WP 3 – Deliverable 3.1.2 – Funding Schemes - Report

INDEX

TABLE OF ACRONYMS

T2I	Technology Transfer and Innovation S.C.A R.L.
IDA	Istrian Development Agency Ltd.
AGRRA	Zadar County Local Development Agency
INVESTINFISH	Boosting INVESTments in INnovation of SMEs along the entire FISHery and aquaculture value chain
F&A	Fisheries&aquaculture
FLAG	Fisheries Local Action Groups

EXECUTIVE SUMMARY

This report deals with the results achieved in the framework of the INVESTINFISH project, regarding the funding schemes used by the fishing and aquaculture sector in the five territories of the project: Veneto, Marche, Puglia, Istria and Zadar.

The report is structured to observe all the possible sources of fundraising: first of all, the methodology used to collect the information on the financing schemes was defined. It was subsequently defined, for each fundraising source, a small introduction and its literature interpretation. After that, for each source of fundraising, was made a focus on INVESTINFISH project results during the research.

INVESTINFISH PROJECT

INVESTINFISH - "Boosting INVESTments in INnovation of SMEs along the entire FISHery and aquaculture value chain" is a project funded by the Italy – Croatia CBC Programme under the Priority Axis 1 "Blue Innovation", Specific Objective 1.1 (S.O.1.1) "Enhance the framework conditions for innovation in the relevant sectors of the blue economy within the cooperation area".

INVESTINFISH sees the cooperation of n. 6 Partners from 5 Different Regions: T2I (LP – Italy – Veneto), Sviluppo Marche (PP1 – Italy – Marche), D.A.Re. Puglia (PP2 – Italy – Puglia), Punto Confindustria (PP3 – Italy – Veneto), Istrian Development Agency (PP4 – Croatia – Istria), Zadar County Rural Development Agency (PP5 – Croatia – Zadar).

INVESTINFISH main objective is strengthening of competitiveness of F&A production system through promotion of investment programs aimed at acquisition of innovation services. INVESTINFISH implements pilot actions providing some IT-HR F&A SMEs with a roadmap to innovation instruments & services, boosting creation of marketable innovative products and/or processes that will improve the SMEs potential market positioning. Expected benefits for enterprises are: accelerate time to market, increase linkages with innovators, increase F&A enterprises R&D expenditures in new and greener components/technologies/services, to boost HR-IT competitiveness. INVESTINFISH intends also to offer to the F&A sector to substitute the value chain concept with value network, proposing a shift from traditional value chains towards more collaborative value networks.

FUNDRAISING: WHAT IS IT?

For the Association of Fundraising Professionals, it means “raising of assets and resources from various sources for the support of an organization or a specific project”. Generally speaking, fundraising implies all the strategic activities which aim at collecting resources from different subjects for a specific objective.

Paul Graham, best known for his work on Lisp, Viaweb (later renamed "Yahoo! Store") and mostly co-founder of Y Combinator, said:

> *“I was surprised when I realized that all the worst problems, we faced in our startup were due not to competitors, but investors. Dealing with competitors was easy by comparison. Apparently, our situation was not unusual. And if trouble with investors is one of the biggest threats to a startup, managing them is one of the most important skills founders need to learn”.*

Figure 1 - Paul Graham

First of all:

- fundraising is only a tool to reach your organization’s goal, and not the goal of your organization;
- fundraising for a startup is not the way to make money: a startup must go and compete on the market;
- fundraising can’t be related to negative aspects or daily expenses: it must be associated with positive ideas and projects.

Fundraising is not about collecting money, but it is about creating a relationship with the investor and mostly exchange value. Fundraising is a complex operation, which involves a series of actors and factors which must be carefully taken into account.

Kotha and George (2012) showed that entrepreneurs with previous experience in startups are able to raise more funds (from both formal and informal sources) compared to entrepreneurs without any experience. Start-up projects and start-up companies are most interesting to those investors who can significantly accelerate the development of the project or product through their investments as well as contribute to strong business relationships which investors tend to have and which are essential for the expansion of start-up products.

In his research, **Atherton (**2012) demonstrated that multiple factors influenced the decision of a start-up founder on the financing source (formal or informal). At the same time, it is possible to observe very high disparity between the highly capitalized and undercapitalized start-ups.

Finding investment funds to launch or expand a start-up is one of the biggest obstacles faced by many entrepreneurs (Berger, Cowan, Frame, 2011)[1].

[1] M. Klačmer Čalopa, J. Horvat, M. Lalić: Analysis of financing sources for start-up companies

METHODOLOGY

For F&A sector there are many funds and each has its own features and its drawbacks. The main sources of funding were analyzed in this document. A desk research was carried out to understand the sources of funding still available in the five project reference countries. In particular, the results obtained were divided and analyzed into three macro-groups:

- Public sources of funding
- Structured funding schemes
- Not-structured funding schemes

For **Public sources of funding**, INVESTINFISH project has imagined these funds mainly related to ESIF National/Regional Funds. Each Partner has prepared a desk-based analysis and a report focusing on the topic described in the following table:

PARTNER		REGION	PUBLIC FUND TO ANALYSE
LP	T2I	VENETO	ESIF National Funds (Italy)
P1	SVILUPPO MARCHE	MARCHE	ESIF Regional Funds
P2	DARe	PUGLIA	ESIF Regional Funds
P3	PUNTO CONFINDUSTRIA srl	VENETO	ESIF Regional Funds
P4	IDA ltd	CROAZIA (POLA)	ESIF Regional Funds
P5	ZADAR COUNTY LOCAL DEVELOPMENT AGENCY	CROAZIA (ZADAR)	ESIF Regional Funds ESIF National Funds (Croatia)

The division of the funds to be analyzed was carried out keeping in mind the reference area of each partner and their own Region, so that this and the funds to be studied coincided. It was also decided to extend the study of the funds to a national area for the T2I and ZADAR COUNTY LOCAL DEVELOPMENT AGENCY partners considering the presence of other partners already engaged in the analysis of the same reference region.

For **Structured Funding Scheme** instead it was used a mixed approach-based on an Online Desk Research and a call to collect information from stakeholder.

The first one was made to digging out the relevant information from internet: at this scope were used two type of research, one on various search engine like www.google.com, www.yahoo.com and www.altavista.com and others on specific bank websites, especially for bank loan schemes.

