product to final recipients*

Obligations

- Achievement of indicators
- Fulfilment of *de minimis* requirements
- Fulfilment of eligibility rules for final recipients
- FI funds accounted separately from other funds
- ESF funds accounted separately from reflows
- Ensure participation of CU (private funds) $\geq 10\%$
- Collect all information about final recipients, loans supporting documents
- Reporting
- Ensure audit trail, access to documents for auditing authorities
- Active promotion of FI
- Provision of loans and consultations
- Irregularities control

F.Int monitors FI implementation at CU level

On-the-spot checks:

- loans provided in line with the requirements
- loans supporting documents available
- data provided to Consortium in reports is correct

1st check planned in 3Q 2017

Implementation

– State of play, results



31-03-2017 MoF → FoF

31-03-2017 FoF → F.Int

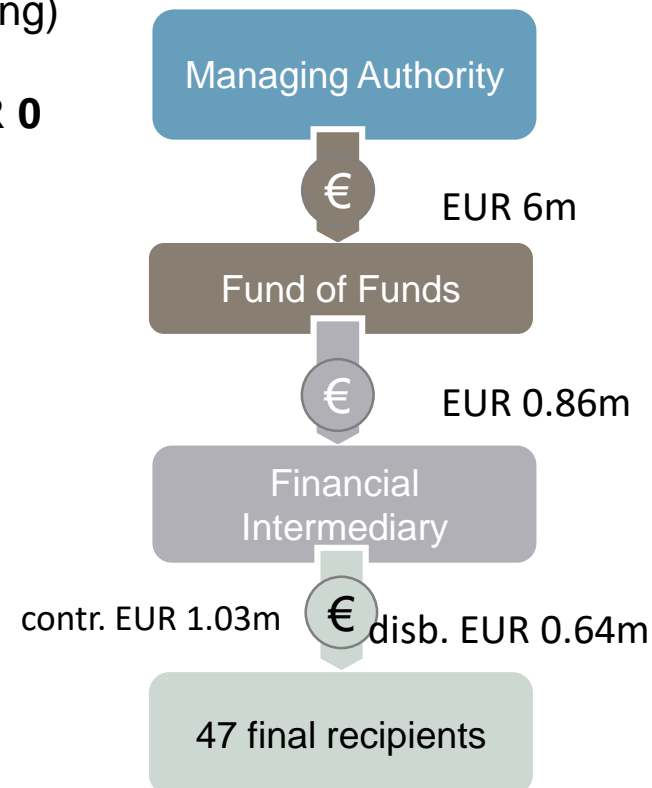
Total contribution to FoF = EUR **24.5 m** ESF
+ EUR 2.3 m (private co-financing)

Total payments to the FoF = EUR **6.4m**

Certified to EC = EUR **6.7 m**

Total reinvested = EUR **0**

Name of the indicator	31-12-2023	Performance 31-03-2017
Persons and enterprises supported by FI	1 000	47 (5%)
Persons or enterprises that used FI, out of which: persons and enterprises facing difficulties on labour market	440	35 (8%)
Number of new jobs in new enterprises/businesses	1 800	0
Number of new jobs in new enterprises/businesses, out of which: persons facing difficulties on the labour market, employed in new enterprises/businesses	810	0
Share of new enterprises/businesses supported by FI, successfully operating 12 months after receipt of loan	82%	0

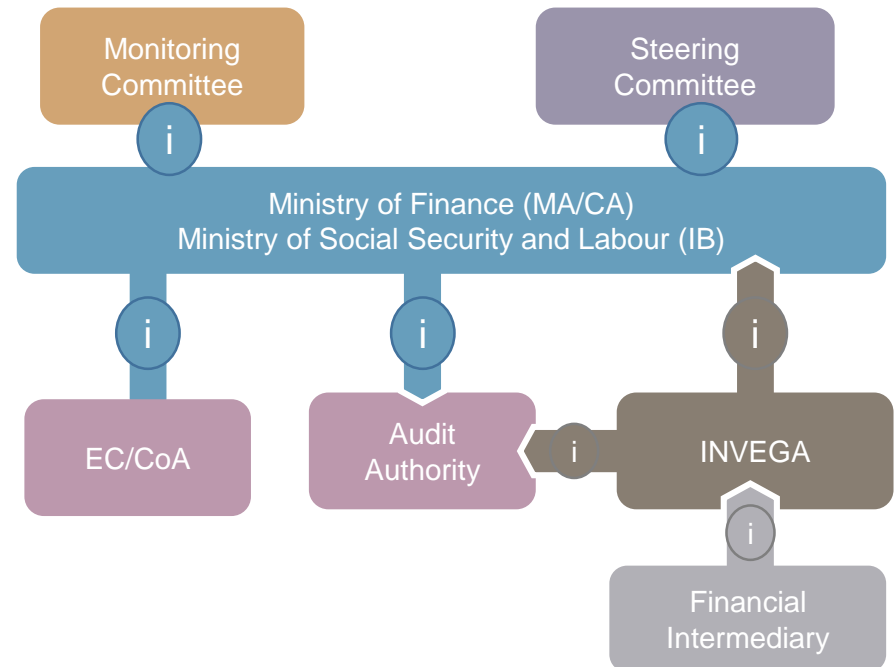


Monitoring, control and reporting system in place for FIs (MA)

