

COVID-19: Finland Government Financial Assistance Measures

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The Finnish Government has prepared an extensive package of approximately EUR 1.45 billion to support companies and to alleviate the negative effects of COVID-19 epidemic. In the administrative sector of the Ministry of Economic Affairs and Employment, business financing is provided by Finnvera, Business Finland, ELY Centres and Finnish Industry Investment. In addition, the Finnish Government has increased the financing mandate of the Finnish Export Credit Agency to EUR 12 billion.

Business Finland Grants

Business Finland, which is a Finnish government organization for innovation funding and trade, travel and investment promotion has launched two new financial initiatives to help mitigate the economic impact of the COVID-19 pandemic by funding SMEs and midcaps with maximum turnover (company or group level) of EUR 300 million operating in Finland. The funding is intended for companies in almost all industries whose current business suffers from market and production chain disruptions caused by the COVID-19 pandemic. Two types of funding schemes are available, where one is mainly intended for companies to explore and tap into new business opportunities in emergency conditions (max. EUR 10,000 per applicant, for 80% of the relevant project's total costs) and the other mainly for funding development plans related to creating new solutions regarding products or production (max. EUR 100,000 per applicant, for 80% of the relevant project's total costs). The funding is *de minimis* aid and the aid may be granted; provided that the company has not exceeded its *de minimis* quota. The maximum permissible amount of *de minimis* aid is EUR 200,000 over the current and two previous tax years. At the group level, a parent company and its subsidiary operating in the same member state of the EU are treated as a single company, and the amounts of aid they receive are added together. The aid does not have to be repaid. The funding is not available for large companies, sole traders, freelancers, public organizations, foundations, associations, companies based in Åland, primary production enterprises and private traders in the fields of agriculture, fisheries, and aquaculture. Business Finland's grant authorizations have been increased to a total of EUR 700 million to permit the abovementioned business support measures and the Finnish government has proposed in its second supplementary budget proposal for 2020 that the amount would be further increased to a total of EUR 800 million. According to the current agenda of the Finnish Parliament, the parliament will vote on the second supplementary budget proposal on April 17, 2020.

Further, the Finnish government has proposed in its second supplementary budget proposal that the amount of loans granted by Business Finland for research, development and innovation activities (R&D&I) would be increased by EUR 300 million. Business Finland intends to introduce a new R&D&I loan product that businesses can use more flexibly than existing R&D&I loans. The loans are intended to facilitate identifying and developing new business initiatives in labor-intensive sectors heavily impacted by the COVID-19 pandemic. The implementation of such product still requires EU approval, but Business Finland expects to be accepting applications in April.

Financial Aid from ELY-Centres

In response to the COVID-19 pandemic, Centres for Economic Development, Transport and the Environment (“ELY-Centres”) provide financial aid to companies that employ a maximum of five employees (including any entrepreneurs) and whose business has suffered as a result of related market and production disruptions. The funding is aimed at companies that aim to reform their operations and are deemed to have the preconditions for profitable operations in the future and applies to most industries other than agriculture, forestry, fishing and the secondary production of agricultural products. The funding may be granted for undertaking an assessment of the applicant’s situation (max. EUR 10,000 per applicant, for 80% of the total costs of the relevant project) or for development measures (max. EUR 100,000 per applicant, for 80% of the total costs of the relevant project). The financing granted by ELY-Centres for such purposes is currently capped at EUR 200 million and the Finnish government has proposed in its second supplementary budget proposal for 2020 that the amount would be increased to a total of EUR 400 million.

Grants for Sole Entrepreneurs

The Finnish Ministry of Economic Affairs and Employment and the Association of Finnish Local and Regional Authorities have prepared a financing model for sole entrepreneurs to help them cope in the conditions caused by COVID-19. Sole entrepreneurs will be able to apply for financing from municipalities to address difficulties caused by COVID-19. Financing will be made available as soon as details regarding the model and its implementation have been resolved and by April 14, 2020 at the latest. The grant per entrepreneur will be EUR 2,000, and there is currently a total cap of EUR 100 million for the program. The support criteria are the same in all municipalities. The Finnish government has proposed in its second supplementary budget proposal for 2020 that the amount would be increased to a total of EUR 250 million.

