



Entrepreneurship Promotion Fund – ESF resources to promote business start-ups, entrepreneurship and new jobs creation in Lithuania

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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

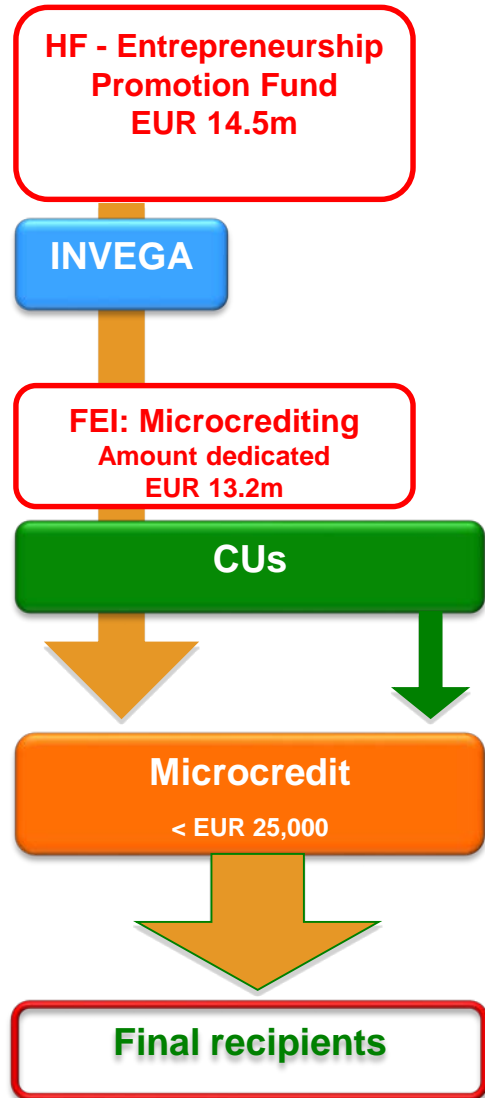
Baltic Innovation Fund BIF
EUR 20m

