



Università degli Studi di Roma "La Sapienza"

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“Financing Companies in the EU”

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First Part

The Community tools for the entreprise financing

26/05/2008

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Financing Companies in
the UE-2

The access to finance for businesses in the UE

- Multiannual Programme for Enterprise and Entrepreneurship (SMEs)[2000-2005]; by the mean of the European Investment Bank and the European Investment Fund;
- Other Community programmes;
- Structural Funds set up as part of the Eu's regional policies.



Multiannual Programme for enterprise and entrepreneurship for SMEs (2001-2005)

aims at:

- Enhancing the growth and competitiveness of businesses;
- Promoting entrepreneurship;
- Simplifying and improving the administrative and regulatory framework for businesses;
- Improving the financial environment for businesses, and especially SMEs;
- Giving businesses easier access to Community support services, programmes and networks and improving the coordination of these facilities.



The European Investment Bank operates by means of:

- *global loans*
 - are intended mainly for businesses that employ fewer than 500 persons and have a turnover of less than 75 million;
- *individual loans*
 - May be granted directly by the EIB for business projects involving sums of more than 25 million.



EIB loans

- Who can benefit from an EIB loan?;
- What are the benefits of an EIB loan?;
- In which countries is the EIB active?;
- What is the procedure for obtaining an EIB loan?;
- What are the conditions of EIB lending?;
- How is an EIB facility made available? What are EIB disbursement procedures?;
- What type of projects does EIB finances?



The European Investment Fund

- It has, together with the EIB, been a member of the EIB Group since 2000;
- In addition it manages financial instruments on behalf of the European Community (provision of venture capital, support for venture capital and guarantees)



Venture capital

- EIF manages funds under the Amsterdam special action programme and innovation 2000 initiative (the EIF's contribution is between 10% and 35%);
- EIF manages 2 Programmes under the Multiannual Programme for enterprise and entrepreneurship, such as :
 - the ETF Start Up;
 - the Seed Capital Action



Guarantees for SMEs

Under the Multiannual Programme for enterprise and entrepreneurship the EIF mechanism provides support for SMEs in the form of guarantees or co-guarantees. For Community areas are envisaged:

- Loan guarantees to support business with potential growth up to 100 employees;
- Guarantees for micro-loans for small businesses with up to 10 employees;
- Guarantees for own funds investments in SMEs;
- Guarantees relating to investment in the new information and the ICTs, priority being given to small businesses up to 50 employees.



Other Community Programmes

- The SMEs innovation Programme (Innovation Directorate of enterprise DG); it comprises several specific initiatives:
 - I-Tec;
 - Gate2Growth Initiative;
 - FIT Policy Exchange Project;
 - Technology performance financing (TPF)



FURTHERMORE

The Internet Guide for the tourist sector

Contains information on Community Programmes, funds, initiatives and actions that are closely related to the tourist sector

Business Angels

These are potential investors who can support people setting up in business or young SMEs with a view to increasing the effectiveness of the informal venture capital sector



The EU's Structural Funds

SMEs may also benefit from aid to financing thanks to the UE's structural Funds each of which is dedicated to financing certain types of project

Detailed management of the programmes co-financed by structural funds is under the responsibility of the Member States, which designate "management authority" (at national, regional or other level) that informs potential beneficiaries, select projects and monitor progress in general.



General provisions on the Structural Funds

OBJECTIVE

- To reduce disparities in development and promote economic and social cohesion in the European Union.

To improve the effectiveness of the Community's structural assistance by concentrating the assistance, and simplifying its allocation by reducing the number of priority Objectives.

To identify more precisely the responsibilities of the Member States and the Community at each stage: programming, monitoring, evaluation and control.