The call, instead, was used to ensure the transparency of the selection procedure of possible private funds and to collect the following information:

1. NAME OF THE FUNDING MEASURE
2. LINK (website, contact)
3. TYPE OF FUNDS (Private/Public)
4. TARGETED ARES (regional, national, EU)
5. TYPE OF SUPPORT PROVIDED (interest subsidy, no-repayable grants, interest free loan, other to be specified)
6. ELIGIBLE CATHEGORIES OF EXPENSES:
    a. Investments
    b. Infrastructure
    c. Management Costs (I,e. staff, external services, etc…)
    d. Specialized Services
    e. Other… (please specify)
7. ELIGIBLE BENEFICIARIES:
    a. Public
    b. Private
    c. Governed by public low
8. PARTICIPATION:
    a. Single participant
    b. Consortium/Network
9. TOTAL BUDGET AVAILABLE FOR THE CALL (if applicable)
10. MAXIMUM FUNDING
11. FUNDING CONDITIONS (mechanism for funding, i.e. % of interest free, duration of the investment etc…)

Finally, even for the **Not Structured Funding Scheme** it was decided to follow the same idea used for the structured one (Online Desk Research and call). For this reason, INVESTINFISH launched another invitation to collect the following information:

1. NAME OF FUNDING MEASURE
2. LINK (website, contact)
3. TYPOLOGY:
    a. Grant
    b. Voucher
    c. Private Investment
    d. Loans/Lending
    e. Other………. (please specify)
4. FUNDING INTERVENTION (i.e. competition, award, investments, business creation, R&D,…)
5. MAXIMUM FUNDING
6. FUNDING CONDITION (if any)

SOURCES OF FUND

NOT-STRUCTURED FUNDING SCHEMES

When we talk about not-structured funding schemes within the document we refer to forms of financing without a structurally regulation, such as venture funding and private and banks credit. Also, about venture funding, we can divide these financing methods in two main actors involved for this kind of investment: Business Angels (BA) and Venture Capitals (VC).

BUSINESS ANGELS

A natural way to raise money are the so-called “Angels”. **Business Angels (BA)** are individuals with at least three important characteristics for a startup: they have money, they have experience and they have contact. Experience and contact can be more important than the money.

Wetzel (1983) first proposed the definition of BA simply as people who invest on new entrepreneurial ventures. The term was adopted from investors that financed theatre plays in Broadway (Wong et al., 2009). Mason (2005) points out that before the 1960s and 1970s BA were simply defined as “business investors” and that it was with the development of Silicon Valley that BA activities became distinct from other investors. As Wong et al. (2009, p. 222) state “there are many definitions of angel investors”. Despite years of discussion amongst researchers, no globally agreed definition of BA has yet been reached.

Maybe, the most used definition is the following:

A high net worth individual (HNWI), acting alone or in a formal or informal syndicate, who invests his or her own money directly in an unquoted business in which there is no family connection and who, after making the investment, generally takes an active involvement in the business, for example, as an advisor or member of the board of directors (Mason and Harrison, 2008, p. 309).

The greatest value of BAs is the "smart funding" that includes providing skills, expertise and business contacts, while most common reasons for investing are acquisition of profit, encouraging entrepreneurship, business activity and creating new value. Before investing in a company takes place, a contract defines the relationship between the start-up founder and the business angel as an investor.

The contract generally contains an investment value, the investment time period, the investment price and an exit strategy from the company (Cvijanović, Marović and Sruk, 2008). Sharpe, Cosham, Connell and Parnell (2009) conducted a study in the UK which proved that business angels have a major role in funding high-tech start-ups in their early stages. One of the reasons for that is the governmental support through tax exemption of their investments. The main motivation that drives people to become Business Angels are high financial returns forecasts, personal satisfaction and sense of belonging to the entrepreneurial economic landscape.

Giurca Vasilescu (2009) believes that business angels are the most important link between funding and developing companies, from the start-up stage to the stage in which companies are ready to be on the capital market. Moreover, business angels provide financial and managerial support which is the additional option for survival of the companies.

According the last **European Business Angels Network (EBAN)[2]** statistics compendium 2018, the size of the visible and invisible business angel market in Europe increased to 7.3 billion Euros in 2017, a growth of 9% from 2016, remaining the main equity market for early stage SMEs and European start-ups. For comparison, angel investment in the US has reached an estimated 23.9B US dollars. The business angel community in Europe grew to 337.500 investors which closed 39,990 deals in 2017.

Cross-border investment in 2017 indicated that business angels are still keen to invest closer to home, partly due to the fact that each country has their own regulations on start-up ecosystems, and they do not always benefit from tax incentives if they invest abroad.

From a desk research carried out in the framework of the INVESTINFISH project it was possible to observe how, in Italy, as in Croatia, the action of business angels in the F&A sector is very limited and not very active: indeed, in the five countries analyzed by the project, to date, there were no investments by these parties in the F&A sector.

[2] http://www.eban.org/wp-content/uploads/2018/07/EBAN-Statistics-Compendium-2017.pdf

This, at least on the Italian side, may depend on a limited presence of Business Angels in the country: Italy, in fact, is a country essentially tied to bank credit for the financing of business ideas and only a few years ago the figure of Businesses Angels has begun to establish itself on the market.

However, there is a positive figure, in this regard, in 2018, in Italy, there was an increase in activities for Italian business angels: according to an article by **Bebeez**[3], an online journal that provides updated information on Italian companies participated by funds of private equity, venture capital and business angels, the investments of the BAs reached 46.5 million euros, with a leap of as much as 75% from 2017, when the investments surveyed had reached only 26.6 million. This leaves positive hopes for the future and the implementation of these subjects in the Italian context.

VENTURE CAPITALS

Venture Capital investments or risk capital investments or formal venture capital or simply VC referred to individuals, companies or funds that invest in privately owned companies with large growth potential in order to help their development. Venture Capital investments are not the same as BA because they invest mainly is mature startups with a validated business model. VC are structured firm that usually invest more money than BA and look for higher rate of return.

Venture capitalists are typically very selective in deciding what to invest in. Funds are most interested in high financial returns and successful exit event within the required timeframe (typically 3–7 years). Young companies to raise venture capital require a combination of innovative technology, potential for rapid growth, a well-developed business model, and an impressive management team.

They primarily invest in areas where technology and other innovations are being developed, i.e. in knowledge-based sectors, with a preference for applications with exceptional commercial potential (Gompers and Lerner, 2001; Fraser-Sampson, 2007).

[3] https://bebeez.it/2019/07/01/business-angel-italiani-investito-ben-465-mln-euro-nel-2018-dai-266-mln-del-2017-lo-rileva-la-survey-iban-2018/

There are several types of VC firms. Generally, they are structured as limited partnerships in which the VC firm serves as the general partner (GP) and the investors serve as limited partners (LP). VC firms may also be independent, owned by its management team and investing its own capital. Another type of VC organization comprises public companies that are listed on a stock exchange. VC firms may also be affiliates or subsidiaries of a bank, insurance company or industrial corporation, making investments on behalf of the parent firm or its clients; these are so-called corporate or captive VC firms.

Other venture capital organizations include government-affiliated investment programs that aid startup companies via state or regional funding, functioning as government-funded VC firms. VC investments are so important because they are considered an added-value, and an access to business networks.