Grants for Entrepreneurship Promotion EUR 2.9 m

Global Grant for First Job EUR 9.3m

Global Grant Compensation of Interest EUR 16.2m

Individual guarantees



- 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“

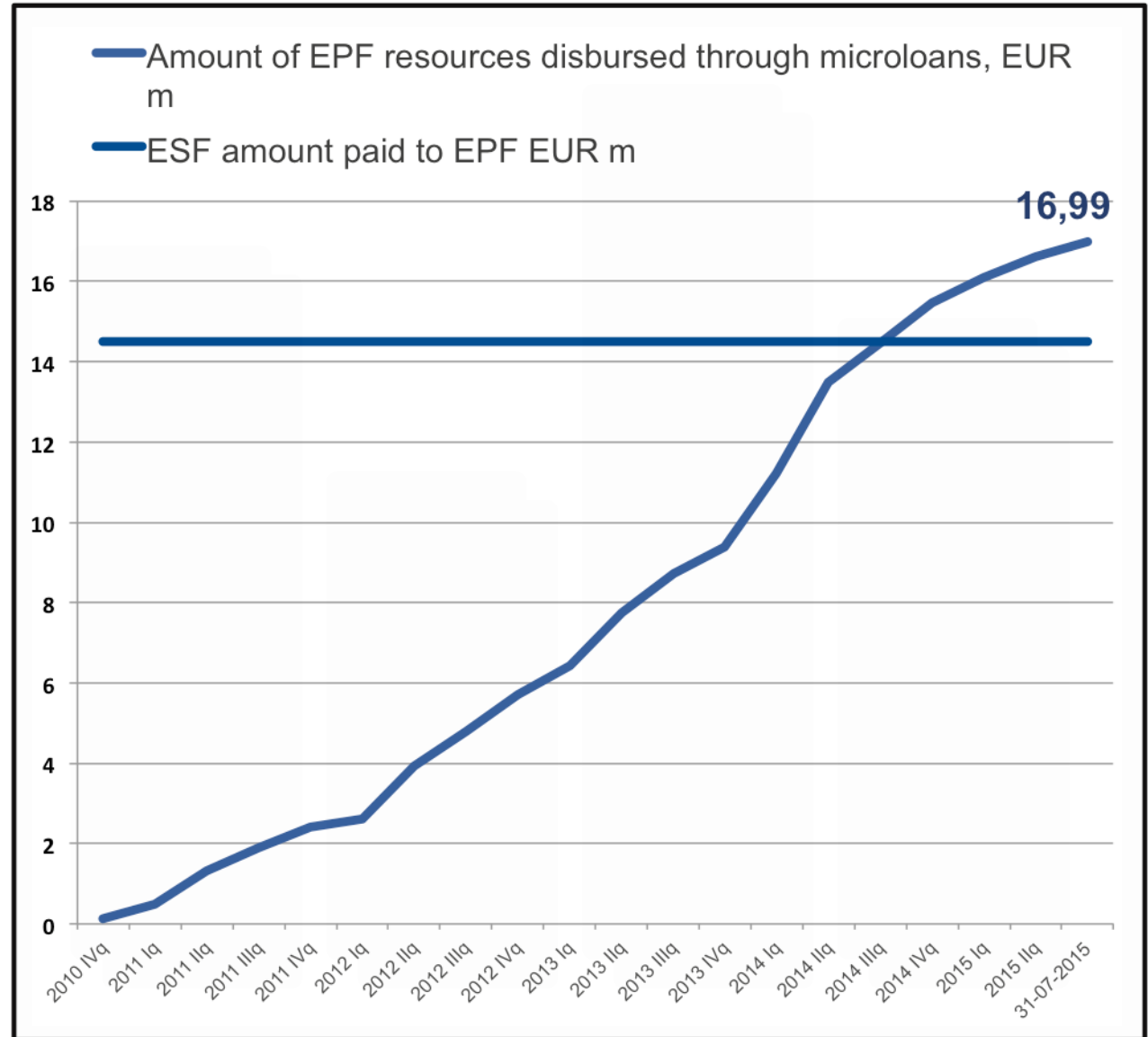
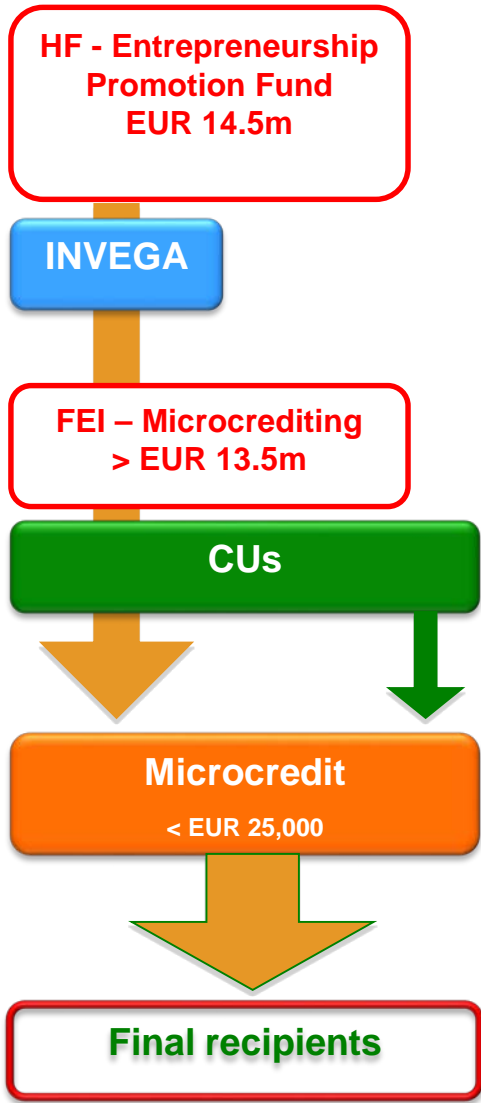
„Marketing basics“