ACT

**Council Regulation (EC) No 1260/99 of
21 June 1999 laying down general
provisions on the Structural Funds
[Official Journal L 161 of 26.06.1999].**

Amended by Council Regulation (EC) No
1447/2001 of 28 June 2001

[Official Journal L 198 of 21.07.2001]



INNOVATIVE MEASURES

- To improve the effectiveness of structural measures, Regulation (EC) No 1260/1999 reduces the number of Objectives from seven during the previous period (1994-99) down to three for 2000-06:
- **Objective 1** promotes the development and structural adjustment of regions whose development is lagging behind, i.e. whose average per capita GDP is less than 75% of the European Union average. As before, two thirds of Structural Fund operations concentrate on Objective 1 and almost 20% of the Union's total population is affected by measures taken under this Objective.
- **Objective 2** contributes to the economic and social conversion of regions in structural difficulties other than those eligible for the new Objective 1. Overall it will cover areas undergoing economic change, declining rural areas, depressed areas dependent on fisheries and urban areas in difficulty. No more than 18% of the Union's population is covered by this Objective.
- **Objective 3** gathers together all the measures for human resource development outside the regions eligible for Objective 1. This Objective replaces the former Objectives 3 and 4. It is the reference framework for all the measures taken under the new Title on employment inserted in the EC Treaty by the Treaty of Amsterdam and under the European employment strategy.



The new Regulations also reduce the number of Community Initiatives from 13 during 1994-99 to four for 2000-06.

The new Initiatives are:

- Interreg III, which aims to stimulate cross-border, transnational and inter-regional cooperation;
- Leader+, which promotes rural development;
- Equal, which provides for the development of new ways of combating all forms of discrimination and inequality in access to the labour market;
- Urban II, which encourages the economic and social regeneration of declining towns, cities and suburbs.



The Commission can also support new and little-exploited ideas through “innovative measures under the ERDF”. The following three working themes have been selected:

- regional economies based on knowledge and technological innovation;
- eEurope-regio: the information society and regional development;
- regional identity and rural development.



FUNDING

- The total budget for the Structural Funds amounts to 195 billion in 2000-06, not including the Cohesion Fund.
To improve the effectiveness of the appropriations committed in the regions whose development is lagging behind, the new rules provide for a significant concentration of funding on Objective 1. The breakdown between the different types of assistance is as follows:

69.7% of the total allocation goes to Objective 1, i.e. 135.9 billion;

11.5% of the total allocation goes to Objective 2, i.e. 22.5 billion;

12.3% of the total allocation goes to Objective 3, i.e. 24.05 billion;

0.5% of the total allocation goes to the FIGG outside Objective 1, i.e. 1.1 billion;

5.35% of the total allocation goes the Community Initiatives, i.e. 10.43 billion;

0.65% of the total allocation goes to innovative measures and technical assistance, i.e. 1.27 billion.



The Structural Funds contribute to the different types of assistance as follows:

- The ERDF contributes to financing Objectives 1 and 2, the Community Initiatives Interreg III and Urban II and relevant innovative measures.
- The ESF contributes to financing Objectives 1, 2 and 3, the Equal Initiative and relevant innovative measures.
- The EAGGF Guidance Section contributes to financing Objective 1 and the Leader+ initiative.
- The FIGG contributes to financing Objective 1 and assistance in regions outside Objective 1 up to 0.5% of the total allocation of the Structural Funds, and also to funding relevant innovative measures.



GENERAL PRINCIPLES

The principles underpinning the operation of the Structural Funds have been strengthened or specified in greater detail: (a) assistance must be part of a programme; (b) as many parties as possible must be involved; (c) Community assistance may not replace national funds; (d) spending by the Funds must be properly managed, monitored and evaluated; there must be proper controls on payments.

- a) Programming**
- b) Partnership**
- c) Additionality**
- d) Management, monitoring and evaluation.**
- e) Payments and financial controls**



THE CONTRIBUTION OF THE FUNDS: forms and rates of contribution

Most Structural Fund assistance is granted in the form of non-repayable grants or "direct aid", and to a lesser degree refundable aid, interest-rate subsidies, guarantees, equity participation, and participation in venture capital.



IMPLEMENTING MEASURES

ANNUAL REPORTS

The Annual Reports on the Structural Funds set out the major events the relative years with regard to the programming of the priority Objectives and the implementation of the Community Initiatives. It examines the coordination with other Community instruments and policies and gives details of auditing missions organised by the various Structural Funds.

