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The state as an entrepreneur: How do we support innovative entrepreneurs in their early stage?

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Slovene enterprise fund

The Slovene Enterprise Fund (hereinafter: the Fund) is a national financial institution of the Republic of Slovenia founded with the aim of making the sources of funds more accessible to small and medium-sized companies in Slovenia (hereinafter: SMEs).

Every year the Fund invites companies to apply for state aid, which would provide more favorable sources of financing development investments in the corporate sector in Slovenia. The Fund closely co-operates with other domestic and international financial institutions such as commercial banks, the European Investment Fund and the European Mutual Guarantee Association.

The Fund provides state aid to SMEs in the form of three finance lines, namely:

- LOAN AND GUARANTEE LINE FOR SMEs
- CO-FINANCING SME's PROJECTS
- SMEs EQUITY FINANCING

The aim of SEF state aids is to establish visible effects in business environment such as higher added value per employee in entrepreneurial sector, enlargement of market share of Slovenian companies on European and global market and new employments.

Support for SMEs in their early stage:

- Grants for the launch of innovative and incubated companies in entities of innovative environment

Co-financing of innovative and incubated enterprise start-ups in entities of innovative environment aims at enabling newly started and development-oriented enterprises with their headquarters located in entities of innovative environment to acquire a grant to finance the enterprise's launch. The grant is earmarked for the promotion of establishment and launching of emerging enterprises in technology parks, enterprise incubators and university incubators.

- Guarantees for bank loans with subsidised interest rate Guarantees for bank loans with subsidized interest rate are earmarked for funding of tangible and intangible investments and working capital for existing SMEs. The enterprise shall find a bank cooperating with the Fund and apply with them for a loan with an explanation that the loan would be collateralised by the Fund's guarantee. The enterprise shall use a positive decision of the bank, complete it by other obligatory documents and submit an application to the Fund's public tender for the P1 Product, where in case of a positive Fund's decision, the enterprise shall obtain 60% to 80% guarantee to collateralise the above-mentioned loan, the right to lower loan interest rate, and a possibility for a loan repayment grace period and extended repayment period, at the same time. The P1 Product is counter-guaranteed by the European Investment Fund, because in 2009 and 2010, the Product enjoys benefits of the guarantee issued under the European Community's Competitiveness and Innovation Framework Programme.

In 2010 the Fund will offer also 80% of guarantees for start ups enterprises that transfer knowledge from scientific institutions into the real economy.

- Equity financing SEF is developing another way of financing through venture capital line. SEF will offer financial means for venture capital companies that will invest in SMEs with high growth potential. The

investments will have to be realized in Republic of Slovenia due the instruments will be co-financed from the European Regional Development Fund.

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