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List of abbreviations

- AIR Annual Implementation Report
- EEN Expert Evaluation Network
- FEI Financial Engineering Instrument
- NSRF National Strategic Reference Framework
- OP Operational Programme

Executive summary

Financial Engineering Instruments (FEIs) for the period 2007-2013 funded by the ERDF in Estonia are related to first the innovation and growth capacity of enterprises (EUR 100.9 million; 7% of the total budget of the relevant Operational Programme (OP) and second with energy efficiency (EUR 17 million; 1.1% of the total budget of the relevant OP), and all operate as specific funds. Following the global economic crisis, additional resources were allocated to enterprise-oriented FEIs.

FEIs address various market failures. The private market in Estonia does not offer adequate capital to entrepreneurs who lack sufficient collateral and/or sufficient level of self-financing as well as an appropriate financial history, and the FEIs addressed these market failures. These issues have become much more acute given the global economic crisis, as credit insurance providers became more conservative. In the field of energy efficiency, the market failure targeted by the FEI relates to the high prices of loans for apartment building renovation. The FEIs do not explicitly aim at the pursuit of positive socio-economic spillovers (e.g. knowledge spillovers) and so grant funding is a preferred option.

The time required to introduce the ERDF-funded FEIs has been approximately the same compared to other similar policy instruments in Estonia. FEIs are operated by Fund KredEx and by KredEx Credit Insurance, both publicly owned. They are both legal persons governed by private law and the state exercises control over their activities via their Supervisory Boards.

It is common practice for all ERDF-funded FEIs that only output indicators are assigned with performance targets. Although appropriate result indicators are included in the programme documents, no performance targets have been specified. There are two major evaluations concerning FEIs focussed on the innovation and growth capacity of enterprises with one still on-going, while there have been no evaluations on the instruments for renovation loans for apartment buildings.

Overall, there was a high degree of satisfaction with the design and implementation of the FEIs in Estonia: they targeted important market failures and provided additional options to existing private sector instruments. Funds allocated from the ERDF to FEIs in Estonia have been put into active use. A consensus seems to be an emerging among Estonian policy-makers that more extensive use of FEIs should be considered for the next programming period.

1. Use of financial engineering instruments

The FEIs used in Estonia and funded from the ERDF resources can be found in two OPs:

- In the OP for the Development of Economic Environment four instruments are allocated in the amount of EUR 100.9 million (constitutes 7% of the total budget of the OP) and are associated with innovation and growth capacity of enterprises.
- In the OP for the Development of Living Environment there is one instrument allocated in the amount of EUR 17 million (constitutes 1.1% of the total budget of the OP) and is associated with energy efficiency (Annex Table A).

All FEIs for enterprises operate as specific funds managed by Fund KredEx, founded in 2001 by the Ministry of Economic Affairs and Communications, and by KredEx Credit Insurance Inc. (KredEx Krediidikindlustus AS). Two instruments are loan funds (ERDF resources allocated in the amount of EUR 70.3 million or 69.7% of total budget of related FEIs) and two are guarantee funds (amounting to EUR 30.6 million or 30.3% of the total budget of FEIs). The FEI for energy efficiency (EUR 17 million) also operates as a specific fund managed by KredEx.

For the period 2009-2010 demand for the enterprise-oriented FEIs increased as a result of the more conservative approaches of commercial banks to lending. Consequently additional measures were introduced along with other changes between the related FEIs (Annex Table B):

- "Additional support programme of the availability of entrepreneurs' loan capital" was initiated in Spring 2009 and additional loan capital was intermediated for exporting entrepreneurs via success-based subordinated loans, long-term loans for investment projects and credit line for banks.
- Provision of more mid- and long-term export guarantees to entrepreneurs first, via KredEx, and later KredEx Credit Insurance Inc. With the latter, operational since July 2010, export insurance was extended to all countries (previously guarantees were limited to third countries located outside the EU and OECD due to EU State Aid rules).
- Furthermore, the credit limit per company was increased and the target group of subordinated loans was expanded with the inclusion of large companies (defined as 250 and more employees) in 2009.

