



Una manera de hacer Europa



BUENAS PRÁCTICAS

Actuaciones Cofinanciadas

“ICF Eurocrèdit COVID-19” aid facility.

Institut Català de Finances (ICF)

Programa Operativo de Catalunya

Año 2022

Fondo Europeo de Desarrollo Regional

"ICF COVID-19 Eurocredit"

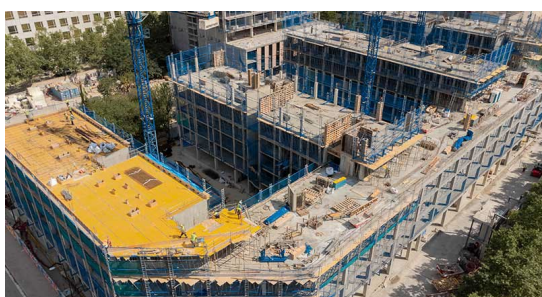
Presentation of the credit facility

ICF COVID-19 Eurocredit is a credit sub-facility included in the Financial Instrument that was rolled out by the Catalan Institute of Finance (ICF) in 2017. This initiative is co-financed by the ERDF as part of the 2014-2020 ERDF Operational Program for Catalonia. The aim of this sub-facility is to provide working capital funding to small and medium-sized enterprises to mitigate the adverse effects that the COVID-19 pandemic has had on the development of their economic activity. More specifically, it seeks to guarantee the liquidity and solvency of companies, and thus their ability to meet their running costs.

The Industrial production in Catalonia saw a 10.1% decrease in 2020, according to data from the Catalan Institute of Statistics (IDESCAT), marking the largest drop since the Great Recession of 2009. However, the decline in employment was lower than the drop in production, mainly due to the broad implementation of temporary redundancies. However, many companies in the Catalan industrial sector had to resort to financing aid to ensure their continued existence.

Industrial investment fell by 8.0% in Catalonia in 2020, according to the Industrial Investment Survey (conducted in the spring of 2021¹). It should be noted that the decrease mainly affected small companies, which saw a decrease in investment of 17.3%. In terms of investment, the most significant decrease involved capital goods (-41.7%).

These last two points are particularly important for two companies in the industrial sector that resorted to financing their working capital under the ICF COVID-19 Eurocredit sub-facility: Bachiller, SA (hereinafter, Bachiller) and Alamo Industrial, SA (hereinafter, Alamo Industrial).



Facilities of Alamo Industrial.



Facilities of Bachiller.

The first of these companies, Bachiller, is a medium-sized company specialized in the manufacture of machinery and complete systems for the chemical, pharmaceutical, petrochemical and food industries. Its services include tailor-made designs for specific projects, equipment production, laboratory tests, quality control and after-sales. Examples of equipment it produces are those employed in densification, evaporation, and filtration processes.

¹ Government of Catalonia - Business and Knowledge Department. "Industrial investment in Catalonia.Spring 2021". Updated on: 21/05/2021. Retrieved from: https://empresa.gencat.cat/web/.content/001-departament/04-servis/04_estudis_estadistica/Industria/inversio-industrial/arxiu/EII-P21.pdf



Elsewhere, Alamo Industrial, a small company founded in 1980, specializes in electrical installation projects, mainly in office buildings, schools, health centres, hotels and other types of commercial structures.



Both companies manifested liquidity needs arising from COVID-19 and were able to finance their working capital under the ICF COVID-19 Eurocredit facility. Thanks to this financial assistance, they were able to keep their commercial activity going.

The ICF COVID-19 Eurocredit facility entered into agreements for a total of €72,189,797.22 with 138 companies and nearly 200 transactions. Specifically, the total cost of the operations involving companies in the industrial sector comes to €18,586,666.60, with a total eligible cost of €18,586,666.6 (100% ERDF contribution). As for the two projects presented involving Bachiller and Alamo Industrial, they received financing of €1,500,000 and €1,000,000 respectively.

