

CITIZENS' SUMMARY – SME Initiative

Fund: ERDF

Programming period: 2014-2020

Budget available (Malta): €29 Million

Reporting Year: 2020

Facts and Figures:

- 745 SMEs assisted to date
 - 99% employ less than 50 employees
 - 48% were start-ups
 - 64 different economic sectors assisted
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Launched in July 2015, the *SME Initiative (SMEi)* provides assistance to local SMEs to finance their business needs with the objective to make their business grow. Through this initiative, local SMEs benefit from easier access to bank loans, since this facility allows banks to provide loans at better terms and conditions than what they otherwise would be able to provide outside the SMEi framework.

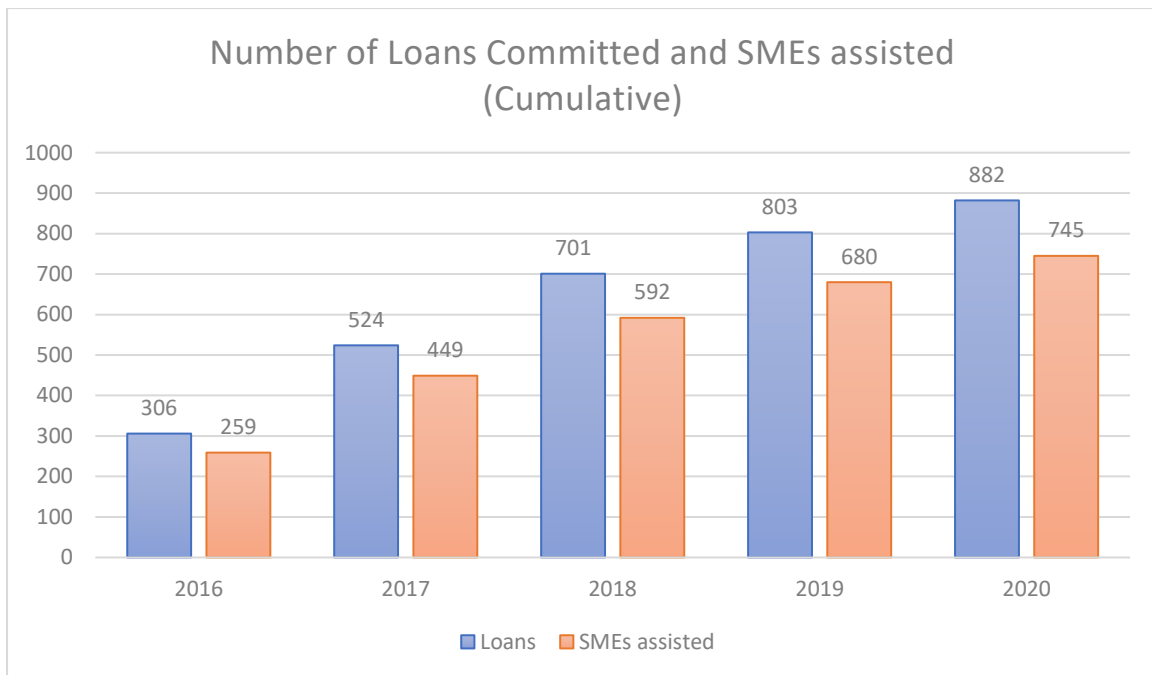
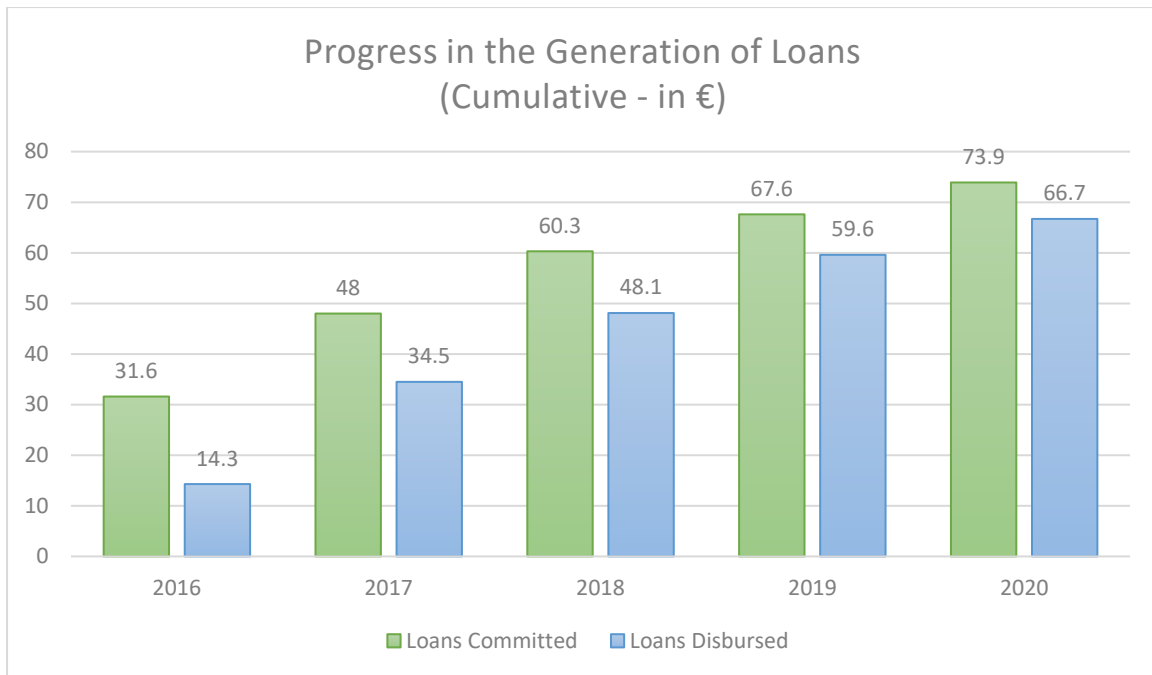
Enterprises benefitting under SMEi benefit from lower interest rates and lower collateral, facilitating SMEs access to finance, be it for the purchase of plant and equipment, new products and services, expansion into new markets as well as other investment needs, and working capital.

