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Investment aid scheme for SMEs in the form of loans and guarantees, carried out by Finnvera plc, the state-owned specialised financing company

Finnvera plc's investment aid scheme for SMEs in the form of loans and guarantees is based on the Commission regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (hereafter 'Block Exemption Regulation'), which entered into force on 1 July 2014. The aid scheme is based on Article 17 of the Block Exemption Regulation ('Investment aid to SMEs').

1. Objective of the aid scheme

The objective of the aid scheme is to make it easier for SMEs to acquire financing for investments in tangible and intangible assets. The purpose is to support investments in SMEs so that the enterprises can grow and develop and, consequently, become more competitive and create jobs.

The aid scheme will be carried out by Finnvera plc, a specialised financing company wholly owned by the state. One of the tasks of Finnvera is to provide enterprises, particularly small and medium-sized enterprises, with loans and guarantees, as laid down in the Act on the State-Owned Specialised Financing Company (443/1998), especially in section 2 of the act, and Act on Credits, Guarantees and Capital Investments provided by the State-Owned Specialist Financing Company (445/1998), especially in sections 2-4 of the act. As a publicly owned operator, Finnvera plc must comply with the EU rules on State aid when offering financial services. When granting financing, Finnvera always makes its decisions on a case-by-case basis.

2. Budget and period of validity of the aid scheme

During the aid scheme, Finnvera plc will grant an estimated EUR 20 million in aid for investments by SMEs in accordance with the aid scheme.

The scheme will be in effect between 1 January 2015 and 31 December 2020.

3. Terms and conditions for granting the aid

3.1 Size of the enterprise

Under the scheme, financing can be granted to small and medium-sized enterprises. The size of the enterprise will be determined in accordance with the SME definition laid down in Annex I to the Block Exemption Regulation. An enterprise can be classified as an SME if it employs fewer than 250 persons and has an annual turnover not exceeding EUR 50 million or an annual balance sheet total not exceeding EUR 43 million. When these values are calculated, consideration will also be given, in a manner specified in the definition, to the corresponding information concerning partner enterprises and linked enterprises.

3.2 Sector of activity

Under the Block Exemption Regulation, the sector of activity of the recipient of the subsidised financing granted under this aid scheme has been limited so that enterprises engaged in fishing, aquaculture and primary agricultural production are not entitled to aid.

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Moreover, under section 2 of the act governing Finnvera's operations (Act on Credits and Guarantees provided by the State-Owned Specialist Financing Company; 445/1998), the provision of financing services is also limited so that the services cannot be offered to building developer's business.

3.3 Other restrictions concerning the beneficiary

No aid can be granted to an enterprise which is subject to an outstanding recovery order following a previous Commission decision declaring an aid illegal and incompatible, with the exception of aid schemes to make good the damage caused by certain natural disasters.

Neither can the aid be granted to enterprises that meet the criteria of an SME in difficulty, laid down in Article 2(18) of the Block Exemption Regulation. An enterprise is considered an enterprise in difficulty if it meets any of the following requirements:

- if it has lost more than half of its subscribed share capital (limited company) or more than half of its assets as shown in its accounts (general partnership, limited partnership) as a result of accumulated losses
- the enterprise is subject to collective insolvency proceedings or fulfils the criteria under its domestic law for being placed in collective insolvency proceedings at the request of its creditors
- the enterprise has received rescue aid and has not yet reimbursed the loan or terminated the guarantee, or has received restructuring aid and is still subject to a restructuring plan.

3.4 Incentive effect

The aid scheme will only be applied to aid with incentive effect. Subsidised financing must be applied for in writing from Finnvera before the work on the project or the activity is started. The aid application must contain at least the following information:

- a) name and size of the enterprise;
- b) project description, including the project start and end dates;
- c) location of the project;
- d) list of the project costs;
- e) form of aid (loan or guarantee) and the amount of public financing required for the project.

3.5 Eligible costs

Investment costs in tangible and intangible assets and estimated wage costs arising from job creation directly created with the investment project, calculated over a period of two years are eligible costs.