This credit facility is presented as Best Practice because it meets the following criteria:

1. High dissemination among beneficiaries, potential beneficiaries, and the general public

Presence on the ICF website and description of the sub-facility:

The screenshot shows the ICF (Institut Català de Finances) website. The main header includes the ICF logo, navigation links (Inici, Qui som, Productes, Informació financera i econòmica, Sala de comunicació), and social media icons. The main content area features a webinar announcement titled "L'ICF, conjuntament amb el Departament de la Vicepresidència i d'Economia i Hisenda i PIMEC, organitza un webinar per explicar la línia de finançament 'ICF Eurocrédit COVID-19'". Below this, there is a video player and a detailed description of the facility. The facility is titled "ICF Eurocrédit - COVID-19 (entre 150.000€ i 2M€)" and is described as a line of credit for small and medium-sized enterprises (SMEs) that need liquidity due to the COVID-19 crisis. The facility is financed by the European Union (Fons Europeu de Desenvolupament Regional) and the Generalitat de Catalunya. The website also features a section for "Tens necessitat de liquiditat arran de la COVID-19?" and a link to "El finançament amb fons europeus per a les pimes".

Permanent poster:



Events and activities: informative session

The screenshot shows the ICF Eurocrédit - COVID-19 facility details page. The page is titled "ICF Eurocrédit - COVID-19" and includes a description of the facility. Below the description, there is a table with the following information:

Import	Termini	Tipus d'interès	Comissions
COVID-19: Entre 250.000 i 2M€	Fin a 5 anys, amb fins 1 any de carència inclosa	EURIBOR a 12 mesos + Diferencial entre el 0,95% i el 2,75%	D'obertura, màxim del 0,25%
Curt termini: Entre 100.000 i 2M€	De 2 a 5 anys, amb fins 1 any de carència inclosa	EURIBOR a 12 mesos + Diferencial entre el 0,50% i el 2,25%	D'amortització, del 0,25%
Llarg termini: Entre 150.000€ i 2,5M€	De 5 a 15 anys, amb fins a 2 anys de carència inclosa		

Presence in the media:



Publication on Twitter and in the monthly bulletin:



The industrial sector requires constant innovation to stand out from competitors, both nationally and abroad.

Bachiller offers a wide range of equipment and solutions for a variety of processes. The equipment it designs and makes is for customers all around the world and is renowned for its high level of innovation. The company aspires to become a leading multinational engineering company in the manufacture and marketing of static equipment (such as fluid containers) and processing equipment (such as mixers of liquids and solids). In terms of innovation, the company has developed pioneering equipment that has allowed customers to save energy, water, and other resources. For example, the company carried out a series of projects, as detailed in subsequent

sections, such as BACHMIX and BACHMIX-R, which have yielded a substantial reduction in water and electricity consumption, respectively. Another example of the innovation that Bachiller is working on is its "Nucha" filters, equipment designed for solid and liquid separation processes involving filtration under pressure. These filters have been specially designed to address specific needs posed by certain products with hazardous or toxic properties. Their purpose is to output pure substances free from any contaminating elements.



Images of the workplace of Alamo Industrial employees.

Alamo Industrial, as part of a multidisciplinary approach that spans all things electrical, mechanical, and industrial, offers a comprehensive service that covers everything from consulting and design to the construction, maintenance, and management of facilities. This personalized and comprehensive service requires innovative elements in order to successfully execute it. One example of this is the municipal markets of Barcelona, where Alamo Industrial was involved in their construction. These establishments are increasingly adopting digitalization systems, an initiative that became particularly relevant during the pandemic to reinforce the role of municipal markets as providers of farm-to-table products to their customers. At the same time, this digitalization system made it possible to track capacity and compliance with sanitary measures by means of sensors that recorded the number of people entering and exiting at any given time through the market doors. In addition, this digital transformation is helping to bridge the technological division within the distribution sector, since the global digital model involves new changes and in the case of distributors, such as municipal markets, they have to be able to react to changes in consumer behaviour by improving their logistics, inventory and more. This approach also generates a wealth of numerical indicators that support more informed decision-making in line with the needs of the community.

