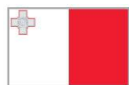


SME Initiative Malta Progress Update

Operational Programme SME -
Stimulating private sector investment for economic growth

**Monitoring Committee
November 2017**



European Union
European Structural and Investment Funds



Overview

Objectives:

As per the Operational Programme, the SME Initiative aims at improving competitiveness of SMEs in Malta by facilitating SMEs access to finance by:

- ▶ reduce pricing of SME financing; and
- ▶ reducing the collateral requirement for SME loans

Description of the Financial Instrument:

- ▶ Uncapped guarantee for a portfolio of new loans to SMEs supporting 75% of the risk of each loan originated by the selected financial intermediary/ies

Purpose of the loan:

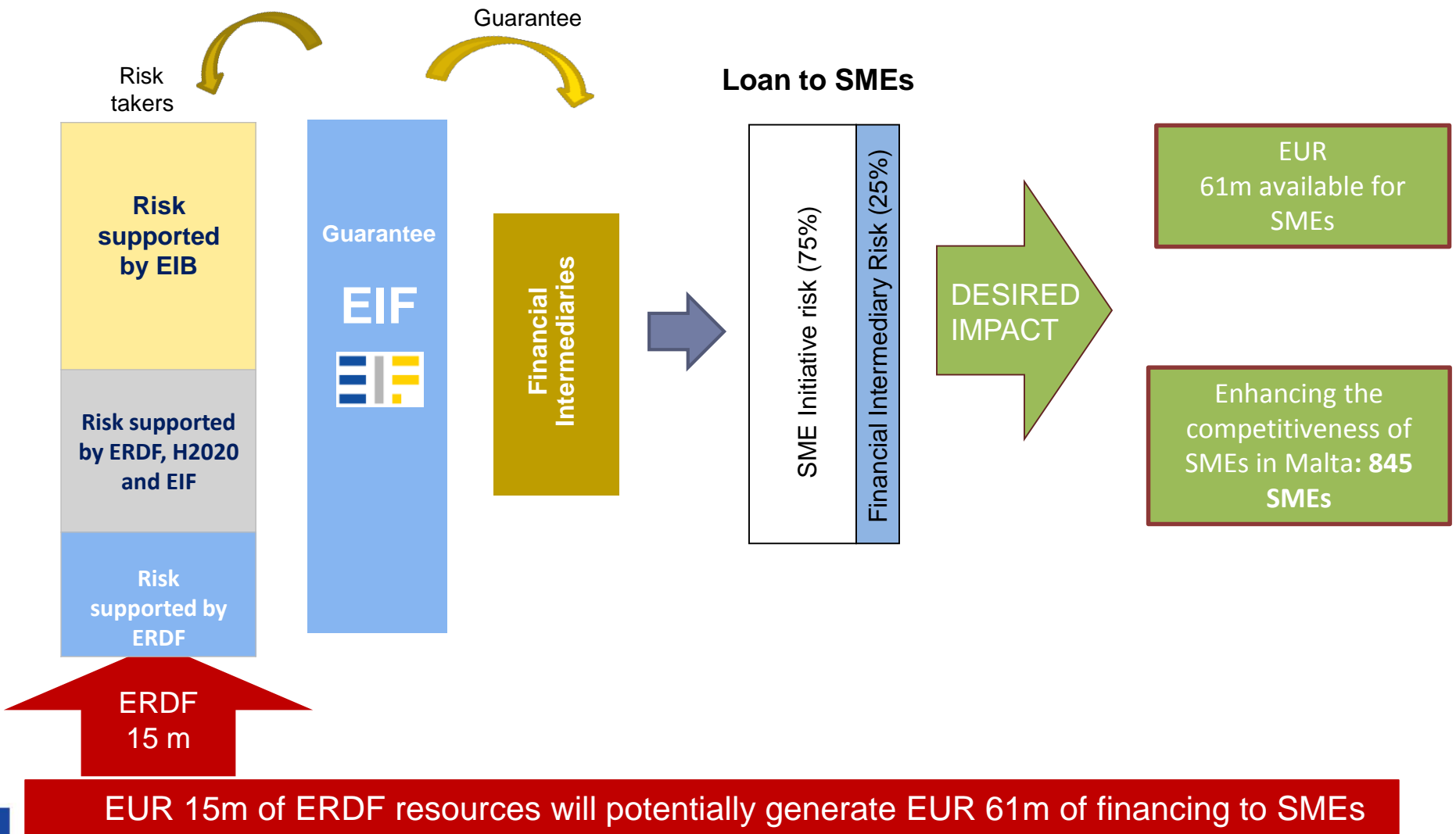
- ▶ Investment by SMEs, in both intangible and tangible investments as well as related working capital where and as needed

