



Minutes of meeting

Meeting	"ATM for SMEs" project 3 rd partner meeting
Date	22-23 June 2022
Location	Medioteca del Mediterraneo, Cagliari Italy

The 3rd exchange of experience event was organized physically by PP6 – Region of Sardinia. Out of 9 partners, 8 participated at the event, total number of participants: 40.

22 June 2022

- **Welcome by the host partner and the LP**
- **Block 1: regional initiatives mapped by the regional partners (partners' presentations)**

The topic of the 3rd meeting was: promoting financial inclusion by creating favourable loan conditions and accessible guarantees. The good initiatives which were presented and discussed, all contained elements which contributed to the better financial inclusion of the micro entrepreneurs.

Presentations of the partners (ppt / pdf files attached to the minutes):

LP - Fostering resiliency & Targeted help to sectors – Rural microfinance product

The new microfinance product by FEA is offering targeted help to a sector in which small enterprises are hardly credit worthy for commercial banks. In order to finance their technological development, FEA introduced a new credit product with favourable conditions and easy accessibility.

Lessons learnt for all partners: methodology for assessing the needs of the clients and finding the most vulnerable groups / the ones in need of specific help.

PP2 - EDIOP - 8.8.1-17 programme for the promotion of employment

The loan programme is targeting at micro companies or social MSMEs, and is offering loan products to support their employment development plans. The conditions are very favourable (interest rate 0%, no other fees may be charged to applicants) so that the smallest enterprises can also access it. The total budget is 9,7 million EUR and is financed by ERDF.

Lessons learnt for all partners: This loan product is innovative in the way that targeting the smallest companies, and offering relatively small amounts of loans which can finance employment projects and also some investment. The entry conditions are



also very favourable compared to previous constructions which were targeting bigger companies.

PP3 – Local calls and initiatives supporting restructuring

The local government of Burgos and the regional government of Castilla y Leon are offering grants, tax reduction and microcredit facility for self-employed and companies located within their boundaries. The framework of these annual calls were restructured so that the smallest companies can apply (non-refundable grants, tax subsidies).

Lessons learnt for all partners: good example how to harmonize the local support schemes and combine non-refundable grants with microcredit.

PP4 – Fostering resiliency – New Start Aid

The key element in the survival of MSMEs is adapting to the changes with flexibility and finding new solutions. The New-Start-Aid Plus programme offered by the State of Hessen provides financial support to solo self-employed persons in all sectors of the economy who suffered high turnover losses due to the Corona crisis, but had only low fixed operating costs. Experiences show that the companies which successfully survived, adapted to the new customer needs and reshaped their activities.

Lessons learnt for all partners: During the recovery from the crisis, it was more important to invest in initiatives which have the potential to build trust between individual businesses and public institutions.

PP5 –

PP6 - Sardinia Enterprises Emergency Fund

This measure, adopted by Sardinia Region in 2020 and dedicated to support the regional economy during the Covid-19 crisis, offers favourable mid-term and long-term loans for financial liquidity. The beneficiaries are regional MSME's and BE's operating in manufacturing, services, tourism (40%) and suffering for the COVID emergency. The measure is financed by ERDF Sardinia OP 2014 - 2020, TO 3 Competitiveness and other regional funds.

Lessons learnt for all partners: Good example how to reshape existing policy documents and adapt quickly to the needs of enterprises. The programme was also successful - 83% of the dedicated budget was disbursed by Feb 2022.



PP7 - COVID-19 Working Capital Loan

This new product, funded by ERDF, provides additional liquidity to MSMEs with reduced interest rates and reduced the level of required collateral so that also the smallest companies can benefit from it. The target group of this product is MSMEs which have been active for at least 3 months in 2019, and in 2020 achieved a decline in revenue of 20% and more compared to 2019.

Lessons learnt for all partners: This measure was very successful in terms of the number of applications and loan contracts. With the simplified conditions, also the companies in sector severely affected could apply.

PP9 - Liquidity Loan to provide liquidity financing in view of the negative consequences resulting from the COVID-19 outbreak

The "Świętokrzyskie Consortium of Loan Funds" provided loans to support projects carried out by SMEs in the region in order to provide liquidity financing in the context of the negative consequences caused by the COVID-19 outbreak. The total amount of funding – 2.2M EUR – was disbursed in 4 stages. The funding came from the Regional Operational Programme of the Świętokrzyskie REGION 2014-2020: Measure 2.6 Financial instruments for SME`s.

Lessons learnt for all partners: Good example of regional cooperation and harmonizing the SME support landscape - the Świętokrzyskie Consortium of Loan Funds has been established in order to implement the liquidity loan measures, consisting of 5 local loan funds

- **Block 2: PP10 – EMN presentation - Study on role of microfinance within the context of COVID recovery efforts**

The study will be one of the most important outputs of the project. The inputs were provided by the regional partners – 3 good initiatives and regional impact assessments. EMN selected 7 cases out of the 21 GPs. The study is at a good level of preparation, the Drafting of the legislative and economic background has been done and now the evaluation of the regional initiatives is ongoing.

Next steps:

- Finalisation of the cases and of the recommendations (by mid-August)
- Next meeting in September for the presentation of the final study
- Organisation of a webinar in October to present the lessons learned and recommendations



- Microfinance and COVID-19: promotion of financial inclusion in the COVID—19 recovery measures (roundtable)
- **Block 3: Invited stakeholders' presentations**

How COOPFIN faced the COVID crisis and the challenges for the recovery -

Emanuele Cabras, director, COOPFIN

Though the cooperative enterprises showed in crisis time to be more resilient than other kind of enterprises, the COVID has deeply hit fragile micro-cooperatives that had started their activities few months before the crisis in sectors such small retailing, tourism, and services.

