SME Envoys - Finance subgroup
Conclusions of the 2021 Survey and Roundtable on national solvency measures for SMEs during and after the Covid-19 crisis

Executive Summary

This report summarises the final outcomes of a survey and roundtable that were conducted in 2021 by the European Commission’s DG GROW through the SME Envoys Network’s financial experts. The aim was to better understand and share what measures Member States were planning and putting in place to address the access to finance issues that SMEs have been facing during and after the Covid-19 crisis. The analysis highlighted some common features, highlighted below.

A liquidity crisis that quickly turned into a solvency one required the deployment of a broad range of tools: there was no silver bullet. A diversified set of financial instruments was often put forward as part of bigger aid packages, including debt moratoria, safeguards for employees, fiscal measures etc. Member States implemented their support tools through established structures, rather than newly built ones. A key role was played by the National Promotional Institutions and traditional financiers, who were seen as the main channels of government support. Design of financial instruments relied on market participants to ensure alignment of interest and to address the risk of financing non-viable companies.

Smaller companies were among the largest beneficiaries of support, that they received mainly for working capital or other short-term funding needs. Besides loans, equity instruments were often crucial to ensure continuity of financing through the funding escalator. In addition, Member States put forward a wide range of financial instruments beyond traditional ones, including subordinated loans, mezzanine finance, participative loans as well as grants and blending schemes (e.g. loans with grants). Measures put forward by Member States were addressed almost exclusively to local companies. This retrenchment within national borders due to the emergency situation may have reduced cross-border availability of finance for enterprises. National authorities needed extensive knowledge of State aid frameworks to design financial support schemes in compliance with Commission’s frameworks.

1 https://ec.europa.eu/growth/smes/sme-strategy/sme-envoys_en
Full report

This report summarises the final outcomes of a survey and roundtable that were conducted in 2021 by the European Commission’s DG GROW through the SME Envoys Network’s financial experts under the patronage of Pieter Waasdorp, the SME Envoy for the Netherlands and rapporteur for access to finance. The aim was to better understand and share what measures Member States were planning and putting in place to address the access to finance issues that SMEs have been facing during and after the Covid-19 crisis.

While bankruptcies among SMEs have not increased much during the pandemic, this was probably due to various temporary government support measures and moratoria on insolvencies that prevented companies from going bankrupt. However, issues could still arise later, since a substantial number of companies might only have limited cash buffers and might need to rely on further government intervention. Insolvencies may rise alongside the scaling down of loan schemes, moratoria, tax holidays and other forms of relief.

As most Member States focused their support schemes on debt solutions, many SMEs may reach the limit of their sustainable debt capacity. Against this over-leveraging, the need for recapitalisation could be most acute for smaller SMEs that have even less access to institutional funding than their bigger peers. This gap should be addressed at both EU and Member State level. In particular, one of the biggest challenges is to design policies that reduce accumulated over-leverage for viable companies, while avoiding the risk of a “zombification” of the economy (i.e. financing non-viable companies).

The aim of this assessment by consulting the Member States’ representatives was to better understand the situation and exchange good practices on national and regional measures to facilitate recapitalisations, debt conversions and the strengthening of SME balance sheets. As announced in the Industrial Strategy launched by the Commission in 2021, an exchange of good practices was organised among nominated financial experts on 28th September 2021. As an outcome of the process, this final report summarises the results of both the survey and the discussions among experts. Inputs from the measures that Member States have included in their national Recovery and Resilience Plans also contributed to the analysis.

2  https://ec.europa.eu/growth/smes/sme-strategy/sme-envoys_en
Main outcomes of the 2021 Survey and Roundtable

Member States have announced various measures to address solvency risks stemming from the Covid-19 crisis. Based on the results of the survey and discussions at the roundtable, some common features\(^5\) could be highlighted.

The Covid-19 crisis required the deployment of a broad range of tools: there was no silver bullet

- Member States were addressing solvency issues with a broad range of measures catering to different needs: **there is no silver bullet**. Many Member States put forward a **diversified and flexible set of instruments** that offer all types of financing to strengthen a company’s solvency (e.g. equity and mezzanine financing). The rationale is that the smaller companies segment is more diverse and therefore requires more flexibility, especially if they have taken on a lot of debt due to the crisis.

- A diversified set of instruments was often put forward by Member States as part of bigger aid packages, including, for instance, **debt moratoria, safeguards for employees**, etc. In many cases, financial programmes were complemented by dedicated pieces of **legislation** (e.g. to tackle insolvencies) and/or **fiscal measures**, mainly in the form of tax incentives or tax reductions.

