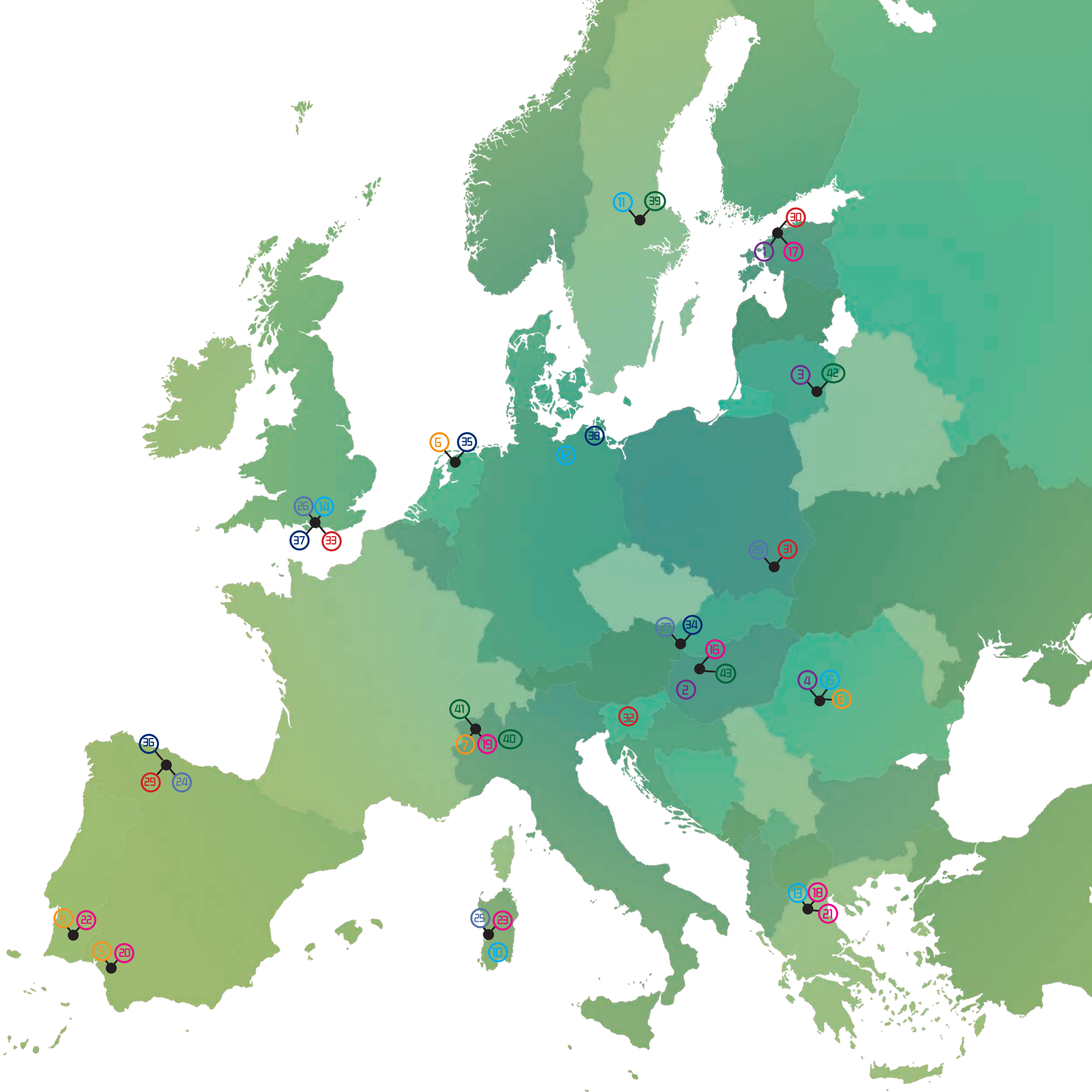
DiFass
TRANSFER OF SUCCESS

GOOD PRACTICE GUIDE

43 business support measures

INTERREG IVC
INNOVATION & ENVIRONMENT
REGIONS OF EUROPE SHARING SOLUTIONS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Foreword

After three years of fruitful cooperation, we are happy to present our final results.

The DIFASS project facilitated access to finance for enterprises by exchanging innovative business support measures. The focus was on the development and implementation of non-grant based financial support instruments. In eight workshops the 26 project partners of DIFASS shared so-called Good Practices from all over Europe. These Good Practices are innovative business support measures implemented or funded by (semi-) public bodies.

DIFASS has resulted in 43 Good Practices. They have been captured per topic in this Good Practice Guide. The guide consists of eight chapters with full descriptions of all features of every Good Practice. Every Good Practice includes a video link to the Good Practice presentation as well. Individual brochures per topic are also available for download at our DIFASS.eu website.

During the final months of the project, every project partner worked on its own Regional Implementation Plan. These plans describe how Good Practices from other European regions inspired us to transfer and implement them in other regions.

On behalf of all 26 partners, we would like to thank our supporters and financers, the INTERREG IVC Programme and the European Regional Development Fund (ERDF), for their vital contribution to our successful cooperation.

We sincerely hope you will enjoy this guide. Hopefully it will inspire you to implement a new business support measure in your region as well!

Róbert Németh, Pannon Business Network (project leader)
Frank Hiddink, Business Development Friesland (communication officer)

Micro Loans Schemes

Introduction

Exclusion from banking services often constitutes a major obstacle to the launch of new business activities. Micro credit is a financial process that allows someone who has capacities to develop his activity and be integrated to the economy while he has no money, no liabilities and no possibility to get any bank loan. Basic idea of Micro credit is that giving a small non secured loan in order to begin a small enterprise or activity future profits of this activity will permit to reimburse the loan. By extension, Micro Finance is defined by the offer of financial services (savings, loans, insurance…) to the poorest people. It is aimed at low income people who have no access to formal financial system and who have no regular paid employment.

While existed under diver forms since centuries, Microfinance has its structural form as modern microfinance movement at the 1970's; for a big part due to the "Grameen project" for the rural development. It rapidly developed in the 1980s and 1990s. Now days, it is implemented by schemes throughout the world, in Asia, Pacific, Africa, Latin America, and more recently in Eastern and Western Europe.

Almost 1100 Microfinance Institutions (MFI) exist serving 74 million borrowers with 38 billion USD in loans. MFIs are structures that provide products and services of microfinance to related populations. They are many forms: credit and savings cooperatives, nongovernmental organizations, programs implemented by international institutions, regulated microfinance institutions, microfinance banks. Commercial banks, microfinance investment vehicles, governments, local communities and insurance companies are interested on micro credits as well.

In Europe, the amount of the micro credits granted ranges from 220 Euros to 37.000 Euros depending on the recipient, (enterprise or a person having personally solicited a microcredit). The average microcredit amount was about 10.000 Euros in Europe with an average interest rate of 9%. Non-bankable clients comprise 66% of clients in Europe; usually they are women, immigrants and ethnic minorities; whereas 32% are concentrate on rural clients. MFIs main objectives are microenterprise development, job creation, social inclusion, poverty reduction and financial inclusion.

1 START UP-LOAN GUARANTEE SCHEME

1. SUMMARY OF GOOD PRACTICE

Overview

Delivered in association with five Banks in Estonia and support from Tallinn Science Park Tehnopol, the Start-Up Loan Guarantee Scheme is a loan guarantee initiative run by Kredex on behalf of the Government.

Key aims

The scheme was set up to improve the number of successful start-ups in Estonia by alleviating the four problems associated with new businesses; high failure rates, lack of credit history, lack of collateral and the owners' unwillingness to bear risks. The loan guarantee scheme is aimed at overcoming two of the key barriers:

- **The reluctance of banks to finance start-ups.** Start up businesses in the region have a high failure rate with only one in ten start-up businesses successful in the Baltic region. Characterised by a lack of collateral and no credit history, Banks consider start-ups a 'risky' investment
- **The reluctance of entrepreneurs to set up new businesses** because of the 'fear of failure' and their exposure to significant debt if they are unsuccessful. Liable for 30-40% of the loan value, the scheme provides small businesses with limited liability helping to mitigate their risk.

Key resources

Programme Funding: the European Social Fund
Programme Partners: KredEx A self-sustainable public organisation created by the Ministry of Economic Affairs and Communications. The operating costs associated with the programme are financed from contract fees based on a percentage of the on the loan amount and a percentage guarantee fee on the loan balance to cover administration costs and part of the losses arising from the scheme. **Swedbank AS** One of the five banks involved in the scheme, Swedbank are the leading bank in the Baltic region with a 50% market share largely as a result of their extensive branch network across Latvia, Lithuania, Sweden and Estonia. Their mission is to promote a sound and sustainable financial situation for households and enterprises.

Nordea Pank, SEB Pank, Versobank, Eesti Krediidipank are the other four banks participating in the scheme. **Tallinn Science Park Tehnopol** provides a science and business environment and high quality added value business development services for > 150 knowledge based companies. Their Start-up Incubator helps to boost new and innovative business ideas. Having recently secured funding from the Swedbank Prototron Fund, they plan to provide support for participating businesses in the future.

Eligibility criteria

- The Start-Up Loan Guarantee Scheme is aimed at: Start-ups and companies (but not private individuals) < 3 years old
- Companies with a realistic Business Plan
- Companies with a reliable financial forecast, who are able to meet their financial obligations
- Company and owners with a good credit history, without any current overdue debts

Terms and conditions

Loans range from a minimum of €2000 to €64,000, slightly higher than normal micro finance, with repayment terms of up to 5 years. Companies also benefit from an initial 6 months grace repayment period, providing them with time to develop and test their product or service before going out to market. Current, (i.e. Sept 2012) guarantee fees and loan interest rates are 3% for KredEx + Euribor or bank's base interest rate and a risk margin up to 4% (~8%) Funds must be used for investments and/or working capital.

1 START UP-LOAN GUARANTEE SCHEME

Loan Process - How it Works

STEP 1 Eligible companies seeking finance and meeting the criteria submit a loan application to participating Banks. (Free consultation is available from Business Advisory Centres for applicants needing help with their Business Plans).

STEP 2 The Bank advise a conditional decision and if positive make a 'guarantee application' to KredEx.

STEP 3 KredEx review the business proposal and advise the Bank of their decision. If their decision is positive the Bank grants the loan.

STEP 4 The loan is arranged by the Bank who advise the company of the outcome and carry out all administrative activities associated with the loan. KredEx guarantee up to 75% of the loan amount and clients are expected to guarantee 30-40% of the amount covering the balance of the loan and the fees involved.

2. IMPLEMENTATION

Key Stats Results to Date

The scheme has approved more than 200 loans and created almost a 1000 jobs to date across a wide range of sectors including manufacturing, accommodation and food service activities and the wholesale and retail sectors.

KEY MEASURE	Number	Value
Applications for finance	494	€5.5M
Average Loan	42	€24.000
Loans Issued	231	47% Approval Rate
Companies Supported	229	Take up to date
Jobs Created	992	50

* KredEx March 2008-August 2012

Key challenges have included:

- Looking at the review and issuing process to see where both the time taken and overheads associated with the approval process can be reduced.
- A high proportion of start-ups with low credit scores, making it difficult to approve loans.
- Only half of the applications get positive guarantee decision from KredEx.

Both Kredex and participating Banks would like to see larger numbers of applications from companies.

Swedbank, one of the five banks involved in the scheme, are keen to increase the number of applications it deals with from the 123 received over 4 years to date. With 1200 new businesses created every month in the region, loans made through the scheme represent just 10% of start-ups supported. Effectively operating the scheme at a loss, Swedbank view that longer term payback will come when companies are successful.

3. KEY LEARNING POINTS AND OPPORTUNITIES

Swedbank view the scheme as 'a state backed guarantee' from the Estonian Republic, good for their own business and a good endorsement for the Start-Up Loan Guarantee Scheme. For Banks, lending to businesses is risky business; with only 1 in 10 start-ups successful in the region the failure rate is very high. Whilst they want to help encourage more start-ups and help new businesses they have no profile information enabling them to identify good candidates for loans, the start-up loan guarantee scheme provides them with useful market intelligence, helping them to spot good risks in the future.

Has it done its job?

- The scheme has helped > 200 businesses and created almost a 1,000 jobs to date and is viewed by partners as a very effective way of supporting start-ups.
- Current reimbursement rates are 75%; most companies pay back their loans. This represents a good loss ratio for Kredex who are able to absorb a loss of 20-30%.
- Having compared the scheme to grants, Kredex consider the scheme much more effective. Companies awarded grants have a different mindset, it changes their thinking, and seen to be not so business-like and less likely to survive.

FURTHER INFORMATION

Featured case study:
www.taptender.com
DIFASS You Tube Channel:
http://youtu.be/aEzZNQG-LUE

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2 MICRO FINANCE MANAGEMENT TOOL

1. SUMMARY OF GOOD PRACTICE

Overview

Credinfo provides an online application, assessment and credit management facility. Originally set up to accelerate the credit application process, the Internet Based Micro Finance System was developed to provide an online facility for Hungary's Local Enterprise Agency network helping SMEs to access funds.

Key aims

The project was set up to:

- Accelerate the credit application process, helping for profit and not for profit SMEs to access finance.
- Provide a one-stop internet based client application and management solution for any agency managing micro funding schemes for SMEs.

Key resources

Programme Partners:

- **Credinfo** was developed in association with **Fejer Enterprise Agency (FEA)** who wanted to accelerate the client application process. FEA already have experience of working with micro organisations, supporting 280 active clients with an average loan value of €11-37,000.
- With the development of the scheme funded by the European Microfinance Network, Credinfo Ltd are the lead software developers and system managers of the Credinfo application.
- Client loans are funded via the **JEREMIE** programme. Their funds are distributed and managed through the CREDINFO Internet-based system. Registered clients (entrepreneurs) can submit a loan application online for the loan product selected from the "credit webshop" to the MFI offering the loan product via a "microcredit cart". When completing the loan application an assistant helps the applicant to compile the business plan for the requested loan product.
- **The Hungarian Microfinance Network (HMN)** is a network of 20 Local Enterprise Agencies (LEAs) offering a variety of financial and non-financial programmes throughout Hungary. The Credinfo system is used to manage their individual funding programmes.
- **Zala County Foundation for Enterprise Promoti-**

on (ZMVA) is the lead LEA partner responsible for co-ordinating and managing the development of the programme.

Eligibility Criteria and Key Terms

Each LEA partner using the internet based Credinfo system can set its own eligibility criteria and key terms for microfinance grants.
The HMN have a strong social mission and their target group includes for profit and not for profit organisations and socially disadvantaged groups; women, unemployed and the 50+ age group.

Loan Process – How it Works

STEP 1 Eligible Companies seeking finance submit an online loan application through each partners 'credit webshop'.
STEP 2 Loan applications are initially assessed online. The software tool developed for the site enables an easy and comprehensive financial analysis of the applicant; the company's liquidity, indebtedness, profitability and efficiency.
Applications passing this stage are then assessed by a committee and advised of the outcome. The entire loan application process including assessment is carried out on line.
STEP 3 Credinfo also offer financial and enterprise development services and provides SMEs with an opportunity to search for Business Partners.

As well as providing SMEs with an online application route for funding, CREDINFO:

- Provides partners subscribing to the system with real time management information on their individual clients and the overall status of their funding scheme.
- Provides individual SMEs with the means to track the progress of their application and if successful, the status of their loan account.
- Provides the Funding body, in this case JEREMIE, with instant access to management information reports.

2 MICRO FINANCE MANAGEMENT TOOL

2. IMPLEMENTATION

Overview and aims

An award winning initiative, Credinfo was rolled out in 2009 and is used by 26 LEA partner organisations in Hungary and 1 partner in Norway, achieving all the basic functions it was set up to deliver.

Partners pay a small installation cost for translation services and a monthly fee based on the number of clients supported to use the Credinfo system. Partners are also invited to regular project meetings to share best practice and review progress and developments associated with the programme. The Credinfo system is being constantly developed in response to the needs of its clients, this includes the recent addition of the management system for collective landing as well as the development of the dashboard and a special module enabling the measurement of social benefits.

Key Stats:

- The average assessment period for loans before Credinfo was 30 days. This has now been reduced with the average time of loan assessment shortened to 1-2 weeks.
- Funding Bodies, Client's Partners' and Client Businesses now have instant access to up to-date management information enabling them to manage the flow of funds.
- Several European partners have expressed interest in the programme with a Norwegian agency being the most recent partner to join the scheme.

3. KEY LEARNING POINTS AND OPPORTUNITIES

Main benefits and success factors for MFIs using the system include:

- Access to a top-rank system containing the practical tools/innovations of other MFIs without major investment
- A tailored system able to deliver high-quality online services for its clients
- Different modules of the system that can be installed independently
- A system that supports the loan application process
- Access to a management information system providing performance reports on the whole micro financing system as well as the MFI itself.
- Financial reports

The lead partners now want to encourage more take up from the 'not for profit' sector.

Transferability

Credinfo is completely transferable to other countries, languages and legal environments. Available to any agency involved in managing funding schemes, the internet application can be adapted and tailored to support any micro web based loan scheme in any country, helping to remove the barriers to internationalisation. The system has been developed using a SaaS (Software as a Service) model so no additional software costs are involved.

FURTHER INFORMATION

Project website:
www.credinfo.eu
Fejer Enterprise Agency (FEA):
www.rva.hu
JEREMIE Programme:
http://www.eif.org/what_we_do/resources/jeremie/
DIFASS You Tube Channel:
http://youtu.be/RVR8H3fOhSU

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3 ENTREPRENEURSHIP PROMOTION FUND

1. SUMMARY OF GOOD PRACTICE

Overview

Set up in August 2009 with ESF funds the Entrepreneurship Promotion Fund is a microcredit loan scheme aimed at supporting start-ups and viable micro companies who have been trading for < 12months. Using 'smart money', loans are accompanied by help with Business Planning and access to optional training across a range of six key business skills units. The fund is delivered through a network consortium of 57 Credit Unions, represented by the Lithuanian Central Credit Union which provides micro companies with additional benefits. Cofinancing 10% of each loan, the Credit Unions provide microcredits to the companies for financing business start-ups or expansion.

Key aims

- To grant 1,200 micro credit loans to start-up's
- To train more than 5,000 individuals from the companies involved
- 30% of the training and more than 15% of the loans to benefit the priority groups: unemployed, disabled, young people < 29 and the 50+ age group.

Key resources

Key Partners:

- **INVEGA** - the manager of the Holding Fund – Entrepreneurship Promotion Fund. Set up in 2001 to guarantee loans issued to SMEs by commercial banks, INVEGA have extensive experience of microcredit loan schemes and SME financing, issuing almost 4,000 guarantees for loans exceeding a total value of €400M.
- Selected through a public procurement process, the Consortium of **57 Credit Unions**, represented by the Lithuanian Central Credit Union, is the financial intermediary and distribution channel for the Entrepreneurship Promotion Fund Microcredits. Conditions set up for the programme has enabled the Credit Union to offer more favourable micro crediting terms, which has some state aid/De Minimis implications for the beneficiaries, entrepreneurs and microcredits.
- **The Ministry of Social Affairs and Ministry of Finance**, both co-signatories on the Funding Agreement of the Entrepreneurship Promotion Fund.

Match funding

€15M ESF budget running from December 2009 to December 2018.

Eligibility Criteria

- Individuals who want to start a business
- Registered businesses operating < one year: micro, small enterprises and individuals engaged in business activity or activity requiring a business certificate i.e. those micro/small enterprises defined in the Commission Recommendation 2003/361/EC.
- Social Enterprises (Priority groups set by the Ministry of Social Affairs include unemployed, disabled, young people < 29 and the 50+ age group).

Key Terms and Conditions

Rules governing Credit Unions determine that loan applicants must become members. A mechanism has been developed to offset the legislative restrictions that normally enable members to borrow a maximum of 10 x their share capital i.e. their membership fees.

2. IMPLEMENTATION

KEY MEASURE	Target	Result*
Number of loans	1.200	329
Individuals trained	5.000	3.405
Jobs Created	N/A	400
Value of contracted loans		€5.82 M

* Results to date INVEGA Oct. 2012

3 ENTREPRENEURSHIP PROMOTION FUND

3. KEY LEARNING POINTS AND OPPORTUNITIES

Despite its slow start, the programme is on track to achieve its targets. The scheme was originally set up using structural funds which did not work well due to inflexible public procurement procedures involved in selecting financial intermediaries. This together with work involved in tailoring the instrument to meet market needs resulted in a 'year lost' to the programme.

Introducing loan guarantees and interest subsidies helped to kick start the programme which is now on track with targets.

INVEGA have also developed a different, 'tailor made' financial Grant instrument introduced to run in parallel to the Microcredit scheme. This enables eligible companies considered high financial risks at the outset to recover compensation for interest payments set at a higher level by the financial intermediary. This interest subsidy scheme enables companies to recoup up to 95% of the interest paid and has helped companies recover interest payments totalling €80,000 to date.

Fully subsidised training has proved very popular with companies involved in the scheme and has meant that training targets have exceeded loan targets. This has now had to be scaled back with consultancy support funded and delivered by the Credit Unions still available to help companies.

Key succes factors

- Providing companies with mandatory Business Planning support and optional business skills training helps companies develop the knowledge they need and improve their chances of success.
- Selecting the right financial intermediaries who are committed to supporting and financing micro start-ups, rather than large companies, is critical to the success of the programme.
- Both the guarantee, compensation of interest payments and 'smart money' help mitigate the risk for the financial intermediary and make the scheme more attractive to unemployed and selfemployed entrepreneurs

Debt finance for start-ups was not common practice in Lithuania before the programme and has filled a gap in the market. Unemployed, self-employed entrepreneurs and companies trading for less than 12 months now have access to capital in the form of microcredits.

Set up in August 2009, the Entrepreneurship Promotion Fund runs until 2018, so it is too early to tell what may happen but the results to date are good.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/GE52-1cHVFU

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4 MICRO CREDITS

1. SUMMARY OF GOOD PRACTICE

Overview

Operated by Opportunity Microcredit, a non-banking financial institution set up to support micro and small size enterprises in Transylvania, Microcredits are flexible loans granted to creditworthy micro businesses unable to access bank finance. Supported by a simple written application and loan approval process, grants can be used by micro enterprises to pay off their debits, refinance their enterprise and/or fund capital or working capital expenditure.

Key aims

The scheme provides companies with the financial resources needed to enable them to widen their business opportunities, helping them to grow and achieve more efficient sustainable development. Opportunity Microcredit takes the view that enabling clients to develop a business will lead to long term employment and economic growth.

Key resources

Programme Partners:

- Set up in 1995 by the Opportunity International Network expert in operating microfinance programs. **Opportunity Microcredit** is one of the leading financial institutions in Romania with a social purpose. It is a non-banking financial institution founded with the purpose of supporting micro and small size enterprises in Transylvania.
- **Opportunity International Network (OIN)** is a globally recognised leader in the microfinance Sector providing services to 5 million people worldwide. The key funder for the Microcredits programme OIN provides technical assistance and links to the financial systems and processes needed to implement the programme in addition to funds for the loans.
- (Although not the financial body or implementing organisation for the scheme, having identified the good practice the **Regional Development Agency** do promote the scheme through their networks).

Target Client Group/Eligibility criteria

The scheme is aimed at four key sectors; Manufacturing, Services, Trade and Agriculture. Companies eligible for support include:

- **Micro-enterprises** up to 9 employees and annual net turnover or total assets of up to 8 mil RON (~€2 mil)
- **Small enterprises** 10-49 employees with an annual net turnover or assets of up to 40mil RON (~€10 mil)
- **Agricultural Companies** owing or renting a minimum of 50-60 Ha and a min of 30 cattle or 400-500 sheep
- **Agro Licensed Individuals** with agricultural companies owning/renting < 50/60 Ha with a maximum of 30 cattle or 400-500 sheep.

Terms and conditions

Grants range from €250 for new clients to €15,000 to €30,000 for existing clients. Payback periods range from 3 months to 60 months. Clients are charged a fixed interest rate in the first 12 months which is then subject to 3 monthly reviews linked to the current ROBOR rate.

2. IMPLEMENTATION

As far as the Regional Development Agency is aware the project has been delivered as intended following a good implementation plan.

Key Stats Results to Date

KEY MEASURE	Outcome
Assessment of Applications	7 days
Applications Approved	15,000 +
Total Funding Granted	€47,362,637
Companies Supported	13,000
Jobs Sustained	18,500

Regional Development Agency Centru Sept 2012

4 MICRO CREDITS

3. KEY LEARNING POINTS AND OPPORTUNITIES

Backed by a highly experienced international organisation, Opportunity Microcredit is an ongoing and proven financial instrument able to adapt to the changing market and global economic evolution. With its international dimension and mission to provide opportunities and support for small entrepreneurs in order to improve their living, Romanian stakeholders consider the scheme represents a good return. Operating for > 15 years, Opportunity Microcredit has succeeded in establishing long term relationships with its customers and has a positive image on the market with satisfied clients endorsing the programme. Key success factors include a high quality service with access to international best practice, specific knowledge and experience of microcredits and focus on the microcredits sector.

Whilst the results to date from the programme are good, the inability of customers to pay back microcredits in the recession, the competitive environment, withdrawal of creditors and political instability are factors which may impact on the project.

FURTHER INFORMATION

Opportunity International Network:
www.opportunity.net
DIFASS You Tube Channel:
http://youtu.be/KWaNZP0Wcjw

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Internationalisation

Introduction

SMEs enter the international arena in a variety of ways. Internationalisation is not limited to export activities; it can refer to trade, the creation of border clusters, cross-border cooperation, the formation of alliances or subsidiaries, branches and joint ventures abroad.

SMEs may be grouped into three categories, depending on their Internationalisation profiles: Importing as the only form of Internationalisation, Exporting as one form of Internationalisation, or a combination of several forms of Internationalisation (branches and joint ventures abroad). In that last case international operations are more complex than the relatively simple activities of import or export.

The three groups of internationalized SMEs may represent different strategic approaches to Internationalisation. In some cases, they can represent different stages of a continuous process of Internationalisation. Imports remain the most important part of SMEs' international activities, followed by export activities, while very limited is the part of SMEs that are involved on a direct collaboration with foreign SMEs and have branches, affiliates or joint ventures abroad.

The size of the domestic market is a very decisive factor for Internationalisation. For SMEs with specialized production or large-scale production, the demand on the domestic market is insufficient to build a solid business further when SMEs are specialized. Industry, wholesale and transport / telecommunications, have a higher propensity to export contrary to retail sector.

Support of the Internationalisation of SMEs can take several forms. Examples of financial support are: International development contract (to finance the international development);

- Export credits;
- Banking guarantees on export markets (issue guarantees for export orders);
- Insurance prospecting (against the risk of commercial failure and a financial support);
- Export tax credit (to encourage SMEs towards international exploration);
- Investment insurance (reduce the risk of political and economic events);
- Insurance on exchange rate trading;

5 PIPE TRAINING ON FOREIGN TRADE

1. SUMMARY OF GOOD PRACTICE

Overview and aims

A two year programme to create an export culture and increase the number of export SMEs, PIPE is aimed at training Spanish SMEs who want to increase trade opportunities through export. Backed up with a detailed methodology, the programme works to implement a cultural change and export mindset right across all areas and departments of the company. Delivered in three stages, critical elements of the support package include:

- Up to two years plus of comprehensive ongoing support with access to a wide range of services and high level expert support across all stages of exporting.
- Collaboration with the agencies and professionals involved in the export process, mitigating any specific issues that may arise.
- Financial support.

Key resources

Key Partners

Collaboration between government and business has been one of the most important aspects of the programme. National Partners include the Spanish Institute for Foreign Trade (ICEX) and the High Council of Chambers (CSC) representing 88 Chambers of Commerce. Regional and Local Partners include the Andalucian Agency of Foreign Trade and in this case, the Official Chamber of Commerce, Industry and Shipping of Seville.

Funding & SME Contribution

With an original budget of €3M, funding comes from a range of sources; FEDER (Chambers of Commerce) 49%, ICEX (National Export Agency) 11% and EXENDA (the Regional Agency) 10%. SME contribution to programme costs has increased from 20% to 30%. Eligible expenses include research, promotional materials, promotional opportunities; travel, fairs and advertising, trademarks and patents in addition to expert technical support. Companies pay the total value of their package in advance, claiming

grants as they progress through the programme. A co-financing package set up with financial institutions enable SMEs to access the funds required.

Eligibility criteria

The programme is aimed at any SME who wants to start or increase their trade opportunities through export*, regardless of their business profile, number of employees and previous exporting knowledge and experience.

*Companies already exporting > 30% of their total sales are ineligible for programme support unless their export trade is dependent on one country, (perceived as a weakness and risk to their business).

Terms and conditions

Eligible Companies must also have a strong management commitment to exporting their goods or services and have solid business activity and a healthy financial status.