„Staff's management in Business“

Consultations

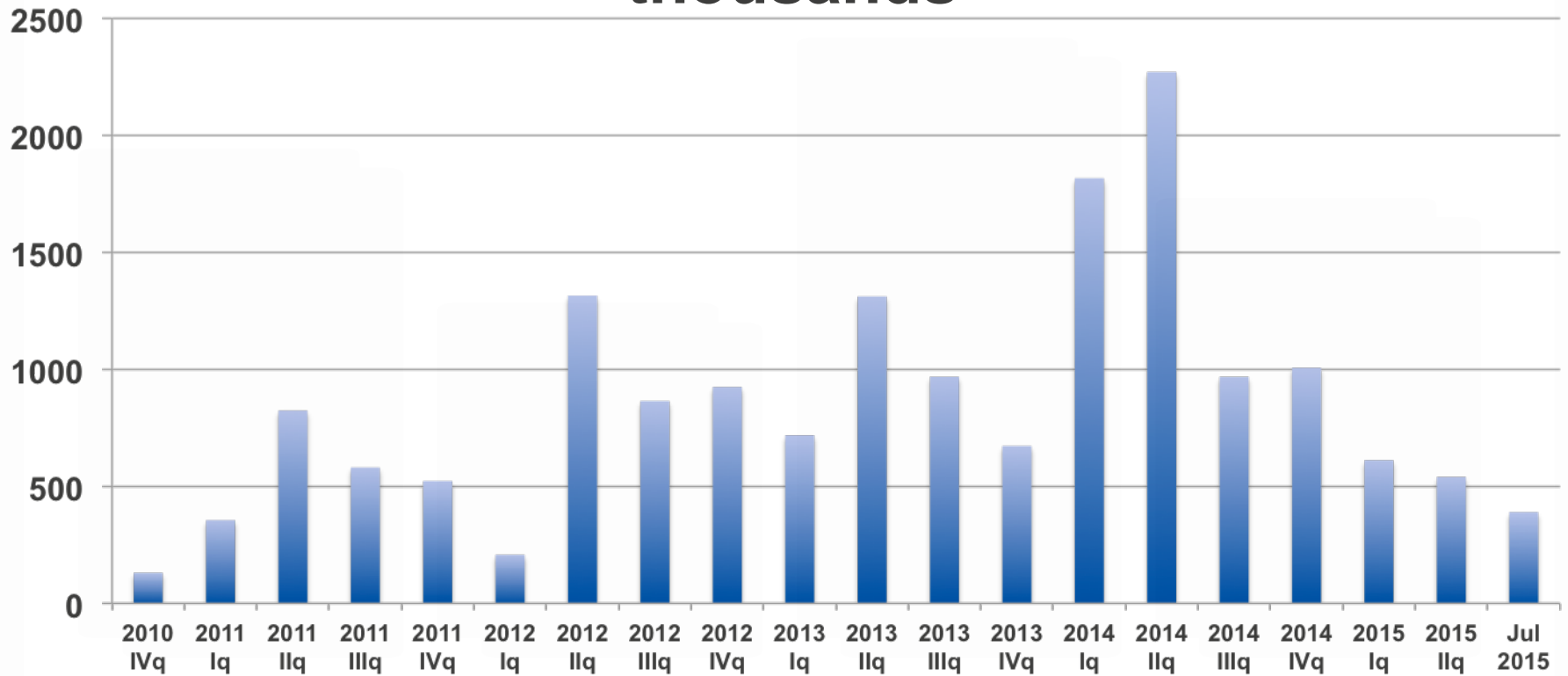
Individual counseling on business plan provides training service providers







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



9 month to start... EPF. Actual timetable

Activities		Date
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 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



Thank you

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