By analyzing more than 470 Silicon Valley start-up companies, Davila, Foster and Gupta (2000) proved that companies which had been using Venture funds as the financing source generally grew faster than those that had used some other financing source.

VC is active also at EU level. In 1998 the Commission published several documents in order to create a “Pan-European Equity Market” for innovative companies. In the same year was created the EVCA (European Venture Capital Association) tend to focus on the supply of funds and on the creation of favorable structural conditions for entrepreneurship.

At the national level, to date, with regard to the INVESTINFISH project, venture capitals active in the fishing and aquaculture sector have not yet been found. These results are valid both from the Italian and from the Croatian point of view.

However, expanding the desk research globally, it was possible to observe other parties involved in this field; examples are: Aqua-Spark.

According to their website (http://www.aqua-spark.nl), Aqua-Spark is an investment fund with a focus on sustainable aquaculture businesses around the world. The small-to-medium enterprises (SMEs) they invest in are working toward the production of safe, accessible aquatic life, such as fish, shellfish and plants, in ways that do not harm our oceans.

Their investment aims to create triple impact: each investment is chosen for its potential to generate significant financial returns while also activating positive environmental and social outcomes. They make initial investments of €250.000 to €5.000.000 in small-to-medium sized sustainable aquaculture businesses around the world with a Minority investor holding between 20-49%

They tend to invest 90% of capital in companies that: (i) have proof of concept and are ready to scale; (ii) are existing businesses that want to expand; and 10% of capital will be invested in riskier, earlier stage investments. For example, in:

- disruptive new technologies;
- disruptive new uses for existing products;
- the World Fish Incubator program;

To be considered an eligible investment the venture needs to demonstrate some or all of the following characteristics:

- a strong and experienced management team which is financially committed to and rewarded by the company's success;
- a strong competitive position as a result of superior technology, innovative products, comparative cost advantage, established market position, significant barriers to entry and/or dominant distribution in its market;
- with respect to expansion funding, a reasonable expectation of earnings growth based on past financial performance or a strong likelihood of new market success;
- with respect to start-up or early stage funding, a sound business plan with proof of concept that presents a convincing opportunity to establish a competitive business in a growth market.

Moreover, European Commission organised Blue Invest 2018, a match-making event that brings together innovators and the financial community to boost the economic potential of the ocean while protecting its marine resources.

During this event, more than 20 different investors from different parts of the world were put in contact with the SMEs, with the aim of stimulating interactions between sources of capital and companies that need access to capital.

The event was first proposed in 2018 but other meetings are planned for the year 2019 including:

- BlueInvest in the MED (Jan '19, Greece)
- BlueInvest in the Black Sea (Spring 2019, Romania)

It therefore remains an interesting source of information and opportunities on which to keep constantly updated.

BANKS LOAN AND PRIVATE CREDIT

Against the venture funds that seek for a corresponding part of the ownership in the company, credit institutions enter into a financing for an exactly determined time period and with precisely defined interest rates. VC is not affected by company`s cash flow and it does not create any costs, while credit institutions are always time-limited and during the entire repayment time they burden the company`s cash flow (Rakar, 2006).

Moreover, commercial banks or other financial institutions offering long-term loans as well as short-dated credits. Collateral, that is all the assets a business can pledge as a guarantee for a loan, is an important determinant of access to debt capital from commercial sources.

Banks advantage is represented by a percentage as return of the lending that is function of various factors such as personal rating, guarantee or personal account. The main principles on which lending and loans are based are the following:

- **Safety:** Banks need to ensure that advances are safe and money lent out by them will come back.
- **Liquidity:** Banks have to ensure that money lent out by them is not locked up for long time by designing the loan maturity period appropriately.
- **Profitability:** Banks must earn adequate profit on their investment, through their interest rates.
- **Risk Diversification:** To mitigate risk, banks should lend to a diversified customer base.

With reference to the fishing and aquaculture sector, in Italy, a form of bank financing was set up exclusively for activities related to the fishing and aquaculture sector: fishing credit.

In reference to the latter, moreover, the Single Text of Bank and Credit Laws (TUBC) has admitted to the financing of species also the connected or collateral activities, which include the agritourism, the manipulation, conservation, transformation, marketing and valorization of the products.

The bill of exchange represents the traditional paper-based instrument through which fishing credit operations are carried out; it is equated for all legal purposes with the ordinary bill. The bill of exchange indicates the purpose of the loan and the guarantees that assist it, as well as the place of the financed initiative.

The fishing credit operations, together with the agricultural credit operations, can also be assisted by the **subsidiary guarantee of the Interbank Guarantee Fund and the annexed sections**, which operates after the verification of the losses suffered by the bank following the ineffective experiment of the procedures of forced recovery of credits.

This fund is regulated by the art. 45 TUBC, has a personal and independent management personality and is subject to Treasury supervision. It offers subsidiary guarantee for agricultural credit operations that contribute to covering the losses suffered by banks after the enforcement of the compulsory collection procedures.

The operations to which the guarantee is applied and the criteria and limits of the Fund's interventions, the amount of the contributions due to it by the banks, in relation to the amount of the loans assisted by the guarantee, have been determined by the Treasury with D.M. 12.11.1996. The internal organization and operation of the Fund are governed by the articles of association, approved by Treasury decree with D.M. 09/04/1997[4].

The Fund may use its own or seconded personnel and ABI services for its operation. The Special Section established by the art. 21 L.09/05/1975 n. 153[5], endowed with patrimonial and administrative autonomy and the Guarantee section for the fishing credit, having legal personality with autonomous administration and off-balance sheet management pursuant to art. 9 of the L. 25/01/1971 n. 1041[6], and subject to the supervision of the Treasury.

4 http://www.ismea.it/flex/files/D.e3b4ff3388fcbbf528fb/Decreto_12_novembre_1996__n._612.pdf
5 https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:legge:1975-05-09;153
6 http://www.rgs.mef.gov.it/_Documenti/VERSIONE-I/Selezione_normativa/L-/L25-11-1971_1041.pdf

To date, with reference to the INVESTINFISH project, various bank loans have been highlighted, linked to fishing credit, in Italy within the Apulia Region. The aforementioned bank loans differ in terms of duration: in fact, a short-term bank loan (BNL - BNP Paribas Group) and two medium / long-term loans (Banca Popolare di Bari and Monte dei Paschi di Siena) were highlighted.

The **short-term bank loan** is designed for operators in the fishing sector: it is intended to advance the public contributions foreseen for the realization of eligible interventions in accordance with EU, national and regional legislation. It also provides for the opening of a dedicated current account. Interest payments are made at the end of the loan term (max 18 months) and based on actual use, the account maintenance costs are flat-rate and particularly advantageous.

The common feature of **medium/long-term bank loans,** on the other hand, is the lack of a maximum loan limit that can be granted: usually, for medium and long-term loans, the amount of loan is determined according to the needs of the company and the ability to repay the loan.