2. IMPLEMENTATION

The 24 month programme provides technical expertise and support in three phases:

Step 1

Diagnosis of the company's competitive position and its export potential assisted by specialist Tutor support who also checks the company's financial health and commitment to exporting their goods and services.

Timescale: 2-4 weeks

Step 2

Design of an Export Plan, supported by experienced consultants and technical specialists.

Timescale: 3-4 months

Step 3

Implementation of the Plan, supported by consultants and a substantial package of expert support. Companies are also offered the option of a Junior Export Manager to help them implement their Export strategy.

Timescale: 20-21 months

5 PIPE TRAINING ON FOREIGN TRADE

Supported by IT systems and tools, programme manuals and training guides the national support network of up to 1,500 staff involved includes:

- **PIPE tutors,** specifically selected for their experience and expertise trained to undertake the initial company diagnosis.
- **PIPE Promoters:** accredited external consultants expert in their field
- **PIPE Collaborators:** multilingual professionals trained in foreign trade.

Additional services provided by PIPE include access to the PIPE Club & PIPE Monitoring Programme as well as other services provided by the Chamber of Commerce.

Key Stats Results to Date (Seville)

KEY MEASURE	2010	2011
Applications Submitted	70	68
Applications Accepted	42	18
Funding Granted to SMEs	700K	*
Funding Invested by SMEs	14000K	*
SMEs now exporting	50	50
Jobs Created	20	24

* Data currently unavailable

Applications to join the programme can be made online or through different institutions. The time taken for approval depends on the number of applications under review, with a maximum delay of 5 months for approval.

3. KEY LEARNING POINTS AND OPPORTUNITIES

PIPE is the first state programme specifically aimed at Spanish SMEs wanting to increase trade opportunities through export and has increased the number of Spanish SMEs involved in exporting. The national programme has helped 7,000 companies export their goods and services, contributing 17% of Spain's exports. 87% of the programme participants are now exporting, bringing an increase in growth, income and jobs.

- The independent operating arrangements of each autonomous Spanish community have made co-ordination of financial support difficult. This and the range of sources involved; ERDF, ICEX, Regional and Local Government have made it difficult to realise the financial support needed quickly.
- The reduction in FEDER funding and knock on effect on programme budgets may be a risk for the future of the programme.

Economic conditions have meant that many businesses who would not have considered exporting in the past now look to external trade opportunities to survive.

Key learning points

Some companies needed more time to move to the export phase of their plan; they were not ready or were not yet exporting on completion of the programme. Extended support now made available as a result (i.e. the PIPE Follow-Up Programme), helps participating companies beyond the two years originally allocated.

Key success factors

- For the first time, collaboration of all the national and regional agencies involved.
- The ability of SMEs to access independent i.e. external expertise and advice from specialist consultants.
- SME access to financial support covering 70% of the costs involved. This covers most of the expenses incurred by companies in exporting.

Transferability

PIPE is a comprehensive programme with a detailed systems methodology which includes the programme itself, recruitment, selection and training of tutors and consultants, through to IT systems and the technical knowledge and expertise needed. All these features and the programme itself are considered easily transferable to other regions.

FURTHER INFORMATION

Project website: www.portalpipe.com

DIFASS You Tube Channel:

http://youtu.be/IDmuVACLAV8

CONTACT

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6 EXPORT ATLAS

1. SUMMARY OF GOOD PRACTICE

Overview and aims

With support from Dutch export agencies, the Netherlands already has a successful export drive. Set up in 2005 to complement existing activity, the Export Atlas programme focussed on SMEs operating in the Agriculture, Food, Environment and Water processing sector, providing them with a unique 'clustering' opportunity to export into Eastern European countries not targeted in previous initiatives and viewed as having trade potential.
On their own, smaller SMEs with export potential do not have the critical mass to set up independent exportnetworks, resulting in missed opportunities, sales and growth potential from growing Eastern European markets. Clustered with other companies they do achieve this critical mass.

Lacking both the knowledge of export markets and how to go about exporting, the programme provided an opportunity for 25 smaller SMEs to utilise their export potential and overcome barriers to export.

Key resources

Key Partners

Business Development Friesland (BDF) The programme lead, BDF operates within a large international network of companies, intermediaries, local governments and knowledge institutes, developing initiatives aimed at expanding trade opportunities; putting SMEs in contact with the right contact across the world.
Provinsje Fryslan – the regional authority representing economic interests in the province.

Funding & SME Contribution.

The Atlas programme generated a total investment of €2M with €1.35M raised from Banks, Sponsors and Accountants and around 40% of the investment (€650,000) funded by participating SMEs. Participating SMEs could also access grants from the fund for external research in addition to the technical support provided by the programme.

Eligibility criteria

Participating companies were required to be:

- Registered with the Chamber of Commerce and founded at least 5 years beforehand;
- Have a legally established Head office in one of the northern Provinces of the Netherlands; Fryslân, Groningen or Drenthe
- Active in the agrofood, water technology or energy sector
- Have limited experience of exporting and the desire to increase their export activities.

Terms and conditions

The main condition was evidence of the company's commitment to the programme; that they understood the programme would take a lot of effort and a lot of their time and they were prepared to spend time, energy and some budget to gain the benefits.

2. IMPLEMENTATION

Focusing export efforts on target markets in countries considered to have the most Agri-Food potential; the Ukraine, Serbia, Bulgaria, Romania, Turkey, Croatia and the Baltic States, participating SMEs had access to four key areas of technical expertise and support throughout the three year programme:

- Access to a knowledge network of 8 'on the ground' Atlas Business Ambassadors in East European countries, people originating from the region, now residing and working with their own business in the target countries. Representing and acting as eyes and ears for the 25 SMEs involved in the programme.
- Experienced exporters selected from regional i.e. internal knowledge networks, providing help and coaching on a range of practical issues from help with improving their internal sales process though to their activity on the international market.
- Access to external consultancy services and experts in addition to Friesland BD support.
- The opportunity to meet and develop their network and export business interests with like-minded companies. Membership of the World Trade Centre Network.

6 EXPORT ATLAS

Key Stats Results to Date

The overall target was improvement of export opportunities in Eastern European countries

KEY MEASURE	2011
Applications Submitted	100
Applications Accepted	25* (max nos allowed)
Funding Granted to SMEs	€10,000 (max per SME) €250,000 in total
Funding Invested by SMEs	Co-investment of € 15.000 per SME.
Additional income generated (first 3 years)	€13M
Additional income generated (after 3 years)	€2M per year to date
Jobs Created	65 Direct/38 Indirect Jobs

Export Atlas has now attracted interest from other SMEs who have now joined the scheme. Generating an additional export turnover of €2M all 25 companies participating in the Atlas project are continuing their export programme, 18 of them exporting to Eastern Europe countries originally targeted.

Although local export coaches were not used as much as expected the key success factors were:

- The permanent presence of people (Atlas Business Ambassadors) from the Friesland region in the target countries provides SMEs with a trusted point of contact person, easy to communicate with and who fulfilled the role of local agent for the Dutch companies involved.
- The opportunity for joint presentations of SMEs at exhibition fairs in Latvia, Romania, Ukraine, Serbia etc. viewed as a very positive experience for SMEs. Collaborating together provided them with the ability and organisational capacity to occupy a large exhibition space and speak to a lot of potential clients.

3. KEY LEARNING POINTS AND OPPORTUNITIES

The quality of the Business Agents in target countries is very important. The most important aspect of the programme was building trust by selecting good agents and representatives fluent in the language, in the right location, familiar with the local ways of doing business. They need to have the right contacts/networks and act as your ambassadors.

Legacy benefits arising from the project included:

- An established network of Atlas Business Ambassadors.
- Ongoing contact and development of business opportunities between Atlas Business Agents and 25 SMEs completing the programme who have remained in touch beyond the end of the programme.
- Greater improvement in cooperation between local SMEs as a result of the joint efforts of all the representatives involved in the project.

The opening of three offices 'Fryslân House' in Amsterdam, Riga Latvia & New York shared by Friesian companies exporting to Latvia, Russia and America. Originally set up with public funds, running and staff costs are shared by the companies involved and offices manned by a permanent member of staff/agent providing a cost effective and sustainable international presence, with facilities to work and host clients etc.

Transferability

The principles and methodology set up for Export Atlas and Fryslân House have proven to be sustainable beyond the initial set up stage. The system of having agents from regions that live and work in the target country and represent a group of exporting SMEs could be replicated and implemented in other regions.

FURTHER INFORMATION

Export Atlas project: www.exportatlas.nl
Fryslân House, Riga: www.fryslanhouse.nl
DIFASS You Tube Channel:
http://youtu.be/WIdxcx6IkXk

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7 CROSS BORDER LIVING LABS

1. SUMMARY OF GOOD PRACTICE

Overview and aims

To create and develop a culture of partnership between innovative companies located on the Alpine borders. Responding to a tender aimed at 'driving innovation to ensure sustainable, high-quality public services in Europe' the 'cross border living lab' was set up in March 2012 to:

- Develop a culture of partnership between innovative companies located on the Italian/French borders to improve their innovation capacity, productivity and international competitiveness.

- Encourage the prototyping and testing of innovative products and services not yet existing on the market in economic and socially strategic sectors.

Living Labs are an ecosystem of open innovation based on the development of partnership between enterprises, research centre's, universities, public sector and end-users. Their main purpose is to promote and sustain the active role of users, through live testing of innovative products and services responding to emerging market needs.

The programme aims to:

- **Support** the innovative enterprises in the phase of prototyping and industrialisation of new products and services.
- **Reduce** the risks and time to market for the introduction of innovative solutions in the market.
- **Provide** the regional and local public authorities with innovative technologies able to satisfy societal needs.
- **Encourage** and support experimentation, testing and validation of new products and services in real life conditions.

Key resources

Key Partners

- Region Aosta Valley partner of the Alcotra Innovation Interreg project and regional public authority hosting the Living Lab;
- Regions of Piedmont and Liguria in Italy, Rhône-Alpes and Provence-Alpes-Côte d'Azur in France, regional public authorities and partners of the Alcotra Innovation Interreg project.
- Universities and research centres collaborating with private companies on R&D / market testing. [The Aosta Valley Lab has now also joined the European Network of Living Labs]

Funding & SME Contribution

€1.2M - EU Interreg Programme. Eligible SMEs were invited to tender for R & D projects with SMEs receiving an average of 80%, to a maximum of €137,500 of the investment needed.

Eligibility criteria

Innovative SMEs with R & D activities in the target sectors specified in the tender; smart energies (alternative energy sources, energy efficiency) and intelligent mobility (car, transport and logistics sectors, territorial monitoring).

Terms and conditions

SMEs must have the capacity to complete all elements of the programme within 12 months (Six months for the first phase of R&D and prototyping and a further six months for the second phase of end-user live testing in cross border 'Living Lab' conditions).

7 CROSS BORDER LIVING LABS

2. IMPLEMENTATION

Taking place from March 2012 until December 2013 the programme involves four phases of activity:

Initial Phase Mapping
Step 1 Problem Solving/Dialogue for solution of problem
Timescale 2 months
Step 2 R&D and Prototyping
Timescale 6 months
Step 3 End user live testing in cross border 'Living Lab' conditions
Timescale 6 months

The products and services developed by the enterprises involved in the project must meet precise public administration requirements and involve individual end users or groups of end users during the test phase across several regions of the French/Italian cross-border territory. Five SMEs signed contracts in October. Two smart energy projects; eco-innovative hydrogen storage system and smart metering on energy consumption and three intelligent mobility projects; monitoring system for safety and traffic and two mobile smartphone applications for integrated travel planning and bike sharing.

Key Stats- Results to Date

KEY MEASURE	2012
Applications Submitted	9
Applications Accepted	5
Funding Granted to SMEs	750K
SME Investment in R&D and prototyping	Approx.€1M
Jobs Created	TBA*

*to be assessed on completion

3. KEY LEARNING POINTS AND OPPORTUNITIES

Early indicators/successes.

Although the programme is its initial pilot phase the project is on track. Empirical evidence to date suggests that it is an innovative methodology of financing R & D services and satisfying public needs.

Legacy Benef its

Long term aims i.e. sustainable benefits for the enterprises involved are expected to include improvements in their innovation capacity, productivity and international competitiveness.

Key learning points

With no former practice to draw on and the first Italian pre-commercial public procurement programme of its type, the project uncovered totally new problems and issues including the management of Intellectual Property issues.

Transferability

The partner considers that the programme is a business model that can be replicated in other regions and countries with similar 'smart specialisation' strategy.

FURTHER INFORMATION

Pre-commercial Public Procurement Tender:
http://ec.europa.eu/invest-in-research/pdf/download_en/com_2007_799.pdf
The European Network of Living Labs:
www.openlivinglabs.eu
Interreg Project Alcotra Innovation official website: www.alcotra-innovazione.eu
DIFASS You Tube Channel:
http://youtu.be/3H0FpFMKWco

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8 BUSINESS & INNOVATION SUPPORT NETWORK

1. SUMMARY OF GOOD PRACTICE

Overview and aims

A seven year programme, the BIS Net Transylvania Network was set up to increase competitiveness and innovation capacity of the Centru and Nord Vest Region, by providing efficient integrated business and innovation support services enabling a 'no wrong door' facility for SMEs approaching the wide range of agencies involved for help and advice. The programme is aimed at:

- Enhancing the competitiveness and increasing support for the development of SMEs and large companies in the two Regions involved, in synergy with all relevant public and private, national, regional and local stakeholders.
- Increasing the capacity and competitiveness of European businesses and innovation enterprises.
- Increasing the participation of Romanian SMEs in the Community Framework Programme for Research & Technology Development.

Key resources

Key Partners

Regional Development Agency Centru form part of a consortium of 7 partners all working alongside a variety of national and regional stakeholders:

- Regional Development Agency Nord-Vest
- Technical University of Cluj-Napoca (UTC-N) Transylvania University of Brasov and National Institute of Research & Development of Optoelectronics-INOE 2000
- Technology Transfer Center (CENTI)
- The National R&D Institute for Electrical Engineering ICPE-CA- ECOMAT Business and Technological Incubator
- Transylvania Bank- Banca Transylvania

Regional Stakeholders: Chambers of Commerce in the Region, Business Support Organisations, Universities, Local and Regional Authorities.

National Stakeholders: National Authority for Scientific Research, FP7 National Contact Points, Romexpo Exhibition Center.

Funding & SME Contribution

Key Funding Body: 60% of the Network's funds are financed by the EC Competitiveness and Innovation Framework Programme with co-financing from both public and private partner resources (€464K) providing a combined budget of €2.76M. SMEs have free, unlimited access to business support services provided by the network.

Eligibility criteria

The programme is open to any type of SME; Target beneficiaries include all types of SMEs, microenterprises and research centres. Although focusing on SMEs, large companies are also eligible for support with no upper limit of employees or turnover.

Terms and conditions

Applicants must be from the geographical area covered by BISNet Transylvania: Regions Centru and Nord-Vest.

2. IMPLEMENTATION

Running from 2008-2014, 60 people have been involved in delivering the programme. Using a combination of events, training, 1 to 1 contact and marcoms activity, implementation has included:

- Raising awareness and dissemination of Network services; EU innovation and research related policies, financing opportunities, legislation, standards, public consultations.
- Advice on EU legislation, standards, accessing finance and direct contacts etc.
- Dissemination and support for accessing research and innovation funding.
- Assessing the potential of technology businesses, needs and funding opportunities; Technology and innovation transfer; IPR and protecting/exploiting ideas.
- Help to formulate project ideas and if required support to find the right partners.
- Proposal-writing and project management skills. Assistance for closing cooperation agreements.
- Support for business export and brokerage services; help to find new foreign markets, and new business partners.

8 BUSINESS & INNOVATION SUPPORT NETWORK

- Regional dissemination of existing regional business opportunities and foreign business opportunities.

Key Stats

Results to date for both regions participating in the programme include:

KEY MEASURE	2008 - 2011
Increased awareness of European enterprise network (EEN) services; (Innovation & Research, Financing, Business opportunities etc.)	
Companies benefitting from information services	101,564
Business representatives attending training & dissemination events	5,335
Companies benefitting from tailored information services	916
Increased Awareness of Regional Support; (Access to Finance, IPR)	
Companies benefitting from regional support services	757
Implementation of internationalisation support- /brokerage services	
Companies participating in brokerage events/company missions	220
Bilateral meetings arising from brokerage events/ on-site visists to other, normally transnational, companies and trade missions to exhibtions etc.	669
Partnership proposals (i.e. business cooperation/ technology offers, technology requests etc.)	276

What worked well?

- Set up and communication with the business support network representatives recommending and offering network services, especially during the first implementation period.
- The promotion campaign, raising awareness of the EEN and the services offered.
- Good cooperation with other regional stakeholders offering SME support.
- The involvement of company representatives in developing trade missions and brokerage events, facilitating contacts with companies abroad.
- Creation of partnership proposals and generation of new contacts between regional companies and potential overseas partners.

What didn't work so well?

- Initially sceptical of the concept of both free services and services available from a European Network, it took a lot of promotion and dissemination to convince companies of the benefits. Unfamiliar with participation and benefits from brokerage opportunities and events, companies needed a lot of convincing to get involved in international activity/trade.

- Companies opting out as a result of difficult methodology i.e. administration and paperwork.
- The reluctance of SMES to take up the services during difficult economic conditions.
- Time needed for the 7 partners to embed the new approach, the diverse/wide range of services offered and the work methodology involved.

3. KEY LEARNING POINTS AND OPPORTUNITIES

Appreciation of the initiative has grown as clients get more involved, feedback indicates that clients are very satisfied with services provided through the network.

Transferability

Key threats for the future and transferability identified to date include:

- Low participation of companies arising from difficult economic circumstances i.e. recession
- Political instability
- Lack of confidence in public bodies
- Lack of policies/inappropriate policies for SMEs support
- Integrity of partnership proposals produced inside the Network

Transferable practices include:

- The efficiency and effectiveness of the approach
- Access and membership of the EEN offering SMEs free business and innovation support services.
- Coordination of services providing a platform to develop new programs for supporting the SMEs
- The strong commitment to collaboration and a joined up offer from regional and national stakeholders involved

FURTHER INFORMATION

DIFASS You Tube Channel:
http://www.youtube.com/watch?v=1FAQGvlBjoA
Regional Development Agency Centru Web:
www.adrcentru.ro

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9 FAME SUPPORT FUND

1. SUMMARY OF GOOD PRACTICE

Overview and aims

BEJA GLOBAL is the focus of significant investment in infrastructure and economic development initiatives aimed at stimulating economic growth. The programme is based on integrating local policies and agencies to attract and support start-ups, micro firms and SMEs. It aims to attract entrepreneurial projects, particularly those most likely to export goods or services from the Beja region.

BEJA FAME is a financial instrument aimed at supporting new businesses in innovative sectors with lead partners; Beja City Council and a National Mutual Guarantee Association providing loans at a preferential interest rate in comparison to those available from other institutions. Key benefits of the programme range from extended repayment terms, on-going support in addition to subsidised interest rates.

Key resources

Key Partners

- **Camera Municipal de Beja -** Lead Partner
- **ADRAL Regional Development Agency** (Agência de Desenvolvimento Regional do Alentejo)
- **Banco Espírito Santo (BES) -** Commercial Bank
- **IAPMEI -** government business support agency
- **LISGARANTE Sociedade de Garantia Mútua -** Mutual Guarantee Scheme.

Funding & SME Contribution.

The Banco Espírito Santo (BES) provides 80% of the loan and the municipality the remaining 20%. Eligible companies can borrow up to 100% of the investment needed up to a maximum value of €45,000 per project. Partner administrative costs are estimated at 7% of investment costs. SMEs have up to 6 years repay loans and up to one year grace period before repayments begin.

Eligibility criteria

To benefit from the Mutual Guarantee System, companies need to meet the EU definition for an SME. Funding is aimed at micro and small enterprises operating in industry, commerce, tourism and tertiary sectors, priority is given to innovative projects, particularly high tech companies and companies most likely to export their products and services meeting the terms and conditions below.

Terms and conditions

The programme supports entrepreneurial projects which fulfil several conditions. Businesses need to:

- Be duly licensed and a start-up operating in the Beja region
- To demonstrate economic viability and be innovative, (helping to differentiate the region/city).
- Be a viable proposition and be eligible for, and adhere to, the mutual guarantee scheme

9 FAME SUPPORT FUND

2. IMPLEMENTATION

The success of the BEJA FAME programme is attributed to its simplicity, with SMEs benefiting from a mutual guarantee and a tailored package of support, rather than a specific programme.

The formation of a partnership involving the municipality and a Mutual Guarantee Association provides lending at a preferential interest rate in relation to the conditions of the market, helping SMEs reduce costs and minimise entrepreneurial risks. The mutual guarantee is a commercial fund, providing the Bank with a financial guarantee from the BEJA Municipality, enabling eligible businesses from sectors targeted by the BEJA region, to access credit.

Key Stats Results to Date

KEY MEASURE	2011
Applications Submitted	15
Applications Accepted	10
Funding Granted to SMEs	€0,5 M
Funding Invested by SMEs	€ 0,3 M
New enterprises started	10
Jobs Created	40

The application process is considered medium in terms of difficulty with decisions taking up to 3 months.

3. KEY LEARNING POINTS AND OPPORTUNITIES

Legacy benefits arising from the project include jobs created and contribution to economic growth. The simplicity of the programme, ease of access to finance and the mutual guarantee scheme have been the most successful aspects of the programme; with the least successful aspect its limitation to small firms. Removal of Bank funds currently contributed to the overall funding mix is the key threat to the programme.

Transferability

Beja is reinventing itself as a "service city", increasingly oriented towards the knowledge and sustainability economy. The regions strategy of driving up growth by collaborating with all the stakeholders involved to develop its infrastructure, attract inward investment, focus on new technologies as well as encouraging and supporting SMEs through a mutual guarantee scheme is a similar approach adopted by other European cities and transferable to other regions.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/d7Zg532xzxo
Camera Municipal de Beja:
http://www.cm-beja.pt
ADRAL Regional Development Agenc:
http://www.adral.pt/
Banco Espírito Santo (BES):
http://www.bes.pt/
IAPMEI Instituto de Apoio às Pequenas e Médias Empresas e ao Investimento:
http://www.iapmei.pt/
LISGARANTE Mutual Guarantee Scheme:
http://www.garantiamutua.com/

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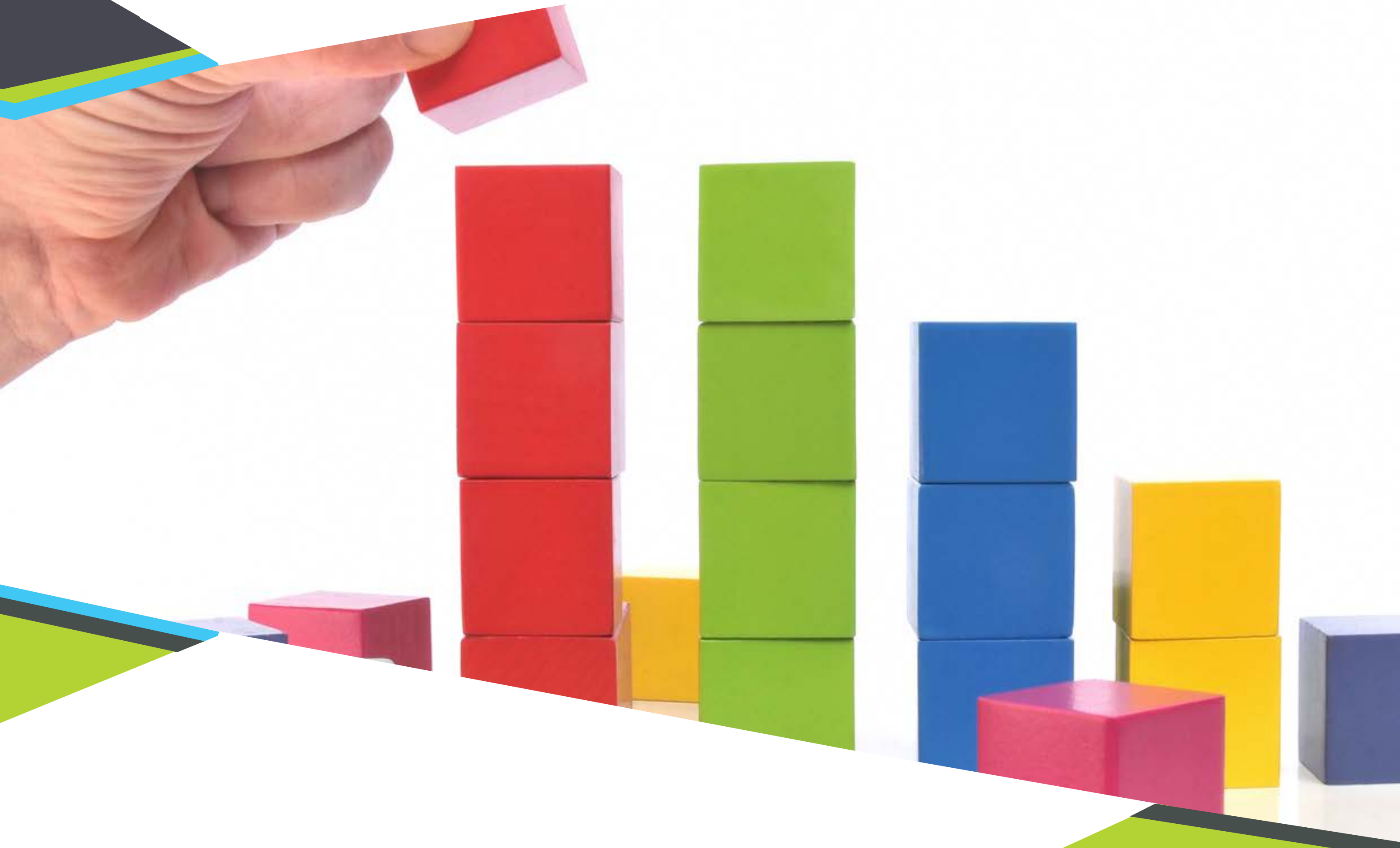
Guidance to Finance and Loan Guarantee Schemes



Introduction

Quite often, especially in periods of economic crisis, SMEs have difficulties to access bank credit. It occurs especially when SMEs do not have sufficient collateral to offer. Guarantees are a response to the difficulties to this lack of access. A guarantee is a financial commitment provided by a guarantee company on behalf of the SME to the bank; it replaces the missing collateral by the SME and permits a bank to offer the loan, that otherwise would not be offered. The guarantee usually does not cover more than 80% of the bank loan, leaving 20% of the risk with the lender. The SME remains liable for the loan.

Guarantee schemes appeared as mutual guarantee companies. They were associations of small merchants and/or small companies. Contemporary institutions have been the result of the evolution of simple structure appeared at the 19th century. Economic and social crisis favored the development of guarantees that was reinforced by government's support.

Guarantee schemes are presented under several forms, distinguished by: the level of public involvement, the existence of counter guarantee society, the existence of a unique institution or several working on a regional or professional basis. In some countries both systems, public and private, coexist. Some systems were already established at the beginning of the 20th century and others, the new ones, were established mainly in the 1990's in European Union countries.

During the crisis period the average size of guarantees grew considerably, as a consequence of SMEs' difficulties on financing. According to the European Association of Mutual Guarantee, the number of outstanding guarantees passed from less than 1,5 million on 2006 to almost 2,2 millions on 2013 while the volume of guarantees rises to 80 billion Euros against 30 billion on 2000. The number of beneficiaries SMEs passed from 1,7 millions on 2006 to almost 3 millions on 2013. Italy is the main beneficiary country, (43% of outstanding guarantees towards AECM total), followed by France (21.5%), Germany (7.5%) and Spain (6%).

10 ERDF REGIONAL GUARANTEE FUND

1. SUMMARY OF GOOD PRACTICE

Overview and aims

The economic structure of Sardinia makes it difficult for SMEs and micro businesses to access credit channels. Set up in 2009 as a result of regional policies, the Regional Guarantee Fund aims to facilitate access to credit for Sardinian based SMEs. The Fund enables co-counter and/or direct guarantees on financial transactions granted by Consortia Fidi (guarantee consortium), banks or leasing for business companies. Guarantees can be used to enable viable SMEs to access new sources of funding or refinance existing loans. The management of the Fund is entrusted to SFIRS, the in-house financial company of the Autonomous Region of Sardinia set up to implement the guarantee policies and plans of the Regional Centre for Planning.

Key resources

Programme Partners

The Regional Centre for Planning
SFIRS – the in-house holding company
13 'Consortia Fidi' (Guarantee Consortium)
9 Banks and Leasing Companies

Funding Body & SME Contribution

The Fund is supported by a total budget of €243.2M; €5M from regional resources, €5M from national resources and €232.2M from the EU The fund provides guarantees, (not finance i.e. loans or grants). Guarantees issued to SMEs by the Fund are subject to value limits of €1.5M per transaction subject to 'De Minimis' criteria and €2.5M per business subject to criteria associated with the State guarantee scheme.