As a result, innovation in the industrial sector becomes key, not only by leveraging resources more efficiently, but also by improving the well-being of citizens.

3. The results conform to the targets set.

The purpose of ICF COVID-19 Eurocredit loans is to provide financing to cover working capital needs (liquidity) associated with the pandemic. As mentioned above, the activity of Catalonia's industrial sector was heavily impacted by the economic downturn.

In the specific case of Alamo Industrial, during the state of alarm, the works that were underway were stopped as a preventive measure to contain the spread of the virus. In addition, the start of

any projects already green-lit had to be postponed. There were layoffs and production was directly affected. Thanks to the ICF COVID-19 Eurocredit loan, the company had no problems paying the vendor invoices that had piled up over the previous months due to the significant drop in production, which reached 35% in 2020 compared to 2019.

As for Bachiller, its immediate cash needs due to COVID-19 were readily apparent. According to estimates provided by the company, production hours compared to 2019 decreased by 40,530 in 2020 and 10,399 in 2021. This delayed scheduled deliveries in 2020 and, as a result, turnover fell by 7%, although this decrease was more than made up for in 2021, with an increase of 20% compared to the turnover in 2019.

Given the uncertain conditions at the time and the favourable financing conditions, the company opted to accept most of the financing offers it received. Its goal was to have a financial reserve that would let it safely face the short term, since its activity did not stop at any time (except for a mandatory 15-day shutdown). As a result, the company not only avoided resorting to redundancies, but it also actually managed to boost its workforce by 10%, from 139 to 153 employees.

Thus, the working capital drawn down through the ICF COVID-19 Eurocredit loans enabled both companies to continue their activity once industrial activity in Catalonia and abroad resumed.

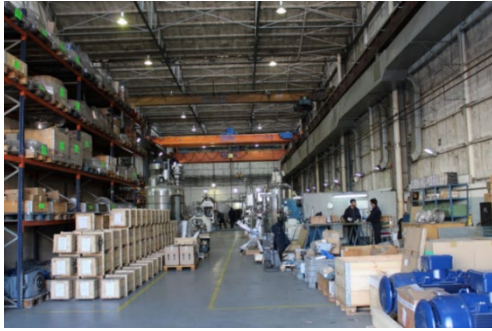
4. Contribution to solving a regional problem or weakness.

The pandemic caused by the spread of COVID-19 presented an uncertain economic framework and caused serious damage to the Catalan economy. In 2020, Catalan industrial production declined by 10.1%, with registered unemployment rising by 13.3%², figures that were not seen since the Great Recession of 2009.

Catalan industry is characterised by significant export activity, with 34% of its sales coming from international markets. However, during the pandemic, the successive lockdowns around the world also took their toll on exports.

In addition, according to the Annual Report on Industry in Catalonia (2020), the Industrial Price Index (PRI) in the region saw an average drop of 2% in 2020. This decrease reflects the significant impact of the crisis on Catalonia's economy. However, this drop was similar to the rest of the European Union, which suggests that in terms of price competitiveness, Catalan products were able to maintain their position in international markets. This allows us to confirm that the decline in Catalan economic activity was not isolated.

² Industry Observatory- Business Department, "*Annual report on Industry in Catalonia 2020*".



With the COVID-19 Eurocredit facility, working capital was provided to small and medium-sized enterprises to offset the economic losses resulting from the measures taken against COVID-19. In particular, the goal was to strengthen the liquidity and solvency of Catalan companies to avoid their closure or losses due to cessation of activity.

5. Degree of coverage of the target population

The ICF COVID-19 Eurocredit gives loans to small and medium-sized enterprises that require liquidity to deal with the negative impacts that the pandemic has had on their activity, which in turn affects their solvency and sustainability in the medium and long term.