The following costs are considered eligible investment costs:

- a) an investment in tangible and/or intangible assets relating to the setting-up of a new establishment, the extension of an existing establishment, diversification of the output of an establishment into new additional products or a fundamental change in the overall production process of an existing establishment; or
- b) the acquisition of the assets belonging to an establishment (incl. fixed assets) if the following conditions are fulfilled:

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- the establishment has closed or would have closed had it not been purchased;
- the assets have been purchased from third parties unrelated to the buyer;
- the transaction takes place under market conditions.

Where a member of the family of the original owner, or an employee, takes over a small enterprise, the condition that the assets must be bought from third parties unrelated to the buyer is waived.

The sole acquisition of the shares of an enterprise does not constitute investment.

Intangible assets must fulfil all of the following conditions:

- a) they must be used exclusively in the establishment receiving the aid;
- b) they must be regarded as amortizable assets;
- c) they must be purchased under market conditions from third parties unrelated to the buyer;
- d) they must be included in the assets of the enterprise for at least three years.

Employment directly created by an investment project must fulfil the following conditions:

- a) it must be created within three years of completion of the investment;
- b) there must be a net increase in the number of employees in the establishment concerned, compared with the average over the previous 12 months;
- c) it must be maintained during a minimum period of three years from the date the post was first filled.

4. Amount of aid

4.1 Calculating the amount of aid / transparency

In accordance with its pricing guidelines, Finnvera plc charges interest for the credits that it has granted. The interest is based on the estimated risk and the collateral available. The aid amount is the gross grant equivalent of the aid, which is calculated by comparing the interest charged by Finnvera plc from the borrower with the reference rate in effect at the moment of the granting of the loan. The reference rate is set in accordance with the Communication from the Commission on the revision of the method for setting the reference and discount rates (2008/C 14/02). If the interest charged by Finnvera plc is lower than the reference rate in question, the loan is deemed to involve State aid. The amount of the aid is calculated by discounting the interest rate differential to its value at the moment of the granting of the loan.

In accordance with its pricing guidelines, Finnvera plc charges a guarantee commission for the guarantees that it provides. The commission is based on the estimated risk and the collateral available. This guarantee commission charged from the enterprise will be compared with pricing that corresponds to the non-subsidised price at the moment of the provision of the guarantee, as approved by the Commission. If the guarantee commission charged from the enterprise is lower than the non-subsidised price approved by the Commission, the guarantee is deemed to involve State aid. When the amount of the aid is calculated, the non-subsidised reference price is derived from the guarantee notice of the Commission (Commission Notice on the application of Articles 87 and 88 of the EC Treaty to State aid in the form of guarantees; 2008/C 155/02).

As laid down in the guarantee notice, Finnvera plc calculates the amount of the aid using reference prices that are in accordance with the 'safe harbour' table of the guarantee notice of the Commission. The amount of the aid is calculated by discounting the price differential between the actual price and the non-subsidised price to its value at the moment of the provision of the guarantee and by deducting the service charge charged from the enterprise from this amount.

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4.2 Maximum aid intensity and cumulation of aid

Aid intensity (amount of aid in relation to the amount of eligible costs) may not be more than 20 per cent of the eligible costs for small enterprises and not more than 10 per cent for medium-sized enterprises. When the maximum aid intensity is calculated, consideration is also given to the other types of aid granted to cover the same or partly or fully overlapping eligible costs, irrespective of which public body grants the aid.

The total amount of public aid granted to one enterprise for one investment project may not exceed EUR 7.5 million.

Finnvera will submit the details of aid included in its financing to the local ELY Centre for cumulation monitoring. Customers will not be provided any separate calculation of the amount of aid.

5 Publication and information

In accordance with Article 9 of the Block Exemption Regulation, the summary information concerning the aid scheme (in the format laid down in Annex II to the Block Exemption Regulation) or a link providing access to it will be published online on the Finnvera website and on a comprehensive State aid website at national level by no later than 1 July 2016.

Moreover, the names of the beneficiaries receiving at least EUR 500,000 in individual aid, the regions in which the beneficiaries are located, their principal sectors of activity, and the details of the aid granted to the beneficiaries (form and amount of aid, date granted) will be published on a comprehensive State aid website by no later than 1 July 2016.

Implementation of the aid scheme will be reported to the Commission each year, as laid down in Article 11 of the Block Exemption Regulation.