

Combined Instruments

Investments - Business Development Line

DETAILS

COUNTRY: Italy

REGION: Lombardy

TITLE: Investments - Business Development Line

PERIOD: 2023 > open

GOALS, RECIPIENTS, BENEFICIARIES

The goal of the initiative, set up by the Lombardy Region, is to facilitate investments by Lombard companies with fewer than 3,000 employees (SMEs and MidCaps). It aims to strengthen their productive and organizational flexibility - particularly in view of scaling up - and to enhance resilience to both internal and external shocks. A key focus is placed on leveraging new digital technologies.

The measure is implemented under Action 1.3.3 of the Lombardy Regional Operational Program (ROP) ERDF 2021-2027 and consists of targeting SMEs and MidCaps in two geographic areas of intervention:

- **Area 1** - Business Development in the whole Lombardy region
- **Area 2** - Business Development in the regional areas exempt under Article 107.3(c) of the TFEU (Treaty reaty on the Functioning of the European Union).

The managing body of the measure is Finlombarda, the financial company of the Lombardy Region.

ELIGIBLE PROJECTS / EXPENSES

Eligible expenses include:

- Purchase and installation of machinery, production systems, equipment, hardware, and furnishings.
- Purchase of software and user licenses, as well as costs for cloud and SaaS software services, for a period not exceeding 12 months. These are eligible only under the de minimis regime and Article 14 of the GBER.
- Acquisition of trademarks, patents, and production licenses.
- Construction work, remediation, and system installations, provided they are directly related to and necessary for the installation of the assets mentioned in point 1. This expense category is limited to 20% of the total.

According to Article 14 of the GBER, the new activities must differ from or expand upon those previously carried out at the facility.

SUPPORT

The incentive includes:

- A non-repayable grant, provided as a percentage of eligible project costs, which is disbursed upon completion after verifying the expense report.
- A free public guarantee on a loan granted by intermediaries partnered with the Lombardy Region (before submitting the incentive application).

The loan has a term of 6 to 12 semesters, with a maximum grace period of 4 semesters. The loan is not considered state aid, as it is granted at market rates. It is disbursed upfront up to 70%, with the remaining balance provided after the verification of the expense report.

The public guarantee, which is provided free of charge to the beneficiary, covers 70% of the exposure for the partnered intermediaries. The guarantee is subject to a limit of 22.5% of the total financing amount granted by each lender. The total aid intensity received by the beneficiary is the combined value of the aid in the form of a free guarantee (expressed as the gross grant equivalent, GGE) and the non-repayable capital grant.

Area	Exemption Regulation		Micro/Small Enterprises	Medium Enterprises	MidCap Enterprises
All Areas	De minimis		€300.000	€300.000	€300.000
	GBER Art.17		20%	10%	n.a.
Areas under derogation 107.3.c	GBER Art.14	Zone 1: Pavia, Lodi, Como, Sondrio	35%	25%	15%
		Zone 2: Mantova, Cremona	30%	20%	10%

PROCEDURE

The initiative was developed as a continuation of the previous AL VIA financial instrument, implemented during the 2014-2020 EU programming cycle, which was recognized as a best practice in several areas.

Improvements have been made in collaboration with key stakeholders, particularly through the identification and engagement of financial intermediary partners. To facilitate this, a consultation table was established between the Lombardy Region and credit institutions.

Beneficiaries can submit their applications for the call, along with the bank loan approval, exclusively online via the Bandi e Servizi platform (<https://www.bandi.regione.lombardia.it/servizi/home>).

The call operates on a rolling evaluation process. It will remain open until the financial allocation is exhausted (€115 million in total from the ROP ERDF 2021-2027, including management costs). This amount is allocated as follows: €69 million for guarantees, and €46 million for grants.

Status / Results

As of September 18, 2024, a total of 526 applications have been submitted, representing €355 million in proposed investments since the opening date on June 13, 2023.

Of these:

- 350 applications have been approved, accounting for €228.5 million in eligible investments, supported by €33 million in grants and €193 million in financing.
- 86 applications are under review,
- 90 applications were either not approved or withdrawn by the applicants.

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Remarks:

The measure assigns a crucial role to the partnered financial intermediaries, who provide loans backed by public guarantees as part of the overall incentive, alongside the grant. This requires the public entity to define the mechanisms for operating the incentive and establish engagement rules for the intermediaries, while considering their operational practices.

In this case, the alignment between the objectives and technical features of the financial instrument and the operational standards of the banks was achieved during the implementation of the previous AL VIA measure. This alignment resulted from a gradual process of mutual adaptation between the needs of the public entity and those of the private co-financiers.

It is therefore recommended to:

- Consider the need for such adjustments and refinements both in the ex-ante phase and during implementation.
- Consider ensuring continuity of the financial instrument, potentially spanning multiple programming cycles, to further refine the mutual adaptation process between stakeholders and preserve its benefits.

CONTACTS

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