Finnish Industry Investment

Finnish Industry Investment Ltd (“Tesi”), a capital investment company of the State of Finland, is prepared to provide additional financing to private equity funds and its investee companies, together with other investors, to cater to any needs arising from COVID-19. As a specific measure, Tesi has also launched a new investment initiative aimed at safeguarding the continuity of mid-size companies facing temporary difficulties as a result of the COVID-19 pandemic. In order to finance such new initiative, the second supplementary budget proposal for 2020 of the Finnish government includes a proposal that Tesi would receive an additional capital injection of EUR 150 million. The investments to be made by Tesi will range between EUR 1 – 10 million and are aimed at companies that were profitable prior to the COVID-19 crisis and have the preconditions to operate profitably also thereafter, employ more than 50 people and have annual revenues of at least EUR 10 million. Applications may be submitted from April 14, 2020 onwards, at which time, further information regarding the initiative will be provided.

Finnvera Guarantee Scheme

The Finnish Export Credit Agency (“Finnvera”) primarily supports companies by guaranteeing bank loans. In response to the COVID-19 pandemic, Finnvera’s national financing mandate has been increased to EUR 12 billion. In addition to existing guarantee products previously offered by Finnvera, in response to the crisis, Finnvera has also implemented an expedited and simplified procedure that applies to EUR 150,000 – 1 million loans. In respect of such loans, Finnvera is ready to guarantee 80% of the loan and does not require a counter-guarantee/security. Finnvera has also committed to retroactively lower the pricing of certain of its guarantee products as of March 1, 2020.

Conclusion

The abovementioned support measures have been very popular among the Finnish companies and, due to the increasing demand, the Finnish government has proposed further increases to the national budget. We encourage our clients to consider these support measures, consulting with us as appropriate.

Annex I

The Finnish Government has implemented urgent measures to deal with the impact of the COVID-19 outbreak. The applicable measures are described and compared below.

Applicable Measures	Large corporates	SMEs
Business Finland Grants	Not available to large corporates.	<p>Beneficiary: SMEs and midcaps with maximum turnover (company or group level) of EUR 300 million operating in Finland.</p> <p>Purpose of the financing: Two types of funding schemes are available:</p> <ul style="list-style-type: none"> • Preliminary funding for business disruptions intended to support companies to explore and tap into new business opportunities in emergency conditions; and • Development funding for companies during business disruptions intended to support companies to create new solutions regarding products or production. <p>Maximum amount:</p> <ul style="list-style-type: none"> • Preliminary funding: up to EUR 10,000 for 80% of the relevant project's total costs; and • Development funding: up to EUR 100,000 for 80% of the relevant project's total costs. <p>Conditions: The Business Finland funding is <i>de minimis</i> aid subject to the terms and conditions stated in regulation (EU) No 1407/2013.</p>
Financial Aid from ELY-Centres	Not available to large corporates.	<p>Beneficiary: Companies in Finland that employ a maximum of five employees (including any entrepreneurs) that do not operate in the following industries: agriculture, forestry, fishing and the secondary production of agricultural products.</p> <p>Purpose of the financing: To minimize the adverse effects of the COVID-19 epidemic and to encourage employment. The funding may be granted for undertaking an assessment of the applicant's situation or for development measures.</p> <p>Maximum amount:</p> <ul style="list-style-type: none"> • Preliminary funding: up to EUR 10,000 for 80% of the relevant project's total costs.

		<ul style="list-style-type: none"> Development funding: up to EUR 100,000 for 80 % of the relevant project's total costs. <p>Conditions: The funding from ELY-Centres is <i>de minimis</i> aid subject to the terms and conditions stated in regulation (EU) No 1407/2013.</p>
Grants for Sole Entrepreneurs	Not available to large corporates.	<p>Beneficiary: Sole entrepreneurs.</p> <p>Purpose of the financing: Help sole entrepreneurs to address difficulties caused by the COVID-19 epidemic.</p> <p>Amount: EUR 2,000.</p> <p>Conditions: A sole entrepreneur must show a significantly worsened financial situation and drop in turnover due to COVID-19. The support may not be issued if the company was in financial difficulties before the financial crisis or to companies with tax debts.</p>
Finnish Industry Investment	Not available to large corporates.	<p>Beneficiary: SMEs and midcaps employing more than 50 people and annual revenue of at least EUR 10 million.</p> <p>Purpose of the financing: Providing additional financing to private equity funds and its investee companies together with other investors to cater to any needs arising from COVID-19.</p> <p>Amount: EUR 1 to 10 million per investment.</p> <p>Conditions: N/A. Case-by-case evaluation.</p>
Finnvera Guarantee Scheme	<p>Type of guarantee: Irrevocable and unconditional first demand guarantee.</p> <p>Type of financing: Any guaranteed EUR 150,000 to 1 million financings made available by the Finnish banks.</p> <p>Maximum guaranteed amount: Up to 80% of the financing.</p>	

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