Other implementing measures concern:

- (a) the regionalised Objectives (eligible regions, financial allocation of the Structural Funds, programming guidelines for Objectives 1, 2 and 3, approval of programmes for the regionalised Objectives);
- (b) the Community Initiatives (Interreg III, Leader+, Equal, Urban II);
- (c) the implementation of the Structural Funds.



ALLOCATION OF FUNDS

Commission Decision 1999/501/EC of 1 July 1999 fixing an indicative allocation by Member State of the commitment appropriations for Objective 1 of the Structural Funds for the period 2000 to 2006 [Official Journal L 194 of 27.07.1999].

This Decision fixes for 2000-06 the indicative amounts of the commitment appropriations for Objective 1 for each Member State (126 693 million), including the Peace programme (500 million) and the special programme for the Swedish regions (350 million) as well as the indicative amounts for transitional support under Objective 1 (8 411 million).

Commission Decision 1999/504/EC of 1 July 1999 fixing an indicative allocation by Member State of the commitment appropriations for Objective 2 of the Structural Funds for the period 2000 to 2006 [Official Journal L 194 of 27.07.1999].

This Decision fixes the indicative amounts by Member State of the commitment appropriations for Objective 2 (19 733 million) and the commitment appropriations for transitional support under that Objective (2 721 million).

Commission Decision 1999/505/EC of 1 July 1999 fixing an indicative allocation by Member State of the commitment appropriations for Objective 3 of the Structural Funds for the period 2000 to 2006 [Official Journal L 194 of 27.07.1999].

This Decision sets out in a table the indicative amounts of the commitment appropriations for Objective 3 for each Member State. These appropriations total 24 050 million in 2000-06.

Commission Decision 1999/500/EC of 1 July 1999 fixing an indicative allocation by Member State of the commitment appropriations under the financial instrument for fisheries guidance (FIFG) outside the Objective 1 regions of the Structural Funds for the period 2000 to 2006 [Official Journal L 194 of 27.07.1999].

This Decision sets out in a table the indicative amounts of the commitment appropriations under the FIFG outside the Objective 1 regions for each Member State. These appropriations total 1 106 million in 2000-06.



GUIDELINES FOR THE COMMUNITY INITIATIVES

Interreg III:

Communication of 28 April 2000 from the Commission to the Member States laying down guidelines for a Community Initiative concerning trans-European cooperation intended to encourage harmonious and balanced development of the European territory (Interreg III) [Official Journal C 143 of 23.05.2000].

Building on the experience of the two previous phases of Interreg, the Interreg III Initiative comprises three strands:

Cross-border cooperation (strand A): promoting integrated regional development between border regions;

Transnational cooperation (strand B): contributing to harmonious territorial integration across the European Union and with the applicant countries and other neighbouring countries;

Inter-regional cooperation (strand C): improving regional development and cohesion policies and techniques through transnational/interregional cooperation.

- Implementation of the Initiative complies with the general objectives of the Structural Funds (creating jobs, improving competitiveness, supporting sustainable development and promoting equal opportunities) and other Community policies.

For the European Union countries Interreg III receives Community funding exclusively under the ERDF (4 875 million for 2000-06) and for non-member countries participating in the Initiative, under the Phare, Ispa, Sapard, Tacis and Meda programmes.



Leader+

Communication of 14 April 2000 from the Commission to the Member States laying down guidelines for the Community Initiative for Rural Development (Leader+) [Official Journal C 139 of 18.05.2000].

The aim of the Leader+ Initiative is to complement the rural development programmes and structural objectives by encouraging those involved in rural communities to think about and implement integrated and innovative development strategies. It is implemented under three headings:

Action 1: integrated rural development strategies, of a pilot nature, covering small-sized rural areas with a strong identity;

Action 2: cooperation between rural territories in one or more Member States consisting in pooling know-how and human and financial resources;

Action 3: the networking of all rural areas to facilitate exchanges of experiences and know-how. Beneficiaries under Leader+ are required to play an active role. At Community level the network is organised by an "Observatory of rural areas".