Eligibility criteria

Open to sectors in the trade, manufacturing, construction, tourism, service industry and in some cases the agricultural sector, SMEs must have their headquarters in the Sardinian region and be up to date with tax and social security contributions. The criteria used to assess applications is determined by the length of time a company has been trading, with newly constituted companies (newco) operating for <3 years, start-up companies operating for 3-5 years and consolidated companies active for > 5 years all eligible for the scheme.

Terms and conditions

The percentage of guarantee awarded depends on the nature of the guarantee:

- Direct guarantees can reach 60% of the loan granted and up to a maximum of 80% in cases of innovative investments
- Counter-guarantee can achieve up to 80% of the guarantee granted by the Consortia ConFIDI
- The co-guarantee system grants up to 40% of the credit guaranteed equal to the guarantee granted by ConFIDI. (This guarantee can be free of charge if it applies to the aid status associated with De Minimis).

2. IMPLEMENTATION

Businesses seeking funding can apply to one of the 13 Consortia Fidi for co/counter guarantees and to one of 9 Banks/Financial Institutions participating in the scheme for direct guarantees.The Consortium Fidi or Bank concerned undertake an initial assessment of the application and if considered a viable proposition, submit a request for a guarantee of the financial instrument selected to SFIRS for the final assessment.

Eligible transactions for ERDF Regional Guarantees include:

Lending/Re-Financing

- To consolidate or extend short-term debt/ bank finance and unused loan potential
- To renegotiate loans/funding for rate reduction and reduce the cost of instalments

New Funding

- For financial transactions of any kind – to obtain additional finance to that already in place for a minimum of 12 months and a maximum of 18 months or until the natural expiry date, whichever happens first
- Financial transactions with a lifetime of not less than 18 months and not more than 144 months
- To cover investment programmes aimed at supporting processes of growth and innovation.

10 ERDF REGIONAL GUARANTEE FUND

The current turnaround time for assessment and notification of decisions is 45-60 days with the application process considered to be of medium difficulty. Marketing activity has been used to publicise the availability of the Guarantee Fund and the Banks/Financial Institutions involved provided with training and coaching to strengthen their knowledge of the scheme.

Key Stats

Results from September 2010 (the programme start) to 31st December 2012 are as follows:

KEY MEASURE	Estimated total
Applications Submitted*	1675
Nos of Applications Submitted for Assessment	1637
Applications Approved	1332
Value of guarantees granted to successful SMEs**	€75.5M
Value of credit lines issued as a result of guarantee investment	€249.8M

*1573 Counter Guarantees/102 Direct Guarantees
** 80% of the amount requested

95% of applications are for counter guarantees, with direct guarantees launched in March 2012 accounting for 6% of applications received to date.

3. KEY LEARNING POINTS AND OPPORTUNITIES

What worked well?

Accreditation process for Consortia Fidi
Agreements with banks and credit institutions

What didn't work so well?

It took a lot of time to create the network with consortia and banks so although the instrument was set up in 2009, it didn't become operational until September 2010.
Operational requirements for banks included formal accreditation and the signing of a general agreement with the national bank association enabling banks to operate the scheme.
Other aspects that didn't work so well included the use of postal application procedures and the development of a web based support service and database, (not used as anticipated by stakeholders/businesses).

Planned Improvements to implementation procedures include:

- An agreed definition of the criteria of outstanding loans / credit lines capable of being secured together by banks and CONFIDI;
- An online application process and marketing and awareness raising of the Guarantee Fund;
- Amendments to the 'Rules of Implementation' of the Fund and an in depth review of the application process for agricultural companies

Legacy

A formal assessment of the impact and legacy benefits will be undertaken this year. With one third of the resources of the instrument used to date, partners expect requests for guarantees to increase 'at a time of economic crisis'

Transferability

Networking with the main stakeholders involved, particularly banks who have direct relationships with businesses is a very crucial point Reliant on funds from ERDF

FURTHER INFORMATION

http://www.sfirs.it
http://www.regione.sardegna.it
DIFASS You Tube Channel:
http://youtu.be/sfnu9JygopY

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11 REGIONAL SEED FINANCING FORUM

1. SUMMARY OF GOOD PRACTICE

Overview and aims

With no funds available to help finance businesses, the Teknikdalen Foundation needed to find alternative solutions to help SME Entrepreneurs at their Incubator gain access to the finance they need to help them to grow.

The Regional Seed Financing Forum was set up to provide an organised platform that enables early stage growth companies to pitch their ideas to a range of private and public investors offering loans or grants. The Forum aims to facilitate contact between possible funders and at the same time, improve the company's pitching ability, helping them to access the third party funding available.

No decisions are made at the Forum itself, it is not a decision making forum. Business ideas are submitted and loans, grants and other financial instruments are discussed. Prospective funders use the information and their impressions to follow their own decision-making process. The Teknikdalen Foundation does not take any stake equity or interest in the companies they work with, they are totally objective.

Key resources

Programme partners

Key Partners include:

Commercial Banks and Private Investors (not currently including Angel Investors/Venture Capital providers)

Almi - State/Regional Funders

The County Administrative Board

Regional Business Incubator; experienced business coaches

Funding: Funding Body & SME Contribution.

No funding is involved. The purpose of the Forum is to introduce businesses to potential sources of funding.

Eligibility criteria

The Forum is open to all start-up companies with growth potential located at the Incubator – no other criteria or terms and conditions are required.

2. IMPLEMENTATION

Guided by its motto of ‘Keeping It Simple’, the Forum uses a very simple process:

STEP 1

Partners and businesses are bought together around a table.

STEP 2

Using a predesigned form and agreed format the entrepreneur delivers their pitch. The pitch, normally 15 minutes, is followed by a Q & A session.

STEP 3

The entrepreneur gets immediate feedback; partners provide direct verbal feedback on what was good, what was not so good and what could be improved.

STEP 4

The entrepreneur then leaves the room enabling partners to discuss their overall impressions.

FOLLOW UP

No funding decisions are made at the Forum itself. Prospective funders use the information and their impressions of the entrepreneur’s pitch to follow their own decision-making process. The amount and terms of any investment arising from the Forum is agreed between the parties involved i.e. the business itself and potential financiers. This also includes circumstances where more than one funder may express interest in the company leaving it to the business to decide which funder to sign up with.

11 REGIONAL SEED FINANCING FORUM

- Companies receive advance guidance and support from Incubator staff to help them prepare their pitch. Although all businesses at the incubator are strongly encouraged to make a pitch, participation is voluntary, not compulsory. The application process itself is exceptionally easy.
- Even if the company does not need any capital, the Forum provides them with early exposure to external financing. Providing them with the opportunity to experience the process and test and check the viability of their idea, before investing their time and resources. The company gains invaluable feedback on their idea at an early stage of development.
- The Incubator plans to run 4 half day Forums attended by 3-4 companies each year. Managed using existing resources, the Forum is organised by 2-3 staff from the Teknikdalen Foundation who also provide training and coaching to help prepare businesses for their pitch.

Key Stats

The Forum started in 2008 but has recently been reorganised therefore reliable results and outcomes are not yet available.

3. KEY LEARNING POINTS AND OPPORTUNITIES

The Regional Seed Financing Forum reports a range of benefits arising from the programme for banks, investors and the Incubator as well as the businesses themselves:

- **Banks** advise that they want to be involved in the early stages of the company's development, even if they cannot lend money to early stage businesses; they want to be part of the process at the outset. The Forum provides them with the opportunity to spot potential customers as well as discuss their impressions of each pitch and exchange views with other partners.
- **Business Incubators** benefit by having companies who are better prepared to appear before investors. Feedback from the Forum has also helped the Incubator improve the advice and support given to companies and helped them attract more interest and companies to the Incubator itself.
- **Businesses** benefit from training, enabling them to deliver an effective in pitch in front of people who have funds available and a chance to access finance at one meeting. They also get immediate feedback. The training helps the business prepare and cover the right issues i.e. not to talk too much about the technology involved but focus on client marketing and revenue streams.

Spintos International AB, a former incubator business who has developed a bespoke real time watch with a range of innovative features for Football Referees used the Regional Seed Financing Forum to pitch their idea and access finance. Provided with advance training to downplay the technical aspects of their product and enhance the client value, their pitch was successful. Helping them to realise that the domestic i.e. Swedish market was too small, the Forum enabled them to access necessary finance to engage the Swedish Trade Council which helped them enter into the wider overseas markets.

Legacy

The Forum has provided a cost effective model enabling start-up companies to test the viability of their ideas at the outset, be better prepared for meetings with investors and when the timing is right gain access to finance. Entrepreneurs are good at developing products and services, Investors are good at making money, the Regional Seed Financing Forum brings them together

Transferability

Easy to implement with low costs.
Banks in other countries may not be interested.
The model is only open to Incubator based businesses, a small proportion of start-up businesses.

Threats

A lack of the Incubator resources needed to help prepare and organise the Forums.
Insufficient interest from Investors.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/U_l5TDuBBUQ

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12 BMV EXPRESS

1. SUMMARY OF GOOD PRACTICE

Overview and aims

The purpose of the BMV Express 'quick guarantee' loan scheme is to help viable, SMEs and self- employed professionals access the finance needed to help them compete and grow their business.

Providing lenders with up to 70% guarantee of the value of each individual loan approved and proposed by the lender, the Buergschaftsbank Mecklenburg-Vorpommern (BMV) aim to provide a simple, fast track guarantee service for established SMEs. Guarantees can be advised in 24 hours and can be used to guarantee loans to finance investments, inventories and equipment, but cannot be used for rescheduling of debts.

Key resources

Funding: Funding Body & SME Contribution

BMV provide guarantees of up to 70% of the value of the loans for loans ranging from €35,000 (€25,000 guarantee) and the maximum €150,000 (€105,000 guarantee). Smaller value loans can be made available in exceptional cases. BMV charges include €150 for processing each application plus 1% pa of credit amount. (Loans guaranteed by BMV attract lower interest rates).

Eligibility criteria

Open to SMEs and self-employed professionals located in the Mecklenburg-Vorpommern State of Northern Germany. The scheme is not open to entrepreneurs or start-up businesses.

Terms and Conditions

The term of each guarantee is dependent on the purpose of the loan. Guarantees for loans to purchase inventories and supplies have a maximum lifetime of 8 years; investments 15 years and structural property i.e. buildings/construction up to 23 years.

2. IMPLEMENTATION

BMV have three guarantee instruments:

Guarantee Scheme	Threshold	Typical Assessment (days)
BMV Express	€105,000	24 hours
BMV Classic (Self Competence Guarantee)	€120,000	14 days (to allow for the time needed to source coaching/ consulting services provided)
BMV Classic (Approval Panel Guarantee)	€1M	3 weeks

Businesses seeking finance approach the local Bank holding their business account who complete an interactive online application enabling an instant assessment. Eligible applications are then automatically forwarded to the guarantee bank, i.e. BMV, for assessment and decision.

Applications for loan guarantees of €1M or more must be supported by a statement from the Chamber of Commerce and are subject to a Panel review.

12 BMV EXPRESS

Approval of the guarantee is subject to the provision of 5 key requirements:

One annual financial statement, (or cash statement for businesses trading for < 18 months)

- Personal capital i.e. assets
- A positive balance after withdrawals. A positive EBITDA (Earnings before Interest, Taxes,
- Depreciation & Amortisation)
- No negative indicators (no account overdraft > 30 days, court orders, statutory declarations etc.)
- A credit rating (Creditreform) of < 300

With a purpose built software package developed by an external software provider and BMV staff, the online process provides the facility for instant assessments.

Key Stats

Key results in 2012.

KEY MEASURE	Estimated total
Applications Submitted	74
Applications Accepted	68 (91,9%)
Funding Granted	€3,894K
Funding Grnerated By Beneficiary	€5,563K

3. KEY LEARNING POINTS AND OPPORTUNITIES

What worked well?

- Procedure run by local bank who know their customers.
- Good collaboration between local bank (public or private bank).
- No public administration is involved at decision-making.
- An easy/simple application process; standardised process, real time response and approval.

Strengths

Approval/guarantees within 24 hours. Clearly defined standards of credit worthiness (5 criteria) Competitive ‘cost of finance’, despite costs associated with the guarantee.

Weaknesses

Start-ups and entrepreneurs excluded. Funding criteria excludes rescheduling of debts

Transferability

Possible to promote scheme/process to other regions subject to gaining regional commitment
Good opportunities for an existing guarantee bank to create and implement a similar product.

Legacy

Proven, fast process. Provides a sustainable guarantee to stabilise SMEs/businesses

FURTHER INFORMATION

DIFASS You Tube Channel:
http://www.youtube.com/watch?v=iKa-38gJz6E

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13 ETEAN

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Set up in 2011 as a legal entity and successor to the Guarantee Fund for Small and Very Small Enterprises, (TEMPME), ETEAN is a national initiative supervised by the Bank of Greece which aims to facilitate the access of Micro Businesses and SMEs (MSMEs) to the financial market. Entrepreneurship is a top priority in Greece and ETEAN offers a portfolio of innovative programmes focusing on specific activities aimed at offsetting risks for a risk adverse banking sector, helping to support entrepreneurs and encourage economic growth. Programmes include innovative special purpose funds, co-financing loans and/or guarantees at attractive terms as well as extensions of guarantees and co-guarantees. Other programmes include development of a Business Angels Network and Mediterranean Business Angel Market, an Entrepreneurship Fund and a Guarantee Provision for the issue of Guarantee Letters addressed to suppliers of goods and services, the only active programme currently avail ble. Located in Athens, ETEAN has no regional branches and operates its service through indirectsecondary networks of approved banks. Aid is given to MSMEs in the form of guarantees and loan subsidies. SMEs apply to any of the banks participating in the schemes who in turn act as agents requesting the guarantee facility from ETEAN.

Key resources

Programme Partners

Led by ETEAN the scheme is run in association with 13 Commercial lenders (5 of them cooperative banks) acting as approved agents for the scheme.

Funding: Funding Body & SME Contribution

ETEAN manages a fund provided by the Greek government and the EU. The Fund is fully owned by the Greek State bearing an initial share capital of €1.7BN, of which €1.5BN is in Greek Government Bonds (GGBs) and approximately €213M in cash. Incentive Laws mean that SMEs must provide a minimum of 25% of the investment requiredwith 25-50% provided by the state.

Eligibility criteria

The programme is open to all Micro, Small and Medium Enterprises from start-ups, new and established businesses and any legal businesses operating in the region subject to quota subsidies and the overall subsidy percentage defined in the “Regional state aid map”.

Terms and conditions

The Guarantee facility remains open to MSMEs until November 2013 and/or when the Fund is used. Letters of guarantee issued to eligible businesses for use with suppliers of goods and services are valid for a maximum of two years with guarantees ranging from €10-150K.

2. IMPLEMENTATION

ETEAN act as administrative agents for three portfolios of MSME funds enabling eligible Entrepreneurs to access funds for investment loans (for assets and equipment) and working capital. The Guarantee Provision for the issuance of Guarantee Letters, addressed to suppliers of goods and services, provides MSMEs suppliers with an assurance of their ability to pay for the goods and services they need to conduct their own business. With a minimum facility of €10K and a maximum accumulative guarantee limit of €150K companies can apply for up to 3 Guarantee letters which can be used to participate in tenders, to enable them to undertake their contractual responsibilities and to receive an advanced payment. With a total programme budget of €45M (enabling issue of letters of €90M), ETEANs Guarantee covers 50% of the value of each letter, with ETEAN charging a commission of 0.5% on the loan value. Undergoing a two stage evaluation process* the Guarantee scheme is subject to evaluation and approval by the Bank and ETEAN.

13 ETEAN

Step 1

The company applies to a co-operating bank, completing a standard ETEAN form

Step 2

The bank:

- Process the application and checks the availability of ETEAN programme funds
- Undertakes a standard evaluation of the SME's credit history
- Assesses the risk and issues an e note to ETEAN of the outcome

Timescale: 15 working days

Step 3

ETEAN:

- Undertakes automated checks to verify the eligibility of the applicant
- Uses both the banks and its own assessment to decide on the outcome
- Informs the bank of its decision

Timescale: 10 working days

Step 4

The bank:

Informs the company of the outcome of the process

Key Stats Results to Date

Set up in 2011 and trading for 3 years, results for the ETEAN and TEMPME programme up until October 2012 are as follows:

KEY MEASURE	Results to date
ETEAN & TEMPE programme	**Western Macedonia**
Loans granted	€143 M
Guarantees awarded	€114,3 M
Number of Beneficiaries	1.893
Jobs Preserved at a Regional Level	4.141

3. KEY LEARNING POINTS AND OPPORTUNITIES

Legacy

Although a national tool, the low interest rates for loans/guarantees and level of investment and private investment generated by ETEAN schemes has had a positive impact on the Western Macedonia Region. However, the financial repercussions arising from the economic crisis has created liquidity problems for national banks who don't give any loans to companies waiting for 'recapitalisation'. Originally considered easy to access, the economic crisis has made access to the full range of funding and programmes originally provided by ETEAN more difficult.

What worked well

Strong public/state support in deteriorating conditions for MSMEs. Figures show that many MSMEs have benefited from ETEAN programmes The programme means that the ‘risk’ is shared by three parties; the region/state, bank and the SME, rather than two parties (the SME and the Bank) Overall, funding increases liquidity, which in turn, increases company competitiveness

What didn’t work so well?

The assessment process is viewed as overly bureaucratic and could benefit from simplification There is no provision for parallel support i.e. consulting or training, which could be useful for many, companies e.g. those with poor financial management skills.

Lack of decentralisation

Transferability

The programme has provided flexibility for mature companies and start-ups in almost every sector, for any kind of intervention, (investments, working capital and guarantee for tenders) Risk sharing 50-50 The opportunity for centralisation and quick electronic procedures.

Threats

Economic crisis

More restrictive laws on EU Grants/Subsidies

FURTHER INFORMATION

http://www.pdm.gov.gr

DIFASS You Tube Channel:

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14 ENTERPRISE FINANCE GUARANTEE SCHEME

1. SUMMARY OF GOOD PRACTICE

Overview and aims

The Enterprise Finance Guarantee (EFG) is a loan guarantee scheme aimed at encouraging lending to viable SMEs. Introduced in January 2009 in response to the credit crunch the EFG was set up to replace the previous Small Firms Loan Guarantee Scheme and address market failure in the provision of debt finance; helping those businesses lacking the adequate security or proven financial track record needed to obtain normal commercial loans. Providing approved lenders with a 75% government backed guarantee of the value of each individual loan approved and proposed by the lender, the EFG aims to facilitate lending that would not otherwise take place. Open to most sectors, lending criteria are made by the lender with government providing a guarantee, playing no role in the loan decision process itself.

Key resources

Programme Partners

Led by the Department for Business Innovation and Skills (BIS) the scheme is administered by a managing agency with 43 commercial lenders including main 'High Street Banks' who account for 90% of the Guarantees, acting as approved agents for the scheme.

Funding: Funding Body & SME Contribution

Funded by a State budget of £33.7M (2011), loans are subject to an Annual Claim Limit. Business costs include an annual premium of 2% over the standard interest rate towards the cost of providing the guarantee or facility limit in addition to the normal costs and fees charged by the lender.

Eligibility criteria

EFG is open to UK SMEs in sectors with an annual turnover of < £41M who are unable to provide any/sufficient additional security to lenders (normal De Minimis rules apply). Agricultural, fisheries, coal, transport and forestry sectors are excluded from the scheme.

Terms and conditions

EFG loans range from a minimum of £1,000 to a maximum of £1M with normal repayment terms ranging from 3 months to 10 years. The EFG scheme can be used to:

- Finance new term loans, for working capital or investment purposes e.g. R & D
- Refinance existing loan terms, where the loan is at risk due to deteriorating value of security or where the borrower is struggling to meet existing loan repayments
- Convert part of, or all of, an existing utilised overdraft to a term loan, to release capacity in the overdraft to meet working capital requirements
- Provide a guarantee on invoice finance facilities to support an agreed additional advance on a SME's debtor book to supplement the invoice finance facility on commercial terms already in place (available for terms up to three years)
- Finance an overdraft guarantee, providing a guarantee on new or increased overdraft borrowing where the SME is viable but has inadequate security to meet a lender's requirements for the overdraft

2. IMPLEMENTATION

Key Steps - How it Works

Management and day to day operational activities associated with the EFG scheme are resourced by a managing agency employing six staff:

STEP 1

Businesses seeking debt finance can approach one or more of the participating lenders, primarily commercial banks.

STEP 2

Lenders assess loan applications against the standard lending assessment necessary for a commercial loan.

Step 3

If the lender considers the business is viable, but lacking the necessary security needed to meet normal lending requirements, the lender considers an EFG option.

STEP 4

If considered appropriate the lender records details of the borrower, confirming their eligibility and loan facility required via a secure Web Portal

STEP 5

The application goes through the Lender's credit sanctioning process. Eligibility for EFG is confirmed once the proposal has been credit sanctioned and funds agreed by the managing agency. The government plays no role in the loan decision process itself.

14 ENTERPRISE FINANCE GUARANTEE SCHEME

- EFG can only be used to support businesses considered able to repay their loan in full, the scheme cannot be used to provide a temporary fix for unviable businesses.

  As in standard commercial practice lenders are entitled to take security and/or personal guarantees, ensuring a personal commitment to repayment from the business, (but under EFG guidelines not a charge over a principal private residence). This also ensures a three-way risk sharing between borrower, lender and the government.
- The borrower is responsible for repayment of the total (i.e. 100%) EFG facility, not just the 25% outside the coverage of the of the government guarantee.
- Lenders are obliged to follow their standard commercial recovery procedure and if necessary realisation of security where defaults occur before making a claim against the government guarantee.
- The guarantee provides protection to the lender in the event of default by the borrower, (it is not insurance for the borrower in the event of their inability to repay the loan).

Key Stats

20,000 loans have been offered and 17,500 loans representing a total loan value of £1.8Bn, accounting for 2% of the commercial loan market place, have been drawn down since the programme started in 2009. Evaluation of data relating to the 2009 cohort of 6,724 businesses assessed in 2012, is as follows:

KEY MEASURE	Estimated total
Number of Jobs Created	6500
Nos of Jobs Saved	12,400
Net Additional Sales Created	£1344M
Net Additional Gross Value Added (jobs created)	£567M
Net Additional Gross Value Added (jobs saved)	£704M
Net Additional Labour Productivity	£332M
Net Exporting	£460M
Net Economic Benefit Total/ Per Exchequer	£1,092M/£33.50

Current default rates are 28%, lower than the previous scheme, but higher than other standard commercial loans. 63% of applications take longer than 1 month to process. Associated administrative costs are £800K (€938K).

3. KEY LEARNING POINTS AND OPPORTUNITIES

Survey results published in Feb. 2013 report the scheme is addressing market failure and is an important source of funding for businesses otherwise refused finance. EFG borrowers have fared well in terms of employment and sales growth compared to non-borrowers in 2009-12 from EFG businesses growing by 33% and employment by 21%. The scheme has provided a net benefit and net economic gain of £1.1Bn to the UK economy.

What worked well

The BIS premium (2%) appears to be set at the right level with 4 out of 10 businesses reporting that they would have been deterred from drawing down the loan if it had been raised to 3%. The changes to eligibility from the predecessor scheme have enabled improved access from a wider range of businesses to the scheme, e.g. new businesses started by young people.

Challenges/Weaknesses

Policy changes introduced in 2010 set a 20 day target to process applications. Banks still apply their standard credit scoring process, so there is no change to Banking systems for this scheme. There is no data available on how many people were put off from applying, or of those offered, why 2,500 loans were not taken up.

Transferability

Opportunities: Viewed as a simple National scheme and viewed as relatively simple to introduce. Provides quick support to SMEs with a simple process of evaluating projects **Threats:** Needs ongoing state/central bank involvement.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://www.youtube.com/watch?v=ecVh-oMOvzU

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15 NATIONAL LOAN GUARANTEE FUND

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Introduced in 2001 by the Romanian Government, the aim of the National Loan Guarantee Fund (NLGF) is to help viable SMEs lacking adequate security to access finance by providing commercial banks and other financial institutions with guarantees for a range of different funding instruments.

Set up as a joint-stock non-banking institution, with the Ministry of Economy, Trade and Business Environment appointed as the sole shareholder, the scheme is operated in 22 regions throughout the country.

Key resources

Programme Partners

- Commercial Banks
- Non-banking Financial Institutions located in Romania
- FNGCIMM SA–IFN has 30 Guarantee Agreements with commercial banks and financial institutions operating the scheme. Agreements stipulate the contractual obligations of each party; the value and payment of guarantee commissions and calculation and payment of the guarantee granted.

Funding: Funding Body & SME Contribution

Operated by the Government through the National Bank of Romania the scheme provides guarantees, (not finance i.e. loans or grants).

Eligibility criteria

With the exception of businesses involved in the arms and ammunition or gambling and betting sectors the scheme is available to all types of SMEs legally registered in Romania.

Terms and conditions

The Fund can only be used to issue guarantees and Guarantee Agreements signed with the commercial banks and non- banking financial institutions approved by the scheme;

The Fund provides guarantees of up to 80% of the amount awarded over the lifetime of a loan, charging a commission of between 1.3% and 3% for the facility.

2. IMPLEMENTATION

How it Works

Using a range of instruments; bank guarantee letters, letters of security, personal investment and bridging loans the scheme guarantees:

- Medium and long term financing; investment loans including loans for the construction, rehabilitation, consolidation, expansion of industrial and commercial buildings and purchase of equipment
- Short-term financing for working capital, bank guarantee letters and any other type of financing, except refinancing of old debt, requiring guarantees.

Key steps for obtaining the guarantee:

STEP 1

The company submits a standard bank application to one of the banks participating in the scheme and requests a guarantee from NLFG

STEP 2

The bank/financial institution assesses the loan documentation and if considered eligible, submits a request to the NGLF to share the risk and issue a guarantee

STEP 3

The Fund undertakes its own analysis, and subject to approval, issues a guarantee and signs the guarantee letter with the bank. Decisions are made in 7 days

STEP 4

The lender informs the company of the outcome of the process and signs the loan contract with the company.

Four other types of guarantees are provided through the NLGF, for instance through subsidiary funds.

Key Stats - Key results 2011

KEY MEASURE	Total	Value
Applications submitted at regional level	265	€43.9M
Applications Approved:		
Sfantu Gheorghe LGF		€8.7M
FNGCIMM		€28.1M
Total Applications approved at regional level	212	€36.8M
Jobs Supported	4,000	
Commission fees charged on guaranteed amount	1.3-3%	

3. KEY LEARNING POINTS AND OPPORTUNITIES

Key learning points:

What worked well for SMEs

- Availability of guarantees granted by the Fund has eliminated the main cause of loan refusals.
- Establishing a direct relationship with a local agent i.e. Bank enables a faster response to any questions arising from applications, reducing any delays in the application process. Decisions are made in 7 days.
- The uncertainty of loan/ guarantee letters approval is reduced.
- Removing the need for personal real estate security reduces the costs for loan/guarantee letters and makes bank financing more flexible.

What worked well for Banks/Financial Institutions

- The provision of 'irrevocable and unconditional guarantees' of up to 80% from the FNGCIMM offsets the risk for Banks/Financial Institutions involved.
- If SMEs default on payments, banks can recover their money from the scheme more quickly; funds guaranteed through the scheme can be recovered within 90 days after the commencement of judicial proceedings.
- Reduction in the number of provisional loans issued.
- An increase in the number of loans issued to viable businesses lacking security without the need for additional personal guarantees.

What worked well for the FNGCIMM SA – IFN

- Local representation enables banks to offer the right products to the right beneficiaries;
- Demand for guarantees is high. Developing an online application process and setting a maximum ceiling/threshold for funds enabled a significant reduction in assessing applications and issuing guarantees.
- Good cooperation with governments and key partner financial institutions
- Comparisons of 2011/2012 results show a 12% increase in securing grants with 11,000 SMEs securing grants of €700M, (up by 37% in the previous year).

At present FNGCIMM SA–IFN has proven a good instrument for supporting the development of the SME sector in Romania. 'The prudent management of the Fund' against a background of a reduction of non-governmental loans granted during 2012, has seen the number of default payments decrease and the scheme 'generating a net profit of approx. €6.1M, the highest level of the overall activity of the institution'. (FNGCIMM)

Transferability

Transfer opportunities arise from:

- Involving public, national or regional, administrations, improving the functionality of national bodies i.e. governments and national banks running national schemes
- The ability of the scheme to adapt its approach to the diverse requirements of SMEs, optimising internal structures and processes, flexible funding covering a range of sectors
- Removing the need for personal guarantees from SMEs optimising approval of loans
- The principle of 'risk sharing'

Threats for the future and transferability:

- Withdrawal of public administration and national support
- Changes in government policy supporting SMEs

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/hUN_6r9Hs1I

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Mixed Grant and Non Grant Support Schemes

Introduction

Small and medium-sized enterprises (SMEs) are considered to have an important role in the economic development of the countries of the European Union (EU), they are an important source of economic growth, employment and innovation at a national and regional level. Given the role of SMEs in the economy their support is considered necessary. It can have several forms as for example: support for research and development or the creation of networks. The European Union, national and regional authorities and organisations try to help SMEs mainly with financial support but also technical support by creating appropriate frameworks for SME development, for example via start up incubators.