Overview (2)

- ▶ Malta has earmarked EUR 15m of ERDF resources for this initiative.
- ▶ EIB Group has committed EUR 32m, the EC through H2020 EUR 0.23m

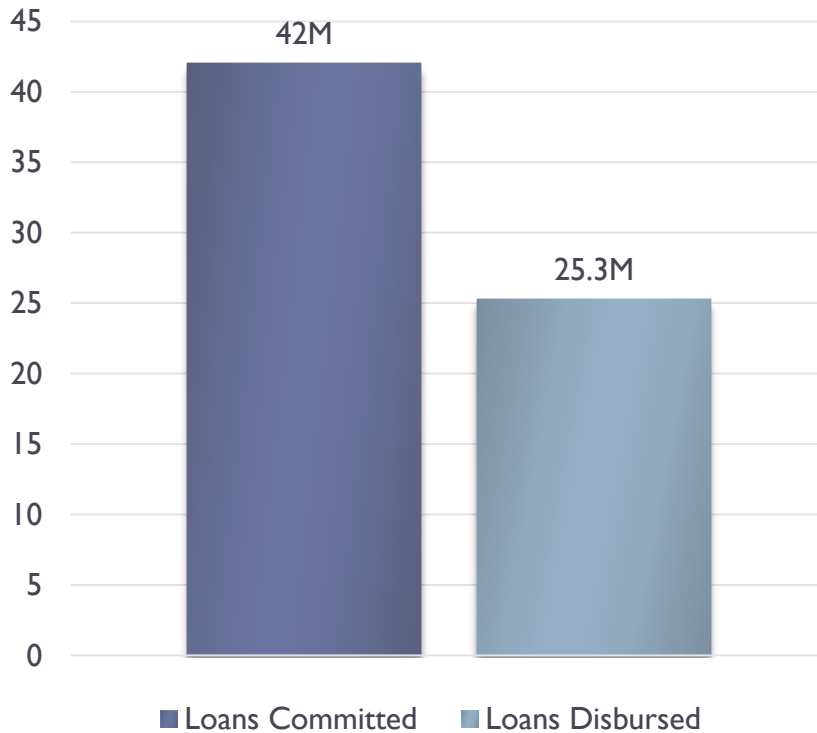
The instrument will achieve a leverage of 4x of ERDF resources committed to the instrument.

Overview (3)

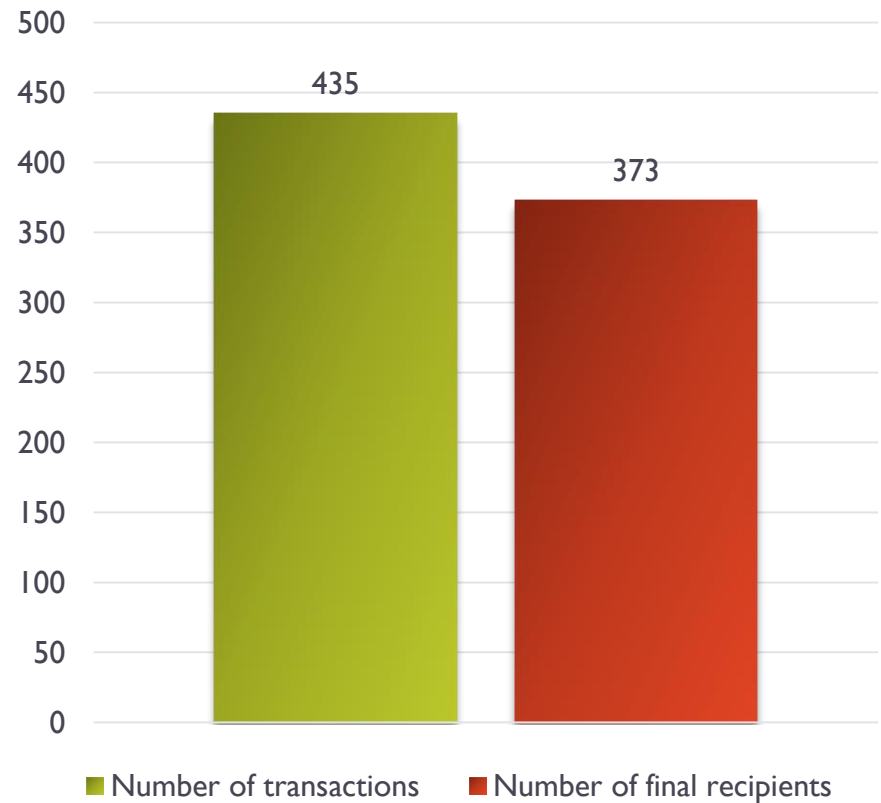


Absorption as at 30th June 2017

Loans committed and disbursed (millions)