The Leader+ Initiative has an appropriation of 2 020 million for the period 2000-2006 funded solely by the EAGGF Guidance Section. The Communication also sets out the technical arrangements for preparing, presenting and selecting programmes under the Leader+ Initiative and for managing, controlling, monitoring and evaluating them.



Equal

Communication of 14 April 2000 from the Commission to the Member States establishing the guidelines for the Community Initiative Equal concerning transnational cooperation to promote new means of combating all forms of discrimination and inequalities in connection with the labour market [Official Journal C 127 of 05.05.2000].

Building on the lessons learned under the previous Employment and Adapt Initiatives, the Equal Initiative seeks to promote a labour market open to all through new means of combating all forms of discrimination and inequality. To that end it covers the whole of the territory of the Union and emphasises the transnational nature of projects, the genuine involvement of local and regional authorities, as well as businesses, and the dissemination of good practice.

Equal provides assistance in four fields based on the four pillars of the European employment strategy:

- Employability,
- Entrepreneurial spirit,
- Capacity for change,
- Equal opportunities.

The Equal Initiative is financed at Community level by the European Social Fund with 2 847 million for 2000-06.



Urban II

Communication of 28 April 2000 from the Commission to the Member States laying down guidelines for a Community initiative concerning economic and social regeneration of cities and of neighbourhoods in crisis in order to promote sustainable urban development (Urban II) [Official Journal C 141 of 19.05.2000].

The aim of the Urban II Initiative is to promote innovative strategies for economic and social regeneration in deprived urban areas, at the same time facilitating the identification of good practice and exchanges of experience across the European Union. To achieve this, the strategies receiving support under the Initiative must:

- cover a critical mass of population (not less than 10 000)
- offer sufficient support structures and a strong and broad-based partnership to implement innovative and sustainable urban development programmes;
- present an integrated approach (covering economic, social, transport, environment, security, and other aspects);
- take account of existing strategies for the wider urban area or region,
- complement the programmes under the priority Objectives and the other Community Initiatives;

Seventy geographic areas receive support under Urban II. These areas are located within areas eligible under Objectives 1 and 2. Community funding is provided from the ERDF (700 million for 2000-06).



IMPLEMENTATION OF THE STRUCTURAL FUNDS

MANAGEMENT, FOLLOW-UP AND CONTROL METHODS

- Since 2001
The financial management of the Structural Funds has been further decentralised for the 2000-06 programming period, and the Member States and regions have new responsibilities. The Member States appoint the managing and payment authorities for each programme.



PUBLICITY

Since 2000

- Structural Fund assistance (ERDF, ESF, EAGGF Guidance Section and FIFG) must be accompanied by publicity measures which, with the aim of transparency, inform potential and final beneficiaries of the possibilities offered by the Funds and inform the general public about the role played by the European Union in cooperation with the Member States in this area.

The Community support frameworks (CSFs), operational programmes (OPs), single programming documents (SPDs) and Community Initiative programmes (CIPs) must provide for a communication plan as a framework for information and publicity measures. Such schemes (e.g. billboards, commemorative plaques, posters, information and communication material and information events) are the responsibility of the authority managing the programme. At Community level the Commission will encourage exchanges of experience and the development of informal networks among those responsible for providing information.



Proposal for a Regulation of the European Parliament and of the Council on the establishment of a common classification of Territorial Units for Statistics (NUTS) [COM (2001) 83 final - Official Journal C180 of 26.06.2001].

- In order to ensure that the regional statistics compiled and disseminated at Community level are comparable, this Regulation introduces a common statistical classification of territorial units (NUTS). Each region (or administrative unit) is given a code and a specific name. Three hierarchical NUTS levels are used to classify regions on the basis of population brackets within which the average size of the regions must be situated:
3 million < NUTS 1 < 7 million
800 000 < NUTS 2 < 3 million
150 000 < NUTS 3 < 800 000
- The Commission is responsible for drafting and updating explanatory notes on the NUTS, and may amend it every three years, in collaboration with the Statistical Programme Committee.