Financial support to SMEs is provided through several specialized programs with diverse financial sources. The specialized programs offer many types of grants in the EU countries. Most public financing programs at national and regional level are funded from European Union sources. The EU can participate directly to a national and regional program or indirectly by funding regional or national funds. The EU septennial financial framework, of 1 trillion Euros, is a main source and focuses on sustainable growth and the preservation and management of natural resources.

The structural funds are the largest Community funding instruments benefiting SMEs, through the different thematic programs and community initiatives implemented in the regions. The beneficiaries of structural funds receive a direct contribution to finance their projects. The EU has two main structural funds from which SMEs may benefit: the European Regional Development Fund (ERDF) and the European Social Fund (ESF). The ERDF co-finances activities on entrepreneurship, innovation and competitiveness of SME, the improvement of the regional and local environment for SMEs, and interregional and cross-border co-operation of SMEs. The ESF finances activities in order to increase of the adaptability of workers and enterprises, enhance the access to employment and participation in the labor market and reinforce the social inclusion.

16 CENTROPE TRANSNATIONAL INNOVATION

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Set up as a transnational financial instrument in 2010, the aim of the Centrope Innovation Scheme was to set up an international community of service providers for technology transfer and innovation. Acting as an agent for innovative businesses, the CCT scheme facilitated knowledge exchange and cooperation between businesses in the central European i.e. Centrope region and expert R&D institutions from across the four regions participating in the scheme, irrespective of their country of origin.

Operating through a fully subsidised voucher system, the scheme provided access to financial support for up to 50 transnational science/R&D institutions to business research partnerships in the bordering regions of Austria, Czech Republic, Slovakia and Hungary.

Key resources

Programme Partners

The intermediary and financing organisations included:

15 Partner Institutions establishing the tools to stimulate cross border technology transfer. Knowledge Providers, R&D institutions/facilities, Universities, research centres. Regional Contact Points/ Project Approval Committee (PAC). Centrope team members; 7 organisations representing 7 regions involved with monthly face to face/virtual forums.

Funding: Funding Body & SME Contribution

Supported with funds from the Central European 2007-2013 Transnational Cooperation Programme, the Centrope budget was €250K, enabling 50 SMEs to benefit from €5,000 investment capital.

Eligibility criteria

The Centrope scheme was open to all registered SMEs established/located in CENTROPE regions; Lower Austria, Burgenland, (Austria); Ihmoravsky Kraj; (Czech Republic); Bratislavsky Kraj and Trnavsky Kraj (Slovakia), West-Transdanubian Region (Hungary). Priority was given to technology orientated service projects and activities that demonstrate innovative and scientific approaches.

Terms and conditions

Supported activities included:

- Development of new products/prototypes
- Preparation of a Business Plan for innovative products
- Development of new concepts, pre-feasibility and feasibility studies, studies for problem solving
- Development of a new service
- Tailored training in new technologies
- Product/service testing
- Economic impact assessment of new technologies
- Analysis of technology transfer potential
- Purchase of raw materials

2. IMPLEMENTATION

Running from 2010-2012, the 3 key components of the scheme included the Centrope R&D Map, the Centrope Academy and the Centrope Cooperation-voucher.

Aimed exclusively at providing support for transnational cooperation, Centrope TT project partners were responsible for marketing and promotion, providing technical assistance, i.e. helping applicants to prepare applications. Partners also participated on the Project Approval Committee.

Centrope TT used the learning points from previous voucher schemes and practice to develop a trilateral service contract between the SME, R & D Provider and national partner/contact point and a simple online application form/guidance process for applicants. Applications were presented in person to the committee with decisions made by a simple majority.

With a maximum deadline of two months, partners were responsible for sourcing the most suitable R&D providers from the transnational R&D network for the winners, sourcing R&D Partners within 2 months and ensuring the project was completed six months afterwards. Partners/project contact points were also responsible for the day to day administration, finance and evaluation of the scheme.

With a face value of up to €5,000, CCT Vouchers could be used to pay or contribute towards the costs incurred, enabling SMEs to source the most suitable expertise to help them develop their product and get their innovative idea out to market. Priority was given to technology orientated service projects and activities demonstrating innovative and scientific approaches.

16 CENTROPE TRANSNATIONAL INNOVATION

Key Stats

Running from 2010-2012 with nine rounds of decision making results were as follows:

KEY MEASURE	Total
Applications received	66
Applications approved*	52
SMEs Starting/Contracts Raised For Voucher Scheme	40
SME Beneficiaries Completing R&D Centrope TT Projects	34

Three vouchers* were withdrawn following an unsuccessful R&D partner search, although SMEs involved were given the opportunity to resubmit applications. No other support e.g.grants/coaching outside of the above support was added to the scheme. Examples of successful projects included the development of new concepts; feasibility studies e.g. growing special algae strains for polymer industry, development of a new product/prototype online surveillance system and product/service testing of fuel additives

3. KEY LEARNING POINTS AND OPPORTUNITIES

The Centrope TT voucher program is considered by project partners to be very suitable for transfer with legacy benefits arising from the pilot project including the systems used and the Centrope TT map, a database of over 2,000 R & D facilities in the CENTROPE region.

What worked well

Cooperation, commitment and organisation of all the partners involved with well designed operational and evaluation systems.

Selection of high calibre R&D service providers Applicant SMEs were very confident with the results and as a result open to further cooperation and possibilities.

Challenges/Weaknesses

Low motivation of the SMEs and R&D services providers at the start of the programme.In many cases the value of vouchers is too small, only-enough to cover part of the research costs. The regulations of the CENTRAL EUROPE program provided a strict time and financial frame; the level of the administrative work was higher than expected. The process for the R&D search needs to be improved.

Transferability

Opportunities: Although designed for transnational cooperation the systems/processes can also be applied to new or existing projects at national or regional level, helping to add value to existing schemes.
The key element of the transfer process is the cooperative, dynamic nature of the programme. Stimulating connection between (small) SMEs and (big) R&D institutes, the scheme also introduces a change of mindset and encourages export.

Threats:

- The future of the pilot programme depends on the availability of future financial resources.
- Lack of network stability i.e. with hosting organisations.
- A lack of innovative ideas.

FURTHER INFORMATION

Pannon Business Network:
www.pbn.hu
Centrope TT Map:
www.centrope-tt.info/rd-map
DIFASS You Tube Channel:
http://youtu.be/7PbaffRAIXc

CONTACT

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17 PROTOTRON FUND

1. SUMMARY OF GOOD PRACTICE

Overview and aims

The overall aim of Prototron is to fill the gap experienced by entrepreneurs and start-ups in sourcing the funds needed to develop first, working prototype products to prove their business concepts. Operated by the Tallinn Science Park, the Prototron Foundation aims:

- To help talented young entrepreneurs access and break into the global market
- To support new innovative products and technologies that contribute to the development of the Estonian economy
- To raise the profile of Estonia's image as a start-up country with great potential.

Emphasising the benefits arising from the promotional opportunities, the scheme raises investment funds from commercial banks, private companies or institutions, which are then used to help start-ups and entrepreneurs, develop their first prototypes. These funds are then awarded as Grants. Normally in a stalemate situation, unable to access finance until they can prove their business concept, start-ups benefit from gaining access to finance needed to develop a prototype. The Tehnopol benefit from helping start-ups realise their prototype ideas and the PR opportunities involved. Investor Sponsors gain benefit from the PR/media opportunities arising from their support and the projects.

Key resources

Programme Partners

Lead Partner – Tallinn Science Park Tehnopol.
Sponsors/Investors include Swedbank and Tallinn University of Technology – providing the 'know how', expertise and/or prototype funds.

Funding: Funding Body & SME Contribution

Completely financed by private funds and set up in 2012 the scheme has raised €120K in its first year and an additional €180K in 2013. Successful SMEs can obtain 100% of their prototyping costs, (subject to a review of their proposal) with no minimum or maximum limits set for grants.

Eligibility criteria

Start-ups, entrepreneurs and SMEs developing their prototype in Estonia. Aimed at the Incubators existing areas of expertise; Green-Tech, ICT, Electronics and Mechatronics, grants are aimed at first prototypes for products with opportunities for internationalisation. (Although offered favourable terms, start- ups don't have to be located at the Science Park to benefit from the funds).

Terms and conditions

Investment is made in the form of a grant with no terms and conditions aside from the presentation of the prototype by the date agreed.

2. IMPLEMENTATION

Management and day to day operational activities involved in the scheme are resourced by the Marketing team with no direct costs charged to the scheme.

i. Entrepreneurs and SMEs submit an online application describing:

- The problem they solve and the solution they have
- The competition and their competitive advantage
- The technology involved in the prototype and relevant IP
- Business model; a sound business proposition and researched business plan
  Market and 'Go-to-market' strategy
- Budget and project plan for production of the prototype

ii. First sift of applications undertaken by a pool of experts.

iii. The ten best projects are invited to present their idea to the Prototron committee.

iv. The committee selects which projects to finance.

v. Successful applicants are awarded grants covering the full cost of prototype development and benefit from the normal ongoing support available from the Incubator. Unsuccessful applicants are offered advice and where appropriate, can re-apply.

17 PROTOTRON FUND

Use of private funds has enabled a very simple process. The Expert Panel meet every three months to discuss ideas reaching the panel stage. Neither the sponsor/investors nor the Science Park take any financial benefit i.e. equity or profit from the businesses involved.

Submitted ideas are firstly pre-evaluated by 15 business experts of Tallinn Science Park Tehnopol, Swedbank and Tallinn University of Technology. The final decision is made by Prototron Expert Panel combining representatives from Prototron founders and business leaders or investors from Estonia's ICT, telecommunication and mechatronics companies.

Key Stats

Starting in 2012 with 3 rounds taking place to date, results are as follows:

KEY MEASURE	Total
Number of Applications Submitted	300
Number of Applications Accepted	7
Funding Allocated to successful SMEs to date	€6500
New Enterprises Started	5
Jobs Created	10

3. KEY LEARNING POINTS AND OPPORTUNITIES

The prototype fund is growing and the quality of the applications improving. 'The quality of ideas is really good and really well figured out'. The promotion opportunities for the incubator have enabled them to build a stronger community for start-ups.

What worked well

- The scheme is based on a grant with no equity stake whatsoever. The investor's payback comes from 'free' marketing and publicity arising from the scheme and the individual business projects. The funders i.e. banks were persuaded to invest money from their already existing marketing budget on the basis that they would see a better return, and 'so far they are happy'.
- Many new project teams with good product ideas with potential have been encouraged to come 'out of their workshops'. The Foundation has boosted creativity, encouraging a good source of innovative ideas.
- Set up with the minimum of bureaucracy with no limitations on type of applicant, timescales involved and the size of project.
- Financed by private funds. Prototype funds are paid in advance.
- Easy application process and no limitations for successful applicants on how they spend their money

Challenges/Weaknesses

The control over prototype production i.e. using money on agreed activities needs improving.

Transferability

Opportunities: The possibility of extending the scheme to neighbouring markets where Swedbank is active. Other regions can implement the same scheme with other private partners.
Threats: Sourcing private investors/sponsors. Maintaining the momentum, how to keep raising the money

FURTHER INFORMATION

Tallinn Science Park Tehnopol:
www.tehnopol.ee/en
DIFASS You Tube Channel:
http://youtu.be/2yVKbBhi8oo

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18 LOCAL DEVELOPMENT FUND

1. SUMMARY OF GOOD PRACTICE

Overview and aims

The Local Development Fund was set up in 2000 by local authorities in the Kozani district of West Macedonia who were looking at ways to encourage entrepreneurship to boost economic activity.

Financial support for the programme was gained by accessing funds paid by the Public Power Corporation (PPC) to offset the environmental impact arising from mining the region's underground energy resources. Paid from its financial gains, the Public Power Corporation contributed funds to the local community that were used to support a variety of social and economic projects. (The project is unlikely to have started without this funding).

Located in the north west of Greece, Western Macedonia is the only region not bordered by the sea so unable to benefit from tourism but is very rich in fossil fuels. With the highest rate of unemployment in Greece, a lower than EU average GDP and over dependency on the strategic activity of PPC, project funds were directed at encouraging entrepreneurship.

Key resources

Programme Partners

Led by local authorities from the Kozani district of West Macedonia and the RDA (ANKO), who also acted as the intermediary/implementation contractor.

Funding: Funding Body & SME Contribution

The total programme budget was €13.6M; €7.1M from the LDF via the PPC and €6.5M from respective SMEs i.e. their own sources and loans.

The programme funded 50% of the total investment with SMEs/entrepreneurs required to raise 50% from their own resources and/or bank loans. Application costs, (paid for consultancy support), ranged from €1-€2.5K.

LDF Investments ranged from a minimum of €50K to a maximum of €300K.

Eligibility criteria

Funds were aimed at local SMEs and entrepreneurs setting up new enterprises or modernising/automating existing enterprises in the retail commerce, manufacturing, tourism, agricultural and services sectors.

Terms and conditions

LDF investment were awarded as grants, there were no repayment terms. There were some specific criteria regarding the type of investments that could be made e.g. successful applicants could not invest < 50% in buildings and capital equipment had to be new, not used.

2. IMPLEMENTATION

Implementation i.e. management and operational activities associated with the scheme were outsourced to ANKO an established local development company with the specialist scientific and technical expertise required. Employing 5-6 people from its staff, the administrative costs were €600K.

Key steps included a call for tenders, proposal submissions from eligible SMEs/entrepreneurs, evaluation of proposals and selection of beneficiaries' against a set of specific criteria.

- Funding 50% of the total investment costs in the form of Grant, the other 50% was financed from the beneficiaries own sources and/or a bank loan.
- Funds could be invested in tangible and intangible assets, minor marketing expenses and set up costs.
- Projects were subject to stage payments agreed at the outset and ongoing monitoringthroughout the implementation phase. Most projects were completed in 1-2 years with grants paid in 3-4 instalments subject to the complexity and timescales involved.

18 LOCAL DEVELOPMENT FUND

Key Stats

Running from 2000-2007 results were as follows:

KEY MEASURE	Total
Number of Applications Submitted	171
Number of Applications Accepted	121
Total LDF Invested	€7.1M
SME Contribution (own sources and/or loans)	€6.5M
Number of New Enterprises	17
Started	10
New Jobs Created	122

The application process was considered easy with investment decisions taking approximately one month.

3. KEY LEARNING POINTS AND OPPORTUNITIES

The added value caused by the increase in entrepreneurship was, at the time, estimated to have a remarkable impact in the local economy compared to other low-yielding types of cash infusion in the market. The instrument had a positive impact on the regional business environment, in particular set-up of new businesses, modernisation of existing businesses, the promotion of local products and increase in employment with 122 jobs created as a result. The results, particularly the added value of the funds invested and whether this exceeded the forecasts, are now arguable.

Opinions between stakeholders are controversial regarding the overall effectiveness of the scheme:

- Supporters claim that the added value i.e. the ROI from capital assets financed by the LDF, particularly those in the manufacturing sector, exceeded the initial investment.
- Opponents on the other hand suggest that the opportunity costs exceeded the results, which either way were expected at the start, to be difficult to attribute.
- Although there was not a financial boom in the area, the LDF did create a legacy of new enterprises and new jobs.

What worked well/strenghts:
A simple administrative system and short decision making period for SMEs.
Challenges/Weaknesses:
Investments were not monitored after their implementation.

Transferability

The programme is considered easily transferable to other regions in similar situations e.g. commercial large scale fuel/ mining extraction activity.
Opportunities: The sourcing and management of similar funding instruments at local level could be of interest to other regions
Threats: The lack of future financing by the Public Power Corporation could be a threat to the continuity of the programme.

FURTHER INFORMATION

Regional Development Agency of West Macedonia (ANKO):
www.anko.gr
DIFASS You Tube Channel:
http://youtu.be/n3rB2LJOd7w

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19 REGIONAL AID SCHEME COMPETITIVENESS

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Operated under the framework of the Regional Operational Programme for Competitiveness and co- financed by the European Regional Development Fund (ERDF) the Regional Aid Scheme is managed and implemented by Region Aosta Valley. The aims of the scheme are to:

- Support innovative enterprises with financial incentives for investments e.g. machinery, equipment and software in order to grow and compete more effectively in the global market;
- Provide companies with incentives for technology transfer, internationalisation programmes, marketing strategies and business plans.

Key resources

Programme Partners

Finaosta SpA - the regional public bank, chosen operational partners for the scheme. Commercial banks/mutual guarantee association participating combined loan element.

Funding: Funding Body & SME Contribution

Operating with a total programme budget of €3M, the budget is made up of three funds; ERDF (40%), State Funds (42%) and Regional Funds i.e. Aosta Valley (18%) providing a good demonstration of how to leverage money using limited regional funds from the State and European environment, enabling the region to provide business grants and gain maximum impact for their regional funds.

SMEs accessing loans to top up grants benefit from reduced interest rates.

Eligibility criteria

Innovative SMEs in industrial/manufacturing sectors operating in the Aosta Valley, with a particular emphasis on key strategic sectors; smart energies, intelligent mobility, mechatronic i.e. ICT, Biotech. reflecting the 'smart specialisation' of the region.

Terms and conditions

The Regional Aid Scheme is a grant instrument with no repayment terms.

Grants used for investments in tangible assets e.g. machinery, equipment, hardware/software range from €80K for a small company to €150K for a medium sized company with grants of up to €20K available for investment in marketing research, business plans, and innovation studies.

2. IMPLEMENTATION

With one person overseeing the scheme, operational management is subcontracted to the regional public bank, Finaosta S.p.A, who manages the funds and day to day activities on behalf of the region.

Key Steps - How it Works

The financial incentives available through the scheme are aimed at providing the right conditions for investment, encouraging innovation through investment in technology and/or processes that will help businesses realise additional profit. Eligible businesses can apply to the Regional Aid Scheme for two different types of grants:

- Grants for innovative investments in new machinery, equipment, hardware and software: up to 40% of the eligible expenditure;
- Grants for the realisation of marketing research, business planning, development, submission and international extension of patents, technological 'check-ups' and technology transfer, (i.e. advisory, consultancy support, intangible assets). Examples include consultancy support to improve production processes and export/ internationalisation potential: up to 50% of the eligible expenditures.

Businesses can also use the opportunity to combine grant and non-grant instruments and leverage additional investment.

For **innovative tangible investments** a company can combine the grant received by the Region Aosta Valley (on average 40% of the investment cost) with a subsidised loan* organised by another department, from a commercial bank at lower than normal interest rates enabling the SME to raise up 75% of the investment. These loans can be combined with a guarantee available from the mutual guarantee fund. * Provided by public subsidy this can result in interest rates as low as 1%. Encouraging synergies with other business support measures, businesses also benefit from access to a range of support such as incubators and technology transfer.

19 REGIONAL AID SCHEME COMPETITIVENESS

Key Stats

Running from June 2009 to December 2015, results in 2011/12 were as follows:

KEY MEASURE	Total
Number of Applications Submitted	20
Number of Applications Accepted	18
Funding Granted 2012	€800K
Funding Granted since 2009	€1.7M
SME Investment 2012	
Machinery, equipment, etc.	€1.75M
Marketing research, etc.	€250K
Number of New Enterprises Started	2
SME Investment To Date	
Machinery, equipment, etc.	€3.3M
Marketing research, etc.	€700K

Although the scheme is not directly linked to the creation of new jobs, incentives granted to businesses have helped them retain employees in the current economic conditions. Given the size of the region (the smallest region in Italy) the total funds invested to date represent a significant sum, making an important contribution to the regional economy.

The application process is considered simple with decisions taking a maximum of 90 days. Application costs incurred by SMEs are estimated at 1 working day for preparation and submission of project proposals. Partner administrative costs are 5 working days for evaluation of grant applications for investments and 2 days for grant applications for marketing research and business plans.

3. KEY LEARNING POINTS AND OPPORTUNITIES

The Regional Aid Scheme has helped to stimulate the consolidation and development of companies operating in Aosta Valley. The financial incentives available have enabled SMEs to:

- Address the highly topical problem of access to credit;
- Realise innovative investment plans for the development of new products, processes or services, or the significant improvement of already existing goods and services;
- Introduce/implement changes and innovation to their production processes, management, logistics, knowledge acquisition and transfer, as well as internationalisation strategies.

What worked well/Strenghts

A focus on innovation and on high value added activities

Availability of financial resources needed to satisfy SME demand

Simple application process

Co-financing i.e. using ERDF to leverage state/regional funds with consequent savings for the regional public budget, particularly important during times of scarce resources.

Challenges/Weaknesses

Fewer applications than expected, considered a result of uncertain economic conditions discouraging investment.

Bureaucratic ERDF reporting procedures: simplification of the reporting mechanisms, especially for grants under a certain threshold would help to reduce administration.

Transferability

Opportunities: Considered highly transferable to other regional authorities/public equivalent bodies able to benefit from ERDF funds. Has enabled a focus on key strategic sectors and specific/clear types of expenditures, easily tailored to other regions.

Threats: Availability and nature of EU funds in the next programming period 2014-2020

FURTHER INFORMATION

DIFASS YouTube Channel:
http://youtu.be/VJZHpfU0L04

Finaosta SpA:
http://www.finaosta.com/finaosta/index.php

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20 ICO FRAMEWORK

1. SUMMARY OF GOOD PRACTICE

Overview and aims

ICO, an acronym of the Instituto de Crédito Oficial (Official Credit Institute), is a State owned bank and manages financial instruments that aim to provide loans and finance to SMEs. Using a combination of primarily private and public capital, it acts as a State-Owned Bank and a State Finance Agency whose main purpose is to support and foster economic activity which contributes to the growth and improved distribution of national wealth.

Founded in 1971 and attached to the Ministry of Economic Affairs and Competitiveness, ICO has the legal status of a credit institution and has its own equity and cash assets. Acting as the Government's Financial Agency, ICO follows market banking practices under the same rules and regulations as private banks.

Key resources

Programme Partners

The programme is supported by a network of partners and stakeholders working together to facilitate the credit lines, this includes:

ICO - lead partner with their own offices and staff.
Banks with sixteen Spanish banks participating in the ICO network.
Key Stakeholders e.g. Chambers of Commerce and Business Associations

Funding partners

ICO does not finance its activities through the state budget but raises the majority of its funds through the capital markets. When appropriate, the state may contribute to increasing ICO's capital i.e. to improve its core capital ratio. (These contributions duly budgeted for in the State Budget and later recovered are used to increase ICO's lending capacity).

Funding Body & SME Contribution

€22,000M total available funding budget in 2013 for 'Second Floor Facilities' aimed at SMEs and entrepreneurs: €18,000M - ICO Line for Companies and Entrepreneurs. €4,000M- ICOLineforInternationalisation. The maximum amount of funding through both schemes is €10M per client, granted via loans or leasing and with repayment terms of up to 20 years. The maximum amount for SMEs accessing loans backed by the SGR Mutual Guaran-

tee facility is €1M per client, given via loans or leasing and with repayment terms of up to 15 years. Interest rates provided under ICO Lines are lower than rates provided by other instruments Individual beneficiaries have to return 100% of the credit.

Eligibility criteria

- ICO Line for Companies and Entrepreneurs; self-employed, freelance professionals, companies and public and private organisations (companies, foundations, NGOs, governments, etc.), whether domiciled in Spain or abroad providing the majority of their capital is Spanish-owned.
- ICO Line for Internationalisation; freelance professionals and companies with the majority of Spanish-owned capital.

Terms and conditions

Repayment terms range from 1 to 20 years depending on the nature of the business and proportion of working capital invested. Beneficiaries also have the option of a one year grace period.

2. IMPLEMENTATION

Key Steps - How it Works

An autonomous body characterised by prudent management, acting independently ICO works with a network of banks and stakeholders to achieve its goals in two clearly distinct ways:

STEP 1

As a State-Owned Bank: ICO provides loans taking the form of 'Second-Floor Facilities' i.e. ICO Lines of Credit or Direct Funding to fund company in-

> Simplified to meet the needs of business and the self-employed, the two main lines of credit available in 2013 are:
> ICO Credit Line for Companies and Entrepreneurs funding projects that have the guarantee of a Reciprocal Guarantee Company (SGR) to provide the necessary guarantees for funding companies with the risk valid for both investment transactions and working capital.
> ICO Credit Line for Internationalisation for exporters: to enable investment abroad and cover their working capital needs i.e. anticipate invoice payments in the short-term that the investments require.

STEP 2

As a State Finance Agency: ICO also manages the official funding instruments that the Spanish State provides for encouraging exports and development aid with the State compensating ICO for any costs these processes may entail.

20 ICO FRAMEWORK

Key features of the ICO Lines of credit are:

- That ICO establishes the financial conditions of each scheme, which are then applied directly through banks participating in the framework.
- Banks assess applications and make funding decisions. They determine the guarantee and assume the risk.
- Offering favourable terms, long repayment terms and grace periods, interest rates are dependent on repayment terms and calculated by the bank.

Key Stats

Renewed every year ICO lines started in 1999. Results for 2012 are as follows:

KEY MEASURE	Total
Number of companies benefitting from ICO lines	162,075 (in 2012)
Value of funds lent	€27,532M
Average funding granted per SME (most commonly requested loan)	€40,000
Second floor schemes first quarter jan-march 2013	
Applications accepted	25% (2013 data)
Funds lent to companiers and entrepreneurs	€877,2M (57% of total)

The average time taken to assess applications is 15 days with the application process considered of medium difficulty. SMEs unable to provide financial guarantees are normally declined.

3. KEY LEARNING POINTS AND OPPORTUNITIES

Whilst the scheme supported >160,000 SMEs/ Entrepreneurs in 2012, many small businesses consider ICO has not reached their expectations, with only 25% of small enterprises applying for ICO funds obtain the credit. Most funds are granted to larger companies with 'solid' business projects.

What worked well/Strenghts

The interest rate provided under ICO Lines is lower than rates provided by other instruments.

Risk sharing. The scheme has benefited from strong institutional and network support with most major Spanish banks involved in the programme. Quick decision making - 15 days to make decisions.

Challenges/Weaknesses

Banks refuse to give ICO loans to many small/medium business projects, so many entrepreneurs are disappointed. Larger enterprises are likely to

be more successful. The onus on banks to cover losses makes them reluctant to lend funds to business projects not considered solid enough, leaving many SMEs and entrepreneurs unable to benefit from ICO schemes. ICO products may be in competition with other products already offered by banks involved. Spanish interest rates are high, so whilst lower than standard market rates, ICO's rates are also high.

Transferability

Considered economically sustainable and highly transferable, similar state owned banks and facilities could be set up in other EU countries. Integrated into the private sector (with losses assumed by the private sector), it runs like a normal commercial bank loan scheme. The scheme has well documented methodology, protocols and work processes and can easily be integrated into the private sector: banks and beneficiary companies.

Opportunities: National government support for enterprises via private sector financial institutions, availability of lower than normal interest rates and co-operation of banks and other bodies such as the Chambers of Commerce.

Threats: Political commitment, availability of resources, collaboration of banks/government and dissemination/marketing efforts to companies.

FURTHER INFORMATION

DIFASS YouTube Channel:
http://youtu.be/FziSeVgJk2k?list=PLdapWZuB-HseUzFktTJ7wQ1EHh9XT8H9Cx

Official Chamber of Commerce of Seville:
http://www.enspire.eu/occ-home

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21 THE LEADER+ INITIATIVE

1. SUMMARY OF GOOD PRACTICE

Overview and aims

One of four initiatives largely financed by EU structural funds, Leader+ was designed to help rural stakeholders i.e. the local community, develop the long term potential of their local region. Characterised by a bottom-up philosophy, LEADER initiatives are based on the principle of active participation of the local population and particularly local companies, associations, cooperatives and local authorities.

Encouraging the implementation of integrated, high-quality original strategies for sustainable development, the European-wide programme had a strong focus on partnership and transfer of practice and experience that may ultimately go on to influence future rural development policy. Operating from 2002 to 2009, the aims of the programme are:

- The improvement of local competiveness, through the application of a range of local interventions responding to local needs, minimising disadvantages and reducing inequalities between areas.
- The development of a sustainable social fabric through improved access to rural areas at all social and economic levels.