Relatedly, in 2011 the European Commission approved changes that reduced allocations to the development of energy sector by EUR 58.4 million (3.7% of the total budget of the OP for the Development of Living Environment) and redirected them mainly to enterprise support measures. This change followed the proposal of the Estonian government to use a larger share other funding (received from the Estonian CO_2 quota sales) for energy support and from a need for additional funds for enterprise support projects. The need for more funding for enterprise support was also identified in the evaluation carried out in 2009 (see Kalvet 2010, 22-23).

There were no FEIs funded by ERDF in place for the period 2004-2006.

2. Rationale for using financial engineering instruments

The OP for the Development of Economic Environment refers in a general way to the market failure associated with the capital market imperfections and the limited availability of finance to small firms in Estonia:

> *"To develop and implement new technologies, investments must be made. However, in order to finance these investments, enterprises must have access to loan capital or be open to third-party investors who inject capital as well as new knowledge and business experience. Although Estonia has a relatively advanced financial sector and well-functioning capital markets, the private markets fail to cover all the needs and state intervention is needed to provide sufficient financing for enterprises. As the access to capital is mainly a problem for SMEs and new businesses with a high risk and high growth potential, these groups of businesses should be prioritised when making available the necessary funds"* (2010, 56)

From the interviews conducted it was found that the private market in Estonia did not offer adequate levels of capital to entrepreneurs who lacked sufficient collateral, self-financing and/or appropriate financial history. That is, the amount of collateral required from borrowers sometimes exceeded their asset endowment, and even reasonably good low-risk borrowers' experienced unfairly rationed credit. Furthermore, a significant decrease in companies' sales volumes combined with a drop in the market value of collateral following the financial crisis caused serious problems in the operation of the financial market. Many small(er) companies had too short financial history and were thus unattractive for the private market credit providers as well. Another market failure was associated with the lack of private markets' interest in higher risk activities that offered the potential for considerable positive socio-economic spillovers (e.g., job creation, knowledge spillovers). Additionally private equity markets and venture capitalists may have missed out on profitable investment opportunities. The indication that equity markets were investing at a sub-optimal level was confirmed, and has solicited a strong response through the establishment of the Estonian Development Fund in 2007.

These challenges have grown much more acute with the onset of global economic crisis as credit insurance providers have since become more conservative. Those interviewed argued that the market failures in finance and capital markets were more severe for the small and medium enterprises (SMEs) and within this group more onerous for start-up companies. These experiences were also identified in the Estonian National Strategic Reference Framework:

> *The state's involvement in the provision of financial instruments is especially important for very small enterprises, because micro-credit offering is not economically efficient for financial institutions due to disproportionally high transaction costs. Also, for the innovative and fast-growing enterprises state involvement with the right instruments brings about a significant increase in the productivity and growth ability* (2007, 61).

Considering the overall low capitalisation level of the Estonian industrial sector and low level of investments - especially in traditional industries that could benefit extensively from international technology transfer - this remains an important market imperfection that needs

attention. The Estonian Chamber of Commerce and Industry shares this view and cooperates on this with the Ministry of Economic Affairs and Communications.

The rationale for public intervention in the field of energy efficiency is stated in general terms in the OP for the Development of Living Environment (2010):

> "*…energy restructuring should continue to be stimulated mainly by fiscal and administrative instruments, while direct investment support should be limited to correcting market failures. It is therefore important to establish in identifying the operations to be supported whether there exist market failures related to energy conservation in housing and district heating systems, in particular lower capacity ones, or related to the construction or reconstruction of lower capacity power plants and boiler plants*" (86).

In the field of energy efficiency, the main market failure addressed by the FEI is related to unaffordable price associated with a loan for apartment building renovation.

The reasons provided in the OP for the Development of Economic Environment states, for the use of FEIs rather than grants (a statement shared also by the relevant authorities), that:

> *To improve the investment capability of businesses, repayable support (i.e. improving access to credit) should be preferred to direct subsidies. Compared to non-refundable subsidies, this should improve the rational use of funds and have a real impact by improving the efficiency of processes and productivity, as entrepreneurs would be encouraged to use the loans as efficiently as possible.* (2010, 56)

However, interviewees stated that grant funding was considered more suitable for the development of early stage technology. The potential for beneficial externalities and spill-over's into the wider economy was high, but at the early stage there was a considerably high degree of uncertainty and risk.