Structural Funds in Italy

Objective	aims	Funds
Objective 1	To promote development and infrastructural adjustment for not developed region (= pil procapite less than 75% of the average pil in the Community. In Italy they are: Campania, Puglia, Basilicata, Calabria, Sicilia, Sardegna). Furthermore for regions ex Ob.1 it has been decided a transitory support. In Italy they are: Molise)	All structural funds
Objective 2 (ex ob.2 e 5b)	Enhancing economic and social riconversion for zones with no infrastructural endowment (socio-economical changes in the industry and services sectors, rural declining zones, urban declining zones, fishing zones in conditions of crisis in their sector). In Italy: specific zones in the center and in the South	All structural funds with the exclusion of FIGG
Objective 3 (ex. Ob.3 e 4)	Integrate policies and the instruction and employment systems. In Italy: regions which can not enter Ob. 1 (the north and centre zones, Abruzzo region included)	ESF



	Ob.1	over Ob. 1	Ob. 2	Ob. 3	Interreg. III	Urban II	Leader +	Equal
EDRF	X		X		X	X		
ESF	X		X	X				X
EAGGF	X	X					X	
FIFG	X	X						



HOW TO GET SOME MORE DETAILED INFORMATION ABOUT FUNDS IN THE UE REGIONS

1

Select a country
or keep the search option "All countries"

All countries

2

Select a region within the country
or keep the search option "All regions"

No country selected

3

Select a type of programme
or keep the search option "All programme types"

All types

4

Select a theme
or keep the search option "All themes"

All types

5

Start the search



What is Docup

It is the implementing tool of European policies aimed at helping European disadvantaged zones, by means of the UE-State-regions co-financed actions. It is actually directed to SMEs creation and development (SMEs typically belonging to the manufacture, tourist and handicraft industry), in order to sustain employment, technological innovation and environmental protection.



Who are the subjects sustained by Docup in Lazio:

Subjects belonging to the Ob. 2 zones and the ones eligible to transitory support, such as:

- *young people* entering their first job experience;
- women,
- *entrepreneurs* who want to raise their activities;
- *local institutions*;
- *no-profit sector*;
- *all institutions and organisms* working at a local level.



What opportunities?

- **Young people and women:**

Funding of an entrepreneurial activity through an adequate financial guarantee system;

- **SMEs (the handicraft ones included):**

aid for the implementation of a new plant, or the renewal, the conversion or the restructuring of an old one;

- **No-profit sector:**

allows to create an entrepreneurial activity with a social aim;

- **Local institutions:**

allows institutions to get a loan for services and infrastructures renewal, which are located in productive areas and specialized districts.



What aims?

- *The first aim* is to reduce disparities and to promote economic and social development in Lazio focusing on the efficient and competitive governance of the economic and social system of Lazio itself, according to the environmental conservation principles.



Types of actions

The development strategy for Objective 2 areas leads to the appreciation of 5 sectors of intervention priority (the so called: “Assi”):

- *Environmental development* (Asse I);
- *Enhancement of networks assets* (Asse II) ;
- *Local systems development* (Asse III);
- *Increase of firms competitiveness* (Asse IV);
- *Coordination activities of the previous actions* (*Survays, assistance to economic actors, ect..*) (Asse V).



Financing DOCUP

- Docup is financed by the EDRF, which is meant to reduce existing gaps among UE regions.

The EDRF exists since 1975, and its main object is to give financing assistance to regions who need to accomplish their projects on economic development.