The Greek National LEADER + initiative had 3 main themes and priorities:

- Pilot strategies for rural development;
- Support for cooperation among rural areas;
- Clusters.

The main theme was aimed at interventions for rural tourism and small business in the rural sector. Investments related to this theme rose to €236.4M, equivalent to 64% of LEADER+ investments.

Key resources

Programme Partners

- Ministry of Rural Development and Food, national i.e. overall management and supervision ANKO (Development Agency of Kozani), intermediary/ programme implementation.
- The Local Action Group (LAG), collective of regional stakeholders; government, unions, municipal enterprises, agricultural cooperatives and other social and professional bodies appointed to set targets and manage the scheme at regional level.

- Local decision makers (Local Development Companies) local communicties, unions, cooperatives, chambers of commerce deciding on the specific targets in relation to local needs.

Funding: Funding Body & SME Contribution
€13.5M EU and State Funded budget with SMEs contributing up to 40% from private funds. Supported by public finance, the LEADER+ has represented a substantial source of funding in the less developed regions of the rural economy for the Greek government.

Eligibility criteria

Programmes had to contribute to the economic and social cohesion, sustainable development, employment growth and environmental protection of the target regions.

Targeted at all SMEs in rural areas i.e. less developed regions; the mountain and island regions. Neighbouring communities able to demonstrate development prospects could also access funds.

Terms and conditions

No repayment terms were applied since the instrument is a grant. SMEs could apply for grants of up €264K with no minimum grant.
The proportion of funding awarded to LEADER+ projects depended on the type of beneficiary; up to 60% for SME projects i.e., investment subsidies - support for Entrepreneurship with 40% from their own sources, rising to 75% for non-profit beneficiaries and 100% (75% from LEADER+ and 25% from the National Development Programme) for state/ public owned e.g. infrastructure projects.

2. IMPLEMENTATION

Key Steps - How it Works

Management and day to day operational activities associated with Western Macedonian scheme outsourced to ANKO, the intermediary agency, using a team of 10 staff.

Aimed at SMEs in the rural economy, LEADER programmes had to contribute to the economic and social cohesion, sustainable development, employment growth and environmental protection of the less developed target regions.

21 THE LEADER+ INITIATIVE

Directed by the regional and local authorities, the Western Macedonian district of Kozani used LEADER funds to develop the economy in two ways:

- As investment subsidies in the form of grants for support for Entrepreneurship. 63% of the programme's total public expenditure was allocated to investment plans in the secondary and tertiary sectors and 56 out of 71 contracts (79%) dealt with activities to boost entrepreneurship. SMEs were awarded grants of up to 60%, with 40% of funds coming from their own resources. Eligible SMEs could also co-finance/top up their grant with a bank loan of up to a maximum of 30% of the total cost of the investment.

Aid was allocated to three main activities:

- to companies involved in the production of local organic and non-organic products;
- for construction and modernisation of industrial facilities;
- for construction and expansion of small hotels where in exceptional cases grants of up to €440K were awarded for the construction of hotels in areas with untapped potential/no tourism facilities.

Helping young people into employment, encouraged through the support of 3 networks in the tourism, wine production and milk processing industry through a range of projects to help boost entrepreneurship and jobs. This included repair and restoration of cultural heritage projects.

Key Stats

Results between 2002 - 2009

KEY MEASURE	Total
Applications submitted	119
Applications accepted	76
Funding Granted (i.e.) to successful SMEs	€5,5M
Funding Invested (by SMEs)	€3,7M
New Enterprises Started	45
Jobs Created (the programme also helped to retain jobs).	60 F/T + 30 P/T

The application process was considered very difficult with decisions taking 4- 6 months Application costs incurred by SMEs ranged from €1,000 to €4,000 in cases where SMEs bought in expert help to prepare the application/business plan. Partner administration costs were €1.6M.

3. KEY LEARNING POINTS AND OPPORTUNITIES

The programme empowered local entrepreneurship and also helped to promote and protect cultural heritage and is now superseded by a new programme (launched in 2009), that has the same philosophy i.e. community led development.

What worked well/Strenghts

Local decisions i.e. decentralised implementation enabled faster funding procedures;
Encouraged connections and cooperation among local companies

Challenges/Weaknesses

The application process was considered very bureaucratic.

Transferability

Opportunities: The local management of funding instruments

Threats: Lack of EU or national funds

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/pXvYEk6qdA0
EU Leader Plus:
http://ec.europa.eu/agriculture/rur/leaderplus/index_en.htm

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22 BEJAGLOBAL GRANT/LOAN INSTRUMENT

1. SUMMARY OF GOOD PRACTICE

Overview and aims

The BejaGlobal mixed grant/loan instrument combines PRODER grants; supported by EAFRD - European Agricultural Fund for Rural Development with dedicated bank loans from Caixa do Crédito Agricola providing eligible SMEs with up to 100% of the investment needed for projects.

Providing long term investment; part grant, part loan, the scheme aims to support the growth and development of rural SMEs already in receipt of approved grants from PRODER projects.

The source of each investment approved and provided by the combined instrument depends on a variety of factors. This includes the type of SME, the type of project and the number of employees that the SME expects to recruit as a result of the investment.

The loan element of the scheme provided by Credito Agricola is subject to normal credit approval checks. Loans are backed by a mutual guarantee with repayment periods of up to 10 years. Applicants are required to comply with the eligibility criteria associated with both frameworks to qualify for the combined investment package.

Key resources

Programme Partners

- Lead partner – Beja Municipality
- PRODER – Regional Development Programme providing strategic and financial support.
- Caixa do Crédito Agricola – agricultural credit bank specialising in loans to rural communities.

Funding: Funding Body & SME Contribution

Annual programme budget c€10M; 40% EU Funds, 60% Private Funds.

Eligible SMEs are awarded up to 100% of the total investment with the ratio of grant (up to 75%) and loan dependent on a number of factors and jobs likely to be created as a result of the investment. Participating SMEs also benefit from a 50-75% reduction in normal bank interest rates on the loan element.

Eligibility criteria

The BejaGlobal scheme is open to viable SMEs operating in the Tourism, Agriculture, Agrofood sectors and those providing cluster services i.e. marketing, design, web services and business advice to the rural sectors.

Terms and conditions

The total i.e. mixed grant/loans investments available range from a minimum of €5K to a maximum of €5M with SME repayments ranging from €1.5K to €2.5M up to a maximum period of 10 years.

2. IMPLEMENTATION

Managed by a local partnership with managing authorities the scheme is operated by a team of five people from the municipality.

Key Steps - How it Works

The instrument combines the PRODER grants which are supported by EAFRD - European agricultural fund for rural development with dedicated bank loans from Caixa de Crédito Agricola.

- Applicants to the PRODER fund are provided with the assistance of the BejaGlobal programme team to ensure project compliance with both frameworks and advise on funding routes.

- The SME applies for the bank loan after approval by the PRODER programme. The total value and terms of the loan are dependent on the number of jobs created by the project.

- Loans are subject to normal credit approval procedures and approval for a mutual guarantee. Applicants must demonstrate ‘sound financial conditions’ for both the grant and loan which cannot be used for debt restructuring.

- BejaGlobal programme provide SMEs with administrative and project management support throughout the implementation of their project.

22 BEJAGLOBAL GRANT/LOAN INSTRUMENT

Key Stats

Starting on the 1st January 2012, results for the first year of operation are as follows:

KEY MEASURE	Total
Applications Submitted	130
Applications Accepted	68
Funding Granted (to succesful SMEs)	€4,907,525
SME Investment	€3,775,019
New Enterprises Started	10

The maximum turnaround time taken for decisions is 3 months. The application process is considered to be of medium difficulty.

3. KEY LEARNING POINTS AND OPPORTUNITIES

BejaGlobal's combination of loans and grants has upgraded the added value of the region's rural cluster, providing a lasting legacy for the scheme.

What worked well

The scheme is expected to help the Region's economy to grow at a faster rate than that of the Eurozone.

Key strengths

A reduction in interest rates, 50-75% lower than normal rates for the loan element.

The rate of subsidy i.e. grants awarded is based on the number of jobs each SME expects to create as a result of the loan/grant instrument. The more jobs, the higher the subsidy.

The loan element of the scheme has been set up as a revolving fund.

Challenges/Weaknesses

Communication; more needs to be done to disseminate and raise the profile of the scheme to encourage new regional and overseas investors and entrepreneurs to access the mixed grant/loan instrument.

Approval from two funding sources means that investment decisions can take up to 3 months.

Transferability

Opportunities: Overall the scheme is considered a simple, effective instrument that can, subject to funding, provide a quick impact on regional development and growth.

Threats: The new EU strategy on regional development may limit options for local development models, resulting in reduced opportunities for SME support.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/Wed4aaJq3ao
BejaGlobal:
http://bejaglobal.net

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23 THE OPERATIONAL MULTIREGIONAL PLAN

1. SUMMARY OF GOOD PRACTICE

Overview and aims

The Territorial Pact of Oristano was one of ten Italian pacts set up in 1998 to implement the region's local development programme. Formalised through a Local Action Plan and funded through a combination of European funds, the Pact encompassed the support of Oristiano's stakeholders, demonstrating their commitment to regional development.

Aiming to promote the social and economic development of the Province, the Pact set up a two year sub- programme (operating from 1999-2001) to implement direct financial measures for enterprises, these funds were aimed at improving current economic activity and attracting new businesses/economic activity to the Province.

The programme provided SMEs with grants on completion of approved projects of up to 70% of eligible costs. The remaining 30% coming from the entrepreneurs' own resources.

The scheme also offered eligible SMEs tailored 'PACT Loans' for the remainder of the funds payable over 5 - 15 years at a discounted rate. Funds were aimed at meeting the need of enterprises needing the financial stability necessary in order to invest in new projects.

Financial responsibility for the programme was outsourced to the Bank of Sardinia who were also responsible for the inquiry process.

Key resources

Programme Partners

- PTO – Lead Partner whose main activity was to provide overall management of the scheme and provide technical assistance to entrepreneurs who were supported at every stage.
- Bank of Sardinia – lead bank and overall financial responsibility for the programme
  Agreements were also signed with other banks including the Bank CIS, and the SFIRS (Financial Society of Sardinian Region), with different banks working with different sectors.
- Regional public and private stakeholders, who held shares of PTO capital stock in the Prov-

ince of Oristano. These included the Chamber of Commerce of Oristano, Provincial industrial consortium of Oristano and a variety of industrial/sector representative groups. All the Italian European Pacts were under the direction of the Ministry of Economic Development.

Funding: Funding Body & SME Contribution
€35.4M – EU & State Funding. The Enterprise programme was funded via the Operational Multiregional Plan (Theme 8) using a combination of European Structural Funds (ESF, ERF, FEOGA) and the National Rotation Fund. Some formal agreements were made with banks for concessional interest rates.

Eligibility criteria

All SMEs, new and existing companies working in the priority sectors identified below.

Terms and conditions

70% of the instrument was a Grant payable on completion of a project. Tailored repayment periods for the loan elements (30%) ranged from 5-15 years.

SMEs could apply for up to 70% of eligible investments, with funding aimed at investment in new initiatives, modernisation, expansion and restructuring. Each of the nine calls for sectors of intervention had different requirements.

2. IMPLEMENTATION

Management and operational activities were undertaken by seven staff (including one Director). A formal analysis of the specific needs of the Province identified nine priority sectors for intervention these included: Agrifood, SMEs, Tourism and accommodation capacity, Agri Tourism, Environment, Third Sector, Training and Infrastructure.

Key Steps - How it Works

STEP 1

A formal analysis identifying specific needs and priority sectors was followed by a formal call to each sector inviting applications from organisations meeting the criteria.

STEP 2

Applications were submitted to the PTO then forwarded to the appropriate Bank.

23 THE OPERATIONAL MULTUREGIONAL PLAN

STEP 3
Assessed by the Bank, the application and recommendations were returned to the PTO.

STEP 4
Final decisions were made by the PTO who also advised beneficiaries of outcomes.

FOLLOW UP
The PTO worked closely with beneficiaries who were provided with a range of on-going technical and operational assistance throughout every stage of application and implementation.
Implementation of the programme was closely monitored by the PACT and included 588 quarterly reports and 169 on-site inspections.

Key Stats
Running from 1999-2001 results were as follows:

KEY MEASURE	Total
Applications Submitted	196
Applications submitted for Bank Assessment	142 (72%)
Requests Accepted/Financed	60
Funding Granted (to succesful SMEs)	€35,4M
SME Investment	€52,4M
New Enterprises Started	19
Jobs Created	568

The two stage selection process; inquiry and application enabled a higher than normal conversion rate, resulting in efficiency for applicants and administrators. The overall application process was considered of low difficulty with the maximum time for the whole process, from submission of applications to drafting of the final list and awarding grants, taking approximately 3 months. Application costs incurred by SMEs represented about 3% of project investment. Partner administration costs were €356K p.a. almost 1% of total costs.

One of the most important wine companies in Sardinia, The Contini Winery founded in 1898, accessed funds from the scheme to help them modernise their production process and meet local food production and safety standards. This enabled the Winery to produce a higher quality product that could be sold at a higher price, resulting in higher revenues for them and their supply chain.
With a total investment of €190K made in two stages, the Winery was reimbursed for 70%, (€133K) of the total project expenditure which was used to plan and redevelop the site and buy new equipment and new barrels. Now viewed as an example of industry excellence, the investment also resulted in the creation of additional jobs and increased profits.

3. KEY LEARNING POINTS AND OPPORTUNITIES

The programme provided a lasting legacy creating 561 new jobs and implementing 45 new initiatives. Outcomes included the construction of 16 new hotels with 1,352 additional beds, increasing bed capacity for the tourism industry by 175%.

What worked well

- Decentralisation, local planning and management processes.
- A well designed selection process resulted in a high number of applications/conversion rate.
- Technical assistance, training and implementation support for enterprises.

Challenges/Weaknesses

The reimbursement mechanism gave liquidity problems to enterprises, who had to pay the project costs in advance receiving no grant for the VAT element. Entrepreneurs thought they would receive a grant for the total cost inclusive of VAT and also underestimated the cash flow.

Transferability

Opportunities: Bottom up management model and personalised technical assistance.
Threats: Although successful, national funding decisions means the scheme cannot be repeated.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/kI6ryfYQ3Ik
The Contini Winery:
http://www.vinicontini.com/en/company/who-we-are/

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Intellectual Property and Human Capital

Introduction

Human capital and Intellectual property are aspects of a particular theme referring to the human intellectual contribution on an activity or creation. The concept of human capital as an asset emerges from characteristics linked to the economy based on knowledge and information.

Contrary to the preceding industrial period where the driving forces were primarily of a physical nature, during the post industrial period the value of a company has to include the intangible sources related to human capital as well. Intangibles refer to knowledge: information, innovation, R&D, patents and trademarks, brand value, technology, intellectual capital, company culture, capabilities and leadership.

Intellectual property refers to creations of the mind: inventions, literary and artistic works, symbols, names, images, and designs used in commerce. It deals with protecting the rights of those who create original works. It covers everything from original plays and novels to inventions and company identification marks.

There are three main mechanisms for protecting intellectual property: copyrights, patents and trademarks.

Copyrights protect the expressive arts. They give owners exclusive rights to reproduce their work, publicly display or perform their work, and create derivative works. Additionally, owners are given economic rights to financially benefit from their work and prohibit others from doing so without their permission. Copyrights do not protect ideas, only how they're expressed.

Patents protect an invention from being made, sold or used by others for a certain period of time. They give the ability to take legal action to try to stop others from copying, manufacturing, selling, and importing the invention without the inventor's permission. The existence of the patent may be enough on its own to stop others from trying to exploit the invention
Trademarks protect the names and identifying marks of products and companies; they also facilitate consumers to distinguish competitors from each other.

24 INNOVATION AND TECH SUPPORT NETWORK

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Launched in 2000 in a region previously dependent on heavy industry, the Technological and Innovation Business Support Centre network was set up to stimulate a culture of entrepreneurship and respond to the need for a changing economic mix.

Established following implementation of the necessary technological infrastructure, nine Support Centres providing businesses with support for ICT and Innovation were set up in business parks and business associations across northern Spain. Aiming to improve the competitiveness of SMEs through the incorporation of intensive ICT support, companies are able to access personalised support, advisory and training services/e skills. This in turn, helps them to accelerate their digital maturity i.e. their human and technological capital, and develop a culture of innovation. Offering a sustained approach the overall objective of the scheme is to contribute to a sustainable increase in business competitiveness through digital maturity and micro innovation in SMEs, maximising potential for business and the regional economy.

Key resources

Programme Partners

- The Institute for Economic Development of the Principality of Asturias (IDEPA) – lead partner
- CTIC Foundation – management company.
- In collaboration with Business Parks, Business Associations, Chambers and key stakeholders

Funding: Funding Body & SME Contribution

Financed from regional funds allocated for implementation of ICT, technological leadership, innovating markets, clusters and technology transfers, with €5.2M invested since 2004 and a programme budget of €550,000 in 2012.

How much investment could the SME obtain?

Financed in full from regional funds, support and training services are provided at no cost with no upper limit imposed on what/how much support companies can access. Participating SMEs are issued with an invoice illustrating the value of the services received.

The overall programme is estimated to have leveraged €23.5M in regional funds and public and private resources including physical infrastructure and connectivity costs through to SME time and the software implemented in companies.

Eligibility criteria/Terms and conditions

Support is available for all types of SMEs and professionals with economic activity located in Asturias. This includes entrepreneurs and employees as well as business associations, business centres and stakeholders promoting the programme to their members.

2. IMPLEMENTATION

The scheme is delivered by 9 ICT advisors working directly with companies, one for each Centre and 3 central support staff/additional pro rata administrative support. The application process is 'not difficult at all'. Descisions are made immediately and all applications accepted.

In addition to information, companies are able to access a wide range of support; workshops, training and grants, providing them with intensive, sustainable support to develop their ICT skills as quickly as possible. Current resources are targeted at companies with low use of IT and companies with standard ICT practices and processes with plans to support more advanced and high tech SMEs in the near future.

Key Steps - How it Works

Promoted through outreach and awareness activities (talks, workshops, conferences, media etc), options range from personalised support i.e. 'innovation' diagnosis and intensive advisory/ support services, through to sectorial intervention programmes and one-off training seminars. Participants are also offered the opportunity to benchmark their ICT capability against other organisations and can also be awarded certification of their innovative capacity.

Working to encourage wider collaboration amongst SMEs, local technology suppliers are also encouraged to take part in the programmes, with the promotion of creativity and an innovation culture also encouraged between companies involved.

24 INNOVATION AND TECH SUPPORT NETWORK

Although no other direct support is included in the programme, publicised and promoted through an extensive stakeholder network (national, regional and local), enables programme beneficiaries to access a wide range of other business support activities. The programme itself is subject to annual review and ongoing development with new elements added on a regular basis.

Typical indirect costs for SMEs accessing support, including implementation of physical infrastructure, connectivity costs, software and time are estimated at c€7,800.

Key Stats

Running since 2004 activity in 2012 was follows:

KEY MEASURE	Total
Companies participating	1,573 (85% of all companies)
New Clients	51%
Applications accepted	100%
Number of Training & Awareness	304 activities
Activities	3,708 people
Consultancy Services Provided	4,151

Evaluation to date also indicates high take up rates; i.e. introduction to new ICT Tools and activity following Support Centre interventions with 53% of companies participating in the project going on to access other ICT Advisory support and incorporate their own ‘in house’ technological solutions and 68% of companies implementing external technological/ICT solutions.

3. KEY LEARNING POINTS AND OPPORTUNITIES

Legacy benefits arising from the programme include improvement in Information Society Indicators resulting in above national average performance. Qualitative feedback from companies supported by the scheme is also very positive, resulting in a more sustainable business able to take advantage of the global market and more able to survive the economic crisis than those not participating in the scheme.

What worked well

Agreement/implementation of a regional strategy, providing a common framework and cooperation of all stakeholders.

Decentralised delivery, routing awareness and take up through established stakeholder/business networks.

A methodological/ordered process.
Different formats for learning materials, with some sector specific materials.
A support centre team committed to the territory.
The opportunity for organisations to benchmark ICT use and improvement.

Challenges/Weaknesses

Formerly more used to supporting larger nationalised industries before recession, one of the big problems was the lack of cooperation and collaboration between support organisations themselves who later went on to encourage business participation and benefit from the scheme. Originally focusing on technological demonstrations, the programme was reoriented towards support services (mainly training for e-Skills building and ICT consultancy), proven to be more effective.

The programme has resulted in a high digital maturity for many SMEs, enabling them to incorporate advanced services needed to support innovation. The next challenge is to encourage basic digital maturity amongst 'late adopters', companies not taking advantage of the scheme.

Transferability

Opportunities: The programme is, subject to financial resources, considered highly transferable and has itself been exported/transferred to regions in Central America contributing to the improvement of business support/training services with other developing countries also expressing interest.

Threats: Lack of funding, with the programme dependent on future financial resources.

FURTHER INFORMATION

DIFASS You Tube Channel: http://youtu.be/cJ-iFSUugWw?list=PLdapW-ZuBHseXkaIzlhy0mecxQR269pFOt

Asturias Technological & Innovation Support Centre Network: www.fundacionctic.org/sat

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25 THE INVESTMENT CONTRACT

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Set up to strengthen and support the competitiveness of local production systems, establish new supply chains and attract new innovative investments, the **"Investment Contract"** is a capital grant programme and incentive tool.

Aimed at developing innovation capacity and collaboration, funds can be used to implement a 'Technology-Production Chain' Development Programme for individual companies or groups of companies in the same industry/sector or in different sectors.

An overarching strategy aimed at maximising industry potential, features of a typical Development Programme include:

- Implementation of investment programmes and/or industrial research, prototype development and skills training from universities, research centres and public/private providers.
- Setting up 'Centres of Competence' specialising in high level technological innovation and operating in sectors with high added value and strong growth potential.
- Integration of current production systems and supply chains that have strong development and innovation potential and opportunities for commercial exploitation and internationalisation.
- Improving the cooperation and collaboration of companies.

Key resources

Programme Partners

The Regional Centre for Planning (CRP), dedicated centre of administrative responsibility for the scheme and authorising body directing and supervising the work of SFIRS.

SFIRS SpA the financial intermediary and management company responsible for reviewing and assessing programme applications.

Funding: Funding Body & SME Contribution

Projects funded from EU Interreg2 ERDF Operational Programme 2007-2013 with total grants of €20M available. With incentives awarded mainly in the form of a grant, beneficiaries must provide a minimum financial contribution of 25% of eligible costs from their own resources or from external financing in a form free of any public support.

Eligibility criteria

SMEs and large enterprises in the manufacturing or processing and disposal of waste industry Applications submitted by newly established companies and/or not yet operating but registered for VAT are also eligible for the scheme.

Terms and conditions

Maximum duration for Investment Contracts is 36 months and must consist of Productive Investments in tangible or intangible assets intended for: new production units; extension of production units; diversification of products.

2. IMPLEMENTATION

Not set up as a prescriptive programme, the amount of grant awarded to beneficiaries is dependent on a variety of factors involved in each development scheme; the economic sectors involved, type of scheme, co-financing conditions and expected impact and outcomes arising from the programme.

The resulting **Investment Contract** i.e. company or inter-company 'Development Plans' are comprised of one or more of 4 main elements: a compulsory **Plan of Productive Investment** and/or a **Plan of Services**, an **Innovation Plan** and a **Training Plan**.

Plan of Productive Investment, with funding related to eligible expenses for preliminary feasibility studies, company land, land improvement and geognostic research; design and construction activities; company infrastructure; new machinery and equipment; software and IP related activities.

The Innovation Plan, specific programmes of **industrial research** and **experimental development** aimed at increasing the capacity of enterprises involved to adopt innovations of product and process and to improve their level of competitiveness on internal and external markets.

25 THE INVESTMENT CONTRACT

The Plan of Services i.e. indirect resources involved in strategy, general management and support for corporate functions, marketing and sales, production and supply chain, organisation and human resources, corporate finance.

Training Plans, providing for the training of new employees and / or the qualification and specialisation of staff already dependent of the enterprise.

Key Steps - How it Works

The programme was set up in 2006 and applications invited between November – December 2010.

STEP 1

The proponent requesting the Grant must submit an initial proposal/application to access a negotiation procedure. This includes a full description of the development programme.

STEP 2

The Assessor checks the eligibility and compatibility of the plan with available financial resources providing a response forwarded to the regional administration body within 20 days.

STEP 3

Applicants meeting the scheme conditions are then invited to a negotiation phase. Directed by Regional Administration authorities, negotiations are used to verify the validity and feasibility of the development programme and provide any adjustments for the submission of the final proposal.

STEP 4

Final Proposals are assessed and scored against a number of criteria within 60 days. Assessment includes percentage of co-financing, sustainability, environmental impact and equal opportunities and non- discrimination.

STEP 5

Outcomes and a provisional grant/offer are advised with 15 days with final Investment Contracts signed with 15 days.
Payment of grants is based on the presentation of 3 or 5 states of progress documents.

Key Stats

KEY MEASURE	Total
Applications Submitted	9
Applications Accepted	3
Eligible Costs	€34M
Grant Amount	€20M
Total Beneficiary Investment	€80M
New Supply Chains	3
Jobs Expected	50

3. KEY LEARNING POINTS AND OPPORTUNITIES

An 'on-going' tool, no evaluation or interim assessment is available at this stage

What worked well

Benefits are not only gained by SMEs, but also by large companies and/or groups of companies.
The funding enables companies to make investments in training plans and a plan for services as well as productive investments in an innovation plan. Not structured in a predetermined format, the scheme enables the possibility of negotiation and agreement for individual projects.

Challenges/Weaknesses

No major challenges or weaknesses identified by the lead partner at this stage.

Transferability

Opportunities and threats not assessed by the lead partner at this stage.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/3oNAqqlld80

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26 KNOWLEDGE TRANSFER PARTNERSHIPS

1. SUMMARY OF GOOD PRACTICE

Overview and aims

A UK wide programme launched in 2003, Knowledge Transfer Partnerships (KTPs) are one of a variety of collaborative ways in which Universities support and work with businesses. KTPs are a three way partnership between a company, a 'knowledge base' and a KTP Associate helping businesses to improve their competitiveness and productivity through the better use of knowledge, technology and skills already residing within the UK Knowledge Base i.e. higher education institutions/universities, colleges or publically/privately research organisations.

Aiming to meet a core strategic need and to identify innovative solutions to help participating business grow, KTPs generally result in increased profitability for business partners as a direct result of the partnership, either through improved quality and operations and/or increased sales and access to new markets. KTPs aim to:

- Facilitate the transfer of knowledge through projects undertaken by high calibre, recently qualified people under joint supervision from a business and an academic institution.
- Provide company-based training for recently qualified people to enhance their business and specialist skills.
- Stimulate and enhance business-relevant training and research undertaken by the academic institutions.
- Increase the interaction between businesses and academic institutions and raise awareness of the contribution higher education i.e. Universities can make to business development/growth.

Key resources

Programme Partners

Technology Strategy Board (TSB) set up to accelerate economic growth by stimulating and supporting business led innovation, funding/authorising body for KTPs.

Department for Business Innovation & Skills (BIS), government department responsible for economic growth, with its state funding for the programme is routed through the TSB and associated agencies.

Partnership Approval Group (PAG), representative group from the University/TSB meeting every 2 months to assess applications.

Funding: Funding Body & SME Contribution

£150M state funding for UK wide Knowledge Exchange activities 2012/3. (Viewed as key investment, level of investment retained despite economic/financial constraints). Typical annual KTP project budget is £60K with SMEs contributing 33% and larger businesses 50%. This includes the cost of training, equipment and consumables passed to the KB on completion.

Eligibility criteria

KTPs support a broad cross-section of UK firms, regardless of size in any business sector.

Terms and conditions

The scheme is aimed at innovative projects of clear strategic relevance to business. Projects must demonstrate a sound business case; a clear knowledge transfer and a step change in innovation and be stimulating and challenging for all three partners. Any Intellectual Property arising from the KTP is retained by the company.

2. IMPLEMENTATION

KTPs are based on a relationship formed between a company and an academic institution (‘Knowledge Base’ partner), which facilitates the transfer of knowledge, technology and skills to which the company partner currently has no access.

Each partnership employs one or more recently qualified people (known as an Associate) to work in a company on a project of strategic importance to the business, whilst also being supervised by the Knowledge Base Partner. The three key players involved in a KTP are:

- Company partner, usually a company (including not-for-profit).
- Knowledge-based partner a higher education institution e.g. university, college or publically/privately funded research organisation.
- KTP Associates, each partnership employs one or more high calibre Associates (recently qualified people), postgraduate researchers, university graduates, or individuals qualified to at least NVQ (Level 4) or equivalent, transferring the knowledge the company is seeking into the business via a strategic project.