Regarding the summary characteristics of both financing schemes refer to the table below:

	Monte dei Paschi di Siena	Banca Popolare di Bari
Duration	Over 18 months Maximum 60 months	Up to 36 months
TAEG	12.83%	max. 14.962%
Contract expenses	Present	Present
Interest rate	**Variable rate:** 6-month basic EURIBOR 360 **Fixed rate:** equal to IRS of the period recorded on the 4th working day prior to the month in which the transaction is stipulated and published in the daily newspaper "Il Sole 24 Ore" or other equivalent newspaper.	Euribot 1 year + "spread" of 5.250%

Still inherently the INVESTINFISH project other tools were found to finance the fishing and aquaculture sector, linked to the Italian confidants and, in particular, to the national trust of the Italian cooperation: **Cooperfidi Italia.**

Cooperfidi was founded in 2009 by the merger of nine regional trusts and has been operating throughout the national territory since 1 January 2010. Cooperfidi specializes in the issue of "first demand" guarantees for banks and financial institutions that provide credit to cooperative companies. Thanks to the direct relationship with its members, Cooperfidi Italia is able to guarantee the reliability of the cooperative and the most in-depth knowledge of the business project. Finally, with the work of intermediation and risk mitigation of Cooperfidi Italia, deserving cooperative enterprises obtain more credit on more favorable terms.

With regard to the fishing and aquaculture sector, thanks to the merger by incorporation of Fidipesca Italia, Cooperfidi Italia has extended its scope of action also to the fishing sector. Therefore, within the project, three useful tools for the target area of the INVESTINFISH project were identified: the fishery and aquaculture product - startup, fishery and aquaculture product - investments and fishery and aquaculture product - Bank guarantee.

In order to be able to implement such instruments, participation in Cooperfidi Italia with the role of shareholders (or requesting members, in the case of the Startup tool) is required. The aforementioned shareholders may be micro, small and medium-sized enterprises in the fishing and aquaculture sector, organized in an individual, corporate, cooperative or consortium form.

For more information about the specific details, refer to the database created during the project.

Regarding the summary characteristics of all financing schemes instead refer to the table below:

	Funding Intervention	Duration	Max. funding	Guarantee
Start up	The start-up tool provides interventions to facilitate access to credit, guaranteeing financial commitment deriving from: • Resources to complete the funded by the development of youth entrepreneurship • Liquidity requirements: current account overdraft; advance invoices / receivables receivables, advance sbf effects, advance import-export, contract advance, pre-financing, advance contributions • Investments: purchase of plants, equipment and instruments; purchase or renovation of buildings; purchase of company branches, licenses and fish marks • Banking / commercial guarantee	Max. 120 months	€ 150.000	Maximum 50% of credit lines
Investment	Cooperfidi Italia facilitates access to credit, guaranteeing the financial commitment deriving from: • Purchase of a new trawler (construction commission at the shipyard) or used • Construction / modernization of the V Category boat and related equipment and / or systems on board • Purchase / modernization of machinery, systems and equipment on board, engine equipment • Purchase of equipment and equipment to improve on-board working conditions and personnel safety • Construction / extension and / or modernization of aquaculture production facilities and related equipment • Purchase of equipment necessary to raise product quality standards • Purchase of sowing for aquaculture • Research projects and pilot projects • Funding to complete the part not financed by public contributions deriving from the EMFF	Min. 19 months Max. 120 months	€ 750.000	Min. 30% - Max. 50% of credit lines
Bank guarantee	Cooperfidi Italia facilitates access to credit, guaranteeing the financial commitment deriving from: • Bank guarantees • Commercial guarantees	Max. 60 months	€ 500.000	50% Bank guarantees 100%Commercial guarantees

STRUCTURED FUNDING SCHEMES

The methods of financing linked to structured methods include means such as interest subsidy, no-repayable grants and interest free loan. The EU provides loans, guarantees and equity as forms of financial assistance to support its policies and programmes. For example, the EU provides loans to businesses of all types for investment in research and innovation. It also provides guarantees to help beneficiaries to obtain loans more easily or at better conditions from banks and other lenders. The EU may also financially participate in a project by owning parts of it.

GRANTS

A government grant is a financial award given by the federal, state or local government to an eligible grantee. Government grants are not expected to be totally repaid (sometimes they are not repaid at all) and do not include technical or other financial assistance, such as a loan or loan guarantee, an interest rate subsidy, direct appropriation, or revenue sharing. Grants usually help ideas and projects to be funded, stimulating local economy.

Grants are funds that usually do not have to be totally paid back, but which must be used for predefined purposes. They usually have a percentage, of the total grant, that should be repaid in a specific way. For example, an enterprise can receive a grant of which 50% has to be repaid through specific progress report. With this progress reports, the managing authorities, that manage the fund, can check and monitor the use of the public funds. The startups should report these progress reports each period (i.e. each semester) for a total number of years. These public grants usually have a free-interest rate or, in some case, with a bank-competitive rate.

Other bodies that usually give grants are public and private foundations. Most foundations fund: scholarships, mobility grants to researchers, artists and students, training and further training activities like seminars and conferences, cultural events like exhibitions, charitable work to alleviate poverty, ecology, and other non-commercial activities.

INTEREST SUBSIDY

When we talk of Interest Subsidy, we refer to a grant that allow to reduce the interest a borrower is required to pay on a loan. Such a subsidy may take one of three forms: a direct cash grant to a lending institution to write down the bank's interest rate; a government-sponsored, low-interest loan subordinated to a participating lender; or a lower-than-market-rate loan to a qualified borrower as a result of an advance from a public entity.

Usually, with this tool, project sponsors repay loans at less than current market rates. Market rates may be determined by the cost of borrowing through conventional issues of comparable duration.

INTEREST FREE LOAN

Interest-free loan are loans provided by a lender that does not require interest to be paid on it. Interest free loans are loans in which no interest needs to be paid. With interest free loans, only the original principal must be repaid to the lender.

Many Islamic banks have many types of interest-free loan as their beliefs say the must not charge for the loan of money to their fellow beings; also, many people choose to get loan protection insurance to provide coverage in the event that they cannot make payments on their loans.

Even if a loan is interest free, the borrower must still make monthly payments of a set amount so that the loan is repaid in a reasonable amount of time. Borrowers, then, can still struggle to repay it if something happens to them. For example, if they or one of their dependents falls ill, or they or their partner loses their job, then it can be extremely difficult to make the payments owed on the principal. This can be especially true if the loan is a mortgage loan that is worth a lot of money and the monthly payments are very high. Loan protection insurance provides coverage for such situations.

