Case Study

Financing SMEs in Georgia

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SME Portfolio Guarantees, EIF
Intermediaries, beneficiaries and transactions

Intermediary type:
- Public or private credit or financial institutions
- Loan (debt) funds

Recipient type:
- Means a micro, small or medium-sized enterprise as defined by the European Commission

Transaction type:
- Working capital investment
- Business transfers
- Investments
- M&A activities

Direct guarantees:
- Public or private credit or financial institutions
- Loan (debt) funds

Counter-guarantees:
- Public or private guarantee schemes/institutions
- Public or private financial institutions

SMEs:
- Enterprise which has up to 499 employees, and
- is not an SME

Small mid-caps:
- Enterprise which has up to 499 employees, and
- is not an SME

Tangible or intangible
- For business expansion
Final Beneficiary Innovation Eligibility Criteria

1. Company intends to use the funds to invest in producing, developing, or implementing new or substantially improved products, processes or services
   - Increased risk of technological, business, or industrial failure

2. Company is a “fast-growing enterprise” operating in a market for less than 12 years following its first commercial sale
   - “Fast-growing enterprise” – average annualised endogenous growth in employees or turnover greater than 20% a year, over a three-year period, and ten or more employees at the beginning of the observation

3. Company is < 7 years (first commercial sale), and its R&I costs represent at least 5% of total operating costs
   - R&I costs represent at least 5% of total operating costs in at least one of the three years preceding the loan application;

4. Company shall have a significant innovation potential or be an “R&I-intensive enterprise”
   - Innovation potential or the status of an “R&I-intensive enterprise” is assessed through additional 11 sub-criteria
Case study (1/4)

1. Innovation eligibility criteria

- The Beneficiary intends to use the funds to invest in producing, developing or implementing new or substantially improved products, processes or services that are innovative
- With a risk of technological, business, or industrial failure
- New!
  - Includes innovative production or delivery method; and
  - Organisational or process innovation – business models

Net Things

- Company: Net Things
- Country: United Kingdom
- Type of business: Technology

- **Final recipient type:** early-stage SME
- **Edinburgh** based technology firm which developed universal platform for connecting and controlling devices over the Internet
  - Used for energy and security management
- **Loan purpose:** implementation, trial and testing of energy management system called “Click”, developed by Net Things
  - “Click”, the companies flagship product, enables cost-effective energy management of large estates or small commercial outlets
- **Basis for eligibility:** implementation of new products
Case study (2/4)

Innovation eligibility criteria

- "Fast-growing enterprise" – average annualised endogenous growth in employees or turnover >20% a year, over a three-year period, and ten or more employees at the beginning of the observation

The Final Beneficiary is a "fast-growing enterprise" operating in a market for less than 12 years following its first commercial sale

Final Recipient

- Company: WOW Technologies
- Country: Belgium
- Type of business: Engineering company

- Final recipient type: small business
- Specialised in the production of tailor-made machinery and automated equipment for various sectors (aeronautics, biotech, pharma, agriculture, energy etc.)
  - Team of 64 specialists with significant potential for further growth
  - Targeted number of employees above 100 in five years

- Loan purpose: working capital investment and increase in number of employees
- Basis for eligibility: fast-growing and highly adaptive enterprise which can serve as a producer for multiple industries
### Case study (3/4)

**Innovation eligibility criteria**

3. The Final Beneficiary has been operating in the market for less than 7 years following its first commercial sale, and its R&I costs represent at least 5% of total operating costs

- In at least one of the three years preceding the loan application

<table>
<thead>
<tr>
<th>Company</th>
<th>Country</th>
<th>Type of business</th>
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<tbody>
<tr>
<td>Aurel</td>
<td>Italy</td>
<td>Customized Electronics</td>
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**Final recipient type:** small business

- Aurel manufactures machines and automation systems for electronic production of sensors, energy and electronic modules

- Developing and manufacturing electronic circuits in thick film industry
- Power lighting industry
- Heating elements & breaking resistors

**Loan purpose:** acquisition of new equipment, specialist staff and research in areas of power lighting and power resistors

**Basis for eligibility:** frequent R&I costs and investments
Case study (4/4)

Innovation eligibility criteria

The Final Beneficiary shall have a significant innovation potential or be an “R&I-intensive enterprise”

- Innovation potential or the status of an “R&I-intensive enterprise” is assessed through additional 11 sub-criteria

Final Recipient

- Company: Domino Industrias Ceramicas
- Country: Portugal
- Type of business: Manufacturing floor tiles

- Final recipient type: small business
- Domino produces wall and floor tiles for interiors and exteriors
- Loan purpose: investing in new innovative design solutions for their product development

- The company participated in a consortium and won an Innovation Award with their “Solar Tiles”, related to photovoltaic tiles that involve nanotechnology

- Basis for eligibility: Innovation prize