26 KNOWLEDGE TRANSFER PARNTERSHIPS

Key Steps - How it Works

More than 140 different knowledge bases including the University of Portsmouth participate in KTP schemes which work across a wide range of academic disciplines, degree subjects and industry sectors. Projects run from 26 weeks to 3 years.

STEP 1

The business and knowledge base partner jointly submit an expression of interest (EOI) to the KTP Adviser employed by the TSB to support KTP projects in the region.

STEP 2

Preparation of application with guidance from KTP Adviser a formal application is made to the Partnership Approval Group (PAG) for assessment/approval.

STEP 3

Successful proposals funded, the knowledge base partner and business recruit an Associate i.e. a graduate with the specific expertise required for the project. The Associate is employed by the knowledge base partner

STEP 4

Project located at business premises with continued input from an Advisor. The knowledge base supervisor spends approximately half a day per week working on the project.

The application process is considered difficult with decisions taking up to 6 months. At least 2 people per business are involved in delivering the technical support.

Key Stats

UK KTP Scheme 2010/2011

KEY MEASURE	Total
Applications accepted	222
Funding Granted to succesful SME's	£34M
SME Investment	£24M Match Funding £93M
Live Partnerships	1,176
Live Projects	1,234
New Jobs Created	1,300

JS Humidifiers a successful SME and UK market leader in the field of humidification and related technologies used the KTP scheme to help it increase its market share in new and existing markets through a better understanding of its strengths. The KTP project produced a detailed business analysis and facilitated the streamlining of many of its processes. Establishing flexible reporting tools and a thorough understanding the company's income streams also provided a robust platform for assessment of new business opportunities, resulting in 22% increase in sales and 75% increase in profits.

3. KEY LEARNING POINTS AND OPPORTUNITIES

Legacy benefits include a wide range of evidenced economic and commercial benefits for each of the partners involved.

What worked well

Businesses have reported a significant return on investment arising from the scheme, with government investment/funding expected to result in additional profit, new jobs, annual exports further business led investment in research and development and plant and machinery.

Development of long term relationships with businesses involved/cross selling of other services.

Challenges/Weaknesses

Difficult application process with decisions taking up to 6 months.

Raising awareness of the KTP programme amongst graduates/recruiting them onto the scheme.

Transferability

Opportunities: viewed as highly transferable to other regions.

Threats: reduction in state funding.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/53ssssmbetM
Knowledge Transfer Partnerships:
http://www.ktponline.org.uk/
Technology Strategy Board:
https://connect.innovateuk.org/web/guest/home

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27 SUPPORT SCHEME COUNSELLING/TRAINING

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Launched in 2000, the overall aim of the Support Scheme of Counselling and Training is to raise the competitiveness of SMEs and improve the survival rate of start-ups, particularly those SMEs trading for less than 3 years, helping to sustain employment and create new jobs in the region.

SME's are provided with subsidised support to access individual information and counselling i.e. advice from professional advisors and financial grants enabling them to access training services from professional training agencies.

Key resources

Programme Partners

National Agency for Development of Small and Medium Enterprises (NADSME)

Funding: Funding Body & SME Contribution

The Ministry of Economy of the Slovak Republic (ME SR)

Total budget to date €2.4M. Co-financed with EU funds from 2000-2003 onwards, supported by state funds from 2004 with SMEs required to contribute 25% of the project investment from 2010-12. Companies can access up to 60 counselling hours of support up to the value €1,620 each year and up to £30,000 awarded grant for training per call.

Eligibility criteria

Micro, small and medium sized enterprises resident/registered and located in Slovakia

Terms and conditions

Subsidies awarded as grants, both financial and non-financial with no repayment required.

2. IMPLEMENTATION

A national scheme set up in 2000 and running until December 2013 the programme is delivered by 3 part time managers, 20 part time officers in regional business support organisations and 40 advisors working with SMEs.

Key Steps - How it Works

Participants are able to access up to 60 hours of tailored, one to one advisory/coaching support from professional advisors to help them achieve the business objectives identified at the outset. Businesses involved in the scheme are also encouraged to access other financial and-non- financial support ranging from provision of micro loans and help to source venture capital investment through to access to business incubators, training, information and advice on internationalisation, innovation and available via the Enterprise Europe Network (EEN) through to networking events.

Key Stats

2012 results as follows

KEY MEASURE	Total
Applications submitted (before call for SME contribution announced)	365
Applications accepted	363
Funding Granted to succesful	€1.159M
SME Investment	(info unavailable)

2000/2006 (First half of the programme)	
(New) Jobs created	8350
Jobs sustained	19,450

27 SUPPORT SCHEME COUNSELLING/TRAINING

3. KEY LEARNING POINTS AND OPPORTUNITIES

Legacy benefits from the scheme include helping to create and sustain employment, ensuring long term sustainability of SMEs and impact on the local/regional economy

What worked well

- Regional/local accessibility and impact. External, on going monitoring of client satisfaction.
- Efficent procedures resulting in reduced administration for SMEs.
- Development of good network of experienced advisors, consultants/trainers and business support organisations with a good knowledge of local markets and the business environment.
- Personal one to one approach

Challenges/Weaknesses

- Short time frame for implementation within each yearly budget. Reduction in the network of collaborative business support agencies for a variety of different strategic and financial reasons.
- ‘Offline’ database & management information system. Missing efficiency/impact data.
- Year on year reduction of programme budget.

Transferability

Opportunities: National government commitment to implement the Small Business Act, supporting SMEs. To secure forthcoming EU resources for a new/on-going programme.
Identify new partners and expand team of business advisors/diversify and extend portfolio. Implement quality standards and evaluation. Online data collection, reporting and feedback.

Threats: Strategic changes. Programme not integrated into SME support & business development strategies. Limited or no financial allocation from government and/or supported by EU creating administrative/bureaucratic difficulties making the programme less competitive/effective.
Loss of established expertise i.e. current network of regional business support organisations, advisers and counsellors.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/jFYp6Wy46II
Schematic Counselling & Training for SMEs:
http://www.nadsme.sk/sk/content/poradenstvo-a-vzdelavanie
Enterprise Europe Network (EEN):
http://een.ec.europa.eu/

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28 PROTECT YOUR KNOWLEDGE

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Launched in 2010 to encourage the growth of innovation in businesses, the overall aim of the Protect Your Knowledge programme was to provide innovative entrepreneurs in Eastern Poland with the general and legal i.e. Intellectual Property information needed to protect their ideas and maximise their sales potential.

Targeting innovative businesses with untapped potential i.e. those not yet engaged in IP activity in less active regions, the programme was set up to:

- raise awareness of the opportunities associated with IP
- raise awareness of the support available
- provide entrepreneurs/innovative businesses in the region with the relevant knowledge i.e. legal information, skills and support needed to implement relevant IP protection
- turn the outcomes of the programme into tangible activity; sales, regional growth for business and the economy.

Entrepreneurs were familiarised with the basic principles associated with intellectual property; inventions, protection through patenting, industrial designs, utility models and trademarks In addition to the benefits arising from managing intellectual property.

Key resources

Programme Partners

Rzeszow Regional Development Agency – lead partner. No other partners involved.

Funding: Funding Body & SME Contribution

€342K - EU & State Funding can you confirm this figure is correct. Access to the programme and support provided free of charge. Businesses were also able to access grants to co-finance costs and expenses involved in acquiring IP protection within other complimentary programmes.

Eligibility criteria

Micro businesses and SMEs located in any one of the five regions of Eastern Poland covered by the programme. No terms and conditions applied.

2. IMPLEMENTATION

Running for 33 months from July 2010 to March 2013 across five regions in the east of Poland the scheme was managed by three project staff and five regional coordinators.

Key Steps - How it Works

Aiming to raise awareness and use of IP in regions with low historical take up of IP opportunities project activity included:

- 10 one-day 'awareness raising 'conferences providing basic information on issues, benefits and relevant legal options e.g. invention protection, patenting, industrial designs, utility models, trademarks etc associated with IP.

- 10 one-day 'awareness raising 'conferences providing basic information on issues, benefits and relevant legal options e.g. invention protection, patenting, industrial designs, utility models, trademarks etc associated with IP.

- Interactive Web Portal; an extensive 'live' information hub **www.wlasnoscintelektualna.com.pl** with discussion forums, case studies, publications, quarterly magazines, newsletters and opportunities for 'live chats' with experts.

- Publications/Communications; a practical guide to Intellectual Property, CD case studies, quarterly magazines and a wide range of information and promotion activities and materials, using every opportunity available to raise awareness of IP and potential benefits.

Entrepreneurs involved in the scheme were also able to access a separate Grant scheme 'support to obtain protection of industrial property'. Particularly targeted at those entrepreneurs with potential for internationalisation, grants could be used to co-finance the costs and expenses involved in protecting intangible goods and/or e protection of industrial property. Grants range from €460 to €92,165 for one enterprise per project and backed by a simple 'on line' application process, with decisions made within 3-4 days.

28 PROTECT YOUR KNOWLEDGE

Key Stats

The Protect Your Knowledge scheme has resulted in a real increase in the number of the companies actively using Intellectual Property principles and practice, taking the legal steps required to protect their products/services.

New research and development projects in the area of new technologies created by entrepreneurs supported by the programme include solutions for water turbines, welding facilities and systems supporting seaports and mineral wool production.

KEY MEASURE	Total
Applications submitted	Over 1,490
Applications accepted	1,490
Entrepreneurs accessing business related institutions	1,087
Conferences, seminars and workshops participants	1,490
Applications made to date for patents, etc.	12
Patents, etc. Accepted to date	5
Number of new R & D projects	12
Number of on-line users	1,070
Entrepreneurial businesses supported	1,087

3. KEY LEARNING POINTS AND OPPORTUNITIES

The lengthy Patent process in Poland has made it difficult to assess the legacy and impact of the project at this stage.

What worked well

Availability of free information and wide variety of support previously unavailable for entrepreneurs in Eastern Poland. Access to complementary financial/grant support. Increase in the number of Patents, applications submitted for IP protection in addition to research and development projects from participating companies.
Extensive range of marketing communications tools resulting in increased awareness and 'how to' go about using IP.

Challenges/Weaknesses

Concerns from entrepreneurs regarding confidentiality resulted in little interest in online 'chats with experts' through the website.
Lack of resources needed to enable one to one consultancy support.

Transferability

Opportunities:

Use of a similar approach to raise awareness and application of IP

The possibility of accessing European funds for this/similar programmes.

Threats: The need to find alternative sources of finance for this kind of programme.

FURTHER INFORMATION

DIFASS You Tube Channel:

http://youtu.be/p1fRhf5D4Fo

Rzeszow Regional Development Agengy:

http://www.rarr.rzeszow.pl/en

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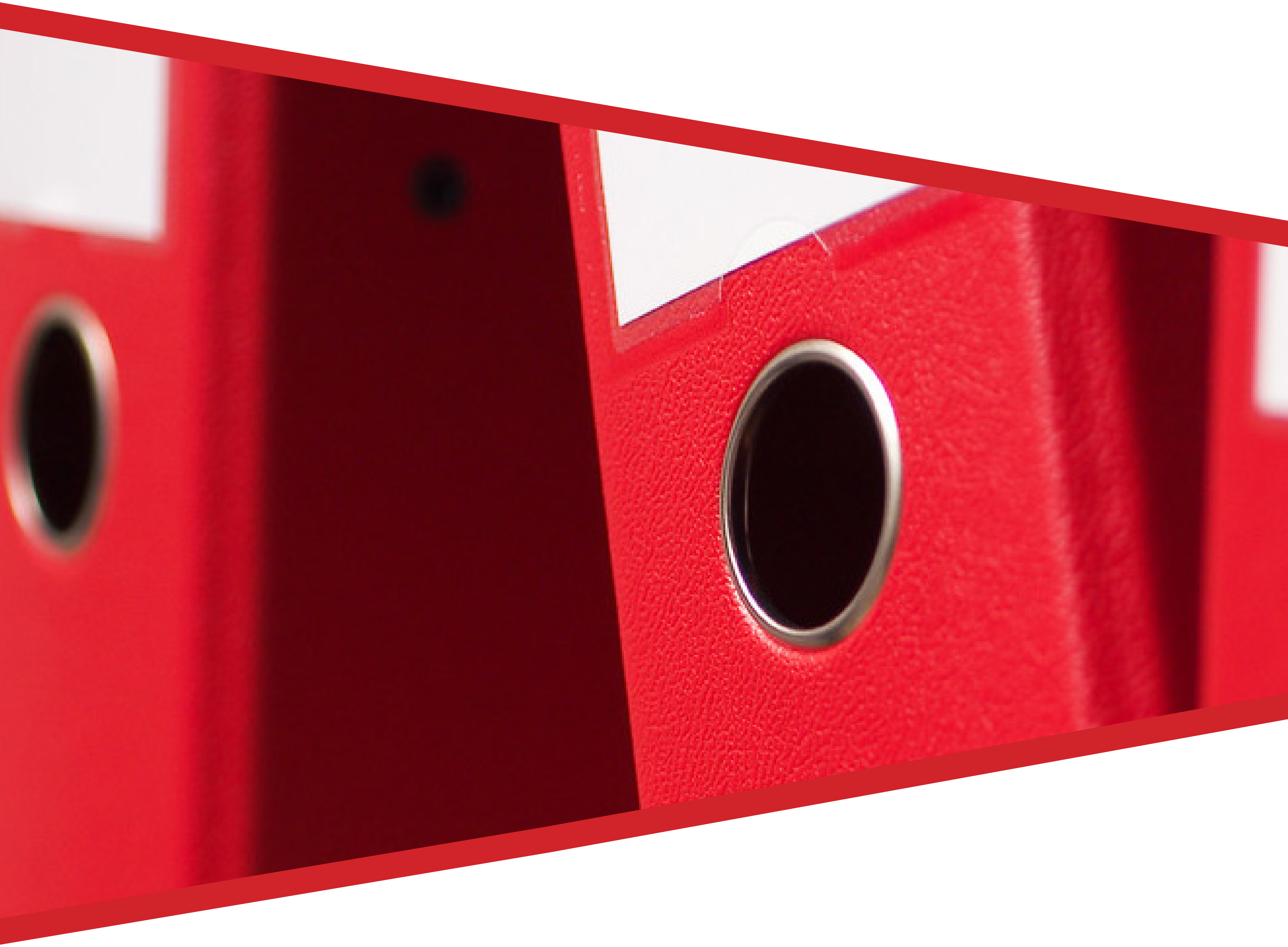
Spin Offs and Start Ups



Introduction

Start up and young companies are considered quite risky for investors even if they intend to apply new and innovative ideas to the productive process. The risk mitigates and prevents investors to invest in those companies even if the investment can produce big profits. A further difficulty is related to valuation since such companies have no assets, no network and are not (fully) tested in the market.

Spin offs are companies which focus on applying innovative business plans and the commercialisation of knowledge. This knowledge is for example generated at research laboratories, production units or at scientific education. A variant of spin-off is the spin-out company that results when a company's department become independent in the form of a new company. They then take under their control a part of the infrastructure, copyrights, know-how, etc. Executives of spin-out are coming from the company of origin.
Considering the origin, spin-offs can be classified as business spin-off, university spin-off and spin-off from public research institutes. We may also distinguish between funded and unfunded spin off companies.

In terms of way of organization, a company in the early stage period could be at seed-stage or be a start-up.
A seed-stage company has usually not yet established commercial operations. These early companies are typically quite difficult business opportunities to finance, often requiring capital for pre-startup R&D, product development and testing, or designing specialized equipment.

A start-up company generally has already assembled key management, prepared a business plan and made market studies. At this stage, the business is seeing its first revenues but has yet to show a profit. This is often where the enterprise brings in its first “outside” investors.
Start-up financing provides funds to companies for product development and initial marketing.
Contrary to later stages that are less risky and attract more easily investors, the early stage companies receive less than 6% of private equity funds the period 2007-2013 according to European Venture Capital Association data.

29 ACCESS TO EARLY STAGE FINANCE

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Experienced in providing business planning support and assessing applications for the government Microcredit scheme the Access to Early Stage Finance scheme was set up by CEEI Asturias to help innovative businesses access private/public funding lines.

Using a specific methodology and a package of support aimed at facilitating access to financial resources needed for business projects the purpose of the scheme is to:

- Improve the financial planning and business modelling capabilities of entrepreneurs
- Facilitate i.e. help businesses identify and source the best financial options from amongst the wide range of private & public funding schemes available e.g. new technology based company (NTBF) subsidies, the Asturias Business Angels Network (ASBAN) funding, subordinated loans, micro credits and risk capital measures etc.
- Help public &private funding entities to understand and meet the needs of business

With extensive knowledge and experience of both entrepreneurs and business finance, CEEI Financia act as an independent bridge between the two, specialising in helping businesses overcome obstacles involved in raising early stage finance.

Key resources

Programme Partners

CEEI Asturias work in collaboration with a wide range of regional/national partners and financing entities to help entrepreneurs develop their plans, identify lines of credit and become 'investor ready'.

Key partners include the Government of Asturias (Regional Ministry of Economy and Employment through to the Regional Development Agency – IDEPA), Asturgar (Mutual Guarantee Society: non-profit-making financial institution), FADE (Entrepreneurs Asturian Federation), AJE (Young Entrepreneurs Association), FYCIT (Foundation for the Applied Research & Science & Technology), SRP (Regional Society of Promotion of Asturias: a public body operating in the risk capital market to encourage economic growth), ENISA, CDTI and national/regional banks.

Funding: Funding Body & SME Contribution

CEEI Asturias is an entity supported by the Government of Asturias and a wide range of public & private bodies. It does not have a direct funding role itself. Levels of investment for each particular project are determined by the financial entity concerned.

Eligibility Criteria

Aimed mainly at innovative and technology-based companies (including spin offs) the scheme is open to all types of entrepreneurs and SMEs.

Terms and conditions

Businesses seeking funding for projects and requesting support from CEEI Financia, sign an agreement with CEEI Asturias setting out the conditions and confidentiality of the service. This includes the requirement to work on a feasible business plan and for CEEI Financia to continue with the process of applying funds from financial entities when the plan has been prepared. With the exception of funds secured from the Regional Network of Business Angels* for their businesses they represent, the service provided by CEEI Asturias is completely free (no fees, commissions etc). *Incurs a broker fee.

2. IMPLEMENTATION

Running since 2003, the scheme is delivered by two technical staff acting in an advisory capacity on behalf of an extensive partner and financial provider network, facilitating, coordinating and complementing the support already provided for early stage businesses.

The main aim of the scheme is to provide entrepreneurs with the support they need to define their business and financial needs, help them to develop and present a credible case for investment and then signpost them to the type of financing that best suits their particular business projects.

Based on a specific methodology and aimed at innovative entrepreneurs and technology based firms the CEEI Asturias Finance scheme is part of an integrated support package developed to help firms progress through each stage of the start-up phase. Helping them move from idea stage to implementation stage as quickly as possible. This includes:

29 ACCESS TO EARLY STAGE FINANCE

Individual (one to one support) stages	• Pre-feasibility analysis - viability check/due diligence • Financial Assessment - to assess the finance needed • Project/Action Plan - support agreement for a works schedule, on what needs to be done/support allocated • Business Plan/Business Model - preparation • Business Plan - review/update • Investment Readiness Programme - preparation/coaching • Formal Application - to the financial entities selected
Joint Programme	Investment Readiness Programme. Venture Investment Competition (for a group of SMEs)

There is no a 'formal application' process involved and enquiries can be made by phone and/or email. Enquiries, are followed up immediately with businesses invited to a pre-feasibility analysis and selected for the next stage provided with tailored support and access to the Joint Investment Readiness Programmes held 3 times a year.

Key Stats - 2012

KEY MEASURE	TOTAL
Response made to enquiries/ applications for support	116
Application accepted/supported (Technology-based projects)	74
Companies accessing funds (i.e. as a result of CEEI Financia intervention)	31 companies €1.34m

CEEI Financia has obtained > €10.5M funding for technology based SMEs since 2005.

3. KEY LEARNING POINTS AND OPPORTUNITIES

The experience and results gained through delivering the scheme have resulted in a positive perception of CEEI Asturias now viewed as experts by entrepreneurs and the financial network in helping innovative/technology based SMEs access funds.

What worked well/Strengths

Set up to develop a sustainable service CEEI Financia now provides a regional reference for an increasing number of entrepreneurs and SMEs across all sectors looking for funds Their expertise/'know how' also means that they can also provide a reference for regional level policies/service design and promotion of financial schemes offered by the partner network.

Challenges/Weaknesses

Getting SMEs/entrepreneurs to recognise the value of the service and be prepared to pay for it.

Transferability

Opportunities: The transferable methodology, first applied to micro credit lines and then transferred to other funding lines helps stakeholders identify the financial needs of entrepreneurs and companies.

Threats: Reduced funding, resulting in the reduction of financial instruments and support entities available.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://www.youtube.com/watch?v=Y-U3H1f6T84
You Tube Promotional Video (Case Study):
http://www.youtube.com/watch?v=B51z0VqDsQs
CEEI Asturias: http://www.ceei.es

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30 ACCELERACE

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Aware of the difficulties i.e. the time taken to get a business to market/rapid sales growth and the benefits; growth and long term economic potential of successful start-ups, the Tehnopol decided on a deliberate strategy of targeting support at high tech start-ups. This included new businesses started by 'serial entrepreneurs' who having learnt from past experience, refined their business model over time and as a result are more likely to succeed.

Needing to find a more successful programme methodology quickly and avoid duplicating effort, the Tehnopol conducted a search for external best practice.

Aimed specifically at accelerating the growth of innovative companies from start-up to rapid growth, Accelerace is a Danish-based, international initiative/model set up to support start-ups who have a unique product or service and 'the ambition to take their business further'.

Key resources

Programme Partners

1 year pilot programme launched in 2013 in collaboration with Accelerace Management A/S Denmark (the scheme founders). 4 other partner countries; Latvia, Sweden, Finland and Denmark have, subject to respective government approval, joined forces/raised funds for a pilot launch targeting the life science sector starting in January 2014. Each partner country will focus on a specific sub sector, drawing support/expertise for the start up from the partner network.

Funding: Funding Body & SME Contribution

Programme funds c€200K per year with the Danish scheme originally funded through a combination of Science Park Symbion investment and Danish local i.e. public funds. Start-up businesses selected for the scheme receive a loan of €40K receiving €20K in cash with no restrictions on how it can be spent, and the rest (€20K) in time i.e. expert support/help.

Eligibility criteria

Targeted at technology start-ups, particularly repeatable and scalable business models.

Terms and conditions

Beneficiaries are required to pay 10% (i.e. the total interest/fee payable) at the outset, and given the option of a 4 year payback period/1 year grace period. Businesses accessing funds at the next stage of the scheme normally use funds raised to payback the original investment i.e. €40K. Interest rates are similar to bank interest rates that in any case are normally reluctant/highly unlikely to give loans to such 'risky' start-ups. Loans are treated as a shared risk with no equity stake or guarantee required.

2. IMPLEMENTATION

The Danish scheme is managed by 1 technical person, with a bank of 30 freelance business coaches providing the specialist support provided as /when required.

Key Steps - How it Works

The scheme is based on the principle that entrepreneurship can be taught and learnt and that the most successful start-ups are a result of hard work rather than luck.
The methodology used enables the team working with the business to spot, train and fund start up talent helping them develop their business idea cheaper and faster by providing dedicated/intensive support to train and develop entrepreneurship and business development.
Selecting the best applicants, companies are provided with intensive support and early stage finance at favourable terms along with help to source next stage/long term investment.
Companies selected for the scheme and receiving the loan sign up for a 6 month intensive training programme. Support includes:

- 180 hours+ of 121 sessions
- Monthly training sessions and workshops
- A founders' pack of resources and tools worth €50,000 –
- A loan of €40K, 50% cash, 50% services, no equity taken
- Access to a network of leading venture capital firms and angel investors
- The chance of a €50K-400K follow-up investment on favorable terms from Accelerace investment funds.

30 ACCELERACE

Start-up businesses need instant access to know how, money and space. Experts from the Accelerace scheme work actively with start-ups to meet those needs in two stages to:

- Search and test the business model. Customer discovery and customer validation. Establishing the demand/need, the target audience/routes to market and global potential, and IF viable
- Execute the business model. Establishing the customer base, establishing the company. Access to space and fast track/intensive help for commercialisation, helping the entrepreneur realise the best value from potential buyers/investors.

Key Stats - Accelerace Denmark

The application process comprises a series of interviews over a short period of time, from which the most promising start-ups are selected and supported. Quick decision process. No application costs for start-ups aside from minimal time incurred. Partners cost estimated at 0.5 salary for the person recruited to review applications and manage the selection process.

KEY MEASURE	ESTIMATED TOTAL
ANNUAL AVERAGE STATS	
Applications Submitted (average per year to date)	140
Applications Accepted	10-15
Funding Granted (to successful start-ups)	c€10K per SME
SME Investment	€20K + 10% for payback

TOTAL TO DATE	
New Enterprises Started	c200
Enterprises Trading (enterprises still trading)	c90
New Jobs Created	c650
Funds/Investment Raised (for start-ups helped to accss ongoing finance by the scheme)	DKK 363M (€49)

3. KEY LEARNING POINTS AND OPPORTUNITIES

A tested/proven model, the Accelerace programme has created 650 new jobs and more than 200 companies in Denmark, 90 of which are still trading and who have gone on to raise > €49M.

What worked well

The scheme is an attractive and unique instrument for start-ups, securing a high quality entrepreneur/SME pipeline for the acceleration process. The scheme provides a win/win for the incubator, government, start-up investor.

Challenges/Weaknesses

None at this point, but may too early to say.

Transferability

Opportunities: Cross-border implementation with other Scandinavian and Baltic countries. Set-up of specialist sector programmes, Estonian partners are in the process of setting up/leading on a cross partner Nordic-Baltic health tech accelerator – 'AcceleraceLife'

Treats: The scheme needs a very entrepreneurial government to back/invest in the programme.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://www.youtube.com/watch?v=g3plHl1SzJw

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31 ACADEMIC INCUBATOR

1. SUMMARY OF GOOD PRACTICE

Opened in 2007 and located in an Economic Zone, part of a major infrastructure development, the Podkarpackie Science and Technology Park Academic Pre-Incubator is a platform for creation and development of cooperation in the field of innovation.

Overview and aims

Set up as an infrastructure measure not a financial instrument, the original investment/project objectives were:

- To create and facilitate strong cooperation between science and SMEs, enhancing cooperation in the field of innovation in the Podkarpackie region.

- The creation of Pre-Incubator places for students and graduates of universities located in the region, providing them with dedicated opportunities to start their enterprises.

The Pre Incubator facilities are designed to provide innovative start-ups with a natural pathway to the high tech facilities available in the Science and Technology Park, supporting and enabling early stage businesses to move to the facilities provided by the Technological Incubator and ultimately, as they progress, to buy land and build facilities in the special Economic Zones set aside for innovative businesses.

Key resources

Programme Partners

None advised

Funding: Funding Body & SME Contribution

Building/fitting out costs c €100K. Capital Funding via EU/Regional Funds, The Pre-Incubator is not a financial instrument, – no investment from SMEs/ no funding facility.

Eligibility criteria

Students and graduates of universities and SMEs located in the region.

Terms and conditions

N/A. No repayment terms, the scheme is not a direct financial instrument.

2. IMPLEMENTATION

The Pre-Incubator facility is operated by a team of 6-7 people providing technical support for the businesses involved. There is a simple application process for pre-incubator places with descisions taking about a week and no costs, aside from the applicant's time incurred in the application process.

Key Steps - How it Works

Businesses located in the pre-incubator facility are able to access to a range of support and also encouraged to participate in a number of parallel initiatives; Coaching, Innovation Fairs and Competitions e.g. Junior Innovator Competition etc.

Key Stats

An incentive tool, rather than a financial instrument/tool, SMEs are unable to access funding through the scheme. The Pre-Incubator facility has enabled the set-up of 17 new enterprises, 5 of which are now next stage businesses and who have progressed onto Incubator space located in the Park, creating 30 new jobs.

3. KEY LEARNING POINTS AND OPPORTUNITIES

Legacy

Located close to the University the Pre-Incubator provides a connection between Academia and Industry. University students, graduates, junior academics and SMEs located in the region now have access to start up facilities and business support/ coaching.

What worked well

Students now have a facility to get started/access the early stage information they need.

Challenges/Weaknesses

The focus was on infrastructure and building, i.e. an infrastructure measure, not a financial instrument. Set up with capital funds, there was no funding available for grants or other financial support.

31 ACADEMIC INCUBATOR

Transferability

Opportunities: Similar/established Incubator facilities already exist in partner regions. Low support costs i.e. the cost of coaching and access to space in other parts of the building for events/fairs/workshops etc is considered transferable.

