

**Jeremie Networking Platform
Fourth meeting**



Presentation

**Experience of JEREMIE implementation
in Lombardy Region**

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Lombardy at a glance



Lombardy at a glance

Jeremie in Lombardy

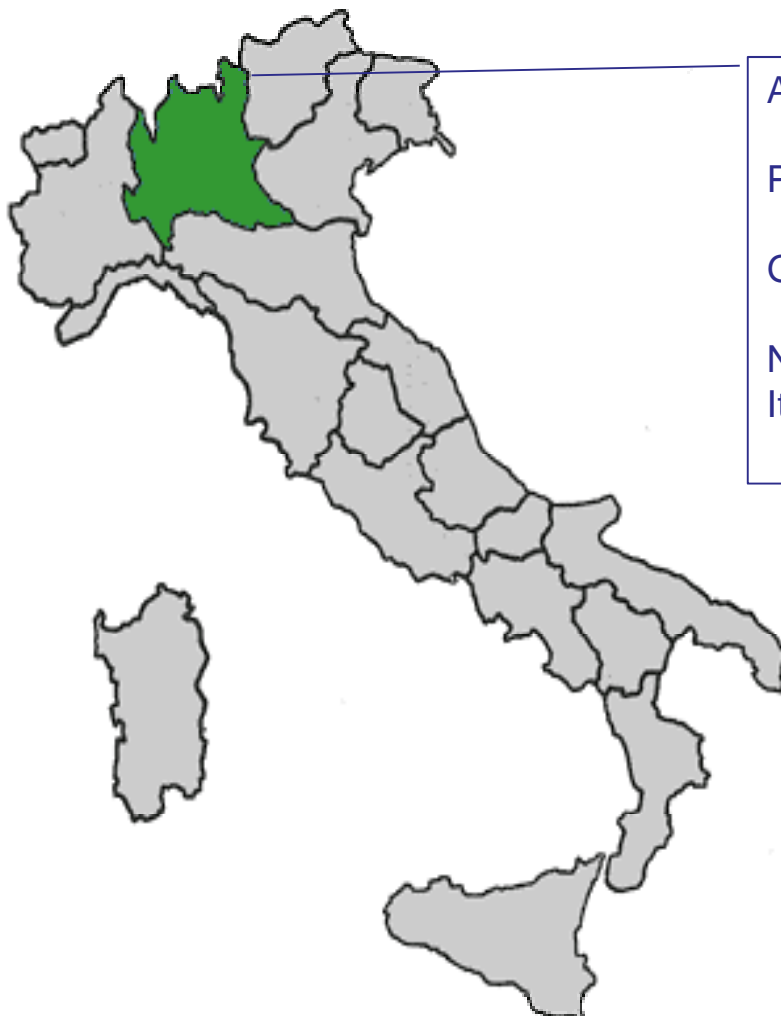
Role of Finlombarda

Chronology of events

Characteristics of the financial instrument

State of Implementation

Conclusions



Area: 24.000 sqkm (8% national territory)

Population: 9,8 million inhabitants

GDP/cap: 30.000 € (21% of national GDP)

Number of SMEs: 830.213 (15,6% total SMEs in Italy)(*)

(*) Figures 2009 (Istat)

Implementation of JEREMIE in Lombardy

The ERDF Jeremie Fund is a 20M€ Guarantee Fund set up in July 2008 by Lombardy Region in the context of its “Competitiveness” Regional Operational Programme– Priority Axis 1 (“Innovation and Knowledge Economy”) financed by the European Regional Development Fund (ERDF) over the programming period 2007 – 2013.



- Support **micro, small and medium enterprises** (also start-up) making investments in the territory of Lombardy Region in **highly innovative sectors** by **facilitating their access to credit**

Lombardy at a glance

Jeremie in Lombardy

Role of Finlombarda

Chronology of events

Characteristics of the financial instrument

State of Implementation

Conclusions



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Lombardy at a glance

Jeremie in Lombardy

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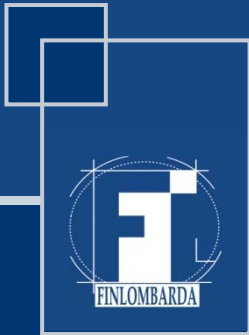
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State of Implementation

Conclusions

Council Regulation (EC) No 1083/2006 of 11 July 2006, Art 44

*“When ... operations (supporting FI instruments) are organised through **holding funds**, that is, funds set up to invest in several venture capital funds, guarantee funds, loan funds ... the managing authority shall implement them through one or more of the following forms: **to a financial institution without a call for proposal, if this is pursuant to a national law compatible with the Treaty**”*



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Lombardy at a glance

Jeremie in Lombardy

Role of Finlombarda

Chronology of events

Characteristics of the financial instrument

State of Implementation

Conclusions

- Regional Law n. 30/2006 of 2006

Finlombarda in house financial agency of regional Government

- Regional Economic and Financial Programming Document 2007-09 (Regional Law n. 8/188, 26 July 2006)