- Several Member States, such as Italy and Portugal, reported the usage of **fiscal incentives**, e.g. tax credits or tax deductions on equity injections into smaller firms. These measures helped to address the historical debt/equity fiscal treatment bias.

Moving targets: a liquidity crisis that quickly turned into a solvency one

- In general, a clear demarcation is evident across Member States between initial measures intended to cover SMEs’ **immediate, urgent, short-term liquidity needs** and those aimed at addressing the **solvency of viable firms**, often burdened with high debt overhang.

- Some Member States saw the roll-out of **solvency support measures as temporary**: they would be scaled down as the gravity of the Covid-19 crisis decreased. This limited timeframe may address and prevent the risk of a ‘zombification’ of the economy.

Member States implemented their support tools through established structures

- Many Member States reported the absolute necessity to **rely on existing implementing capacities**, rather than building new ones. A key role was played by the **National or Regional Promotional Institutions**, who shared the risk with the public sector in channeling government-backed funding. In some cases, like Germany, this role was additionally played by Regional Promotional Institutes (RPIs).

- One important element is that the crisis **enhanced the role of traditional financiers**, who were seen almost everywhere as the main channels of government support. With the exception of The Netherlands, most Member States relied mainly on **banks and equity/quasi-equity funds** to channel solvency support to the economy, as opposed to more innovative/alternative forms of finance.

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\(^5\) This analysis does not take into account the various liquidity support measures that most Member States have put forward in the immediate aftermath of the crisis to address their immediate cash flow issues.
Design of financial instruments relied on market participants to ensure alignment of interest

- Most Member States highlighted that the risk of financing non-viable companies was mitigated by the involvement of the private sector (banks and/or equity investors). No Member States attributed exclusively to the public sector the competence for assessing the viability of the companies to be supported.

- In particular, alignment of interest in the design of debt products for solvency purposes was guaranteed by risk-sharing mechanisms between the government and banks/financial institutions. In most cases, the State did not guarantee 100% of the loan. The risk assessment of banks, who know their customers intimately, their long-term viability and their repayment capabilities, played a key role in this process and ensured no incentive for adverse selection, e.g. via prolonged funding of ‘zombie firms’.

- In venture capital, alignment of interest between the public and private sector was ensured by the fact that governments invested pari passu with private investors. Since, in most cases, governments matched the funding and conditions of private investors, the due diligence of private investors reduced the risk of funding ‘zombie firms’.

- In some Member States, the fact that SMEs needed to secure other sources of money besides government financing in order to access support was a guarantee that aid could go to viable companies. For example, in the Czech Republic some financial instruments proposed under the national Recovery and Resilience Plan have private co-financing as a specific condition. In Denmark, loan schemes were designed to match equity investments by private investors (mainly angel investors and venture funds) with a loan from its National Promotional Bank.

Equity instruments were often crucial to ensure continuity of financing

- In the equity space, continued support through venture capital was seen in many Member States as a key way not to disrupt financing channels through the funding escalator. There were some issues due to defaults by limited partners in venture capital funds, which were sometimes solved through the intervention of government-backed money or sales of stakes in secondary markets. The support provided by governments to venture capital resulted in an overall increase in the share of government-backed investments by around 10 percentage points (from ca. 20% in 2019 to 30% in 20206).

- Some Member States put forward equity instruments allowing venture capital fund managers to match or top-up existing funding to portfolio companies, with extra funding coming from State-backed entities.

- In some cases, Member States reported that they did not use equity instruments, as the situation required more urgent aid to cover immediate liquidity issues via debt/debt-like instruments.

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6 Investeurope’s “Investing in Europe: Private Equity activity 2020”
A wide range of financial instruments beyond traditional ones

- Of the different measures put forward by Member States for solvency purposes, **subordinated loans, mezzanine and traditional equity support** appear to be among the most common instruments. Of particular interest is the French experience with so-called "participative loans", which are similar to equity as they are subordinated to all other debts (and often come with a share of profits), although they are debt-like as they have a fixed interest rate and no voting rights.

- **Bridge financing** instruments were quite popular in many Member States as tools that did not disrupt the financing channels to existing companies. In many cases, they worked through extended maturities, higher guarantee rates, reduced interest rates.