EDFS is the principal Fund for financing activities in Lazio

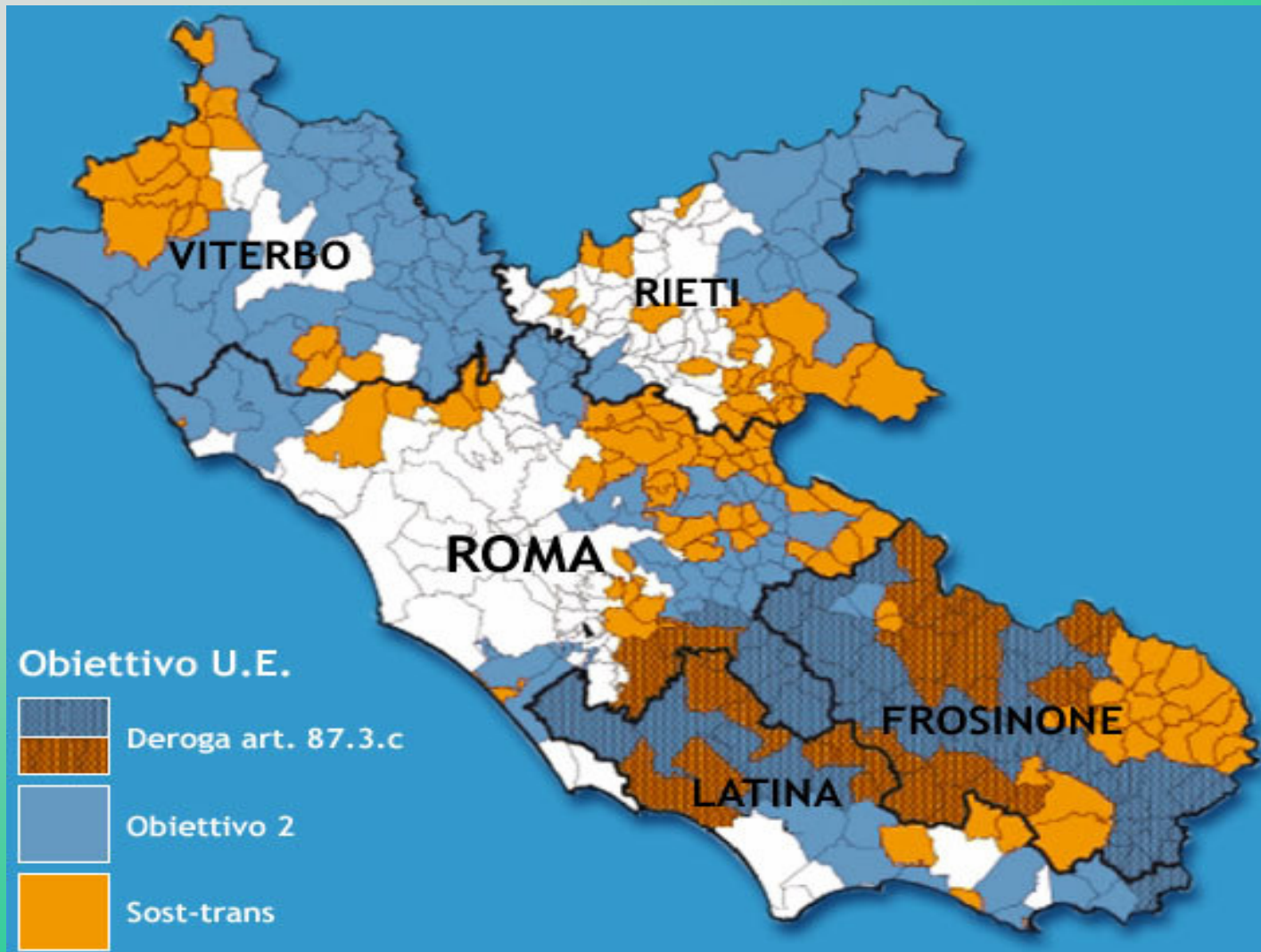


Admissible areas

- Objective 2: admissible areas for fundings during the years between 2000-2006 cover a population of 1.102.990 inhabitants (about 21% of the whole amount of regional population);
- Phasing out Areas: these areas will benefit of a financial aid until 2005. (The intervention covers about 13,5% of the whole amount of regional population



FURTHERMORE **Admissible areas**



26/05/2008

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