Threats: None advised. The scheme has done what it intended, i.e. provide start up facilities, sustaining the facility, albeit at a very low cost, ongoing running costs may be an issue.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/GwX9sQD9SqM
Academic Incubator Video Presentation:
http://www.youtube.com/watch?v=8PJZIilWTd0

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32 SUPPORT PROGRAMME OF MENTORSHIP

1. SUMMARY OF GOOD PRACTICE

Overview and aims

The overall aim of the Support Programme of Mentorship (VALOR 2010) programme was to create a stable instrument for the commercialisation of knowledge.

Designed in response to low numbers of commercial research and development investments and lack of technology transfer, in particular the transfer of IP into business, the programme was set up to foster the creation of University and public organisation spin-outs.

Other key barriers in commercialising knowledge included the complicated legal process involved, making it difficult for Universities and any public funded research companies in Slovenia to set up a company to develop spin out potential, and the lack of a funding instrument for spin outs.

The overall aim of the programme was to:

- Accelerate the transfer of knowledge and research results from universities and public research institutions
- Promote entrepreneurship within academia and the development of the young i.e. new start/up companies
- Encourage the growth and development of enterprises and employment of a highly-skilled workforce
- Encourage the development of a new business models in companies
- Promote the transfer of IP from universities and public research institutions to private companies; thereby promoting sustainable cooperation between the two entities.

Key resources

Programme Partners

Ministry of Economy of Rep. of Slovenia (providing funds and verifying the programme).

Funding: Funding Body & SME Contribution

State Funding used to set up 2 Pilot Programmes with a total budget of €1.5M (Valor I set up in 2008 €500K: Valor II set up in 2010 €1M).

Funds awarded in the form of Grants of up to 85% of the investment required, from a minimum of €50K to a maximum of €150K. SMEs had to raise

the remaining 15% from their own funds/by raising funds from the IP involved.

Eligibility criteria

Spin-outs from universities, public research organisations and Research Technology Organisations (RTOs), young companies that have already identified and acquired IP transfer solutions from universities or RTOs). NO public companies.

Terms and conditions

Funds awarded as grants, no interest rates/costs involved. Projects/investments were selected via a public call and application process using a detailed assessment criteria; this included their technology and market potential, expertise/knowledge of the team, company strategy/action plan, impact and sustainability of the university/research organisation and formal agreement on IP and collaboration arrangements. Projects must be completed within one year of signatory and contract.

2. IMPLEMENTATION

Key Steps - How it Works

The project used a simple application process resulting in low SME application costs/partner administration costs with descisions taking a maximum of 60 days. The programme was delivered by 13 staff; 6 trainer/mentors, 6 external export/internationalisation specialists and 1 administrator. Project methodology used was based on previous practice gained from the 6th European Framework Programme. Research project outcomes/gains expected from the project were that:

- Verified research results would come onto the market
- Academic institutions would ‘let go’ of their innovations, i.e. pass them to SMEs that would commercialise their ideas.
- Company development plans would be implemented – taking ideas from research to market.
- Evidence of on-going collaboration with the research department and originator of the innovation.

32 SUPPORT PROGRAMME OF MENTORSHIP

Six companies selected for the 2010 pilot received a variety of all-round parallel support to move the innovation from research stage to commercialisation; expert business advice/agency mentors, coaching and IP courses (protection and management), project development, marketing, strategy, investment readiness (how to approach an investor, pitching skills and a sesssion with investors), fund management advice, internationalisation/ access to national/international networks.

Changes made to VALOR II as a result of lessons learnt from the original pilot included the addition of advice and support as well as grant funds, ('it's not only money that's needed but also additional support') and changes to the formal written selection one stage process to a two stage process; a project/technology assesment and personal presentation assessed by external evaluators, comprised of venture capital providers and entreprenuers experienced in bringing forward technology start ups. All these changes resulted in improved results and survival rates for Phase II.

Key Stats - 2008 + 2010

KEY MEASURE - Both pilot programmes	2008 + 2010
Applications Submitted	49
Applications Accepted/Spin-out	11
Companies Supported	
Survival Rates (Companies)	9
New High Tech Jobs Created	28
Funding Granted to SMEs	> €850K
SME Investment	min of 15% (c€108K)

OUTCOMES TO DATE from 2010 pilot	2012/2013
New Jobs	14
New Jobs in R&D	12
New Products/Services	19
Patents	1
Revenues Generated (av.)	17%/51%

The majority of high tech start-ups from IT, Health & Engineering sectors participating in the second phase of the programme are still operational, bringing significant survival rates.

3. KEY LEARNING POINTS AND OPPORTUNITIES

Slovenia now has its first dedicated programme to test and provide a solution for the transfer of IP from Universities/RTOs to companies with results to date indicating high survival rates and economic benefit. SPIRIT Slovenia now has the capacity; valuable knowledge, skills and experience to run the specialised programme and recommend future policy.

What worked well/Strenghts

Companies placed an equal value on the advice/help provided as well as the funds. (Funds + Support = high survival rate). The Agency has learnt how to provide and access support, developed new knowledge and new services. They can now provide valuable support, with or without access to grants/funds.

Challenges/Weaknesses

Lack of ongoing funds resulted in cancellation of the programme so seed phase funding for spin outs is still poor, although start ups can now access a Business Accelerator scheme. Agency i.e. SPIRIT Slovenia support for start-ups now concentrates on VC (networking, investor readiness support).

The Agency is currently undergoing 'Reshaping' so future Policy/support is not known.

Transferability

Opportunities:

Programme for start-ups with mentorship and coaching provided at the same time.

Threats:

Sustainability – funds and business support.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://www.youtube.com/watch?v=YywoRm-ROB8&list=HL1386939715&feature=mh_lolz.

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33 SETSQUARED

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Launched in 2002 to facilitate access to technological expertise and the research available from the University network represented by the scheme, SETsquared is an Enterprise partnership set up to accelerate the development of technology-based ventures, from initial idea to commercialisation.

Modelled on similar American initiatives with impressive track records and normally located offsite in Science Parks, SETsquared provides practical support to technology start-ups by offering an infrastructure around which an entrepreneurial community and culture can develop. Led by experienced entrepreneurs working alongside four other universities, SETsquared provides new high tech companies with access to a hugely experienced entrepreneurial community and leading research/ professional facilities.

Aiming to stimulate economic growth through the growth of innovation and technology businesses in the region's economy the five universities involved; Bath, Bristol, Exeter, Southampton and Surrey work with a mix of innovative businesses, with 80% coming from the wider business community, ('spinning into the university') and the balance made up of university spin-outs.

Key resources

Programme Partners

Universities of Bath, Bristol, Exeter and Surrey, Higher Education Funding Council (HEFCE), Department of Business Innovation & Skills (BIS).

Funding: Funding Body & SME Contribution

SETsquared receive c£350K (€423K) of the Universities £33/€40M Higher Education Innovation Funding (HIFE) budget to run the scheme. Funds are used to support and subsidise member companies who pay c£100/€120pm for support and desk space for them and their partners/employees. (No upper limit on desk space helps encourage them to grow). The network does not offer grants but plays a lead role in sourcing long term investment (up to 100%) from its established Business Angel, VC network and accessing grant schemes (which can then be used to lever further investment).

Eligibility criteria

Hi tech innovative start-up and early stage organisations with high growth potential who would gain from spinning into a university (80% of clients) and university spin outs 20%.

Terms and conditions

Business joining the SETsquared scheme are charged a small monthly fee (c€120) i.e. contributing to the cost of the support involved and sign up to an initial 12 month support contract with a 1 month break clause on both sides. Fees are offset by the availability of highly subsidised workspace at the Science Park.

2. IMPLEMENTATION

The scheme is supported by 28 technical staff working across the SETsquared network; 3-7 people in each centre. Each university partner employs their own centre staff with a small secretariat of 2FTE working across the network supported from central funds.

Key Steps - How it Works

STEP 1

First assessed using a simple test, businesses interested in joining the scheme are asked some simple questions to check the viability of their idea; is it something that people would want to buy?/keep buying? Can it be expanded on? What's it going to look like when it's produced?

STEP 2

Those reaching the next stage are then provided with help to identify their value proposition, (using the Business Model Canvas) and write up a Business Plan which they are then invited to pitch to an 'expert' panel, selecting companies for the scheme.

STEP 3

Businesses selected are connected up to the relevant expertise they need to accelerate/commercialise their idea and subject to regular progress reviews/input from a panel of independent specialist's e.g. legal, IP, financial expertise.

33 SETSQUARED

Core support includes:

- Practical help from experienced entrepreneurs, accomplished entrepreneurs, mentors and industry experts with the knowledge and know-how needed to get a company off the ground.
- Review and if necessary recommendations re the skills/make up of their management team.
- Help with access to funding - SETsquared has links with many funding agents and relationships with a wide range of business angels and venture capitalists across the region. Partner universities also hold a number of funding showcases throughout the year, culminating in an annual Investment Showcase held in London.
- Provision of support services and office space - helping businesses develop their ideas into viable trading businesses, - offering physical office space, allowing companies to be situated with other businesses going through the same development curve and gain access to a range of centralised services a company would need as they get started.
- Accessing international markets - As international markets are as important, if not more important than local markets SETsquared provide support alongside other UK agencies, helping companies develop traction overseas.

Building businesses from university research – as well as supporting external companies development, each of the Partnership universities also works to identify, develop and spin out applied research with commercial applications. This could involve taking a technology and spinning it out into a new business, or finding an appropriate corporation to license the technology to extend the reach of their current offering.

Key Stats

KEY MEASURE	ESTIMATED TOTAL
Applications Submitted	Between 40-100 % (20-25 year)
Applications Accepted	About 30% (10-15 year)

(Approximately 150 companies being incubated by the network at present)

SETSQUARED NETWORK	SINCE LAUNCH/ 10 YEARS +
Funding raised for Succesful SMEs	c £1BN
New Enterprises Started	> 650
New Jobs Created	>1,200

3. KEY LEARNING POINTS AND OPPORTUNITIES

Celebrating its 10th anniversary celebrations this year and recently ranked =4th World University Business Incubator, SETsquared is the longest running UK partnership of any type with > 1,000 active alumni companies and a 90% survival rate. Additional impact includes contribution to student retention and creation of new high tech networks e.g. Carbon and SIG.

Transferability

Subject to the availability of funds and change of mindset/cooperation of Universities.

Opportunities: Meet the Primes – a scheme enabling companies to meet major private/public contractors. Researcher to innovator programme to train business skills. Dedicated PHD Programme

Threats: Multicultural transfer aspects. Dilution of the Higher Education Initiative (HEI) focus, loss of UK HEIF funding.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/cEdxTTqDVrM
SETsquared Investment Showcase:
http://www.setsquared.co.uk/start-support/accelerating-growth-campaign

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Creative Industries and Crowd Funding


EURO

Introduction

Access to finance seems a main barrier to creative businesses. They also face also specific challenges in achieving investment such as lack of information and understanding about relevant sources of finance, difficulty in developing and presenting a business plan in a convincing way, reliance on a failing business model.

Crowd funding as a new financial source could help resolving these problems. Crowd funding is a common effort of (mainly) financial support by numerous investors. Individual projects and businesses are financed with small contributions from a large number of individuals, allowing innovators, entrepreneurs and business owners to utilize their social networks to raise capital.

Most crowd funding schemes are based on online platforms. Those platforms serve as intermediaries between the project owner who asks for financing his project and the funder who can provide the demanded financing. Average crowd funding campaign take around 9 weeks. The amount provided by the funder depends very much from the project and the model of crowd funding. It is limited for donations and important for equity models. Four main models of crowd funding exist: donation, reward, lending and equity. Within those forms hybrid models exist as well.

The funder participates to the project because he finds it interesting, it relates to a social cause; and the funder identifies himself with the project. The maximization of the profit is usually not their top priority. For the project owner, financing his project is priority having also the opportunity to introduce the project’s product or service to potential customers.

Crowd funding became very popular over the past years. Funds raised through this financial form tripled from 2011 to 2013 while platforms worldwide doubled from 2010 to 2012. North America and Europe dominated the crowd funding industry. Reward based models are the most active on crowd funding industry. They make up for 43% of the total in 2012 having a growth of 524% that year. The donation model is the second most important form with 29%, followed by the equity model (15%) and lending based (13%).

34 INCOMPASS PROJECT

1. SUMMARY OF GOOD PRACTICE

Overview and aims

A two year project launched in 2012, the InCompass Project is aimed at helping the 12 regional partners involved to identify sustainable support mechanisms for the Creatives sector and move away from previous dependence on public funding.

Partners are undertaking an extensive programme of research and analysis across the EU to identify alternative methods of support i.e. innovative commercial practices and to develop and share the methods used. This includes the development of sustainable approaches to the financing of incubation units for Creatives sector start-ups.

A business support instrument rather than a financial instrument the key objectives of the programme are:

- To identify existing, innovative good practice that contributes towards the achievement of financial sustainability of incubation units for business start-ups in the creative industries.
- To assess and test the transferable nature of these good practices between regions for local implementation and adoption into policy, thereby making a significant contribution to evidence-based regional policy making and improvement.
- By working together, to develop practical and realistic implementations plans for the transfer and application of good practice and improvement in regional policy across all regions.

Key resources

Funding

€2,134K funded by EU regional finance. SME Contribution N/A – research project.

Eligibility criteria/Terms and conditions

The research project is ultimately aimed at providing improved/sustainable incubator space for business start-ups and mature firms in the Creative Industries sectors.

Terms and conditions

N/A – the project is not a financial instrument.

2. IMPLEMENTATION

The research project involves three key delivery phases:

- A programme of 12 Study Visits and Reports on Good Practice
- 12 Thematic Seminars to share/disseminate the findings within the consortium/project partnership
- Regional Implementation Groups (RIGs) made up of key stakeholders in each of the 12 regions who assess the transferability of good practice and make regional policy recommendations for policy improvements.

Covering a wide area of research, partners also agreed a methodology of breaking down the work into 3 purpose-led workgroups to analyse the main aspects/themes involved.

WORKGROUP 1: COMMERCIAL CONTEXTUALISATION Scope of theme

Looking at how commercial activities e.g. rents and fees from incubates, renting out spaces and services, providing consulting services and acquiring project-based funding contribute to financial sustainability. Revenue, savings and clustering benefits from shared commercial services such as 3D prototyping or recording studios.

Good practice identified to date

- Co Work, revenues from renting out various types of work spaces.
- Patras Science Park, looking for funding on the basis of national and EU (FP, H2020, Interreg) projects.
- Creative Factory, renting the incubator's premises to third parties for conferences, seminars or social events.
- HUB Milano, applying incubates' expertise to provide consulting services to third parties

WORKGROUP 2: SOCIAL CONTEXTUALISATION

Scope of theme

How social interaction can contribute to financial sustainability e.g. through internal and external networking, ties to local communities and businesses. The role of social activity and services in supporting successful and financially resilient specialist clusters.

34 INCOMPASS PROJECT

Good practice identified to date

- Patras Carnival Lab, generation of income on the basis of strong support in the local community (certified sponsorship, issue of a Carnival Card)
- Fabbrica del Vapore, organising events to increase networking (e.g. fashion shows)
- HUB Milano, using the building to stimulate networking and 'buzz': transparency, third places, food and hospitality
- Corallia, connecting to the regional economy by focusing on cooperation within clusters rather than on individual firms

WORKGROUP 3: TIERS OF SUPPORT

Scope of Theme

Looking at how the support programme and cooperation with partners could contribute to financial sustainability e.g. through training and coaching, partnership agreements etc. An examination of the various levels of support available, their cost effectiveness and revenue from knowledge transfer, mentoring and community engagement etc.

Good practice identified to date

- MINC, providing assistance and information on the possibilities and pitfalls of venture capitalism and connecting to relevant international clusters through partnerships, study visits and education of coaches (Silicon Valley, Stanford University)
- Creative Factory, involving partners from business and education (e.g. Rabobank, Rotterdam University of Applied Sciences)
- Company Care, 'web shop' offering members services and products from the incubator's partners

3. KEY LEARNING POINTS AND OPPORTUNITIES

Whilst the programme is aimed at identifying good practice business support instruments it will ultimately provide help for early stage businesses. The 5 study visits to date have enabled the partners to identify the more common good practices relating to ownership, funding, focus and embeddedness of incubators. It has also identified practices that really stand out and which are particularly inspiring or unique. The research has also identified some initial/important preliminary insights regarding policy-making.

What worked well

Encouraging incubators to become less dependent on public finance and look for other sources. Bring all partners together, (planning).

Challenges/Weaknesses

No standardised package (yet) to transfer. No effects yet, not consolidated/ready for transfer.

Transferability

The project comes under different EU framework/regulations so will be difficult to implement

Opportunities: Creative incubators opportunity for cities (city centre alive).

Threats: None reported. (Business support rather than financial instrument)

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/Sg72TSAQTBA

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35 CROWDABOUTNOW

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Set up in 2011, CrowdAboutNow is a Dutch national network/online finance company for SMEs that helps entrepreneurs gather investment funds from a large group of smaller investors, who together may invest enough funds to raise the finance they need.

Acting as an online platform, CrowdAboutNow connects start-up enterprises looking for private and/or public sector investment in their project with potential investors. Looking for good/interesting investments, these individual investors are looking to invest relatively small amounts money for an appropriate return.

Providing a 'win-win' matching service for many of the business and investors involved, there are a range of benefits arising from the scheme:

- Investors can browse through projects on the platform and invest from as little as €10.
- Only high quality ideas approved by partners are uploaded onto the platform.
- Businesses using the platform also gain access to the partner network supporting the scheme to get advice and coaching from business sector experts in their own region.
- Businesses gain the added value impact of having a lot of investors in their company who already like their business idea, product or service, i.e. company advocates or coaches.

Key resources

Programme Partners

CrowdAboutNow BV owners/managers of the national platform.

Funding

No set up costs for Business Development Friesland and its Inqubator Leeuwarden.

Funding Body & SME Contribution.

The platform can be used to raise up to 100% finance needed and has raised > €1.6M for almost 50 businesses since its launch in 2011. No minimum equity from the entrepreneur required, but an investment of their own does make it more appealing to attract external investors. No lower or upper limit on how much a start-up can obtain. In

practice though investments have ranged from a minimum of €3.5K to €55K the maximum amount invested (and asked for).

Eligibility criteria

The platform is open to start-ups in any sector needing a relatively low amount of investment capital.

Terms and conditions

Determined by the start-up entrepreneur repayment terms vary normally range from 1-5 years.

2. IMPLEMENTATION

Key Steps - How it Works

Inqubator Leeuwarden is the exclusive partner to the CrowdAboutNow platform for the Province of Friesland.

Start-ups interested in raising online finance come through two routes:

- Most companies are normally nominated and then supported by the partner, i.e. experts already actively working with entrepreneurs in their particular region.
- Enquiries made to the central hub then referred to their regional partner e.g. Inqubator Leeuwarden who provide support and guide them through the process.

The Fee Structure – How it works

Fees incurred by starts-ups to pitch their idea and source funding on the platform include:

- 1% of the capital requested at the start
- 1% of capital on success/completion plus 0.1% pm for every month of the repayment terms
- €150 paid to Inqubator Leeuwarden to start the promotional campaign, €350 on completion of a successful launch. For an entrepreneur looking to raise €30K over 20 months this equates to €1200 plus €500 for the support provided by Inqubator Leeuwarden, equal to around 5.6% of the capital. With interest paid to investors this increases to around 9.6 %, considered comparable to that charged by other risk capital options, without the need to provide personal security.
- The start-up company determines the Return of Investment % and payment period up front, normally between 4 -6.5 % pa. With current bank rates for start-ups of 11-13 % and all the cost costs incurred, CrowdAboutNow is considered a cheaper option.

35 CROWDABOUTNOW

The calibre of ideas and reputation of the crowdfunding platform in publicising good propositions is vital. Initial applications from start-ups are subject to a first screening to prevent the platform being uploaded with unattractive, unrealistic business plans. Around only 1 in 5 applications gets a place on the platform. Of those about half of the start- ups reach their funding target.

Key Stats

CrowdAboutNow has raised > €1.6M for almost 50 businesses since its launch in 2011. Two businesses have returned investments already, providing investors with 15% profit.

KEY MEASURE	TOTAL
Applications Submitted	60
Applications Accepted; Funding Raised/New Enterprises Started	50
Funding Raised	€1.6M
Average ratio of applications accepted onto the platform	1 in 5
Percentage of start-ups securing their funding target/funds	50%
New Jobs Created	150

The CrowdAboutNow application process is considered relatively simple, with average application costs incurred by SMEs for support; help writing their business plans, recording of a promotional video etc. averaging between €500-€700.
Businesses have up to 60 days on the platform to secure funding for their projects

3. KEY LEARNING POINTS AND OPPORTUNITIES

Legacy Benefits

The first successful investments have been made, with 50 new start-ups receiving the funding they needed to start their business.

What worked well

The scheme has brought together a large pool of ordinary private investors i.e. members of the public who can invest from as little as €10 providing start-ups with a good opportunity to raise the investment they need. Also provides partners providing the support with an opportunity to attract start-ups to their incubators.

Challenges/What didn't work so well?
Since the total amount of investment needed is relatively low and the start-up businesses have little funds of their own, it is difficult for the platforms official partners e.g. Inqubator Leeuwarden to charge/cover their costs (normally €500 for the help & support businesses need).

Transferability

Opportunities: The CrowdAboutNow system and methodology are transparent and considered suitable for transfer. Business Development Friesland are happy to share their experience of the national system as well as the new development underway with the municipality of Leeuwarden, who are setting up their own regional crowdfunding platform for their own residents. Offering favourable terms to attract and support local businesses, the municipality will offer a final loan equal to 20% of the funding required to those businesses who raise 80% of the funding required through the new online platform.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://www.youtube.com/watch?v=OE-6CmC48f0

Website: www.crowdaboutnow.com

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36 HOW TO BOOST CROWDFUNDING FOR INNOVATIVE BUSINESSES

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Set up in 2013 to meet new entrepreneur's needs, CEEI Asturias developed a methodology and a role as validator for business projects interested in apply for Crowdfunding.

Mindful of the difficulties experienced by SMEs/entrepreneurs in raising finance and a limited understanding of more recent financial instruments, the Crowdfunding for Innovative Businesses programme was set up to raise awareness and understanding of Crowdfunding as an optional financial instrument amongst the regions businesses, stakeholder and advisory community.

Through collaboration with a variety of crowdfunding platforms the service is implemented as part of a package of global financial support, providing business initiatives with access to funds. With extensive knowledge/experience of both entrepreneurs and business finance, CEEI act as a 'funding bridge', specialising in helping business overcome obstacles involved in raising early stage finance.

Aimed at facilitating access to financial resources for business projects in the Principality of Asturias the purpose of CEEIs Crowdfunding service is to:

- Raise awareness of Crowdfunding as a financial option.
- Improve the financial planning and business modelling capabilities of entrepreneurs.
- Provide the support needed for business to identify and select the best crowdfunding source from amongst the wide range of platforms/options available.

Key resources

Programme Partners

The different types of Crowdfunding platforms selected/involved in the development of the pilot event; Crowd Angel, Goteo, Potlach, Arboribus, Goteo and Lanzanos.

Funding: Budget/Funding Body

Pilot project event was financed with EU project funding, future follow-up initiatives will be funded from CEEIs own budget.

SME Contribution

No charge for businesses/stakeholders attending the event or businesses pitching their projects.

Eligibility criteria

Aimed mainly at innovative/technology-based companies and spin offs. Programme also open to entrepreneurs/SMEs from all sectors.

Terms and conditions

No formal terms and conditions for any business participating in the programme. Best projects selected on the basis of their innovation and potential from amongst applications received. Businesses that go on to participate in CEEI's support programme are subject to a formal agreement.
Businesses accessing crowdfunding as a result of the programme support are subject to the terms and conditions of the relevant crowdfunding scheme. Schemes may cover up to 100% of the investment, with each scheme having their own benefit/payment options and repayment terms. Interest rates similar to other financial instruments.

2. IMPLEMENTATION

Launched in 2013 the programme is operated and managed by 2 people from CEEIs technical team. Support provided takes place in two stages:

1. The promotion/education of Crowdfunding as a financial option.
Raising awareness of crowdfunding for entrepreneurs and businesses as another viable option in their search for funding through a dedicated event 'Crowdfunding: innovative financing alternative for companies. The first session included the opportunity for the 6 platforms to explain their operation, the second session provided businesses with the opportunity for 'face to face' meetings with the crowdfunding platforms they had selected.

2. Crowdfunding Business Support
Entrepreneurs and SMEs interested in Crowdfunding are also encouraged to access 'CEEI Asturias Financia', an integrated business support package specifically developed to help firms progress through each stage of the start-up phase, this includes: pre-feasibility analysis, financial assessment, project/action planning, preparation of business plans etc through to investment readiness.

36 HOW TO BOOST CROWDFUNDING FOR INNOVATIVE BUSINESSES

Key Stats

CEEI Asturias are waiting for the final results needed to're-focus' the action. Success measures and results known to date as follows:

KEY MEASURE	TOTAL
Applications accepted/number of businesses pitching their projects and face to face meetings with Crowdfunding platforms	25
SMEs/entrepreneurs and stake holders attending the pilot event	125

Applications from business to pitch their projects and join the support programme are not considered difficult and are subject to a quick decision process. Time taken to raise funds via the Administration costs include commissions through to tax payments.

3. KEY LEARNING POINTS AND OPPORTUNITIES

Recognised by the Regional Ministry of Economy and Employment the pilot event was attended by 120 SMEs, entrepreneurs, policy makers and stakeholders and provided 25 business projects with an opportunity for face to face meetings with crowdfunding platforms. The event was also filmed and disseminated through media and social networks to raise further awareness. Now viewed as experts by entrepreneurs and financial networks involved in helping innovative/technology based SMEs access funds, the scheme enabled a positive perception of CEEI Asturias. CEEI has built strong relationships with crowdfunding platforms and seen as a pioneer in the promotion/dissemination of new financial instruments by regional stakeholders.

What worked well/Strenghts

- Good crowdfunding promotion. Enables early stage businesses to raise funds on projects that wouldn't otherwise be funded by other instruments.
- Acting as a validator and filter for business models presented to crowdfunding platforms, CEEI's service enables businesses: To take advantage of the expertise/'know how' of crowdfunding platforms and other public/private financial schemes available through their partner network; To implement a sustainable approach to crowdfunding.

Challenges/What didn't work so well

- Business projects were unable to raise the full amount needed so unable to fund their projects. (A lesson learnt by the businesses involved and knowledge for CEEI to build into future programmes).
- Lack of tax regulation and complex tax management rules preventing interest from investors.

Transferability

Opportunities:

- Considered 'fairly transferable', (no bureaucracy, not expensive). Crowdfunding is a new opportunity for financing which justifies further exploration. Makes sense to raise awareness of crowdfunding as a funding option or part of a package of funding lines/schemes for businesses.
- No barriers to entry

Threats:

The availability of regional/local schemes i.e. specifically developed for local businesses makes crowdfunding an easier, but not essential option for transfer. It can work with national/international schemes.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://www.youtube.com/watch?v=KfNviuCPo48
Pilot event:
http://www.ceei.es/pgceei.asp?pg=292

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37 RAISING FINANCE THROUGH ONLINE INVESTMENTS

1. SUMMARY OF GOOD PRACTICE

Overview and aims

The 'next generation' of business investment, Crowdcube is an equity platform rather than a loan platform. Providing a new way to fund start-ups and business expansion by crowdfunding for equity, Crowdcube gives entrepreneurs a platform to connect with people and raise venture capital. Fully authorised and regulated by the Financial Conduct Authority, Crowdcube bypasses the traditional ways of raising venture finance. The scheme uses an online platform to attract lots of investors who can then select and invest smaller amounts of money into a person, company, product or idea.

Set up by two entrepreneurs who had difficulty raising finance themselves, Crowdcube aims to:

- Provide entrepreneurs with the opportunity to take control of fund raising from their own network of friends, family, customers as well as the public.
- Give the general public the opportunity to become armchair 'Dragon's and build their own investment portfolio, providing them with a chance to support exciting new British businesses.

Key resources

Funding

Commercial entity/set up with private finance

Funding Body & SME Contribution

Businesses can raise up to 100% of the investment needed through the instrument.

Eligibility criteria

The scheme is open to all start-ups, businesses and entrepreneurs.

Terms and conditions

Funding obtained ranges from a minimum of £10K (€12K) to a maximum of £2M (€2.4M) with variable repayment terms (based on the individuals exit strategy).

2. IMPLEMENTATION

A commercial enterprise itself, Crowdcube is run by a team of 17 technical 'back office' and advisory staff.

Key Steps - How it Works

Businesses looking to raise finance prepare their 'online pitch' in the form of a succinct written introduction, achievements to date and a short (1-3

minute) video. Other more detailed information attached to the pitch giving serious/potential investors the information they want to see and assess includes 'Full Financials', 'Financial Snapshot', 'HMRC EIS Contribution' and a Business Plan.