The original ERDF allocation to this instrument, implemented through two Financial Intermediaries selected by means of an open call, stood at €15Million, and this was first increased to €22Million following the surpassing of the initial expectations of the instrument. This change was approved in May 2019 and as a result of this top-up the expected portfolio of new loans to SMEs increased from €61M to €89.5M.

The implementation of the SME Initiative continued in 2020, showcasing the ongoing success of this instrument, and its ability to adapt to the economic realities of the Maltese islands, even when facing unprecedented scenarios such as a global pandemic.

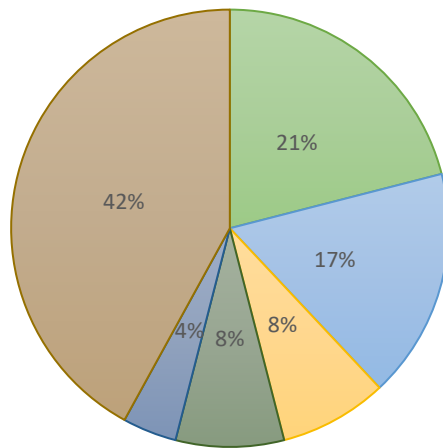
In fact, with Malta facing unprecedented economic downturn as a result of a semi lock down in mid-2020, the need was felt to once again top-up this instrument, and to earmark circa 50% of the expected increase in the portfolio of new loans, and resulting output indicators, towards Working Capital relief. Within this background, the ERDF allocation was increased to €29Million in December 2020. As a result of this top-up the expected portfolio of new loans to SMEs has increased from €89.5M to €116M.

By 31st December 2020, a total of €74M in loans were made available to Maltese SMEs for investment purposes with the support of this instrument. The total amount actually paid out by 31st December 2018 was of €67M. The progress registered from the previous reporting year is being presented in the graphs below:



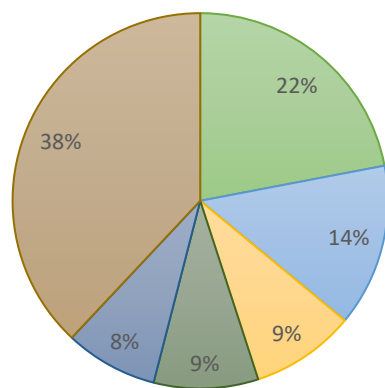
The sectors benefitting from the SMEi in 2020 can be summarised in percentage terms, by number of benefitting SMEs and committed loan amounts as per below:

Diversification by Sector
Number of SMEs (%)