- Other than financial instruments, **grants** were quite popular, especially to cover (part of) companies’ investment and/or working capital costs or revenue losses. In some cases, these grants were designed to finance specific policy objectives, e.g. sustainability or digitalisation. In some cases, as in Austria, **repayable grants** were deployed in such a way that successful companies would have to repay (part of) the grant upon achievement of certain targets.

- Only a few Member States, such as the Slovak Republic, put forward **blending schemes**, e.g. matching loans with grants.

Smaller companies were the largest beneficiaries of support, mainly in the form of working capital

- As a general trend, **smaller companies benefited from wider/less selective financial aid** than their bigger peers, who generally faced a more selective screening by providers of finance.

- Most financing was in the form of **support for working capital** or other short-term funding needs. Only in a few cases was support provided to address investment needs.

Extensive support to national companies: the risk of financial retrenchment within national borders

- Measures put forward by Member States were addressed almost exclusively to **local companies and/or via local financial intermediaries**. This retrenchment within national borders due to the emergency situation may have reduced cross-border availability of finance for enterprises.

- Some solvency measures, like those put forward in Spain or Italy, were aimed at supporting local **strategic sectors**. In some cases, support came with **conditions attached**, e.g. restrictions on compensation, limits on stock repurchase and dividend distribution, etc.

- Some Member States, including Portugal, Greece and Croatia, used their national **Recovery and Resilience Plans’** allocations to deploy support for the recapitalisation of their companies.
Compliance with State aid frameworks: key learnings and challenges

- The majority of surveyed Member States designed their solvency support instruments around the Commission’s State Aid Temporary Framework, although in some cases other Commission State Aid frameworks were used. Speed of approval, especially in the very first phase of the pandemic, was a key element enabling success of the implemented instruments, especially in the case of bridge financing instruments.

- Specific design features of some financial instruments, including the need to comply with State Aid rules/Temporary Framework, provided for additional safeguards against financing ‘zombie firms’/over-leveraged companies. A few such examples are the rules on firms in financial difficulties and those limiting loans to 25% of corporate turnover in 2019. For example, Belgium designed a guarantee scheme that was accessible upon fulfilment of certain conditions, e.g. that no active credit restructuring is ongoing, no collective insolvency procedures, etc.

- On the other hand, the Temporary Framework’s limit of six years for loan durations was seen in some Member States as a burden, as a longer repayment period would have been an important and non-invasive way of easing firms’ obligations and ensuring their long-term viability.

Please find below a summary of the main solvency support measures put forward or planned in various Member States.
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<th>Debt/debt-like instruments</th>
<th>Equity/equity-like instruments</th>
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<td><strong>AT</strong></td>
<td><strong>Loan Guarantees for bridge-financing loans</strong> The aim is to secure liquidity and facilitate financing of working capital loans from companies, whose sales and earnings development is impaired by order, delivery or other market changes due to the COVID-19 crisis. Specific terms and conditions tailored to cope with the negative effects of the crisis were based on the regular loan guarantee program. The guarantee rates were 80% -- 90% -- 100%. The duration was up to 5 years. The instrument was built in accordance with the Commission’s Temporary Framework.</td>
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<td><strong>BE</strong></td>
<td>Transformation fund dedicated to firms with min. 5 employees and considered viable at the end of 2019 and who have proven to have a positive impact on the transition towards a sustainable economy. Funding granted within this framework by the Federal holding and investment company should consist in capital injections, loans (subordinated or not), acquisitions of shares or investment in other funds.</td>
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<td>The corona-loan (coronalening) is for self-employed persons (main occupation) and SMEs located in Flanders which consists of a subordinated loan with a duration of three years, which can go from 25,000 to 2.8 million euros (can be raised to 4.3 million if there is another financier/investor). The ProPulsion loan is a mechanism of co-financing for Walloon enterprises (only SMEs) active in eligible sectors, in the form of a subordinated loan, issued by Sowalfin. The amount of the loan ranges from 50,000 to 1 million euro and with a duration which is the same as the bank loans’ (max 10 year) but the repayments have only to start after 6 months (or can go up to 2 years). Sowalfin has issued also the ricochet loan, which is available for small enterprises (less than 50 FTE) or self-employed persons. It is a mixture of a guarantee (max. 75% of the bank loan of max. 30,000 euro) and a subordinated loan of 50% of the bank loan (up to 15,000 euro) at a zero interest rate, with first capital payment due after 6 months. The total amount of financing can thus go up to 45,000 euro.</td>
<td>The prosperity fund (Welvaartsfonds) is a joint project of the Flemish investment company PMV, institutional investors, banking partners, fund managers and private individuals. The fund aims to boost the solvency of companies and help them make the switch to a sustainable economy. To this end, the Flemish government has increased PMV’s capital by 240 million euro. This fund can invest, alone or together with other financial partners, in large companies, SMEs, start-ups and scale-ups in all sectors. The fund will support intrinsically healthy companies that have a link to Flanders, or let them grow faster in order to strengthen their solvency.</td>
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<td><strong>CZ</strong></td>
<td>Czech republic plans to create new quasi-equity instruments involving mezzanine financing via subordinated debt. The junior subordinated loan will be provided only with co-financing by another bank in the amount of the subordinated loan. The mezzanine loan will provide the SMEs with a favourable source of financing that behaves similarly to equity. The loan will be subordinated, so that ČMZRB loan will be repaid only after senior liabilities will have been settled. This subordination will enable the SMEs to get other sources of funding. Similarly, CZ intends to launch a convertible mezzanine instrument for recapitalisation of SME. Indicative allocation of the mezzanine products is 4 billion CZK.</td>
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### DE