In the field of energy efficiency the earlier grant-based support scheme for renovation (10% of total renovation support, without any explicit energy efficiency related requirements) funded from national funds was substituted with FEI. The main argument for preferring FEI over the grant-based instrument by the policy-makers was related to higher efficiency related to the re-investment of the funds received.

The time taken to introduce the ERDF-funded FEIs has been rather similar to other policy instruments in Estonia as the existing organisations have been largely used for implementation and delivery. For instance, the working group comprised of representatives from the Estonian Banking Association, Estonian Chamber of Commerce and Industry, Estonian Association of Small and Medium-sized Enterprises, and the Estonian Confederation of Employers, amongst others, led by the Minister of Economic Affairs and Communications, discussed the possible FEIs in order to mitigate the impact of the crisis in January 2009. In April 2009 the "Additional support program of the availability of entrepreneurs' loan capital" was approved and support was delivered to first beneficiaries at the end of May 2009. KredEx's management costs to operate this programme amounted to 2% of the total budget of the support programme, which was typical of charges for the management service.

In summary, the benefits of FEIs were widely acknowledged in Estonia by policy makers and programme managers. There was satisfaction with the currently implemented principles that public intervention is justified to decrease market failures. At the same time they are conscious of the need to avoid distortions in the operation of the private market, and that FEIs were based on the principle of ensuring self-sustainability of the FEI instruments balanced against zero profits in the longer term.

3. The effectiveness of financial engineering instruments: selected examples

FEIs are operated by Fund KredEx and by KredEx Credit Insurance, both publicly owned and legal persons governed by private law. The state exercises control over their activities via their Supervisory Boards.

As at 2012, the Supervisory Board of KredEx consists of six members. One member represents the Ministry of Economic Affairs and Communications, who also acts as the Chair of the Supervisory Board, and one member the Ministry of Finance. Two are Members of Parliament. Another is former head of the Estonian Chamber of Commerce and Industry and currently in the civil service. One other is from the Estonian Association of Small and Medium-sized Enterprises.

The mandate of the Supervisory Board is to make strategic decisions regarding operations through the approval and amendment of issues and documents tabled before it. This includes the approval of the overall strategy, selection of the management board, approval of annual targets, the principles of the FEIs, the budget and the annual report. The Supervisory Board establishes product target groups, description of the products, restrictions and distribution of the funds between different products, within the ambit stipulated by legislation. Where the total amount of the guarantee or loan issued by KredEx exceeds EUR 0.8 million for one company the approval of the Supervisory Board is necessary. Seventeen Supervisory Board meetings were held in 2011 indicated an active role of the Supervisory Board with the operations management and oversight. However, as indicated above KredEx remains independent in its funding decisions.

The largest demand for FEIs operated by KredEx occurred in 2009 and 2010. For example, in 2009, KredEx guaranteed and financed 409 companies (with 24,000 employees in total) with subordinated loan and project-based loan resources totalling EUR 83 million (KredEx, 2010). In 2010, KredEx guaranteed and financed 470 enterprises (with 16,100 employees) with subordinated loan and credit line in total amount of EUR 108 million (KredEx, 2011). However, in 2011 due to more liberal credit policies of banks, the demand for FEIs decreased. KredEx guaranteed and financed enterprises with subordinated loans and credit lines totalling EUR 67.4 million (KredEx, 2012b), this is a drop of 37.6%.

Three examples of financial engineering measures that involve a substantial amount of ERDF support are described and analysed below.

Subordinated Loan (since 2011)[1]

Subordinated loans issued by KredEx currently funded by the ERDF total EUR 8.0 million. Earlier, similar FEIs included capital loans and subordinated loans with success-based interest rate for exporters[2], both (co-)funded from the ERDF in the amount of EUR 6.7 million (Ettevõtluslaenude riiklike 2011) and EUR 25.6 million (Ettevõtjate laenukapitali 2011) respectively. The loans are intended for sustainable companies that are oriented to expand their activities, but which the banks are not in a position to finance due to inadequate self-financing capacity and/or insufficient collateral assets to secure a bank loan. KredEx will provide loans that can amount to EUR 64,000 – EUR 1.1 million, but not more than the enterprise's equity capital at the time of the issue of the loan, for a period from 3 to 5 years but not exceeding 10 years. The policy of KredEx is not to intervene in the management of the enterprises it supports.

