

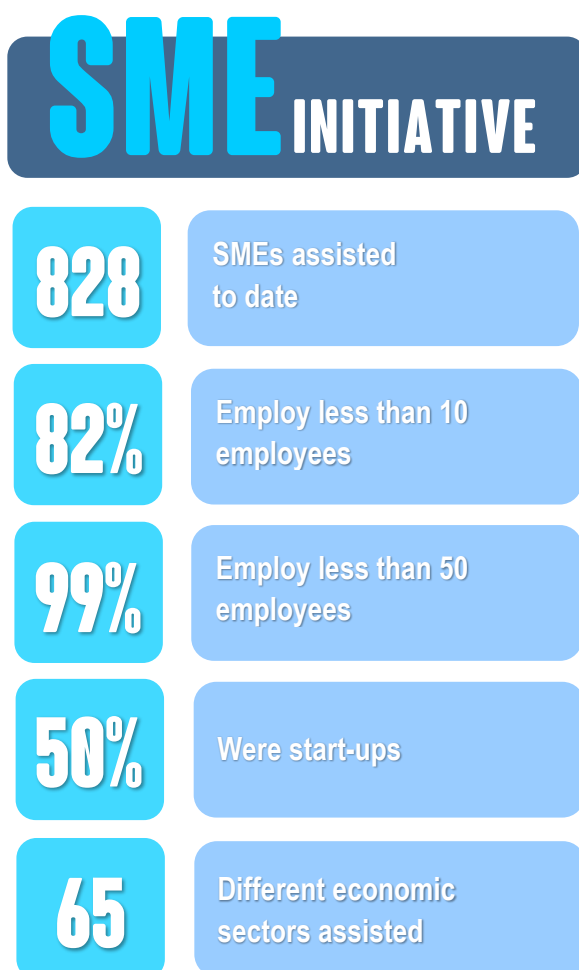
CITIZENS' SUMMARY – SME Initiative

Fund: **ERDF**

Programming period: **2014-2020**

Budget available (Malta): **€29 Million**

Reporting Year: **2021**



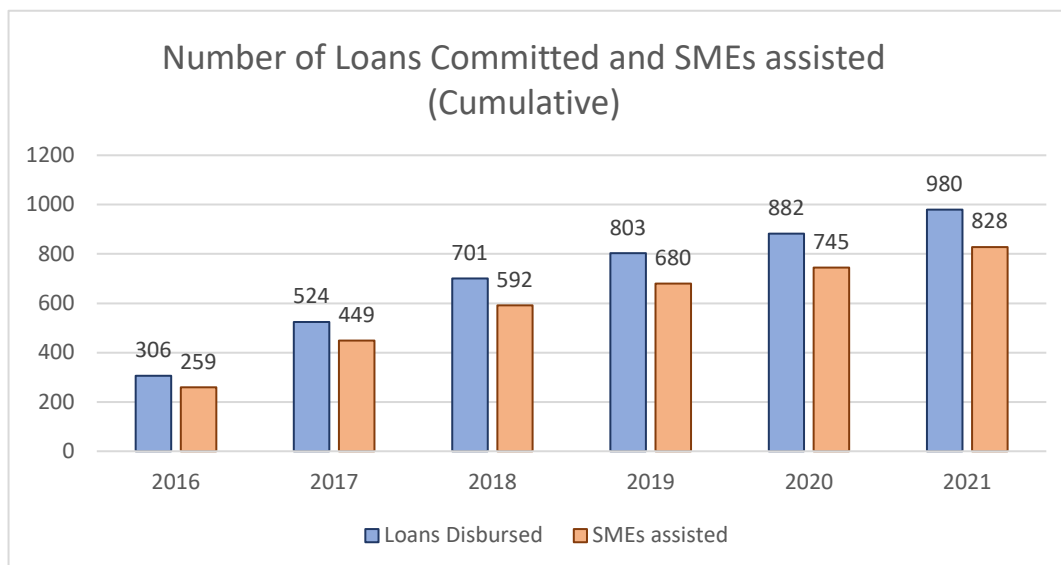
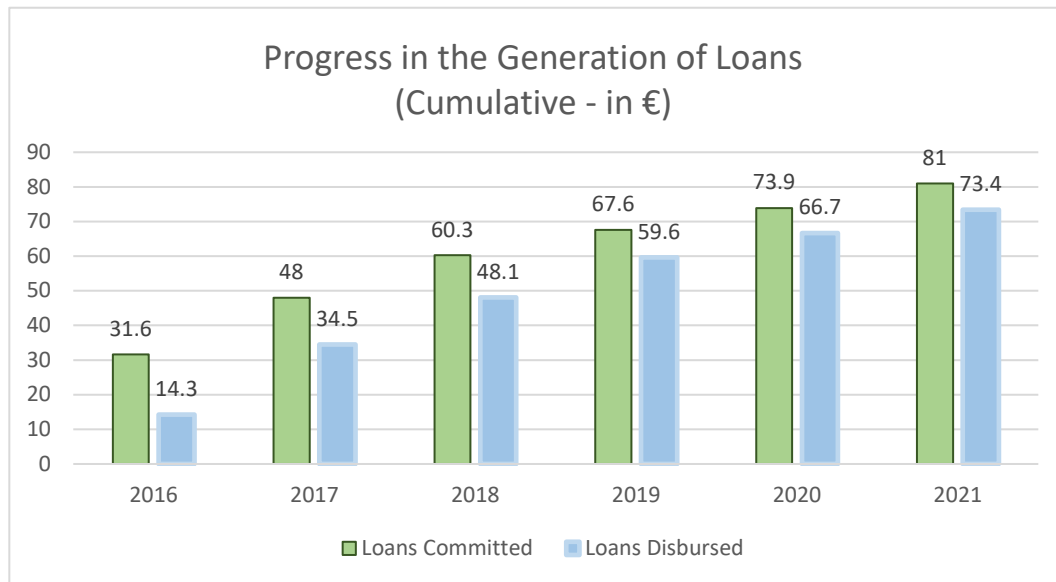
The SME Initiative (SMEi) was launched in July 2015 to assist local SMEs to finance their business needs with the objective to make their business grow. Through this initiative, local SMEs benefit from lower interest rates and lower collateral, thus allowing the banks to provide SMEs with better terms and conditions than what they otherwise would be able to provide outside the SMEi framework.