The German guarantee banks (Bürgschaftsbanken) provide partial guarantees to secure equity investments in SME. These guarantees are in turn partially backed by a counter-guarantee from the federal government and the respective state (Bundesland). In response to the current crisis, the scope of these guarantees was expanded and the application process simplified. For instance, equity investments of up to 2.5 million Euro can be guaranteed by up to 80% (of which the public guarantee is up to 68 %) in a simplified procedure.

A two-pillar-approach particularly addressed start-ups and small businesses during the Covid-19 crisis: In pillar 1, the funding is provided through private venture capital investors by KfW Capital and the European Investment Fund („Corona Matching Facility”), as well as through the High-Tech Start-up Fund and the KfW-programme ERP-Starlfonds. The Corona Matching Facility is used for funding rounds for start-ups as part of co-investments made jointly with private investors (pari-passu according to the European State Aid-Framework). In pillar 2, venture capital and equity replacement financing are made available for small businesses and start-ups (max. 75 million Euro revenues p.a.) via regional promotional institutes and taking into account the rules under the Temporary Framework.

### DK

In June 2020, the government introduced Genstartsfonden ("the restart fund") targeting SMEs and midcaps of up to 1,500 employees. The fund has a total capacity of DKK 3 billion (approximately EUR 400 million). Genstartsfonden can offer all types of financing that strengthens the solvency of the company (equity and mezzanine financing). Smaller companies can receive financing from Genstartsfonden with the purpose of sustaining their growth and developing their business if they have taken on large debt due to the crisis.

### ES

In a first phase, Spain adopted a threefold approach: 1. Firstly, implementing liquidity measures through credit guarantee programs for SMEs; 2. Moratoriums on main tax debts, repayment of credits and payment of contributions; 3. Direct aid to face payment and current costs, such as wages and social contributions of workers, rents, etc.

Following that, Spain put forward a restructuring fund (EUR 3 bn) to restructure the debt of companies having received bank loans guaranteed by Instituto de Crédito Oficial (ICO). The mechanism could include hair-cuts as a last resort and will be coordinated by financial institutions, as they have better information on the solvency of companies, and will be governed by a Code of Conduct. The fund will have three levels:

i) Allows to extend the maturity of the loans, over and beyond what was agreed last November, while the possibility to request financing guaranteed by ICO is extended until 31 December 2021.

ii) Converts the loans to equity capital thanks to the public guarantee.

iii) Implies a direct transfer to reduce the guaranteed loan principal for loans taken up during the pandemic.

Finally, Spain launched a recapitalisation fund (EUR 1 bn) to recapitalise SMEs via the public company Cofides. The fund has various debt, equity and quasi-equity instruments and implies that the State will have a claim on part of the future profits during a period of maximum eight years. To be eligible, the company will have to be kept afloat until 30 June 2022 and cannot pay dividends nor increase the pay of the top management for a period of two years.

### FR

In March 2021, the French government announced the deployment of State guarantees to back up to EUR 20 billion of so-called participative loans and bonds. They are similar to equity as they are subordinated to all other debts and often come with a share of profits. But, like loans, they have a fixed interest rate and afford the creditor no voting rights. These financial instruments will aim at reinforcing balance sheet of final beneficiaries.

