



Covid-19: New €1,2bn aid package to support French Tech

12 June 2020

French government announced on 5 June 2020 a new support plan for French Tech companies developing technologies with a sovereign future. This new aid package of almost 1.2 billion euros supplements the previous 4 billion euros plan released by the government at the end of March. This support plan will be financed largely through the Future Investment Program (PIA) and includes several components intended to strengthen and broaden the support granted to French companies during the Covid-19 outbreak.

“French Tech Sovereignty” fund

To meet the financing needs of French Tech companies, especially companies developing future technologies of a sovereign nature and avoid their possible takeover or stalling compared to their foreign competitors, the government has announced the creation of the investment fund “French Tech Sovereignty” which shall be managed by Bpifrance.

This fund is intended to benefit:

- start-ups that develop, on French territory, sovereign technologies of the future whose investment risk is high, in particular technologies related to artificial intelligence, quantum computing, health or even cybersecurity;
- startups at any stage of their development.

The “**French Tech Sovereignty**” fund has an initial funding of 150 million euros which can, depending on needs, be increased to 500 million euros by 2021.

Furthermore, and although this fund was intended primarily for startups, the government indicated that more mature SMEs or mid-caps could benefit from it provided that they

are specialised in future technologies where the financing risk is high.

Financing and innovation support measures

The health crisis linked to Covid-19 has had a strong impact on venture capital operations intended to finance startups. To act as a remedy, the government implemented various support measures for a total amount of 500 million euros:

- the “**French Tech Bridge**” fund, which had previously been set up to finance the cash bridges of startups through convertible bonds co-financed by private investors, has seen its envelope revalued to the tune of 80 million euros in order to bring it to 160 million euros;
- for start-ups that were unable to access the State guaranteed loan (“PGE”) because of their financial situation, the government is launching a loan offer up to 100 million euros, distributed by Bpifrance to startups in difficulty within the meaning given by European regulations. This statute concerns startups whose accumulated losses exceeding half of their equity;

- the investment fund "Major Innovation Support Program" (PSIM) has been awarded a new envelope of 120 million euros intended for the winning startups of the "Global Innovation Competition";
- the "I-nov" innovation competition is awarded an additional endowment of 20 million euros bringing the total envelope up to 80 million euros. In addition, the government is launching a series of AI Challenges with a total allocation of 15 million euros intended to finance companies specializing in artificial intelligence.

Support for the emergence of a new French pool of start-ups

In order not to slow down French technological innovation and the creation of "French Tech" startups, the government has announced several measures to support the maturation and incubation of technological projects:

- companies accelerating the transfer of technology known as "SATT" promoting the results of academic research are awarded a third financing envelope of 65 million euros. This financing concerns the 4 SATTs of phase C (Linksiium, Pulsalys, Saclay et Sayens);
- a series of calls for tenders has been set up for structures (incubators, accelerators, start-up studios, etc.) offering specialized training, support and acceleration programs on Deep Tech entrepreneurship, for a total allocation of 15 million euros;
- the creation of the "French Tech Accelerate n°2" investment fund intended to support the development of incubators and accelerators of start-ups with strong technological dominance (the Deep Tech") through an envelope of € 100 million.

More information

If you wish to receive more information about the Corona virus emergency measures and how these measures can help your company, please contact us.



Stéphane Bénézant

**Partner, Attorney-at-Law
Corporate/Mergers & Acquisitions**

T +33 (0)1 41 16 27 30
M +33 (0) 6 80 94 71 04
E sbenezant@avocats-gt.com



Marc Huynh

**Attorney-at-Law
Corporate/Mergers & Acquisitions**

T +33 (0)1 41 16 27 36
M +33 (0)6 80 42 97 45
E mhuyhnh@avocats-gt.com