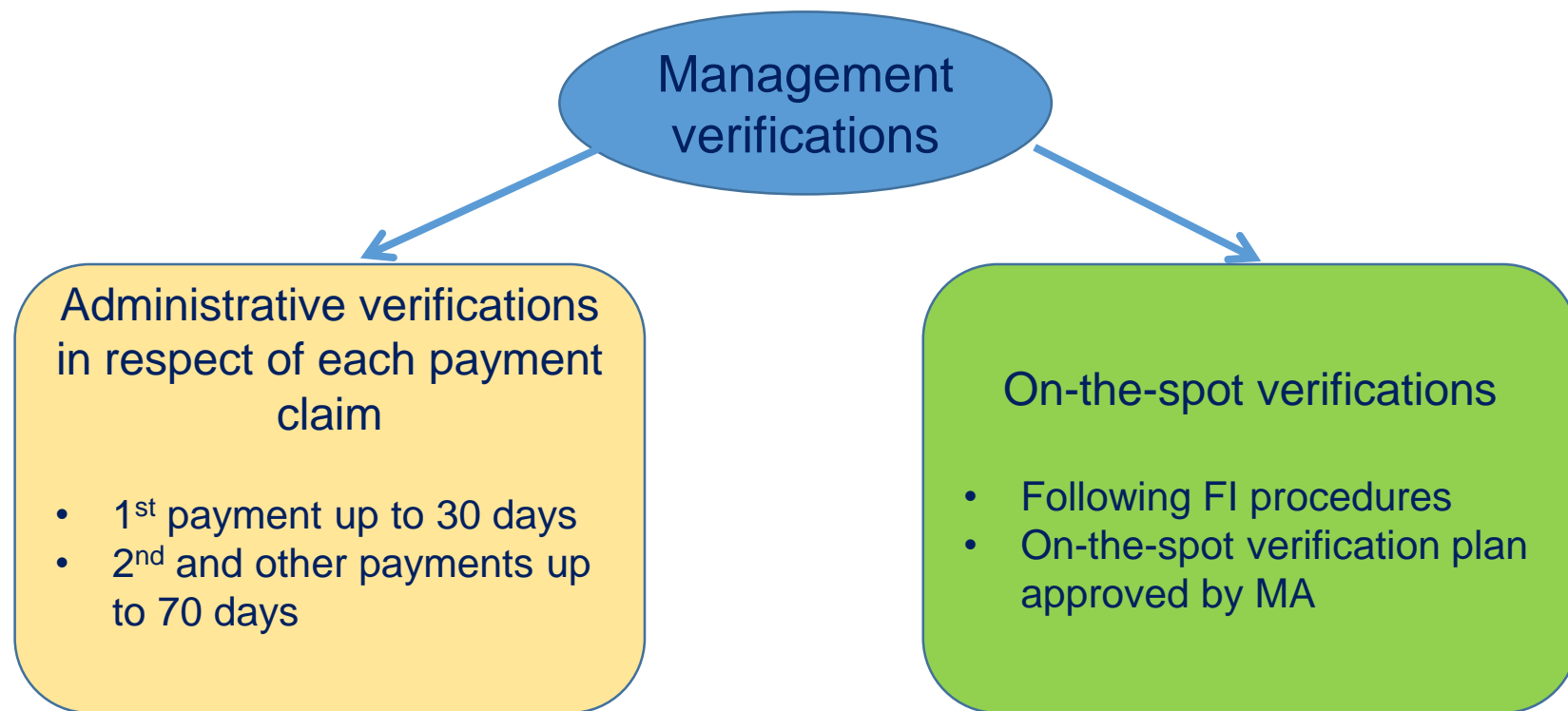


Main bodies and institutions:

- Monitoring Committee
- Steering Committee
- Managing Authority (MoF)
- Intermediate Body (MoSSL)
- Certifying Authority (MoF)
- Audit Authority (SAO)
- EC/CoA



Monitoring, control and reporting system in place for FIs (MA)



Monitoring, control and reporting system in place for FIs (MA)



– *Reporting procedures relevant for the MA*

- **Electronic management information system:** DMS (Beneficiary portal) for FoF; SFMIS for MA, Ministries
- **SFC** for MA to report the data to EC with confirmation of OP Monitoring Committee → Submission of data through SFC is too detailed
- **State aid and *de minimis* register** (Competition Council of Lithuania; F.Int submits data)

Monitoring, control and reporting system in place for FIs (MA)



Results from monitoring and control activity of the MA and CA

- *1st payment claim verification (December 2015)*

Audit from external audit bodies (AA and EC, CoA and etc.)

- *EC Audit mission (December 2016)*



Implementation (overall)



Challenges

- Late adoption of regulations and guidance notes
- Combination of FI with other forms of support
- Phased payments
- Public procurement! → longer processes, less flexibility

**Proposals for simplification were submitted
to COM in October 2016**



Implementation (overall)



Recommendations

- Good geographical coverage
- Loans available in rural areas with highest unemployment rate
- Constant training for F.Int
- Additional incentives for borrowers
- High attention for priority groups

Positive experience from previous programming period
- we learned to trust start-ups and accept higher risk



Questions & Answers

Ando Siitam, European Investment Bank

Rūta Dapkute, Ministry of Finance, LT

Inga Beiliuniene, Invega, LT





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