State support will be in the form of a guarantee to investors that will finance the participative loans and bonds. The loans will have a duration of at least eight years, longer than classic loans for ordinary companies, with repayments starting after four years. Bonds will have to reimbursed only once at the end after 8 years. Participative loans will be distributed through banks and funds. Banks will originate participative loans, will retain part of the risk for alignment of interest and will transfer the rest (90%) to investment funds. Subordinated bonds issued by enterprises are bought by investment funds which are the interlocutors of the State guarantees for their investors.
| **GR** | The **Entrepreneurship Fund II** was in place before COVID and co-funded by national and European sources with the total amount of almost EUR 1 billion. To address the negative consequences to the economy caused by the COVID-19 pandemic, subprograms 3 and 4 were established in the form of an interest rate subsidy for working capital.

Moreover, the **COVID-19 Business Guarantee Fund** aims at guaranteeing working capital loans issued by the banks in favour of SMEs, as well as the large firms of the private sector. It concerns a portfolio guarantee fund which provides a guarantee rate up to 80% per loan. The Guarantee cap is defined up to 40% for SMEs and 30% for large companies. Eligible were considered viable companies i.e., as those which have the ability to receive a loan in accordance with bank’s credit policy and the internal procedures of credit institutions. The guarantee rate is defined to 80% per loan while the guarantee cap up is determined to 40% for SMEs and 30% for large companies.

**Subsidy Loans** for Existing SMEs Loans Affected by the COVID-19. The program concerns the subsidy of the interest rates for existing SMEs loans which were affected negatively in economic terms by the measures against the spread of COVID-19 pandemic. The program provides direct subsidies to SMEs for covering current contractual interest rates of SMEs’ loans (e.g., securitized loans, bond issue loans, credit agreements and lines of credit) as well as the corresponding contribution of Law 128/75 of the loans of eligible companies up to EUR 800,000 per company. The subsidy applies to current overdue loans, bond loans and credit agreements, including securitized loans and credits as well as transfers due to loans transferred and credits according to national legislation.

| **HR** | As part of the measures to support entrepreneurs in activities affected by coronavirus, the Croatian Agency for Small Business, Innovation and Investment has provided the so-called **COVID-19 loans** for micro, small and medium enterprises, with an interest rate of 0.25% and a grace period of up to 12 months.

Moreover, a **Working Capital measure COVID-19** is implemented by the Croatian Bank for Reconstruction and Development as a temporary measure within the Working Capital lending program. Purpose of loans are:
- financing of current operations
- settlement of short-term liabilities to the state and other short-term liabilities,

Loans are approved up to HRK 100,000 with interest rate of 2.00% for up to 3 years with grace period of 1 year.

**Private equity funds top-up / co-investment facility** is planned under RRF national plan. Croatian bank for reconstruction and development as implementing body is planning to rely on fund management companies which are expected to provide capital solely SME’s and mid-caps with sound and viable business plan.
In response to the Covid-19 crisis, the Minister for Finance announced a new EUR 2 billion sub-portfolio to be set up within the Ireland Strategic Investment Fund, the Pandemic Stabilisation and Recovery Fund (“PSRF”). The focus of the PSRF is to invest on a commercial basis in businesses which have been negatively and materially impacted by the COVID-19 pandemic. The PSRF has a focussed approach in supporting Irish businesses and the wider Irish economy respond to the disruption and uncertainty caused by the crisis. The PSRF has the flexibility to provide either debt, equity, or hybrid funding solutions depending on the specific funding requirements and repayment capacity of the business. The objective of this commercial flexible approach is to avoid over-leveraging of businesses balance sheets and provide appropriate equitisation.

The Sustaining Enterprise Fund is a key funding response to Covid 19. It was developed by Enterprise Ireland in April 2020, in conjunction with the Department of Enterprise, Trade and Employment. The purpose of the Sustaining Enterprise Fund is to sustain eligible manufacturing and internationally traded services companies, employing 10 or more employees, who have been negatively impacted as a result of the COVID-19 outbreak. This fund will ensure eligible companies have access to the necessary liquidity while also sustaining business so that companies can return to viability and contribute to the recovery of the Irish economy. The funding provided is a combination of financial instruments -both repayable (debt, equity, repayable advance) and non-repayable (grant aid) support.