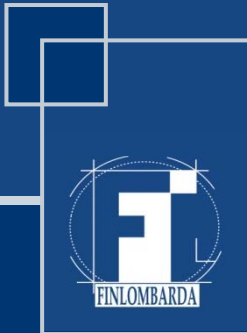
Company's specific mission is to implement regional policies to support competitive development of enterprises operating in Lombardy

- Regional Economic and Financial Programming Document 2008-10 (Regional Law n. 8/425 26 July 2007)

Strengthen the action to set up innovative financial instruments in order to attract financial resources from private sector to co-finance investments according to the regional policy developments' objectives

- Regional Law n. 8/7687 of July 28th 2008

Finlombarda as Jeremie Holding Fund Manager is responsible for: set up and implement Jeremie operational procedures; manage the Fund as a "separate block of finance"



Chronology of events (1/2)

Lombardy at a glance

Jeremie in Lombardy

Role of Finlombarda

Chronology of events

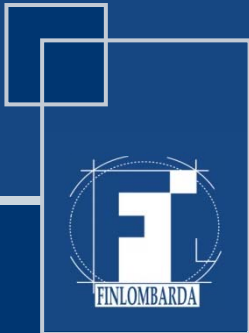
Characteristics of the financial instrument

State of Implementation

Conclusions

Key events for the **set up of the Fund**:

- Apr 2007: Lombardy Region, FL and EIF sign a **MoU** in order to implement Jeremie
- Aug 2007: EC approves the Lombardy Region's **ERDF- ROP 2007-2013**
- Jul 2008: MA appoints FL (in-house financial company) as **JHF manager** by Regional Law
- Nov 2008: MA and JHF manager sign the **Funding Agreement**
- Dec 2008: MA allocates **20 M€** to the JHF (disbursed in 2 tranches of 10 M€ each)
- Feb 2009: a **Management Board** for the JHF has been created
- Apr 2009: JHF manager presents the JHF's **Investment Strategy** approved by Regional Decree
- Sep 2009: JHFM draws up a document for **Monitoring and control procedures** (addendum to FA)



Chronology of events (2/2):

Lombardy at a glance

Jeremie in Lombardy

Role of Finlombarda

Chronology of events

Characteristics of the financial instrument

State of Implementation

Conclusions

Key events for the **selection of Financial Intermediaries** :

- Apr 2009: JHF manager launches a 1st **call for EoI** to select **Financial Intermediaries (CGOs)**
- Jun 2009: JHF manager receives applications by 4 CGOs
- Aug 2009: JHF manager (**Selection panel**) evaluates the received applications and **selects 3 CGOs**:
 - 1) *Confidi Province Lombarde*,
 - 2) *Confapi Lombardia Fidi*,
 - 3) *Confidi Lombardia-CoMfidi Mantova*
- Oct 2009: JHF and selected CGOs sign a contract (**operational agreements**)- 9M€ allocated to GFs
- Dec 2009: a **public notice** has been launched to disburse the JHF resources to **final beneficiaries**

Characteristics of the financial instrument (1/3)