The SMEi allows SMEs to purchase plant and equipment, new products and services, expansion into new markets as well as other investment needs, and provides working capital.

The implementation of the SME Initiative through a single dedicated Operational Programme originally approved in 2014 has continued in 2021, following the increase of the ERDF allocation from €22M to

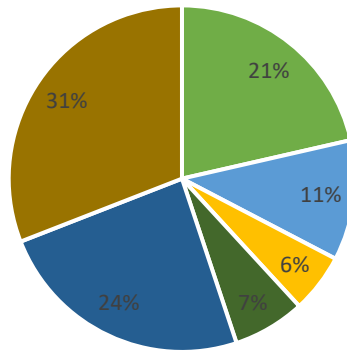
€29M in December 2020 as a mitigating measure in light of the challenges faced by the private sector during the COVID-19 global pandemic. This followed an earlier increase in the ERDF allocation to this Financial Instrument way back in 2019 from €15M to €22M due to the successful uptake of the instrument. As a result of these two increases, the expected portfolio of new loans to be generated by the two selected Financial Intermediaries to SMEs now amounts to €118M.

By end of 2021, a total of €81M in new loans has been originated to SMEs in Malta and Gozo, with €73.5M being paid by 31st December 2021. The progress registered is being presented below.



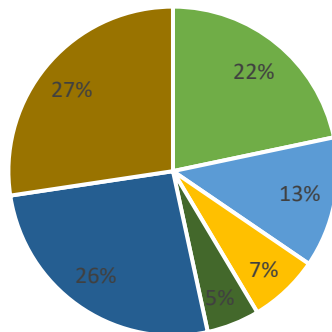
The sector benefitting from the SMEi in 2021 can be summarised in percentage terms, by number of benefitting SMEs and committed loan amounts as per below.

Diversification by Sector Number of SMEs (%)



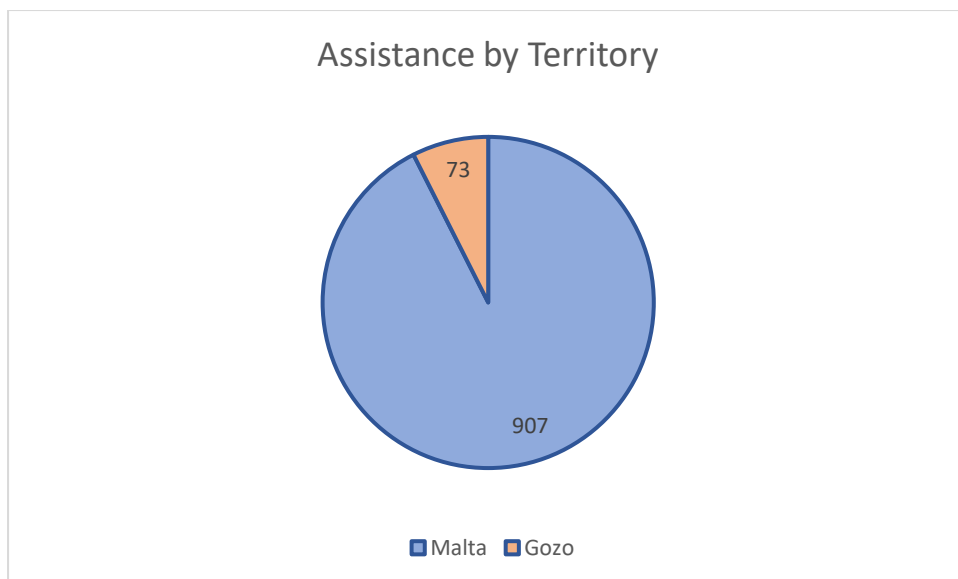
- Accommodation and food service activities
- Manufacturing
- Professional, scientific and technical activities
- Transporting and storage
- Wholesale and retail trade, repair of motor vehicles
- Other

Diversification by Sector Committed Amounts (%)



- Accommodation and food service activities
- Manufacturing
- Professional, scientific and technical activities
- Transporting and storage
- Wholesale and retail trade, repair of motor vehicles
- Other

In terms of territorial reach, 6.3% of loans committed were in Gozo, representing €5M in committed loans.



Actions taken to increase H2020 type of investments

In order to catch up on the H2020 financing, the EIF has liaised with the two financial intermediaries by delivering a presentation related to H2020 criteria in an effort to increase awareness of the types of investment that can be included in the portfolio of H2020 loans, in order to increase absorption. The same topic was also discussed through a webinar, whereby additional information was provided and queries clarified.