The following terms and conditions apply for borrowers: (1) The enterprise has been entered on to the commercial register of the Republic of Estonia, (2) The enterprise has not entered into any arrangements for the postponement of past taxes due, (3) The enterprise is sustainable and solvent, (4) The equity capital of the enterprise meets the requirements of the Commercial Code, and (5) The members of the management board and the owners are trustworthy, competent and enjoy a reputation. In certain instances, no collateral requirements are demanded depending on the strength of the enterprise and their business plan. Some sectors and activities are not eligible for support, including primary production of agricultural products, acquisition of means of transport as well as financing of operating capital of retail and wholesale entrepreneurs.

The recommended and indicative (but not prescriptive) financial guidelines apply for a loan applicant enterprise: (1) Equity capital at least EUR 64,000 and equity share is at least 10% of the balance sheet, (2) Liquidity coefficient[3] is at least 0.8, (2) Upon conservative estimate, cover coefficient of the loan[4] is at least 1.1, (3) For the last three consecutive years, turnover has not decreased more than 5% annually.

Only output indicators have been equipped with performance targets – the loans issued have to reach ca. 20 entrepreneurs and should amount to EUR 8 million[5]. These indicators are appropriate. Separately, the result indicators are also appropriate, and these include value added per employee, turnover and exports, the number of employees, private sector co-investments into machines and equipment (Allutatud laenu programme 2011). Some of the result indicators feed directly into the Annual Implementation Reports. However, none of the result indicators have performance targets set.

As the subordinated loan measure was introduced in April 2011, there was limited progress for 2011. Two projects in the amount of EUR 0.35 million were financed. The subordinated loans have been issued with a term of up to 10 years and the interest rate is between 11.0 and 16.0%

[1] Information in this section has been obtained from KredEx (2012a), unless otherwise indicated.
[2] Loan interest rate consisted of two components: fixed interest and result-based interest. The latter was higher for the companies that achieved better financial results.
[3] The quick ratio or liquid ratio measures the ability of a company to use its near cash or quick assets to extinguish or retire its current liabilities immediately.
[4] Debt service coverage ratio (DSCR) is the ratio of cash available for debt servicing to interest, principal and lease payments.
[5] Does not include the special type of subordinated loan - Technology loan – covered in the next section.

(KredEx, 2012b). Based on the experience with earlier FEIs experts interviewed held expectations that targets would be met.

Special type of subordinated loan - Technology loan (since 2011)[6]

From 2011 a technology loan, a special type of subordinated loan, has been offered to entrepreneurs. It is funded by the ERDF in the amount of EUR 19.3 million.

Support is aimed at entrepreneurs with export potential in areas of manufacturing industry, mining industry, production, transfer and distribution of electricity as well as waste processing and disposal. Through the technology loan, investments of the entrepreneurs in machinery and equipment are co-financed in cooperation with a private bank or leasing company.

The subordinated loan of KredEx intended for technology investments[7] covers the self-financing of a lease or a loan for the entrepreneur (up to EUR 2 million, but not more than 40% of the project cost), and the entrepreneur may also invest in technology if there are insufficient funds for the required self-financing.

The market failures addressed with this support are the same as described earlier with the subordinated loan, as are the principles of control or influence by managing authorities. The results indicators are also the same as for the subordinated loans and performance targets are only set for outputs: loans issued to ca. 60 entrepreneurs should amount to EUR 19.3 million (Allutatud laenu programme 2011). Although the expected number of companies supported is appropriate, no performance targets have been set for result indicators.

As the subordinated loan measure was introduced in April 2011, some progress was made in 2011: 4 applications for technology loans were submitted in the amount of EUR 1.7 million. Out of these, two projects in the amount of EUR 0.2 million were financed. The interest is equal to the interest rate of the bank or leasing company issuing the loan/leasing, or 1-2 percentage points higher, depending on the rate of self-financing. Experts interviewed held expectations that targets would be met.