Lombardy at a glance

Jeremie in Lombardy

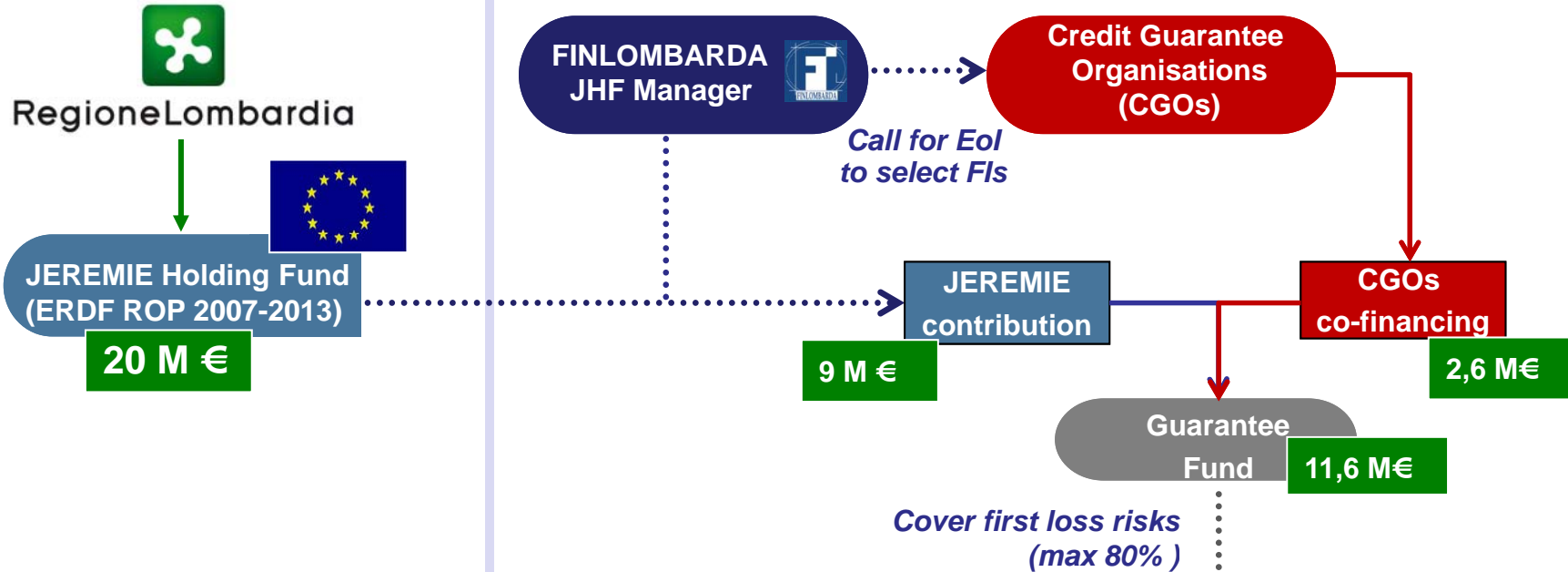
Role of Finlombarda

Chronology of events

Characteristics of the financial Instrument

State of Implementation

Conclusions



Loan Portfolios disbursed by banks

- Industrial research
- Experimental development
- Technological innovation

Beneficiaries: Micro e SMEs in the sectors of manufacture and services to enterprises, investing in the Region of Lombardy

Characteristics of the financial instrument (2/3)



Lombardy at a glance

Jeremie in Lombardy

Role of Finlombarda

Chronology of events

Characteristics of the financial instrument

State of Implementation

Conclusions

<i>Beneficiaries</i>	Micro, small and medium enterprises investing in Lombardy Region in the sectors of manufacture and services to enterprises
<i>Dimension</i>	Micro, small and medium enterprises (start-up included) according to the EC definition (Regulation (EC) No 800/2008 of 6 August 2008, Annex 1)
<i>Loan amount</i>	Min 30.000 € - max 500.000 € (min 60% of eligible investment)
<i>Loan duration</i>	From 18 up to 60 months
<i>Coverage</i>	Up to 80% for each loan disbursed
<i>Cap ratio</i>	7,2%

Characteristics of the financial instrument (3/3)



Lombardy at a glance

Jeremie in Lombardy

Role of Finlombarda

Chronology of events

Characteristics of the financial instrument

State of Implementation

Conclusions

<i>Type of investment</i>	Tangible and intangible investments costs in research, technological development and company organization
<i>Purpose of the investment</i>	Foster competitive development in the fields of: (a) Industrial research and innovation (b) technological development and company organization
<i>Eligible expenses</i>	<u>Investments type (a):</u> staff, machinery and equipments, software, patents and licenses <u>Investments type (b):</u> Purchase and installation of machinery and equipments, software, patents and licenses, consultancy services
<i>State aid provisions</i>	De Minimis (up to 31/12/2010 application of De Minimis temporary regime according to Reg. (CE) 800/2008)

State of implementation of the Fund



Lombardy at a glance

Jeremie in Lombardy

Role of Finlombarda

Chronology of events

Characteristics of the financial instrument

State of Implementation

Conclusions

Apr 2009

- 1st call for Eol for the selection of FIs
- 3 FIs selected
- 9 M€ allocated from JHF (out of 20M€)
- Up to 11,6 M€ available for the Guarantee Fund (including co-financing quotas provided by 3 selected CGOs)

Dec 2009

- 1st Public notice published to allocate resources to enterprises

31 May 2010

- 25 lending requests received by FIs
- Average loan amount requested: 250.000 -300.000€
- Work in progress for the launch of the 2nd call for Eol (to allocate the remaining 11 M€ of the Fund to FIs)

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Lombardy at a glance

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Role of Finlombarda

Chronology of events

Characteristics of the financial instrument

State of Implementation

Conclusions

Added value

- **160 M€** of disbursed **loan** to MSMEs up to 2011
- **220 M€** of expected **investment** in Lombardy Region in innovative sectors
- **High level of co-financing** by the private sector ensured
- **Focus** ERDF resources towards target groups highly affected by the **current global financial crisis** (MSME, especially start-up, investing in innovative sectors)

Suggestions for future implementation

- Financial engineering instruments turned to be a **valuable instrument** to spend public resources in a more efficient way, nevertheless their **regulatory framework was a “novelty”**
- So far, the ERDF Jeremie Fund implemented by Lombardy Region represents a **“success story”** in the present programming period
- However, the **“time factor”** has been a **critical issue** (2 yrs and 6 months have gone by from the approval of ROP to the publication of the 1st notice to disburse resources to firms)
- A **simplification process** in the access to EU Funds and setting up of the SF regulatory framework (with clearer and simpler provisions for financial engineering instruments) would help to speed up the overall implementing process of Jeremie



*Thank you
for your attention!*

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