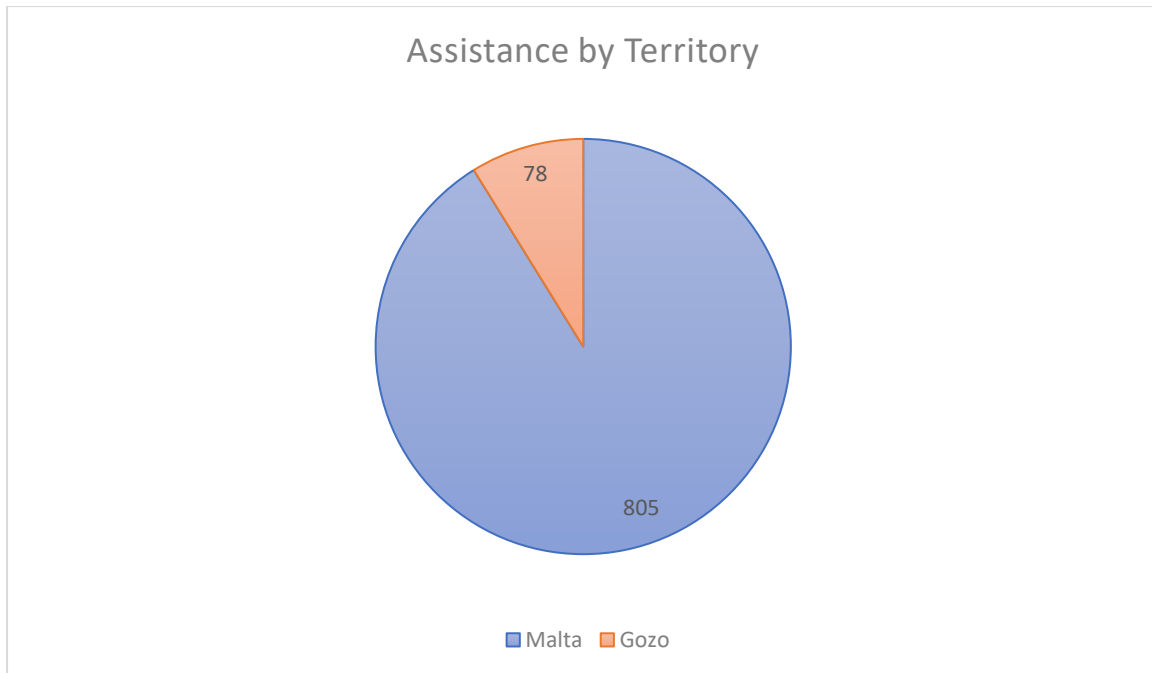
■ Retail Trade ■ Food and Beverage ■ Manufacture ■ Wholesale trade ■ Accomodation ■ Other

Diversification by Sector
Committed Amounts (%)



■ Retail Trade ■ Food and Beverage ■ Manufacture ■ Wholesale Trade ■ Accomodation ■ Other

In terms of territorial reach, 16% of loans committed were in Gozo, representing €5.8M in committed loans.



What's next...

The SMEi continues to perform well, showing that SMEs in Malta are open to the flexibility of Financial Instruments. The SMEi Malta is also being adapted to react to the realities brought about by the COVID-19 pandemic. It is in fact envisaged that this instrument will assist an additional 210 SMEs (cumulatively 885) in accessing a total of €116M in loans, which include a specific allocation towards Working Capital Relief.

For more information:

Info.eufunds@gov.mt – subject SMEi OP Citizen Summary 2018

SME INITIATIVE

745 SMEs ASSISTED TO DATE

82% SMEs WITH LESS THAN 10 EMPLOYEES

99% SMEs WITH LESS THAN 50 EMPLOYEES

48% SMEs WERE START-UPS

64 DIFFERENT ECONOMIC SECTORS ASSISTED

ENTERPRISES BENEFITTING UNDER SMEi BENEFIT FROM LOWER INTEREST RATES AND LOWER COLLATERAL, FACILITATING SMES ACCESS TO FINANCE, BE IT FOR THE PURCHASE OF PLANT AND EQUIPMENT, NEW PRODUCTS AND SERVICES, EXPANSION INTO NEW MARKETS, WORKING CAPITAL, AMONGST OTHERS.

DURING 2020, A TOTAL OF €74M IN LOANS WERE MADE AVAILABLE TO MALTESE SMES THANKS TO THIS INSTRUMENT, WITH €67M ACTUALLY BEING DISBURSED THROUGH 882 LOANS