Workshop
Preparing for the next programming period (2021-27)

Strengthening RIS3 Governance and the Entrepreneurial Discovery Process

Repayable Loan Assistance:

A tool to strengthen financing and support continuity between programming periods

November 28, 2019

Promotion of business investment in IAPMEI

+ 2,7 bi €
in Grants

+ 1.4 bi €
Grants payed

+ 45.000
Jobs to be created

+ 6,7 bi €
of Investment portfolio

+7.000
Project portfolio

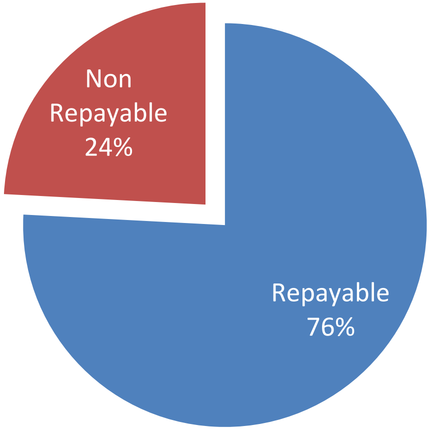
+ 8,8 bi €
Expected exports increase

COMPETE 2020 NORTE2020 CENTRO2020 Lisb@2020 ALENTEJO 2020 CRESC ALGARVE 2020

Use of Repayable Assistance in ESI Funds

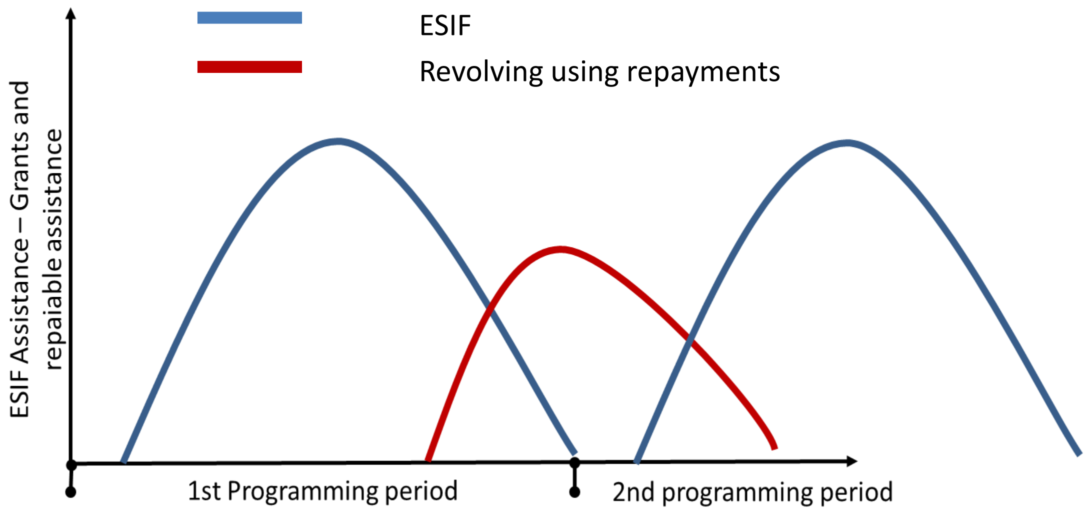
- The first use of repayable assistance was in the PEDIP II programme, from 1994 to 1999, in measures to support productive investment projects by industrial enterprises.
- Used successfully in the following programming periods:
  - POE/PRIME 2000-2006;
  - QREN 2007-2013;
  - Portugal 2020 2014-2020
- So far, **IAPMEI accounts for 76% of total repayable assistance funds executed in Portugal 2020**.

PT2020 Competitiveness and Internationalization



Data from 31/10/2019

Bridging the GAP



- ✓ Portugal leverages the ESI Funds allocated by EU;
- ✓ The amounts repaid can be reused for the same purpose or according to the same programme objectives.

Definition of Repayable Assistance

The Common Provisions Regulation (CPR) does not provide a definition for repayable assistance, but the General Block Exemption Regulation (GBER) defines 'repayable advance' as a:

> *"Loan for a project which is paid in one or more instalments and the conditions for the reimbursement of which depend on the outcome of the project"*

Repayable assistance = Repayable advance

Main Features of Repayable Assistance

- The beneficiary is the entity responsible for implementing the operation which is a project selected by the Managing Authorities according to its contribution to the programme objectives;

- Repayable Assistance will have no interest rate and the repayments are made (or not) according to the achievement of predetermined conditions;

- Repayable assistance should be provided on the basis of an agreement with beneficiaries clearly setting out implementation conditions, which will determine the implementation and repayment obligations.

Eligible costs in operation

Grant = Repayable Assistance

- Eligible costs for operations receiving repayable assistance must be supported by invoices or accounting documents of equivalent probative value or supported by simplified cost options (same rules as Grants, Art. 65 CPR and national eligibility rules);
- Repayments from the beneficiary are not to be deducted from the expenditure declared to the Commission.

Monitoring and further usage of repayments

- The support repaid including amounts repaid after closure, shall be kept in separate account or accounting codes and reused for the same purpose or in accordance with the objectives of the programme (Article 66 CPR).

Example

New Innovation Incentive Scheme with repayable assistance as part of Portugal 2020 reprogramming

Example – Portugal 2020 | Typology:

Typologies	Investment
Product or process innovation (organizational and marketing areas only for SME's): • Innovation in production for Non-SME • Innovation in production for SME • Qualified Entrepreneurship	**Investment types** • New establishment • Increase of capacity • Diversification of products • Fundamental change in the overall production process **Eligible expenses:** • Construction • Productive equipment • Technology Transfer • Engineering (only SME's)

Example – Portugal 2020 | Support:

Co-financing	Support (grant + repayable)
• **35% Medium size Enterprises or 45% Micro and Small** (*) **+ increases depending on company size, location, type of project, entrepreneur type (female or young)** • **Up to 75%** (**) (*) 15% Non SME or investment > 15 M€; (**) 40% in Lisbon or 60% in Algarve regions	**50% of support: repayable assistance** (*) • 0% Interest rate, 2 years grace period + 6 years repayment **50% of support: Grant** • Becoming effective upon **evaluation of objetives (GC)** (*) Only for SME's with investment < 15 M€ (**) compliant with de minimis or GBER regional aid gge maximums

Example – Portugal 2020

Evaluation of objectives: 2nd year after the conclusion of the project

Evaluation is based on an indicator (GC) that measures the achieved result vs the contractually established objective, in three performance indicators:

$$GC = \sum_{i=1}^{n} \beta_i \frac{\mathrm{I}e_i}{\mathrm{I}_i}$$

I1 – Increase of Gross Value Added (GVA)
I2 - Creation of Qualified Employment (CEQ)
I3 – Increase of Turnover (VN)

$\mathbf{I}\,\boldsymbol{i}$ - is the value of the indicator contractually established;
$\mathbf{I}\,\boldsymbol{ei}$ - is the effective value observed in the year of the evaluation;
$\boldsymbol{Bi}$ - is the weighting factor assigned to each indicator.

Example – Portugal 2020

Evaluation of objectives: 2nd year after the conclusion of the project

GC ≥ 100% Grant becomes effective

GC < 100% Grant is converted to Repayable Assistance:

- Partially repayable if GC ≥ 50% (repayment is proportional to non achievement)
- Totally repayable if GC < 50%

- Repayment conditions: 0% Interest rate, 3 years repayment

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Thank you!

IAPMEI – Agency for Competitiveness and Innovation

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