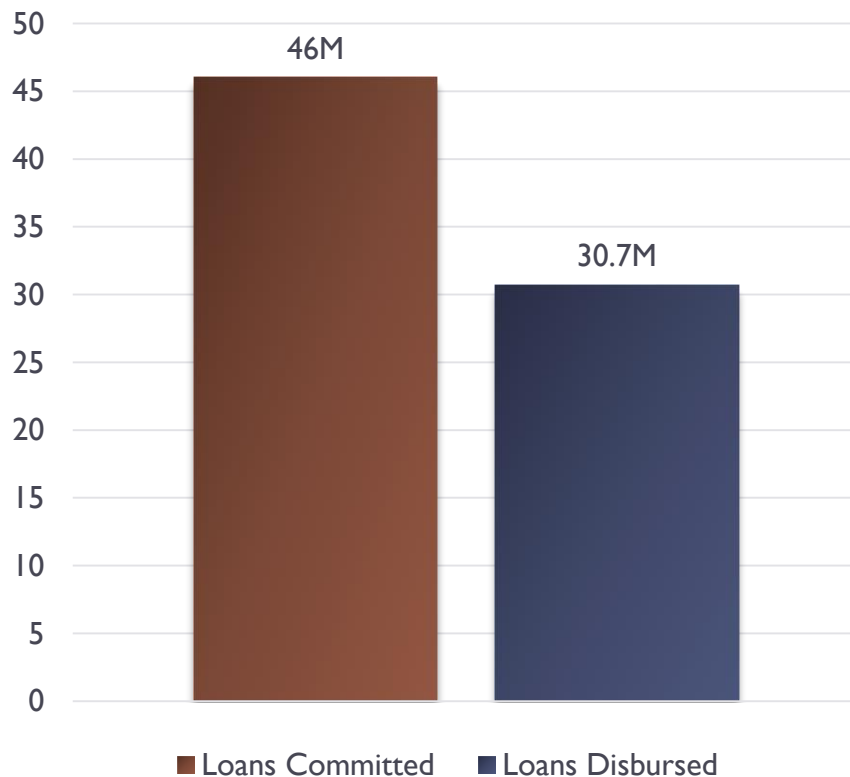


Number of transactions and final recipients

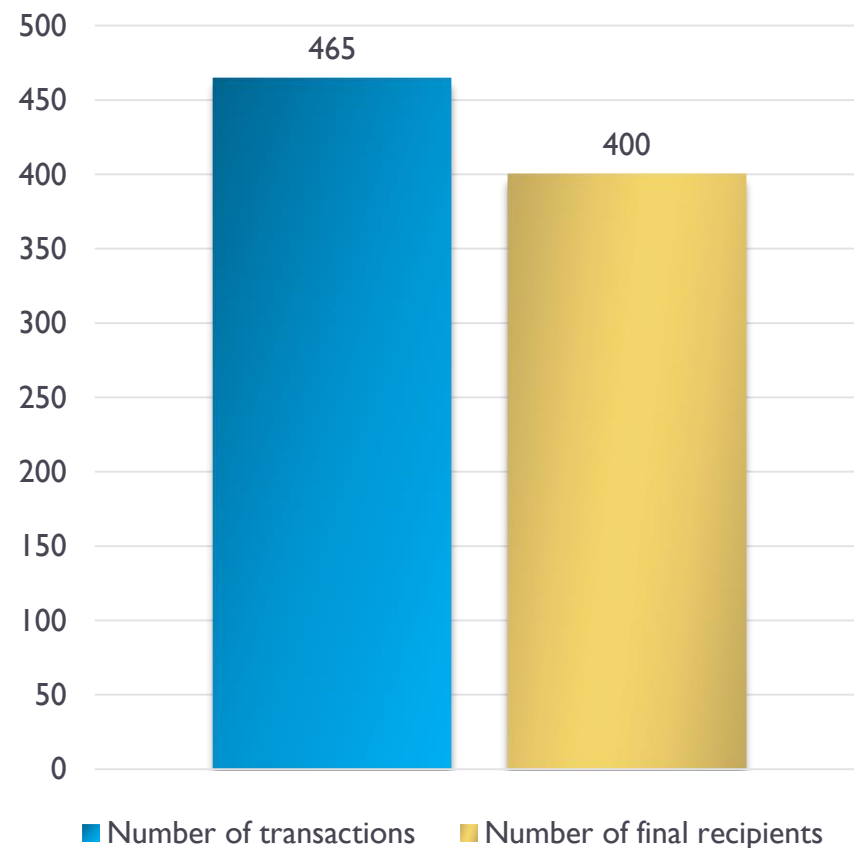


Latest informal figures as at September 2017

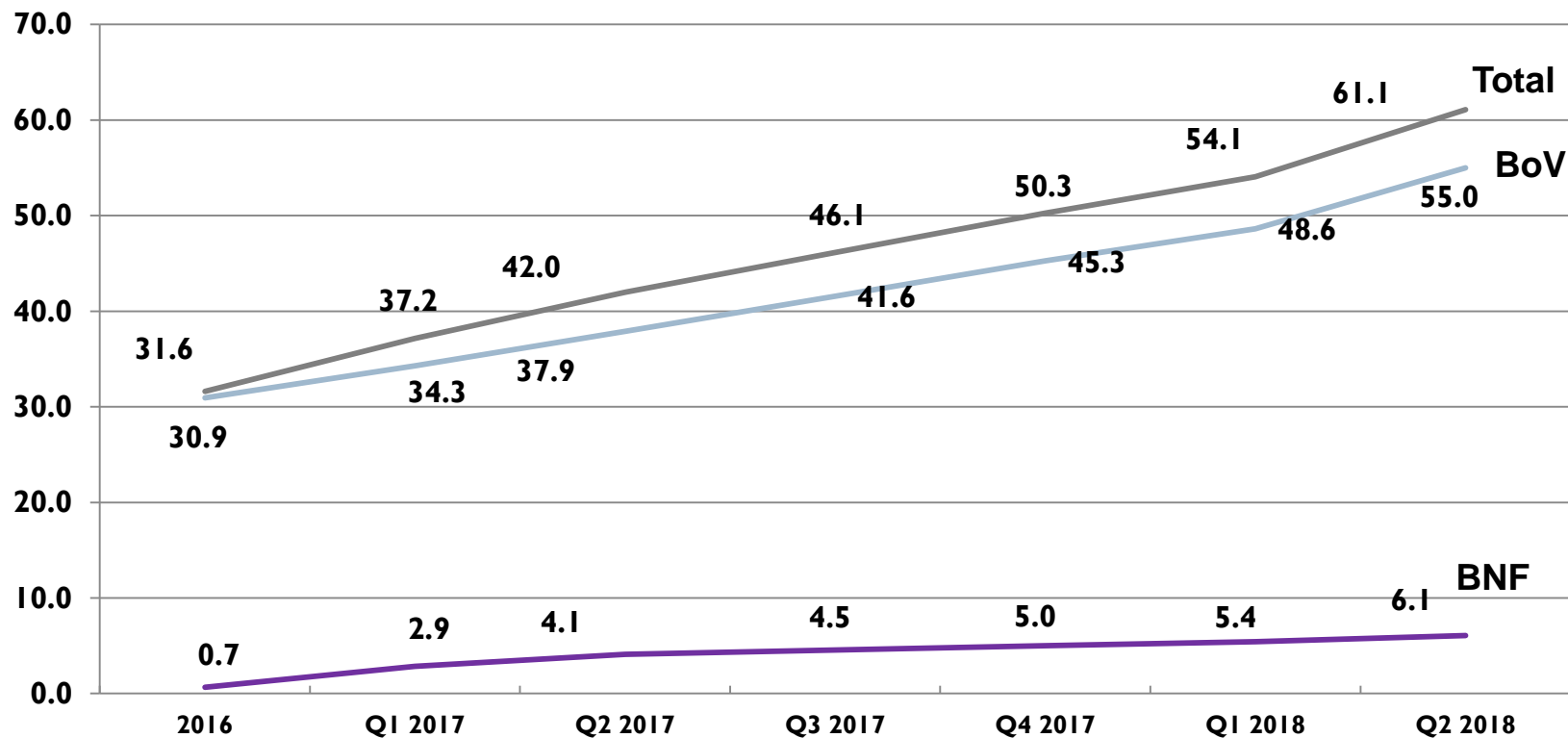
Loans committed and disbursed (millions)



Number of transactions and final recipients



Estimates until Q2 2018



Profile of final recipients as at 30 June 2017



Small SMEs

80% of SMEs have less than **10** employees

98% of SMEs have less than **50** employees

SIZE of LOANS..