With reference to the **INVESTINFISH project,** five structured funds have been highlighted that are interested in financing the fishing and aquaculture sector; with precision we refer to the measures:

- **RESTO AL SUD**
- **NUOVA SABATINI**
- **BLUE_BOOST**
- **ZANDAR COUNTRY’S CALL FOR FUNDING FISHERIES AND MARICULTURE SECTOR**
- **REGION OF ISTRIA CALL FOR PROPOSAL FOR FUNDING**

PUBLIC SOURCES OF FUNDING

Public funds usually derive from the European Commission or from the Government of each country, as well as from regional or municipal authorities. In the government funding policy, there are several bodies that can receive the grants.

First of all, the state funds the national Tv broadcasters as well as cultural organizations such as theatres, museums and festivals. Moreover, the state funds development projects such as rural development schemes or infrastructure projects. Last but not least, co-production with those emblematic entities is considered beneficial. We should not forget, though, that without an effective business plan the attraction of the Government development agency's attention cannot be secured.

Municipalities determine projects and activities to be funded based on local priorities within the general criteria set out in the program guidelines.

They are encouraged to take a long-term approach to planning for capital projects. Municipalities may choose to contribute funds to other municipalities, regional services commissions, or non-profit organizations for use towards eligible projects.

With reference to the public sources of funding, in this document, the INVESTINFISH Project refers to the ESIF National / Regional Funds. The search for these funds was mostly carried out as a desk search, where each project partner sought to search for specific funds belonging to its own reference area.

In this regard, the table that defines each research area by partner is shown:

PARTNER		REGION	PUBLIC FUND TO ANALYSE
LP	T2I	VENETO	ESIF National Funds (Italy)
P1	SVILUPPO MARCHE	MARCHE	ESIF Regional Funds
P2	DARe	PUGLIA	ESIF Regional Funds
P3	PUNTO CONFINDUSTRIA srl	VENETO	ESIF Regional Funds
P4	IDA ltd	CROAZIA (POLA)	ESIF Regional Funds
P5	ZADAR COUNTY LOCAL DEVELOPMENT AGENCY	CROAZIA (ZADAR)	ESIF Regional Funds ESIF National Funds (Croatia)

ESIF FUNDS

European Structural & Investment Funds (ESIF) include five different funds, which are all covered by Regulation (EU) No 1303/2013 of the European Parliament and of the Council, the so-called 'Common Provisions Regulation'. The EU countries administer the funds on a decentralized basis through shared management.

The Structural Funds have two components:

- the **European Regional Development Fund (ERDF),** providing financial support since 1975 for the development and structural adjustment of regional economies, economic change, enhanced competitiveness as well as territorial cooperation throughout the EU;
- the **European Social Fund (ESF),** set up in 1958 and seeking to contribute to the adaptability of workers and enterprises, access to employment and participation in the labour market, social inclusion of disadvantaged people, combating all forms of discrimination, and creating partnerships to manage reforms in employment.

The other three funds constituting the ESIF are the:

- **Cohesion Fund,** which supports exclusively less-developed Member States;
- **European Agricultural Fund for Rural Development** (EAFRD);
- **European Maritime and Fisheries Fund** (EMFF)

According to the *Annual Summary Report 2018 on the implementation of the European Structural and Investment Funds*[7], the overall performance data reported to the end of 2017 show that:

- 1 million businesses have been targeted by support to improve their productivity and growth or to create jobs;
- 15,3 million people have been supported in their search for a job, training or education or have benefitted from social inclusion measures;
- 15% of the total agricultural area are covered by climate and environment related actions to improve biodiversity, soil and water management.

[7] https://ec.europa.eu/regional_policy/sources/docoffic/official/reports/asr2018/esif_asr2018_en.pdf

Moreover, during 2017 the total investment planned under the ESI Funds was subject to several changes leading to a net increase. A technical adjustment based on the recalculation of financial allocations under Cohesion policy led to a net increase in the ERDF and ESF budgets.

In their 2018 annual reports, the Member States have reported increased financial allocations to selected projects.

The total volume of the projects selected for support was EUR 338 billion representing 53% of the total investment volume planned over the period 2014-2020. The EU contribution to the projects selected is estimated at EUR 240 billion.

That overall rate of project selection is comparable to the same period of the last programming period. Moreover, by the end of 2017, Member States and regions selected around 1,7 million projects, ranging from large infrastructure investments to support to farm holdings.

Fund	Cumulative number of project selected by the end of 2017
ERDF	160.000
EAFRD	1.000.000
ESF/YEI	505.000
Cohesion Fund	8.600
EMFF	18.500
TOTAL	**1.692.100**

About **European Maritime and Fisheries Fund (EMFF)** it must be said that the new instrument is the continuation of what was the EFF in the programming cycle that is nearing exhaustion, that of the 2007-2013 period. The reference period is the 2014/2020 seven-year period.

The Commission's objective is to improve the social, economic and environmental sustainability of the seas and coasts in Europe, through the support of local projects, the financing of fishing companies and of local communities.

The fund provides support for sustainable development within the fishing and aquaculture sectors and conservation of the marine environment, alongside growth and jobs in coastal communities.

The purpose of the scheme is to provide European Member States with a financial support mechanism to the fisheries, inland waters, aquaculture and maritime sectors.

The EMFF is based on six main pillars:

- sustainable fishing, ensuring a balance between fishing capacity and available resources, adopting a more selective approach and ending the waste of inadvertently caught fish;
- sustainable aquaculture, which will help the sector to grow and become more competitive by following specific rules on eco-compatible production methods and strict regulations on quality, health and safety, thus providing Europe with high-level, reliable and nutritious products;
- the implementation of the CFP with the improvement of data collection, scientific knowledge and monitoring, control and implementation of fisheries legislation;
- assisting communities that depend on fishing to diversify their economies with other maritime activities such as tourism, and to bring more added value to their fishing activities;
- improving marketing and processing in the fishing and aquaculture sectors;
- support for growth from the seas through the improvement of marine knowledge, better planning of our activities at sea, management of each sea basin according to its needs, and the promotion of cooperation on maritime surveillance.

The EMFF has an overall budget of over EUR 6 billion for 2014-2020. This support is provided to fisheries (including data collection and control), aquaculture and processing, as well as to the sustainable development of fishery and aquaculture areas and the Integrated Maritime Policy.