In predominant sectors of the Catalan economy, such as industry, where, according to data from the IDESCAT, in the second quarter of 2020, during the pandemic, 18% of the population in the territory was employed in this sector, it is important to ensure the economic future of the thousands of families in the sector, since hundreds of families could be affected.

Against this backdrop, it is essential for industrial companies to invest in R&D to adequately respond to the needs of today's and tomorrow's society, while also attracting investment. For example, Bachiller receives projects commissioned by multinational companies from around the world, and even continued to receive and develop projects during the worst of the pandemic.



Work done by Alamo Industrial in the new Mercado de San Antonio involving electricity, lighting, telecommunications, public address, fire detection and extinction, HVAC, geothermal energy, plumbing and exterior development.

The well-known Industry 4.0, or Fourth Industrial Revolution, is a milestone in industrial development that will bring far-reaching transformations to society. This new stage focuses on interconnections, instant everything, process automation, the accumulation of information and data through Big Data, blockchain and artificial intelligence. Industries around the world are moving to incorporate these elements into their production systems. In this context, the COVID-19 Eurocredit facility helped guarantee the economic solvency of companies in this sector, such as Bachiller and Alamo Industrial. This has enabled them to successfully overcome the challenges and avoid lagging behind, while continuing to drive industrial development in Catalonia.

The current climate crisis highlights the urgent need to shift towards renewable and emissions-free energy sources. Industry plays a key role in this transformation, given its considerable energy consumption and its contribution to greenhouse gas (GHG) emissions. It is therefore essential that companies invest in projects that further these goals. Through a credit facility such as ICF COVID-19 Eurocredit, we are helping to ensure the existence of companies like the ones

mentioned in this Best Practice, which allocate part of their resources to developing projects that promote the use of renewable energies.

Meanwhile, Catalonia's foreign sector is intrinsically rooted in the industrial sector, given that exports originate in the secondary sector of the economy. The increasing degree of internationalisation in Catalonia over the last few decades has led to greater interaction with other international markets and has provided an opportunity for the economic and commercial development of Catalonia, and ultimately of Catalan society. In this vein, a competitive and innovative Catalan industry must be essential to promote the continuity of business activity in this sector. In this regard, the ICF COVID-19 Eurocredit facility played a decisive role in guaranteeing the existence of many companies, by facilitating liquidity to small and medium-sized enterprises that were having problems because of the COVID-19 crisis.

6. Compliance with the horizontal principles (sustainable development, equality between men and women and the principle of non-discrimination) and environmental regulations

The ICF is firmly committed to a sustainable and equitable future and actively works to promote financing that has a positive impact on both society and the environment.

It is also actively committed to achieving the Sustainable Development Goals (SDGs), in keeping with the 2030 United Nations agenda and the National Plan to implement the 2030 Agenda in Catalonia. This dedication is clearly reflected in the ICF's activity, which prioritises the financing of projects whose goals encourage sustainable development. In this regard, investment and financing instruments are promoted that further the green economy, innovation, the technological transformation, and growth. Specifically, the ICF COVID-19 Eurocredit contributes to three of the SDGs, and works to promote gender equality, decent work and economic growth, as well as in the area of industry, innovation and infrastructure.

As for Alamo Industrial, the company adheres to a rigorous policy of Occupational Health and Safety, Quality, and the Environment. In terms of non-discrimination, it is currently drawing up an Equality Plan. As for the purchase of office equipment, Alamo Industrial sources wood from sustainable forests, products that reduce the use of harmful substances and liquid products with water-based solvents, among others. It is important to note that the company purchases 100% recycled, totally chlorine free (TCS) and environmentally certified paper. As for its purchases of electricity and fuel, more than 20% of the energy supplied to Alamo Industrial comes from renewable sources.