EUR 97,000 average loan vs. EUR 103k in Q4 2016

41% of loans with a size of less than EUR 50,000

63% of loans with a size of less than EUR 100,000



Pictures from [Banif website](#)

Profile of final recipients as at 30 June 2017



Pictures from BoV website

START UPS

47% of SMEs
receiving
financing has
less than 3 years

H2020 Operations

2 H2020
operations
amounting to
EUR 220,000

BETTER LOAN TERMS

Lower pricing
and collateral
on loans



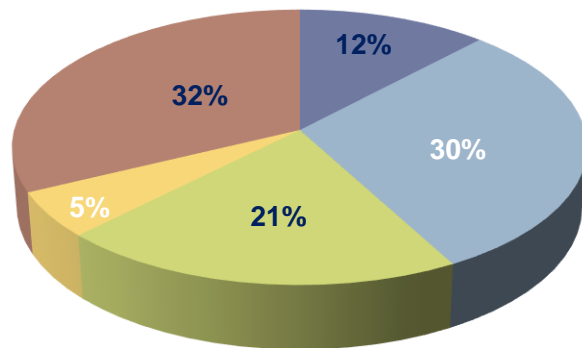
Pictures from BoV website

Profile of final recipients as at 30 June 2017

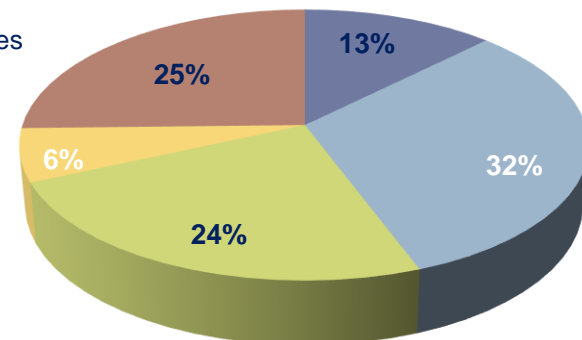
Diversification by Sector

- ▶ **16 sectors** received financing (NACE code level 1)
- ▶ **4 sectors account for approx. 70%** of SMEs receiving financing

By number of SMEs



By committed loan amount

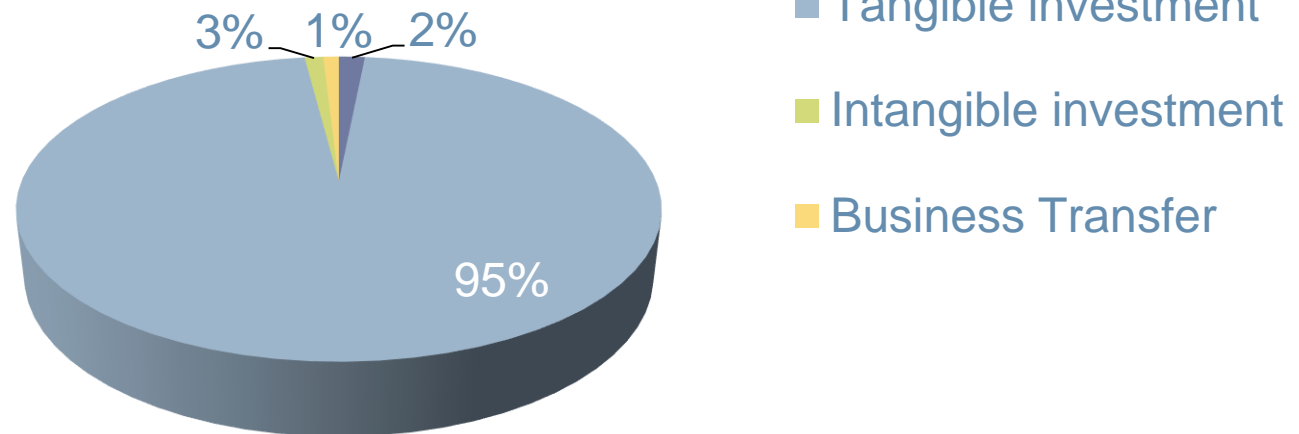


The diversification is representative of the Maltese economy as Manufacturing, Retail, Hotels /restaurants and professional services are its main contributors*

*As per economic survey dated October 2016 from the Ministry of finance, Economic Policy Department

Profile of final recipients as at 30 June 2017

Loan purpose



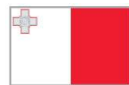
95% of the financing received by SMEs was related to tangible investments

Conclusion

- ▶ The SMEi continues to perform well, showing that SMEs in Malta are open to the flexibility of Financial Instruments
- ▶ Taking into consideration the commitment rate, it is the intention of the Govt. of Malta to top-up the SMEi Operational Programme by an extra €7M.



 **EU funds** | 2014
for Malta | 2020



European Union
European Structural and Investment Funds