The general trend is to place clear emphasis on two thematic objectives of the EU 2020 strategy for growth and employment:

- making small and medium-sized enterprises (SMEs) more competitive, to which Member States plan to dedicate almost half the available money;
- preserving and protecting the environment, which accounts for another 40 %;
- national authorities also allocate 10 % of available funds to promoting employment and mobility

The overall financial allocation per member state is represented by the graphic as follows:

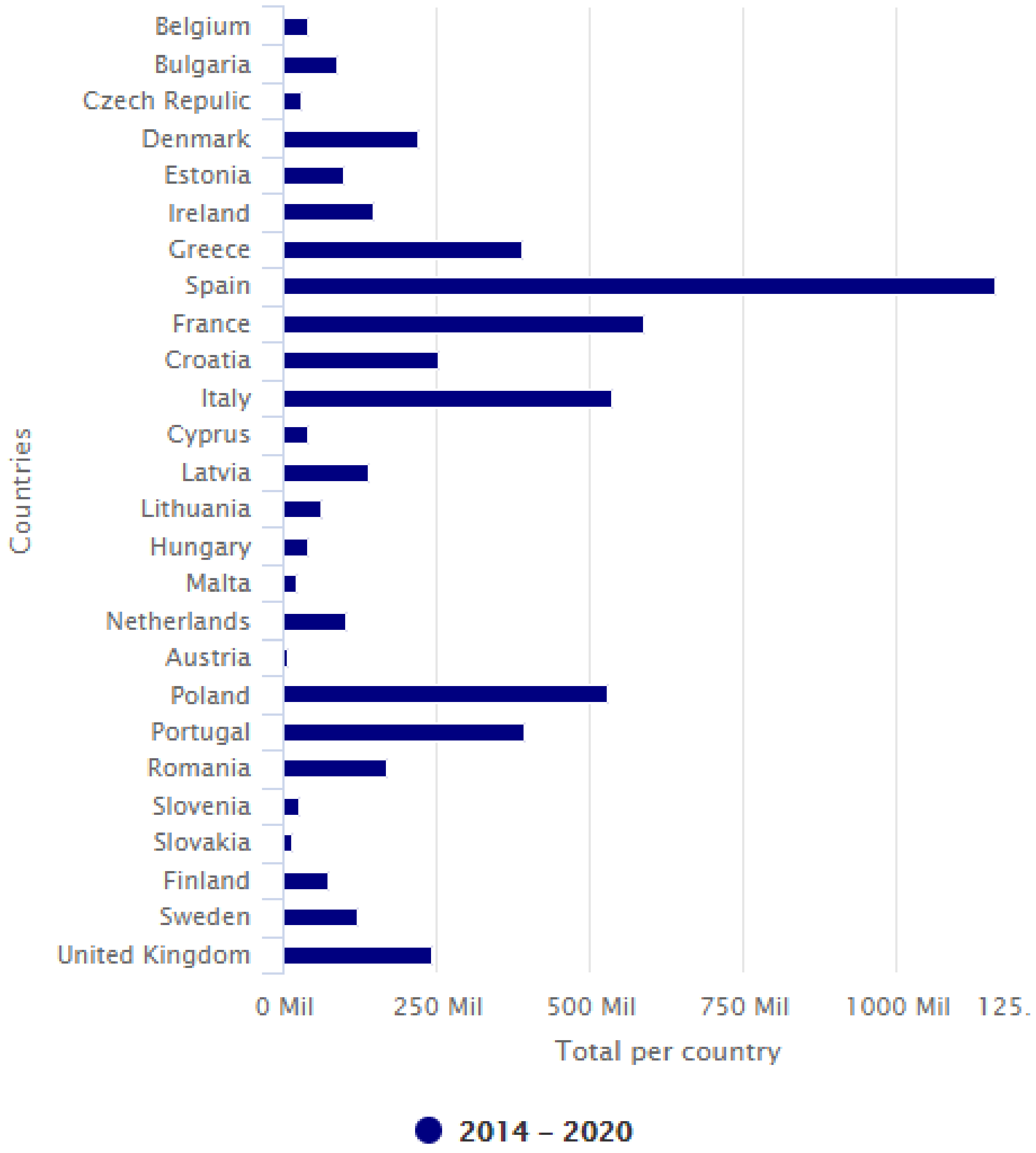

Figure 2 - Total EU Allocation of EMFF

Above and beyond these priorities, the EMFF does not prescribe how every cent should be spent, but rather allocates a share of the total budget to each country, and leaves it to each national authority — and each local community — to choose the projects and solutions that work best for their own economy.

In order to achieve these priorities, indeed, the EMFF puts power in the hands of Member States and local experts, people who know their regions and communities better than anyone else. The Fund indeed is used to co-finance projects, along with national funding.

Each country is allocated a share of the total Fund budget, based on the size of its fishing industry. After that each country then draws up an operational programme, saying how it intends to spend the money.

Once the Commission approves this programme, it is up to the national authorities to decide which projects will be funded. The national authorities and the Commission are jointly responsible for the implementation of the programme.

The **Italy's share of the EMFF is 537.262.559,00 €** (with a national contribution of 440.845.123,00 € and a Total OP budget of 978.107.682,00 €) which is split between Regions. For example, **Apulia Region** has a quote of 89.828.134,00 € equal to 15.62% of the total financial allocation for the regions).

On the other hand, the **Croatia's share of the EMFF is 252.643.138,00 €** (with a national contribution of 96.116.208,00 € and a Total OP budget of 348.759.346,00 €).

Moving on to the results of the research carried out by the various Partners, to date, it has been possible to collect various funding schemes belonging to the EMFF fund, a list of the financial measures from each reference region is provided below.

Instead, for more information about the specific measures, refer to the database created during the project.

Partner	N° Measure found	EMFF Measure
T2I	10	- European Maritime and Fisheries Fund (EMFF) - Calls by the Venetian FLAG for the implementation of measure 4.63 "implementation of the local development strategy" - FLAG calls GAC Chioggia - Calls FEAMP **NOTE:** In addition to the EMFF fund, Partner t2i has individualized an interesting measure belonging to one of the European Regional Development Fund: in particular the Calls POR ERDF 1.1.4 – Aggregations – networks and districts for research and innovation projects (exception in the legislation for fishing sector).
SVILUPPO MARCHE	12	Measures 1.32 - "health and safety" Measure 1.38 - "limiting the impact of fishing on the marine environment and adapting fishing to species protection" Measure 1.40 - "protection and restoration of biodiversity and marine ecosystems and compensation schemes in the context of sustainable fishing activities" Measure 1.42 - "added value, product quality and use of unwanted catches" Measures 1.43 - "ports, landing sites, auction rooms and fishing shelters" Measure 2.48 - "productive investments for aquaculture" Measure 4.62 - "preparatory support" Measure 4.63 - "implementation of participatory local development strategies" Measure 4.64 - "cooperation activities" Measure 5.68 - "measures to promote marketing" Measure 5.69 - "processing of fishery and aquaculture products"

DARe	15	Measure 1.26 - Innovation Measure 1.32 - Health & Safety Measure 1.40 - Protection of biodiversity and marine ecosystems and compensation schemes Measure 1.41 - Energy efficiency and climate change mitigation Measure 1.42 - Added value, product quality and use of unwanted catches Measure 1.46 - Ports, landing sites, auction halls and fishing shelters Measure 1.44 - Inland fishing and fauna and flora in inland waters Measure 2.47 - Innovation Measure 2.48 - Productive investments Measure 2.48 - Unit modernization Measure 2.54 - Provision of environmental services by aquaculture Measure 4.63 - Implementation of participatory local development strategies Measure 5.69 - Processing of fishery and aquaculture products EMFF - Maritime Spatial Planning EMFF - Blue Economy
ZADAR COUNTY LOCAL DEVELOPMENT AGENCY	3	Measure I.1 – Innovation (Fisheries) Measure II.1 – Innovation (Aquaculture) Measures II.2. / II.3. / II.4. – Productive Investments in Aquaculture
PUNTO CONFINDUSTRIA srl	-	under processing
IDA ltd	3	Measure I.1 – Innovation (Fisheries) Measure II.1 – Innovation (Aquaculture) Measures II.2. / II.3. / II.4. – Productive Investments in Aquaculture

DATABASE GENERAL RESULTS

Finally, a general overview of the results obtained so far during the search for funding funds is provided below. Most of the results obtained refer to public funds related to the EMFF fund (78%) while the results compared to other funds have been of a more limited nature (12% for not-structured financing schemes and 10% for structured one).