This FEI is interesting because of its close alignment with the objectives of Enterprise Estonia's support to technology investments (Tööstusettevõtja tehnoloogiainvesteeringu 2008), co-funded by the ERDF for EUR 73 million (Ministry of Finance, 2012). The measure is aimed at support for implementing an investment project related to the main field of business of an industrial enterprise. More specifically, it assists with the acquisition of machinery and equipment, and intangible assets required for the use of these machines and equipment. In the case of large industrial enterprises, up to 20% of eligible costs will be compensated, and in the case of SMEs up to 40 %. The measure has been very popular. For example, in 2010 in response to the third call for the measure, 169 applications were received and 71 were funded with a budget of EUR 18.5 million. For the period 2009-2010, altogether 185 proposals have been funded (Enterprise Estonia, 2011).

[6] Information in this section has been obtained from KredEx (2012c), unless otherwise indicated.

[7] A technology investment is an investment into tangible assets and intangible assets accompanying the latter in connection with the expansion of an entrepreneur, variation of production or reorganisation of the whole production process. Tangible assets include machinery and equipment registered as fixed assets, and intangible assets include assets acquired by technological transfer through the acquisition of patent rights, licenses, know-how or unpatented technical knowledge.

A feasibility study on the measure was carried out by Technopolis (2008) and alternatives (grants vs. loan support) - were discussed by authors and it was suggested that grant-based support mechanisms were potentially more effective. The authors also suggested that such investment support should be accompanied with in-depth consultations on best available technologies.

Renovation loan for apartment buildings (since 2009)[8]

The purpose of renovation loans was to support the renovation of apartment buildings, residential buildings with at least 3 apartments, and to improve energy efficiency by at least 20% in apartment buildings of up to 2,000 sq. m. and by at least 30% in apartment buildings of over 3,000 sq. m.. Prior to renovation loan approval, an energy audit needed to be conducted. Only renovation work described in the energy audit would be financed. Loan periods could be up to 20 years with fixed interest for 10 years (not more than 4.4%); self-financing (at least 15%) could be covered by parallel bank loans or from a grant scheme introduced in 2010 and funded from national funds. 15-35% of the total cost of renovation project was funded from money obtained from the sale of unused pollution quotas to Luxembourg. The introduction of renovation grants aimed at increasing the energy efficiency of housing was introduced in 2010. It was motivated by the strengthening of demand as suitable funds from the Green Investment Scheme became available, and with loans becoming less attractive due to the recession. The loans and the grants are complementary and not competing. There is no overlap in funding.

Private instruments - ordinary loans - have shorter repayment periods and higher interest. In connection with financial resources obtained from ERDF (EUR 17 million) and securing an additional loan from the Council of Europe Development Bank (EUR 32 million), KredEx has enabled banks to grant more favourable loans with longer repayment periods (up to 20 years) with the objective to achieve energy sustainability through reconstruction works (Annex Figure A).

In total, 391 loan agreements in the amount of EUR 34.3 million have been concluded since 2009. In total, with the help of the loans, EUR 45.2 million has been invested in apartment buildings, 939,176 sq. m. have been renovated, and the living premises of 14,680 apartments and 33,700 inhabitants have been improved. The average loan amount of the loan agreements concluded in year 2011 was EUR 100,200, the average self-financing was 27.9% and the average length of the loan period was 15.2 years. The prospective or future average energy saving resulting from the reconstruction work was 39.3%. Mainly, the loan was used for insulation of the facades and roofs, and renovation of the heating systems of apartment buildings. The funds of the FEI expect to be depleted as of Summer 2012. (KredEx 2012b)

The activities of KredEx in this field are regulated by the decree of the Minister of Economic Affairs and Communications (2012). Performance targets are set for the following output indicators: Total amount of loans issued should amount to EUR 49 million, 8% of the apartment buildings in the eligible areas should be renovated with the help of the loan, and energy efficiency of at least 20% or 30% achieved depending on the number of square meters.

No performance targets have been set for the result indicators that are used for assessing the performance of the activity: the number and sq. m. of reconstructed apartment buildings per

[8] Information in this section has been obtained from KredEx (2012d), unless otherwise indicated.

annum, the annual allocations of the program and the energy efficiency achieved in percentage terms, but such targets would have been appropriate. On the indicators where targets have been set, steady progress can be observed and it is expected that the targets will be met (Annex Table C).