To support the recovery of cooperatives after the first 2020 lock-down, COOPFIN has launched small loans of 10.000 Euros addressed to these beneficiaries. In addition to the suspension period set by the Government measure, COOPFIN decided to suspend the payment of instalments expired before March 2020.

The real challenge now is to support cooperatives in implementing their business plan (after the lock-down closures and the crisis) and re-start the re-payment plans.

On European level, more intensive public-private partnership would be necessary in the implementation of financial instruments, especially of microfinance and social financing.

Municipalities and microfinance. A partnership to create new paths of economic and social growth. Dr. Fabrizio Palazzari, director, ETHICAS

Among other activities and projects, ETHICAS is promoting "economic gardening" – with municipal support, training and strategic initiatives, they create an ecologically suitable environment for the birth and development of local businesses.

Dr Palazzari described a good example for "micro economic gardening" in Sardinia – the actors of this landscape were the Municipality, companies providing consultancy services, and microcredit institutions. Microcredit is a form of financing backed by a public guarantee that allows access to credit for so-called non-bankable subjects, i.e. those who have difficulty in contacting normal financial institutions, unable to provide the required guarantees.

Other successful projects are:

- Central Guarantee Fund for microcredit



- Microcredit For Women project (SARDINIA-TUNISIA cooperation)
- Empower women project

- **Blck4: Focus group excercies**

In 3 small focus groups, the participants analyzed the reactions and measures to the crisis (at the start / during / after the pandemic) which proved to be successful and can be recommended.

23 June 2022

- **Block 4: evaluation of the focus group results**

Recommendations by the partners:

At the start of the pandemic

- Launch emergency liquidity support to most vulnerable SMEs
- Moratoria on loan payments
- Waivers on rents and social security costs and taxes, social taxes subsidies
- Reactiveness of policies from regional and national authorities
- Supporting local economy
- State aid and grants to preserve jobs
- Credits and liquidity for working capital

During the pandemic

- Supporting SMEs is restarting their economic activities with microloans
- Support SMEs in the definition of new business models, new markets and supply chain
- Digitalisation (support for IT equipment)
- Targeting the most vulnerable with tailored products
- More flexibility and adaptation of the business models
- Support in the marketing of their products
- Support the creation of networks in each sector

After the pandemic

- Supporting SMEs in defining new business models for more resilience and sustainability
- Supporting and encouraging their green and digital transition
- Domestic production: encourage local market supply and encourage digitalisation of the local economy



- Education and more information to entrepreneurs to give them more support and information when they are confronted to difficult situations such as the pandemic
 - Green transition through digitalisation: to inform and educate entrepreneurs to promote the benefits of green transition
 - Resilience and be prepared for the future: governments should be more present to ensure the survival of businesses rather than spending money on unemployment benefits
 - Microfinance is known for being fast, quick and flexible and governments should rely more on MFIs in the future
- **Block 5: Policy development – state of the art and reporting requirements**

Policy change

The LP presented about the policy improvements – commitments in the Application Form and what kind of documentation would be required during the reporting.

In iOLF, a “new policy document” should be added in the section “Policy Instrument Progress”.

Overview on the policy instruments:

	Original policy instrument	New policy instrument
LP	Integrated Territorial Programme of Fejér County	Economic Development and Innovation Operational Program Plus 2021-2027 (LP)
PP5	Integrated Territorial Programme of Zala County	Economy Development Strategic Plan 2030 of City of Zalaegerszeg (PP5)
PP9	Regional Operational Programme for Świętokrzyskie Voivodeship	Operational Programme: Funds for Świętokrzyskie 2021-2027 (PP9)
PP6	Sardinia ROP ERDF 2014/2020	Innovation and Social Inclusion Fund (PP6)
PP3	Youth Self Employment Programme of Burgos City	Strategic Plan Burgos Rural (PEBUR) 2021-2027 (PP3)
PP4	Municipal support for growth strategies of SMEs	Inner City Future Concept (PP4)



PP7	Operational Programme Competitiveness and Cohesion 2014-2020 of Croatia	Development Plan of Koprivnica Križevci County for the period 2021-2027 (PP7)
PP2	Economic Development and Innovation Operational Programme of Hungary – 8th priority: Promotion of financial engineering instruments and services	Economic Development and Innovation Operational Program Plus 2021-2027 (PP2)

The policy instruments tackled in the AF are mostly referring to the recent programming period, 2021-2017 – with one exception: ISIF for Autonomous Region of Sardinia, which is an add-on to the Regional Operational Programme 2014-2020.

During the application phase, the “new” policies were mostly in draft phase, and the new calls were not launched yet. The partners should now check the status of the policies, if the calls were opened in the meantime, and start the “improvement” process based on the project findings.

The partners should also keep in mind the type of policy change we proposed during the application: new project generated / improved governance / structural change.

Recommendations to partners by the LP to successfully achieve and document the policy change:

- Get in touch with stakeholders including the policy responsible body
- Start to identify the "learning points" (How the project has contributed to this change...?)
- Draft your preferred outcome and the formal manifestation

The LP highlighted that the regional initiatives mapped by the partners and discussed during the project meetings are important part in the exchange of experiences process, which leads to policy improvement – which is the most important outcome of the project.

The partners discussed the state of the art of policy improvement, their achievements and how to document and report the changes.

- **Block 6: Reporting and financial administration (LP)**

The LP provided an overview on the budget and financial progress, and the deadlines for reporting. The partners discussed the budget reallocations with respect to the flexibility rule. Questions and answers on reporting.



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Presentations:

<https://drive.google.com/drive/folders/1PHvpaVyyDCEcSRhAGSiyUZ9PpvrLAGaH?usp=sharing>