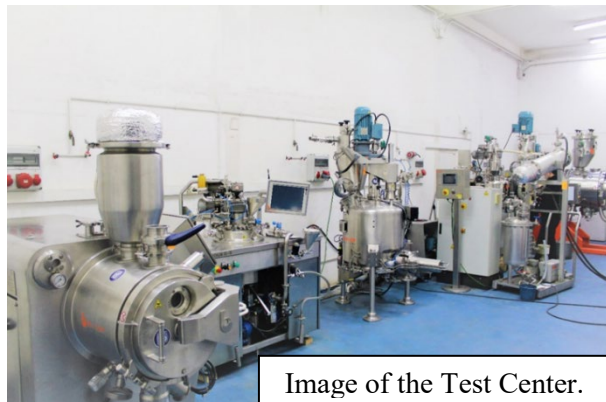
Regarding Bachiller, the company is committed to generating quality employment, promoting a good working environment and equal opportunities between workers, and it has social responsibility and fiscal compliance strategies.

Bachiller incorporates sustainable elements into its projects. One example is the 2 BACHMIX-R project, which encourages energy savings. Thanks to its engineering and R&D department, it has achieved a significant reduction in electricity consumption in an installation that has two mixing reactors of 10,000 litres each. Instead of following the standard practice of installing two motors on each device, it chose to incorporate a single motor per device, which proved to be more than sufficient. This decision allowed each mixer to consume 30 kW instead of 47 kW.



A second project that has been carried out is the BACHMIX Project, which focuses on saving water. The company has achieved a significant reduction in water consumption in an installation that had two, 5,000-litre mixing reactors. Initially, two tonnes of water were used in each CIP wash by both units. Thanks to this project, a water pump was installed that allowed this water to be reused throughout the washing process. As a result, customers with this equipment have reduced their water consumption from 2,000 to 200 litres per process cycle.

Finally, a third project was developed that is worth mentioning. It's the Test Center, a test laboratory located in facilities in Barcelona. There, the company has a complete range of pilot units designed to conduct tests such as checking the feasibility and development of new processes, and testing products from the pilot phase to an industrial plant. The diversity of pilot devices available allows customers to compare process performance between different devices, which helps them select the most efficient solution for their specific needs based on empirical results.



In addition, at the end of the tests, the company issues an exhaustive report that includes all the details of the process, the operational parameters, the work procedure, the results, and any recommendations. This way, Bachiller demonstrates that it operates not only by ensuring the needs specific to each customer, but also by actively considering reduced energy and resource use.

As for the application of the principles of non-discrimination, these are set out in Articles 3.9 and 3.10 of the company's Code of Conduct, and are mandatory not only for the company's employees, but for all those who engage with it (Code of Conduct available on the website www.bachiller.com).

As a result, these two companies that have used the COVID-19 Eurocredit facility have statements of intent and company policies that ensure the well-being of their employees, respect for the environment, and the specific needs of their customers.

7. Synergies with other public intervention policies or instruments

Companies that receive loans from the ICF COVID-19 Eurocredit facility can also benefit from other public sources of funding. This also applies to companies in the industrial sector.

In the case of Bachiller, the company used different ICO (Instituto de Crédito Oficial) credit lines, although they did not all materialise in the form of loans or policies. Some financial institutions chose to convert the guarantees for previous lines into an ICO guarantee, which did not require the company to disburse any additional liquidity. Alamo Industrial also resorted to ICO loans during the pandemic.

In addition, the Business and Knowledge Department worked to provide grants to micro and small enterprises in the industrial sector. One example of this is ORDER EMC/78/2020 of June the 9th of 2020, aimed at companies in the sector that were able to prove a decrease in their turnover of more than 33%. The aim of the aid was to preserve jobs and ensure the continuation of activity by paying for the fixed expenses that many companies had to face just to break even.

Elsewhere, through Royal Decree-Law 7/2020 of 12 March, the Spanish government made it possible to request the deferral of payments on loans granted by the General Secretariat for Industry and Small and Medium-Sized Enterprises.

These public policies were designed to address the economic challenges resulting from the COVID-19 pandemic by promoting the continuity of small and medium-sized enterprises, such as Alamo Industrial, SA and E Bachiller B, SA.



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