

COVID-19 Response: Finland

GOVERNMENT MEASURES FOR BUSINESSES

ELIGIBILITY

WHEN?

Finance / Loan Schemes

Additional funding – state enterprise financing (Finnvera) regime adapted for COVID-19

- ▶ With an increased financing mandate (from €4.2 billion to €12 billion), Finnvera provides support by guaranteeing loans issued by private Finnish banks, (in certain cases) by way of direct loans to Finnish companies, and by co-operating with the banking sector to facilitate installment-free periods for loans guaranteed or granted by it. For larger companies with working capital needs, Finnvera may guarantee liabilities up to €100 million. Moreover, the prices of Finnvera's guarantees have been reduced retroactively with lower rates being applicable to guarantees issued from 1 March

- ▶ SMEs, midcaps and large companies with potential to operate profitably in the long term
- ▶ Since 11 September, banks have also been able apply for Finnvera guarantee on behalf of the company

19 March

State innovation, trade, travel and investment promotion (Business Finland) – easing of project funding conditions and introduction of a new research, development and innovation loan

- ▶ Business Finland, the state funding organisation for innovation, trade, travel, and investment promotion, has eased project funding terms and conditions, accelerated payment of project expenses and project loan advances, introduced a new flexible research, development and innovation loan, and had its lending mandate increased by €300 million

- ▶ Companies with Business Finland funded projects
- ▶ Research, development and innovation loans are available for SMEs and mid-caps (both private and listed) which (i) employ at least 6 people, (ii) have been affected by the COVID-19 pandemic, and (iii) operate in particular in the following sectors: commerce, logistics, hospitality, tourism, social and health services, temporary staffing services, software and manufacturing

15 March

Application period has been extended until 30 November 2020

Commercial paper liquidity measures

- ▶ The State Pension Fund of Finland (VER) and the Bank of Finland have both had the mandates of their commercial paper purchase programmes increased to €1 billion to meet the funding needs of businesses (complementary to the measures taken by the ECB)

- ▶ Finnish issuers of commercial paper

Purchases started in March

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Additional funding for mid-caps (Tesi)

- ▶ Tesi (Finnish Industry Investment Ltd), the state-owned venture capital and private equity investment company, has started an expedited temporary financing programme with the aim of ensuring that healthy businesses are not forced into bankruptcy by COVID-19. The size of the programme is €150 million, and individual investments are between €1 million and €10 million

- ▶ Mid-cap companies employing and generating turnover in Finland, which (i) have a minimum turnover of €10 million, (ii) employ at least 50 employees, and (iii) have been commercially viable prior to the crisis and have the potential to stay viable

14 April

Investments in innovative technology companies looking for international growth (Tesi Venture Bridge Programme)

- ▶ Tesi will provide bridge financing so as to give technology start-ups more time and resources for raising larger financing rounds. Investments will be made as convertible loans, which will be converted into equity in the next investment round
- ▶ Individual investments will be between €250,000 and €2 million in size

- ▶ Aimed at companies who have previously raised at least seed financing from professional venture capital investors and that have had to postpone their next external financing round due to the COVID-19
- ▶ Unlisted companies which (i) have their headquarters or significant share of operations and employment potential in Finland, (ii) have raised at least €0.5 million in capital funding in the last three years, (iii) have had an investment round of at least €0.5 million with participation of professional venture capital investors, and (iv) will, with Tesi's investment, have their funding secured for at least 12 months until the next qualified investment round

17 June

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Employment

Reduction in employer pension contributions

- ▶ Statutory employment pension contribution of private sector employers will be decreased until 31 December 2020 by 2.6% from 25.3% to 22.7% of the employees' wages and salary
- ▶ Similarly, the payment of pension contributions by employers can be postponed for a period of three months
- ▶ Finnvera, the state enterprise financing company, will provide guarantees to facilitate re-borrowing of employer pension contributions for pension insurance payment purposes (so-called premium loans)

- ▶ All private sector employers

1 May

Employee lay-offs for financial and production-related reasons

- ▶ The rules around laying off Finnish employees will be temporarily relaxed until 31 December to give Finnish employers greater flexibility:
 - Temporarily laying off fixed-term employees was made possible
 - The minimum notification period applicable to temporary lay-offs was shortened from 14 to 5 days
 - The minimum co-operation negotiation period applicable to temporary lay-offs of employees was similarly reduced from 14 days or 6 weeks (as applicable depending on the number of employees affected by the contemplated reductions and the total number of employees) to five days
 - The existing right of employers to temporarily lay off employees before the conclusion of co-operation procedures in exceptional circumstances has been specified to apply to COVID-19
 - Employers were given the ability to terminate employment contracts during probationary periods for financial or production-related reasons

- ▶ All employers (co-operation obligation applies to employers employing regularly at least 20 employees)
- ▶ Where employers are bound by collective agreements, respective amendments to the collective agreements are necessary for employers to benefit from the proposed flexibility

1 April

Many collective agreements already amended by labour market organisations

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Grants

Support to cover business costs

- ▶ A second round of cost support measures is at an early stage of planning by the government. The cost support measures to be implemented are likely be similar to the cost support measure that was in place until the end of August
- ▶ In the previous cost support programme, the amount of cost support granted depended on the turnover decrease faced by the company as well as the magnitude of the applicant company's fixed costs and labour costs and was at maximum €500,000 per company

- ▶ Small adjustments to eligibility criteria (e.g., in respect of the turnover decrease threshold) may be made in connection with the second round of cost support
- ▶ Previous criteria related to the applicant's main sector, the turnover decrease faced by the applicant relative to a comparison period, and the applicant's cost structure, i.e., whether it has payroll and fixed costs that are difficult to adjust

The government's plan is to open the programme for applications in December 2020

Note:

- ▶ This document only summarizes key business support measures announced or in place by **30 October 2020**. The government has also adopted other measures aimed more broadly at stimulating the economy as well as protecting the public's health from the impact of COVID-19. Updates and additional government measures are expected.