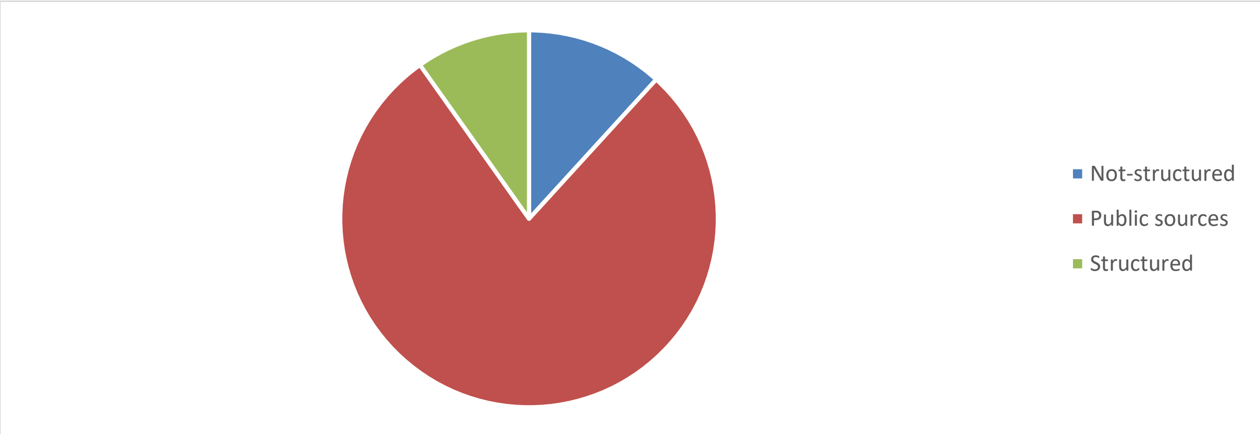

Figure 3 - Type of fund

For Public sources, most of them have a regional targeted area (78%), while the not-structured funding schemes analyzed are devoid of this coverage, most of them in fact have national (20%) and international action (2%).

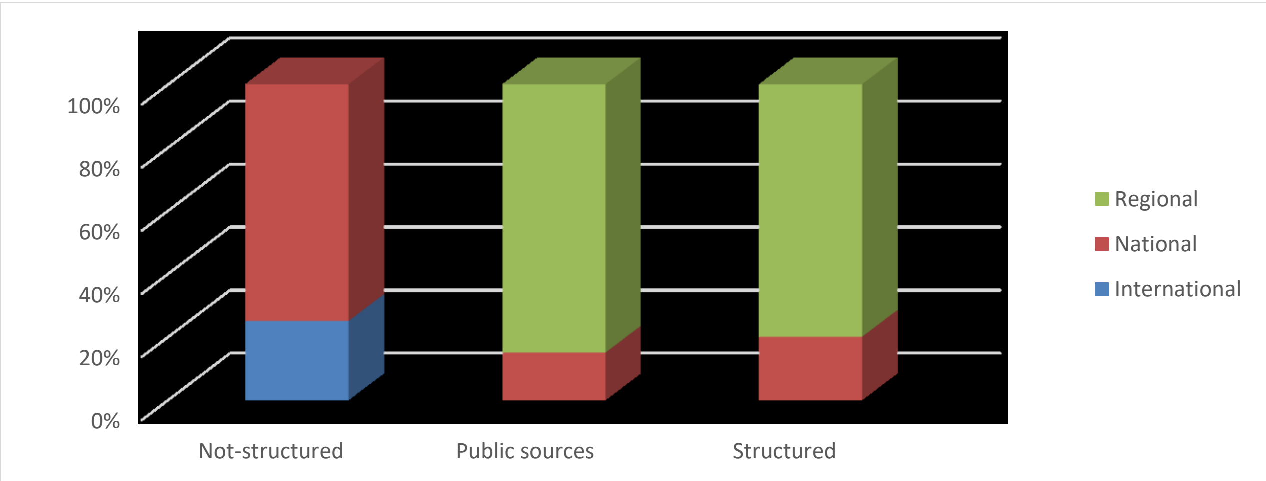

Figure 4 - Type of fund for targeted area

Furthermore, from the results obtained to date from the research conducted by the INVESTINFISH project, it is possible to observe how the totality of the public funding schemes refer to no-repayable grants (it should be emphasized, however, that the percentages of these grants vary depending on the country and size referred to).

This type of aid is also used in the case of structured forms of financing, in addition to other means such as bank financing. As regards, lastly, the not-structured financing means are the mistress of bank loans.

