

PROGRAMME: National Fund for Entrepreneurship and Development (ETEAN Ltd)

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1. SUMMARY OF GOOD PRACTICE

▪ Overview & Aims

Set up in 2011 as a legal entity and successor to the Guarantee Fund for Small and Very Small Enterprises, (TEMPME), ETEAN is a national initiative supervised by the Bank of Greece which aims to facilitate the access of Micro Businesses and SMEs (MSMEs) to the financial market.

Entrepreneurship is a top priority in Greece and ETEAN offers a portfolio of innovative programmes focusing on specific activities aimed at offsetting risks for a risk adverse banking sector, helping to support entrepreneurs and encourage economic growth.

Programmes include innovative special purpose funds, co-financing loans and/or guarantees at attractive terms as well as extensions of guarantees and co-guarantees. Other programmes include development of a Business Angels Network and Mediterranean Business Angel Market, an Entrepreneurship Fund and a **Guarantee Provision for the issue of Guarantee Letters addressed to suppliers of goods and services**, the only active programme currently available.

Located in Athens, ETEAN has no regional branches and operates its service through indirect-secondary networks of approved banks. Aid is given to MSMEs in the form of guarantees and loan subsidies. SMEs apply to any of the banks participating in the schemes who in turn act as agents requesting the guarantee facility from ETEAN.

▪ Key Resources

– Programme Partners

Led by ETEAN the scheme is run in association with 13 Commercial lenders (5 of them co-operative banks) acting as approved agents for the scheme

– Funding: Funding Body & SME Contribution

ETEAN manages a fund provided by the Greek government and the EU. The Fund is fully owned by the Greek State bearing an initial share capital of €1.7BN, of which €1.5BN is in Greek Government Bonds (GGBs) and approximately €213M in cash

Incentive Laws mean that SMEs must provide a minimum of 25% of the investment required with 25-50% provided by the state.

- **Eligibility Criteria**

The programme is open to all Micro, Small and Medium Enterprises from start-ups, new and established businesses and any legal businesses operating in the region subject to quota subsidies and the overall subsidy percentage defined in the “Regional state aid map”.

- **Terms & Conditions**

The Guarantee facility remains open to MSMEs until November 2013 and/or when the Fund is used. **Letters of guarantee** issued to eligible businesses for use with suppliers of goods and services are valid for a **maximum of two years** with guarantees ranging from €10-150K.

2. IMPLEMENTATION

ETEAN act as administrative agents for three portfolios of MSME funds enabling eligible Entrepreneurs to access funds for investment loans (for assets and equipment) and working capital.

The Guarantee Provision for the issuance of Guarantee Letters, addressed to suppliers of goods and services, provides MSMEs suppliers with an assurance of their ability to pay for the goods and services they need to conduct their own business.

With a minimum facility of €10K and a maximum accumulative guarantee limit of €150K companies can apply for up to 3 Guarantee letters which can be used to participate in tenders, to enable them to undertake their contractual responsibilities and to receive an advanced payment.

With a total programme budget of €45M (enabling issue of letters of €90M), ETEANs Guarantee covers 50% of the value of each letter, with ETEAN charging a commission of 0.5% on the loan value. Undergoing a two stage evaluation process* the Guarantee scheme is subject to evaluation and approval by the Bank and ETEAN.

STEP 1	✓ The company applies to a co-operating bank, completing a standard ETEAN form	
STEP 2	The bank: <ul style="list-style-type: none"> ✓ Process the application and checks the availability of ETEAN programme funds ✓ Undertakes a standard evaluation of the SME’s credit history ✓ Assesses the risk and issues an e note to ETEAN of the outcome 	15 working days
STEP 3	ETEAN: <ul style="list-style-type: none"> ✓ Undertake automated checks to verify the eligibility of the applicant ✓ Uses both the banks and its own assessment to decide on the outcome ✓ Informs the bank of its decision 	10 working days
STEP 4	✓ The bank informs the company of the outcome of the process	

(*It is possible to carry out both processes simultaneously)

DIFASS Workshops Good Practice Fact Sheet 13 Guidance to Finance & Loan Guarantee Schemes

▪ **Key Stats** Results to Date

Set up in 2011 and trading for 3 years, results for the ETEAN and TEMPME programme up until October 2012 are as follows:

KEY MEASURE	RESULTS TO DATE	
ETEAN & TEMPE PROGRAMME - WESTERN MACEDONIA		
Loans Granted	€143M	
Guarantees Awarded	€114.3M	
Number of Beneficiaries	1,893	
Jobs Preserved at a Regional Level	4,141	

3. KEY LEARNING POINTS & OPPORTUNITIES

– **Legacy**

Although a national tool, the low interest rates for loans/guarantees and level of investment and private investment generated by ETEAN schemes has had a positive impact on the Western Macedonia Region. However, the financial repercussions arising from the economic crisis has created liquidity problems for national banks who don't give any loans to companies waiting for 'recapitalisation'. Originally considered easy to access, the economic crisis has made access to the full range of funding and programmes originally provided by ETEAN more difficult.

– **What worked well**

Strong public/state support in deteriorating conditions for MSMEs. Figures show that many MSMEs have benefited from ETEAN programmes

The programme means that the 'risk' is shared by three parties; the region/state, bank and the SME, rather than two parties (the SME and the Bank)

Overall, funding increases liquidity, which in turn, increases company competitiveness

– **What didn't work so well, would you change anything?**

The assessment process is viewed as overly bureaucratic and could benefit from simplification.

There is no provision for parallel support i.e. consulting or training, which could be useful for many, companies e.g. those with poor financial management skills.

Lack of decentralisation

– **Opportunities (for transfer to other regions)**

The programme has provided flexibility for mature companies and start-ups in almost every sector, for any kind of intervention, (investments, working capital and guarantee for tenders)

Risk sharing 50-50

The opportunity for centralisation and quick electronic procedures.

– **Threats**

Economic crisis

More restrictive laws on EU Grants/Subsidies

FURTHER INFORMATION:

<http://www.youtube.com/watch?v=QFJldSu9Azs>

<http://www.etean.gr/PublicPages/HomePage.aspx>

<http://www.pdm.gov.gr/>

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