Ireland has implemented a number of scheme, including:
- The Future Growth Loan Scheme (FGLS) is a long-term loan facility (7-10 years) underpinned by a counter guarantee from the European Investment Fund. The initial EUR 300 million FGLS was delivered to the market in April 2019. The capacity of the FGLS was increased from €300m to €800m at the end of July 2020. Lending through the Scheme is made available to SMEs and small mid-caps through a number of financial providers.
- The Local Enterprise Office Client Stimulus scheme funded through the 2020 July Stimulus aims to sustain eligible businesses through the provision of a cash stimulus to support operational costs and enhanced engagement with their Local Enterprise Office. The funding is provided through an immediate cash contribution to support liquidity and could be used to cover ongoing operational costs, for example, utilities, insurance, refurbishment or for measures to ensure employee and customer safety and welfare.
- The Strategic Banking Corporation of Ireland (SBCI) provides both liquidity and risk sharing programmes via approved on-lenders to benefit Irish SMEs and Small Midcaps by offering flexible products with longer maturities and capital repayment flexibility at a lower cost. SBCI does not deal with large corporates.
- The Covid Credit Guarantee Scheme (CCGS) and Covid Working Capital Scheme (CWS) are the loan schemes operated by the SBCI that were created to support businesses impacted by Covid. CWS provides business with funding for future cashflow requirements to fund innovation and change or adaption of the business to mitigate the impact of Covid 19. CCGS allows refinancing of Covid related expenses that were initially funded through short term/temporary facilities such as overdrafts.

**IT**

**Subordinated loan scheme** ("Fondo Patrimonio PMI"). To have access to the measure companies are required to have approved and executed a fully paid capital increase not lower that 250,000 euro. The amount of the subordinated loan that can be granted is equal to the lower between three times the capital increase and 12.5% of the 2019 turnover;

**Fund for the restructuring of corporates** (M&A, turnaround, debt restructuring). Target firms are: i) firms with historical brands or brands that are strategically important for the country; ii) firms with less than 250 employees; iii) firms that hold strategically important assets or relationships. For firms in financial distress, the Fund will provide an equity injection, at market conditions, jointly with a private (third party) investor.

**Equity participations Fund** : a special-purpose asset fund dedicated to equity and quasi-equity interventions in companies that have generated a turnover above 50 million euro. The Fund can grant public support measures or operate at market terms. In the latter case, a private co-investment is required with no exception, not lower than 30% of the overall amount and at the same conditions accorded to the fund.
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| **NL** | The Netherlands has put forward a (temporary) **credit facility** of EUR 200 mln. for SMEs. The credit is intended for SMEs that can become **financially healthy again** and are likely to be able to develop sufficient viable activities in the future. It contributes to the necessary **working capital for the restart of the company** but also the legal costs for the above mentioned procedure. Its goal is to prevent bankruptcies of companies who severely suffered from the covid-19 crisis but are in essence viable. The average loan will be EUR 75,000.  

The **Post-Covid growth finance initiative** was launched by three Dutch banks and a Dutch pension investment company. The three banks and Dutch pension investment company provide SMEs with subordinated loans between € 5- € 50 million. The Dutch banks can apply for a 50% state guarantee (the **growth facility**). The target group consists of companies affected by the covid-crisis that want to invest but are hindered due to their weakened solvency rates. |
| **PT** | Portugal puts forward the creation of a EUR 1 billion financial instrument to support the solvency for the economic recovery, through **quasi-equity instruments** and capital-markets based instruments. The shares, which are not expected to have a dilutive effect for the current shareholders or to have voting rights, will be managed by Banco Português de Fomento, outside its balance sheet. All sectors will be targeted, with a focus on those most affected by the economic crisis triggered by the pandemic. Companies will be selected by meeting some criteria: (1) financial viability; (2) operational profitability; (3) business model appropriate to current macroeconomic conditions; (4) strategic positioning in relation to national interest.  

Portugal also put forward a **tax incentive scheme** to address the debt/equity fiscal treatment bias bias, via a tax deduction on remuneration of share capital (notional interest deduction) |
| **SK** | The Slovak programme foresees support to companies through **capital inflows or loans**, for bringing to the market significant technological and innovative solutions. Specifically, this applies to the pre-seed phase, which will include certain acceleration co-investment programs in cooperation with “angel investors” as well as the post-VC phase. In the case of support for SMEs through **loan intervention**, it will be the so-called “green” or “digital” loan. It will make it possible to **combine a loan / credit product together with grant funding** to support “green” and “digital” SME topics. Loans could be combined with a grant mechanism in the amount of 10-30% of the loan volume. |