4. Main problems in using financial engineering instruments

Overall, there is a high level of satisfaction with the design and implementation of the FEIs in Estonia.

Introduction of some ERDF-funded FEIs in Estonia were accompanied by negotiations with the European Commission so that the FEIs suggested by Estonian government could be approved. This applies to the renovation loan for apartment buildings, where the approval of the specific design of the support instrument needed overcoming design disagreements with the European Commission. Also, there was concern expressed by those interviewed that the guidelines for the FEIs from the European Commission in 2011 should have been issued earlier.

The more turmoil there is on the markets the higher is the need for FEIs, especially in the enterprise related FEIs. In this respect, the quicker and wider introduction of FEIs was expected by local enterprises. On the other hand, however, local policy-makers started work on additional FEIs immediately upon contagion of the global economic crises to Estonia. It is acknowledged however that the development of these instruments takes time.

Although an increasing number of policymakers are currently supporting wider implementation of FEIs, there might be an issue of path dependency (continued expectations for support in the form of grants by the entrepreneurs) that has to be considered along with their impact on the behaviour of the competing economies. If competing economies provide support to their enterprises with grants, it might well be difficult for Estonian stakeholders to implement "less generous" support measures in the form of FEIs.

5. Evaluations of financial engineering instruments

Two major evaluations have been carried out on FEIs in relation to the innovation and growth capacity of enterprises while no evaluations have been carried out on renovation loan for apartment buildings.

First, considered is the **impact assessment of enterprise support measures by the National Audit Office** (2010). The audit looked at companies that had received support from 2004 to 2009 to ascertain whether or not their productivity and value-added had increased more quickly than for companies that had not received any support and whether or not the indicators of the overall competitive strength of the country has been affected.

Although the report concludes that KredEx works efficiently in providing guarantees and loans, it also argued that the FEIs have had a limited impact on the growth of productivity of the beneficiaries, on turnover and exports. The report also criticised the system of indicators used, e.g. arguing that in the applications of enterprises the total number of new jobs is viewed as created jobs even without checking whether the jobs were really created.

Since the publication of the report, several methodological issues have also been raised. For instance related to the time scale for measurement, some have suggested that too little time has passed since the allocation of support for the impacts to be evident. Some indicators were also

already affected by the economic crisis. The Ministry of Economic Affairs and Communications and KredEx disagreed with the main conclusions of the audit, as did some policy analysts and researchers. Indeed, because KredEx functions on the principle of self-profitability – and as a result of which the risks of the enterprise's capacity to pay back the loan (in the case of the export guarantee – the foreign buyer's solvency) is mainly considered when evaluating the application – the other criteria (e.g. growth of productivity) of the enterprises are not assessed, limiting the impact on the restructuring of the enterprise sector towards more higher value added production.

Second, there is an **on-going impact assessment of enterprise support measures** carried out by the Ministry of Economic Affairs and Communications. Their preliminary results show that clients of KredEx are mostly SMEs and that the beneficiaries have grown more rapidly compared to the control group. The final results are expected to be published in May 2012, but were not available at the time of the preparation of the current report.

Although other evaluations have been carried out since 2007 that touch upon FEIs, those studies do not assess impact, but rather assess management aspects. For example, the Evaluation of the selection criteria of Structural Funds (2010) recommends that enterprises should also have a simple mechanism to cancel the contract with KredEx as the currently applicable high fees may discourage that.

6. Concluding remarks

Enterprise-related FEIs have become important policy instruments in Estonia that are targeting important market failures. They supplement private sector instruments. The demand for such FEIs increased during the global financial crisis. The main market failure that the FEI in energy efficiency targeted was the unaffordable price for a loan for apartment building renovation.

The funds allocated from the ERDF to FEIs in Estonia have been put into active use. And, there seems to be an emerging consensus among the policy-makers in Estonia that more extensive use of FEIs should be considered during the next programming period (as compared to grants) even if continued support in the form of grants might be expected by the entrepreneurs.