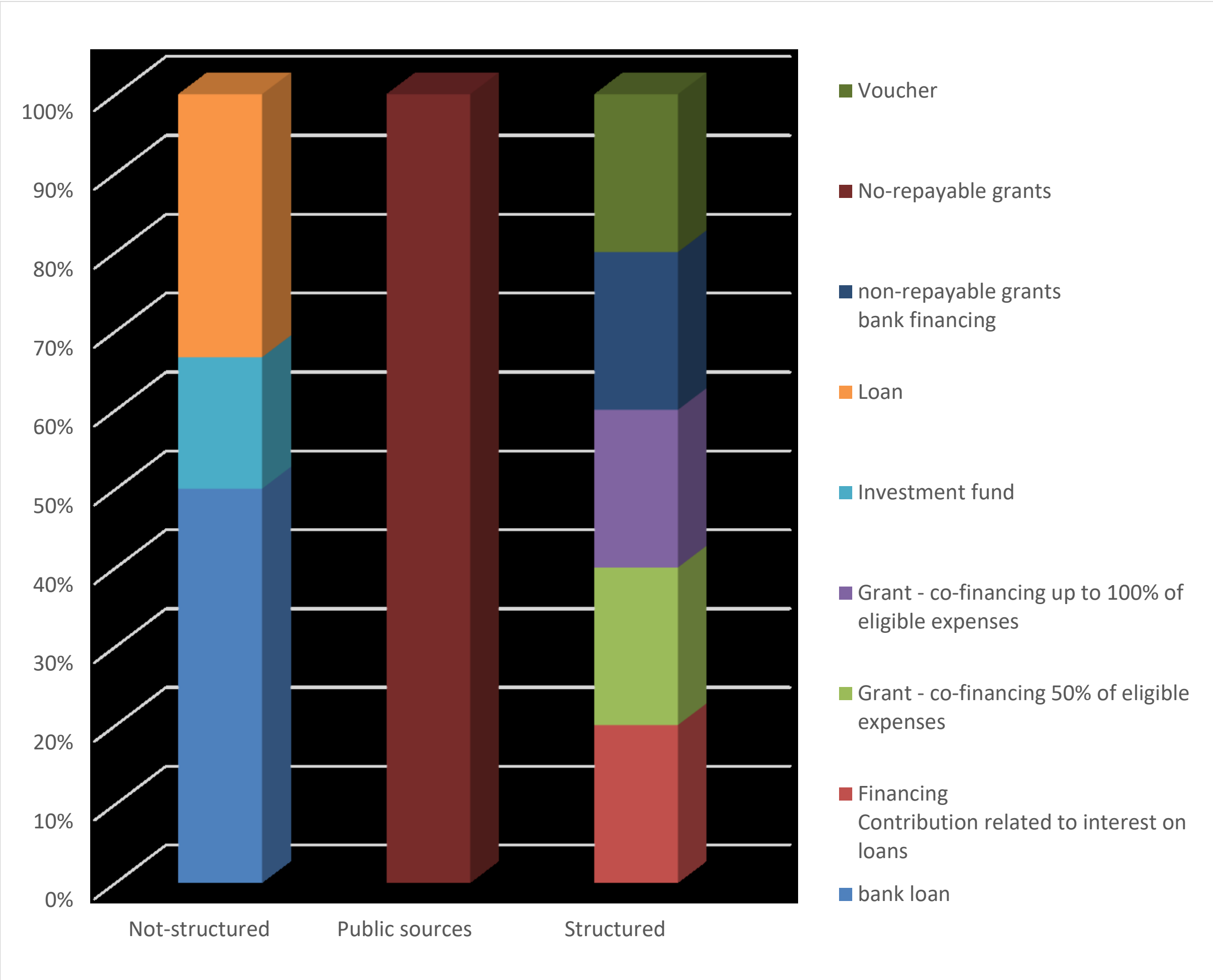

Figure 5 - Type of funds for type of support provided

Finally, by analyzing the types of funds by beneficiary, it is possible to observe how structured funds are designed primarily for a private public. A trend that is shared also for unstructured funds, even if these involve the participation of companies included in the form of members of the confidant Cooperfidi Italia (with reference to the loans that the latter issues only to its own members).

The most heterogeneous situation, on the other hand, is found in public funds (EMFF): in this case in fact the funds are destined not only to individual public or private subjects but, often, there are measures created specifically for both subjects as well as for private subjects governed by public low

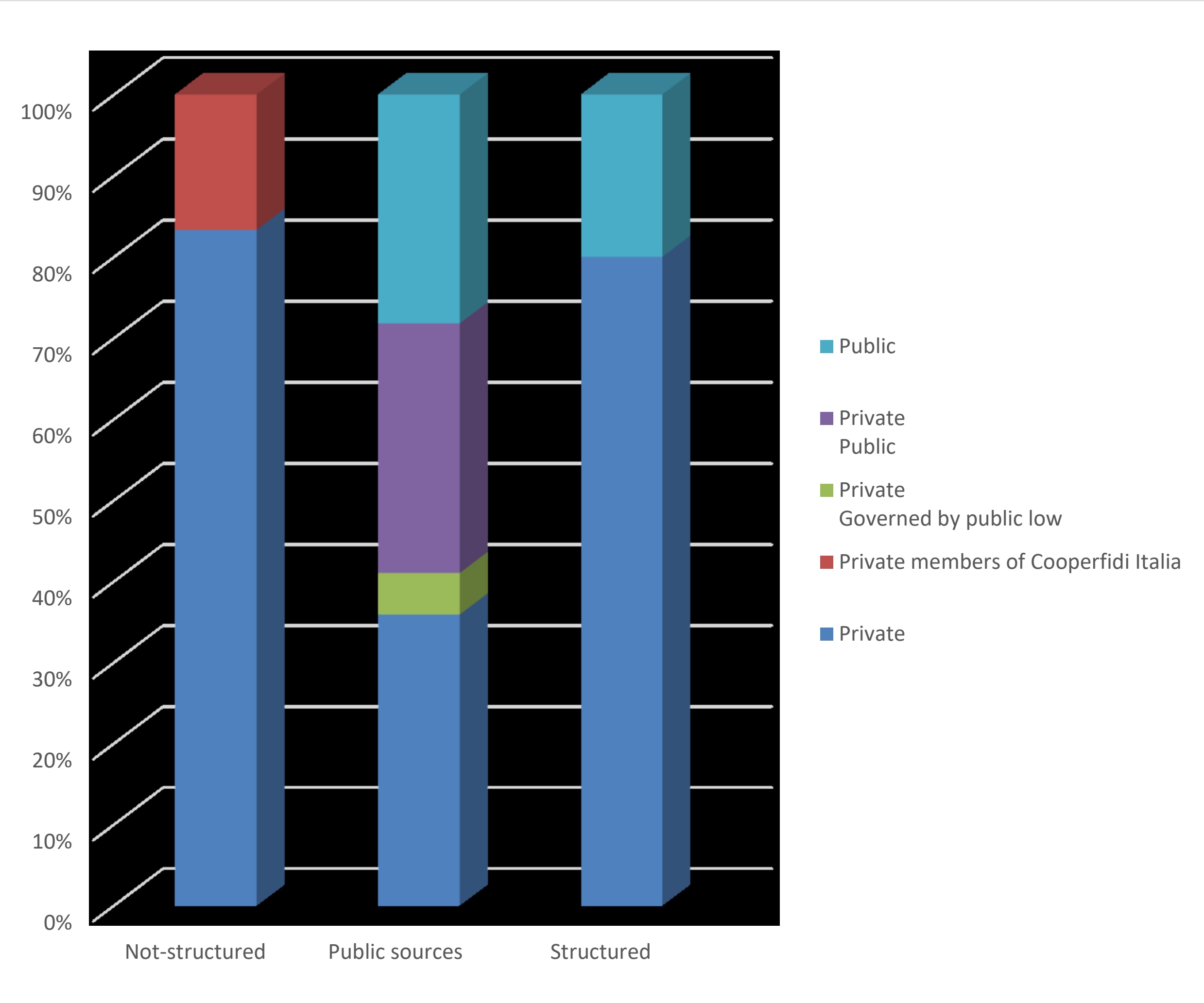

Figure 6 - Type of fund for eligible beneficiaries

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