Although the impact assessment by the National Audit Office is very critical about the impact of KredEx enterprise-related FEIs, the issue relates to the criteria applied in the assessment of the performance of organisations operating FEIs. Under current criteria (and thus the activities of KredEx) the impact on productivity, jobs and exports are of secondary importance due to the self-financing principle of KredEx. For investments into higher risk activities, with better targeting toward potential for positive socio-economic spillovers, a more holistic review with revised and some revisited indicators would be needed.

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Annex

Annex Table A: Structural Funds and FEIs in Estonia, 2007-2013

FEI	Allocations (EUR million)				
	EU contribution	Fund	Estonian public sector	Estonian private sector	Total
Programme of start-up loans and micro-loans	6.0	ESF			6.0
Total OP for Human Resource Development	**351.4**		**53.7**	**23.2**	**428.2**
Renovation loan for apartment buildings	17.0	ERDF	32.0		49.0
Total OP for the Living Environment	**1,306.2**		271.4	85.7	1,663.2
Additional Support Programme of Availability of Loan Capital by Entrepreneurs	43.0	ERDF	26.2		69.2
Export credit insurance programme	12.8	ERDF			12.8
Subordinated Loan Programme	27.3	ERDF			27.3
Business loan guarantees and capital loan programme	17.8	ERDF	0.2		18.0
Total OP for the Development of Economic Environment	**1,307.3**		**197.1**	**318.0**	1,822.3

Source: Ministry of Finance, 2012.

Annex Table B: Changes in the budgets of the ERDF funded FEIs, 2009-2012

	Budgets and Changes in Budgets, EUR million						
	Initial budget	4.03.2009	25.01.2010	11.04.2011	21.04.2011	20.02.2012	Final
Subordinated Loan Programme				18.0	9.0	0.3	**27.3**
Export credit insurance…		12.8					**12.8**
Business loan guarantees…	24.2	-12.8	6.4				**17.8**
Additional Support Programme		76.7	-6.4	-18.0	-9.0		**43.0**

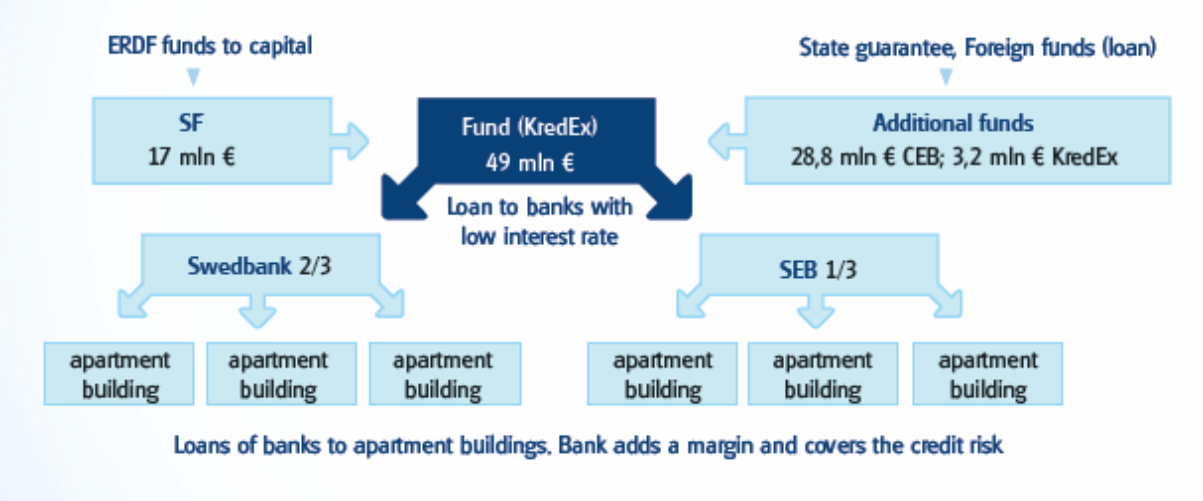
Source: Ministry of Economic Affairs and Communications, 2012.

Annex Table C: Renovation loan for apartment buildings, 2009-2011

	2009	2010	2011	Total
Loan amount (EUR million)	5.0	1.5	16.7	34.3
No.	69	155	167	391

Source: KredEx, 2012.

Annex Figure A: Renovation fund scheme



Source: KredEx 2012, p. 26.