> Designed to help smaller higher-risk trading companies to raise finance, the UKs HMRC EIS Contribution or Enterprise Investment Scheme (EIS), works by offering a range of tax relief to investors who purchase new shares in high risk companies.

Like similar equity platforms, the pitch also includes information on share types. These include A Class (Ordinary Shares) and more recently a new B Class share to help the business deal with a large number of shareholders, (with no voting, no pre-emption rights or drag + tag rights), the equity stake offered and whether the investment is eligible for EIS relief. Other visual information includes a green indicator showing how much has been invested so far and how many days the business has left to raise the funds.

Businesses are able to get advice, feedback and support from Crowdcube who are also able to introduce applicants to partners if they need someone to create their video, write their business plan and prepare their financial information. Businesses are advised to get their own tax advice.

Like similar platforms providing a matching service for the business and investors involved, Crowdcube report a range of secondary benefits (i.e. outside of its main purpose of raising funds) from the platform:

- For entrepreneurs, a new way to raise finance and access to a UK wide investor reach providing them with easier/more cost effective way to raise funds. The financial instrument also helps them promote their idea (the media like to write articles on successful companies) and get good quality feedback from a wider audience who may also go on to be prospective buyers.
- Investors are provided with the opportunity to participate as an 'Armchair Dragon' and where appropriate, support their friends and family. Able to browse through projects and invest as little as £10, it's simple to invest with a lower/spread risk providing a financial return.

37 RAISING FINANCE THROUGH ONLINE INVESTMENTS

Key Stats

Launched in 2011, results to date are as follows:

KEY MEASURE	TOTAL
Applications Submitted	c 120 per month
Applications Accepted	c 30% of applications accepted
Funding Granted (to succesful SMEs to date)	£20M (€24M)
New Jobs Created	1704
Member Investors (e.g. registered on the platform)	65,000
Average Investment	£2,800 (€3,400)
Large Single Investment	£250K (€302K)
Average Deal	£180K (€217K)
Biggest Deal	£1.9M (€2.3M)

70% of applications are rejected by Crowdcube at the outset. The current success rate of live pitches on the site is around 30%, which equates to around 30% of the 30% getting through and getting the funds needed. The average time for a pitch to reach its target amount is around 45 days although it can take from a couple of days to a few months. The application process is considered relatively easy with no listing fee or upfront fee, only a 5% success fee on completion. + £1,250 (€1500) legal fees and £500 (€600) admin fee.

3. KEY LEARNING POINTS AND OPPORTUNITIES

Raising £12M (€14.5M) for 44 deals in the last 12 months and a leading online provider of equity finance in the UK and overseas, Crowdcube focus on both entrepreneur and investor needs.

What worked well/Key Strenghts

- Great crowdfunding promotion
- Provides opportunity to choose appropriate platform for business ideas
- Large database of potential public and professional (i.e. institutions, business angels etc) investors registered on the platform.

Challenges/Weaknesses

- Crowdfunding public awareness 'lag' across countries
- Crowdfunding policy and regulation not clearly established in different countries, tax incentives on investment only apply in the UK.

Transferability

Opportunities: Crowdcube themselves already have plans for international expansion and are actively seeking European partners. Crowdcube may also be offering an opportunity for debt funding soon.

Threats: Limited number of crowdfunding platforms locally. Absence of crowdfunding stakeholders in some regions.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://www.youtube.com/watch?v=S060zzYGfrg
UK Enterprise Investment Scheme (EIS):
http://www.hmrc.gov.uk/eis/
'Non Bankers' Alternative Funding Portal (referred to in presentation) :
http://www.alternativebusinessfunding.co.uk/

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38 CO-WORK

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Launched in April 2012, the Co-Work Greifswald programme is a small business support instrument set up to strengthen/raise awareness of the Creatives sector.

Made up mostly of microenterprises, (87% of businesses), the Creatives sector is the fourth most important sector in the German economy. Despite the significance of the sector and a GVA of €61.4M in 2010, (just after the financial sector), the make-up of the businesses involved has meant it has attracted little support. Key challenges include:

- Insufficient opportunities for networking
- No nationwide approach/policy concerning the players in the market and often no overview or consistency about the players in the same town/local area
- No resources/options available for large scale support or projects.

These national problems, together with the challenges faced by the local habitants in Greifswald, (a largely rural area with a relatively small population), meant that businesses and stakeholders 'came up against a brick wall' re support for creative industries.

Launched in response to these challenges, the aims of the pilot phase of the Co-Work programme were to:

- Bring together and strengthen the creative industries in Greifswald
- Raise the profile of the industry, adopting a collaborative approach to provide marketing and promotional opportunities for the businesses involved
- Provide knowledge transfer opportunities.

Key resources

Programme Partners

Associated partners include the City of Greifswald, Graf-Fisch (Design Agency) and Rapid Rabbit (IT Service)

Funding

€50K.

Funding Body & SME Contribution

Financed with Regional and Private Funds. Businesses only have to pay for the time they actually use the co-working workspace.

Eligibility criteria

Any SMEs from 11 different branches of the creative sector who have desk based business activities. (The programme does not support handicraft activities).

Terms and conditions

N/A. The Co-Work programme is not a financial instrument.

2. IMPLEMENTATION

Running for 33 months from July 2010 to March 2013 across five regions in the east of Poland the scheme was managed by three project staff and five regional coordinators. A business support rather than a financial instrument, Co-Work Greifswald provides tailored support for small companies in the sector; offering 'pay as you go' work space located in the town centre for businesses who want to come out of their home office, access to networking events and the opportunity to find new project partners.

Now operating for more than a year the pilot programme has created a contact/focal point, providing businesses in the sector with a community building and a flexible model for working space. There are no waiting times for businesses who want to access the co-work facilities, who only pay for the time they use.

Businesses using the scheme can also access start up and business/consultancy support available from the main Vorpommern Technology Centre of which Co-Work is part.

Next steps for the next phase of the programme include:

- More networking i.e. throughout the region and the state
- Partnerships; looking for other regional, national and possibly international partners
- Evaluating the project and its impact on the creative sector
- Expanding the scheme to other Technology Centres, providing a co-work opportunity for other businesses in the sector.

38 CO-WORK

Key Stats

No statistical business information available/reported for this pilot phase.

3. KEY LEARNING POINTS AND OPPORTUNITIES

The scheme has raised the visibility of the creative sector, now acknowledged by municipal and regional government and also resulted in improved sales/revenue from local businesses in the supply chain now aware of local skills/expertise, avoiding the need for them to source expertise from Berlin.

What worked well

Networking events work very well, (low effort with maximum results).

Challenges/Weaknesses

Can be difficult to convince people to work in a 'new way' i.e. in a co-working space, who may hesitant and concerned about wasting time. They have to "learn" to work in a Co-working space.

Transferability

Opportunities: The creative industries face similar problems in most areas/regions. Easily transferable/good opportunities to transfer the idea to other regions.

Threats: No financial support for companies.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://www.youtube.com/watch?v=8L6u9qqUMxA&feature=youtu.be&list=UUrIaP8lZYMWpRbob8_XCUbw

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Jeremie, Mezzanine, Equity and Venture Capital

Introduction

The private and public sector have created financial instruments to enhance investments that include high risks for the investor.

Private equity funds take several forms such as venture capital (VC) or angels. Venture capital refers to financial instruments through which money is invested to a privately held business that usually has a high risk for the investor. The venture investor offers the money to the company and in return he purchases a part of the company, usually a minority share. VC investments have several forms based on the stage of the demanding company. Equity funds are most interested to mature stage business and provide capital through for instance Mezzanine or buyout financing.

Mezzanine financing is often the last round of investment in a private company before it goes public. Mezzanine investors usually look for returns that are higher than those expected by commercial lenders but lower than those desired by venture capital investors. The return is calculated by combining the value of the interest charged on the debt with the potential return available from the equity interest.
In the case of a buyout, the investor wants to take the control of the company (usually 51% at least). Buyout aim is to purchase underperforming or undervalued companies in order to “fix” them and sell them or take them public many years later. According to European Venture Capital Association, buyout accumulated to 70% of total private equity fund investments in the period 2007-2013, venture capital 12,6% and mezzanine 5%.

European Commission together with European Investment Fund created a number of financial instruments to help the access of SMEs to financial sources. Those instruments do not provide directly funds to SMEs. The funding is provided directly through financial intermediaries such as banks, credit institutions or investments funds that are financed through those financial instruments. One of the financial instruments is Joint European Resources for Micro and Medium Enterprises (JEREMIE). JEREMIE works as an umbrella fund and targets to financial intermediaries, not SMEs directly. JEREMIE’s funds support creation of new business or expansion of existing ones; access to investment capital, research and development, technological modernisation.

39 GENERATING LOCAL SEED INVESTMENT COPANIES

1. SUMMARY OF GOOD PRACTICE

Overview and aims

A two year research project set up in 2012, the purpose of the Swedish Seed Growth Project is to identify, encourage and support the set-up of good practice/local finance models that overcome the challenges faced by early stage innovative businesses in sourcing finance. In particular the 'funding gap' experienced during the prototype, launch and expansion stages of their development.

Whilst there are a significant percentage of financial resources available from the public sector to help fund the research and development stages of innovative businesses and access to private sector funds once the business is generating sales, the 'funding gap' makes it difficult for businesses to progress. Additional funding challenges include inconsistent approaches in different parts of the country and fluctuating availability of funds arising from economic downturn impacting on jobs and growth.

Using research gathered from good practice models, the overall aim of the project is to create early stage seed funds and funding models including private public partnerships that attract competent investors, linked to science parks, incubators or other entities working to support to start-ups.

Key resources

Programme Partners

Swedish Incubators and Science Parks (SISP), the Swedish Agency for Economic and Regional Growth, public sector funding representatives and private sector funding entities; Business Angels Networks, VCs etc participating in the research.

Funding: Funding Body & SME Contribution

€200K financed by state funds from the Swedish Agency for Economic and Regional Growth.

Eligibility criteria

The research is focused on encouraging development of local Seed Funding instruments for early stage businesses.

Terms and conditions

Whilst the handbook will provide guidance on good practice terms and conditions, interest rates, repayment terms and the form of finance itself will be dependent on each local Seed Funding instrument.

2. IMPLEMENTATION

Key Steps - How it Works

Managed by the Swedish Incubator and Science Park Association (SISP) the project has been run by a range of external experts/experienced managers from existing Seed Investment entities.

The aims of the research were to establish an overview of existing seed investment companies and investment funds, Identify and exchange how they do it, their approach and experiences; good practice and lessons learnt and develop a methodology in the form of a handbook/good practice guide that can be used to generate new seed investment companies for early stage businesses.

Undertaken in 5 main stages the work of the instrument includes:

Stage 1	**SURVEY** A survey of 9 existing Seed Funds with 112 active investments, (€39M commitments and €21M investments with investments ranging from €150K to €18.8M), selected from the Swedish Incubators & Science Park Network. Survey used to identify and map ‘what good looks like’; how they operate and their main governance structures, their purpose, structure, financials, results, investment criteria, ownership, management and management costs through to how they fit with the local economic context and local financing system.

39 GENERATING LOCAL SEED INVESTMENT COPANIES

Stage 2	**WORKSHOPS** 12 Meetings and seminars attended by representatives from the public sector i.e. fund managers, national & regional public financing institutions and VCs, angel funds, family offices, crowd funding from the private sector. Workshops covered the transfer of good practice; examples from existing seed funds, through to external inspiration and knowhow.
Stage 3	**KNOWLEDGE TRANSFER/TRANSFER OF GOOD PRACTICE** Key information on how to start and operate a fund extracted for a simple manual/handbook.
Stage 4	**PUBLICATION OF A HANDBOOK** Covering all aspects of setting up a Seed Fund 'how to do it'. Incorporating a case book of practical examples showing examples of how others have succeeded the handbook will include information on the structure/form, operational aspects, how to raise funds, how to get investors involved, how to attract Angels etc.
Stage 5	**HANDS ON SUPPORT** Provision of hands on support for organisations/individuals looking to start new investment entities covering all the necessary steps involved. From raw materials to models, road maps and check lists, surveying the local finance arena to assessing the finance gaps to identify the position/target group of your fund, sales arguments and pitching tips to attract private and public investment through to using the instrument for co-investments.

Key Stats

Starting in 2012 and due to complete in November 2014 the project has already achieved a mix of results and outcomes. Results to date include the creation of 2 new funds with 6 more underway. Other achievements/outcomes include the identification of good practice in a series of 12 one day workshops culminating in a Handbook of models, case studies and the methodology needed to set up local SEED financing instrument.

3. KEY LEARNING POINTS AND OPPORTUNITIES

The Swedish Seed Growth Project has been a good way to start to accumulate some common knowledge in a specialist area. The project has already achieved a legacy before its completion with several existing investment Seed Funds currently re-financing their operations and 5-8 new investment companies are about to come on stream.

What worked well/Strengths

- Exchange of best practice. Using workshops gathering information/knowledge and experience to create roadmaps for local initiatives.
- Focus on target group: investment fund managers, investors etc.
- Provides access to both capital and competence for final recipient: the entrepreneur.

Challenges/Weaknesses

- Lack of national early stage public funding support for start-ups/new entities.

Transferability

Opportunities: Some of the information gathered is quite general e.g. investment models, roadmaps for initiating and starting investment activities.

Threats: The shortage of human capital experts and cultural barriers in some countries. Different investors and different business climates.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/8GHv-DYFWko?list=PLdapW-ZuBHseXBuAiHpWLd7QwCVll7UaBH
Svensk Tillvaxtsadd:
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40 JEREMIE ESF

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Set up as an experimental initiative in 2008, the first in this field in Europe at the time, the aim of the Jeremie ESF initiative is to provide a means of covering the financial gap for organisations in co-operatives that need to strengthen their assets in order to access finance.

Jeremie ESF fund acts as a combined loan and guarantee instrument and facility for members of cooperatives who can receive a micro loan of up to €4,000 enabling entrepreneurs to increase their capital and access previously unavailable bank loans.

Key resources

Programme Partners

Lombardy Region as Managing Authority, Finlombarda, an affiliated institution of Lombardy Region acting as the fund manager and banks acting as co-investors.

Funding: Funding Body & SME Contribution

€20M from Jeremie ESF (Regional Axis 3/Social Inclusion Fund) + €17.45M from Banks involved.
Each cooperative can receive a maximum of €200K to comply with the de minimis regulation.

Eligibility criteria

Initiative aimed at Social Cooperatives (Type A, B) and work/production cooperatives.

Terms and conditions

The fund is used to capitalise cooperatives though the mean of loans to their members.
Final recipient must be members or future members of the cooperatives. Loans are subject to monthly repayment terms at normal market interest rates and repaid to the bank. Final recipients who stay with the cooperative for at least 5 years are not required to repay the proportion, (€2,000) funded from the Jeremie scheme.

2. IMPLEMENTATION

Managed by Finlombarda the front office activity is managed by the banks involved who also check and evaluate applications.

Key Steps - How it Works

The initiative is a combined instrument providing micro loans backed by a loan guarantee. Funded from two sources, €2,000 from Jeremie ESF fund and €2,000 from the respective banks (with the Jeremie guarantee), loans are granted to eligible shareholders in each cooperative participating in the scheme, who then effectively undertake to pay new equity shares into their own cooperative.

Financial intermediaries i.e. banks were selected through an open public tender enabling the fund manager to obtain the best market conditions in terms of cost, time and procedures and a good geographical spread, ensuring the initiative reaches widest possible regional dissemination.

Each cooperative is eligible for a maximum of €200K that can be used to provide finance for up to 50 of their members. Each cooperative makes a formal undertaking to increase its own capital with the cooperative members effectively underwriting the loan application.

Shareholders pay back the total amount of bank loan €2,000 over 5 years to the bank; shareholders remaining in the cooperative for 5 years or more are not required to pay the remaining balance.

Key Stats

Running from 2008 to 2015 the results as at 31st December 2013 are as follows:

KEY MEASURE	ESTIMATED TOTAL
Applications Received	9,428
Applications Supported i.e. financed and active	7,718
Funding Granted (€15.6M from the fund itself & €15.6M from banks involved)	€31.2M
SME Funding (own funding sources not required)	N/A

Fund manager fees account for less than 2% per year, less than the ceiling set out by the EC.

40 JEREMIE ESF

3. KEY LEARNING POINTS AND OPPORTUNITIES

The Lombardy Region was the first to implement a financial engineering instrument supported by the ESF. The impact of the programme has been really positive with funds used to finance 526 cooperatives which in turn have helped 7,718 member businesses to access finance.

What worked well/Strengths

Good cooperation between public and private sector enabling partners and cooperatives to extend the scheme to geographical areas never reached before.

Routing funds through cooperatives has enabled the introduction of social aspects in a Jeremie Instrument.

Flexible – only half of capital must be guaranteed.

Challenges/Weaknesses

Questions were raised on the design of the instrument, in particular enabling cooperative members of 5 years or more to retain the Jeremie portion of the loan without repayment. This was later accepted.

Transferability

Opportunities: considered a good practice instrument with potential to be repeated in programme 2014-2020.

Threats: focus on cooperatives may not be applicable to other countries/regions.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/Hyke0pfNlHM

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41 MEZZANINE FINANCING INSTRUMENT

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Launched in 2011, the Mezzanine Finance Instrument is an experimental pilot instrument set up to address the equity problems in the region. Operating in the smallest region in Italy, the Aosta Valley region has two main issues; a high proportion (99%) of micro enterprises and a lack of owner collateral and capital, resulting in under-capitalised businesses and a historical culture of entrepreneurs who want to remain autonomous and independent in their business decisions and so do not welcome external advisors/VC fund representatives onto their board.

Designed to overcome these economic and cultural issues the aims of the instrument were:

- To sustain the set-up of new innovative business start-ups
- To support existing micro/small firms through their business development phase, i.e. innovative businesses who want to introduce their project to the market. Providing them with access to investment for growth
- By stimulating the increase of the owner capital, to improve/reinforce the financial structure of the companies involved, thereby improving their credit rating and consequently improving their access to additional credit

Key resources

Programme Partners

The Region Aosta Valley (IT) and the regional public bank of the Aosta Valley Finaosta.

Funding: Funding Body & SME Contribution

€1.4M from regional resources allocated to the measure.

Eligibility criteria

Innovative SMEs operating in industrial and manufacturing sectors located in the region. (e.g. development of new products and services/automation).

Terms and conditions

SMEs can apply for up to 100% of the amount of the increase of its own risk capital to which the shareholders are committed. Loans range from €50K to €500K and subject to a low interest rate fixed at a rate meeting de minimis rules and subject to a 5 year repayment period with an optional 1 year, interest only, grace period.

2. IMPLEMENTATION

Managed by two technical staff, the operation of the scheme itself is outsourced to the regional public bank. Businesses involved in the scheme are also encouraged to access a wide range of other support activities/initiatives available, from incubators, technology transfer and grants for innovative investments and other R&D activities.

Key Steps - How it Works

Considered a hybrid between a loan and an equity instrument, the Mezzanine Financing Instrument acts as a financial bridge that can be used to finance a future anticipated increase of owner capital to which the SME/shareholders are committed. This must be demonstrated by a formal contractual commitment to increase the owner capital from the entrepreneurs involved.

Stimulating the increase of owner's capital improves the financial structure of the company and so improves their credit rating, enabling entrepreneurs involved to access additional credit.

Key features/benefits of the scheme include:

- Access to the expertise and any technical advice needed from the bank who operate the scheme and who are able to help entrepreneurs prepare their applications and business plans.
- For those eligible for the scheme, a loan at a subsidised interest rate to finance an increase of their owner capital in their business.
- Reduced guarantee requirement. A guarantee requirement of 50%, i.e. rather than the 100% collateral normally required by the bank.
- Favourable terms, lower than normal interest rates with the option for a 1 year grace period.
- Improved financial structure of businesses involved, strengthening their financial position and their business case for investment with other financial institutions, enabling them to access additional credit and additional loans.

41 MEZZANINE FINANCING INSTRUMENT

Key Stats - Since 2011

Applicants valued the technical support provided by the bank, viewing the procedure as 'not difficult at all' with decisions taking around 60 days and applications costs around €1,000.
The Region Aosta Valley managing the revolving Fund paid the public bank operating the scheme a fee equal to 1% per year on the remaining value of each mezzanine loan.

KEY MEASURE	ESTIMATED TOTAL
Applications Submitted	7 (2 in 2013)
Applications Accepted	5 (2 in 2013)
Funding Granted to successful SMEs	€1.4M
New Enterprises Started	2
Jobs Created *	N/A

(*The mezzanine instrument is not aimed at increasing the number of employees, but at strengthening the financial

3. KEY LEARNING POINTS AND OPPORTUNITIES

Viewed as successful, the pilot project has granted €1.4M to 7 businesses over 3 years in a small region with a large majority of SMEs (considering the very small size of the regional economy 7 businesses supported are a valuable result). The instrument has helped to address two main barriers to growth; a reduction in the equity gap and testing of a mechanism that enables SMEs to access finance.

What worked well/Strengths

- Provision of a significant 3 year budget for granting mezzanine finance
- Availability of expertise/support services from the regional public bank
- Improved financial structure of businesses involved and so their perception as a viable investment proposition with financial institutions
- Improved financial culture and business management of SMEs involved
- Low interest rates
- Scheme designed to specific regional situation in business culture

Challenges/Weaknesses

- A poor equity culture, viewed as typical of the Italian SMEs ecosystem
- Relatively low number of applicants. Improved awareness/communications in future schemes
- Uses public money

Transferability

Opportunities: The instrument and its methodology are transparent and considered suitable for transfer to other regions; particularly those with a poor equity culture and a reduced capitalisation of SMEs.

Threats: (Different) Local legislation and circumstance.

Availability of current and future, (i.e. EU 2014-20 funding) for granting mezzanine funds.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/muKu-S2HVWQ

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42 BALTIC INNOVATION FUND (BIF)

1. SUMMARY OF GOOD PRACTICE

The Baltic Innovation Fund (BIF) aims to facilitate Private Equity, Venture Capital and Mezzanine Investments into SMEs.

Overview and aims

Launched in June 2012 the Baltic Innovation Fund (BIF) is one part of an overall umbrella of financial strategies and instruments operated by INVEGA to support SMEs of different types and sizes at different stages of growth.

Termed as a Fund-of-Funds initiative the BIF was launched by respective financial institutions in three Baltic States (Lithuania, Latvia and Estonia) and the European Investment Fund (EIF).

The aim of the instrument is to provide investment funds and boost private equity investment in SMEs with high growth potential located in, or operating close to, the three Baltic regions involved. Funds are targeted at companies needing investment for expansion i.e. who are at the later stages of their growth.

The secondary aim of the Pan-Baltic fund is to develop the private equity market across the three regions involved: to raise awareness and 'discover' the potential of Baltic States and the investment opportunities available, encouraging private institutional investors and pension funds to participate in the market.

Key resources

Programme Partners

BIF is an initiative with partner financial institutions in each participating countries; INVEGA in Lithuania, Latvian Guarantee Agency (LGA) in Latvia, KredEx in Estonia and the EIF.

Funding: Funding Body & SME Contribution

Total Instrument budget €100M EIF: €40M+ Estonia, Latvia and Lithuania at €20M from INVEGA, LGA and KredEx . INVEGA has committed 'recycled resources' returned from investments from other projects financed with 2007–2013 ERDF Funds.
BIF is expected to leverage an additional/minimum €100M from private equity investments at VC/PE fund/co-investment level resulting in a total investment of at least €200M.

Eligibility criteria

SMEs and Small MidCaps (enterprises with up to 500 employees) with a particular focus on SMEs with high growth potential located in, or operating close to the 3 Baltic regions involved.

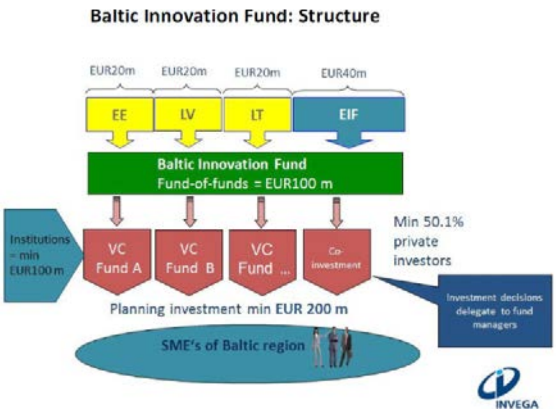
Terms and conditions

The amount of investment enterprises can obtain ranges from a minimum of €1M to a maximum of €15M depending on the investment strategy of the VC/PE fund receiving investment from BIF.
'Repayment ' will depend on the investment strategy of the particular VC/PE fund BIF invested, but normally exists within all investments into the VC/PE funds which are expected to be completed by the of 2019.

2. IMPLEMENTATION

Key Steps - How it Works

Operational since the 1st January 2013, BIF has already committed into 3 funds: venture capital, private equity and mezzanine funds.



Acting as a cornerstone the investor invests in the VC/PE funds. This process enables each particular fund manager to attract additional private finance and implement the best market standards for equity or quasi equity investments in businesses across a 4 year investment period. The transnational process provides a real opportunity to further develop the Baltic Private Equity and Venture Capital market and to stimulate employment and competitiveness in the region leveraging additional investment into enterprises. Investment opportunities considered via the BIF include:

42 BALTIC INNOVATION FUND (BIF)

- Investments into venture capital and private equity funds (including mezzanine funds) with proven experience and insight into the Baltic market
- Running alongside Business Angels, family businesses and institutional investors, co-investments into early to growth phase SMEs. BIF co-invests with investors who are considering investment in the Baltic States.
- Investment in other innovative instruments and appropriate good quality opportunities that will result in a good return on investment e.g. technology transfer investment vehicles, may also be considered.

Key Stats

Funding for enterprises has been available from the scheme since the first round/closure for applications invested in by the BIF. The First 'closing of BaltCap Private Equity Fund II (BPEF II) was in early 2014 with one investment made to date. The application and decision making process will depend on the investment policies of the equity funds financed by the BIF. Due to run until January 2029 the BIF may be extended by 3 years.

3. KEY LEARNING POINTS AND OPPORTUNITIES

What worked well/Strengths

BIF is a pilot equity instrument and although at a very early stage of development, legacy benefits include:

- Transnational Fund. The co-operation of several small EU Member States enabling a large joint fund and a bigger deal flow for SMEs that would not have been possible otherwise as well as more efficient and effective promotion of business development in the region. (The BIF is the first multi country fund).
- Very good leverage rate. The participation of private (including institutional) investors multiplying BIF investments and enabling eligible SMEs to receive more funds than that original committed by the original BIF investors (3 Baltic States and EIF). This will ensure sufficient funding available for high growth innovative companies, expected to result in new jobs and higher added value for the economy.
- For Lithuania, a good example of how to use recycled funds returned from previous schemes funded by EU Structural Funds.

Challenges/Weaknesses

- No benefits for Start-Ups, funds aimed at later stage SMEs
- No end results to date, difficult to assess how it will work in terms of execution.

Transferability

Opportunities: The Fund-of-Funds approach is considered by BIF to be a good opportunity for similar countries or regions, particularly the smaller ones to attract stronger/wealthier fund managers and private investors, enabling further development of their private equity and venture capital markets and helping SMEs with high growth potential to easier attract funding.

Threats: Transfer to other regions is dependent on respective authorities or institutions willingness to cooperate and agree on technical issues and terms arising from negotiations.

Different regulations in different countries may be a barrier to transfer.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/cMadmcJSBYA

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43 VENTURE CAPITAL PROGRAMME

1. SUMMARY OF GOOD PRACTICE

Overview and aims

Launched in 2009 the Venture Capital Programme is one of three funds set up by the Hungarian Jeremie Project to fill the market gap in the country's underdeveloped seed capital market. Managed by Venture Finance, a private limited company, the scheme was set up to help overcome the difficulties faced by early stage SMEs in raising finance.

A combination of high risk, high interest rates and a lack of collateral made classical seed funding in Hungary 'nearly impossible' with 75% of SMEs operating without loans or credit. With a relatively small population, a high proportion of micro firms and banks who consider any investment in SMEs a high risk, there were only a few market players willing to finance entrepreneurs in their start-up/seed financing stages. The Jeremie Project has enabled the government to establish a Fund of Funds and relay resources to innovative SMEs.

Key resources

Programme Partners

Venture Finance Plc, Pannon Business Network.

Funding Body & SME Contribution

€330M. Funded by a mix of EU, State and private investment e.g. venture capitalists and banks.

Eligibility criteria

Innovative SMEs, start-ups and early stage businesses formally registered as Kft (Ltd) or Zrt (Plc) and with their head office located in Republic of Hungary. Early (seed or start-up) or growth stage enterprises founded < 5 years before the investment decision and with a net annual turnover of less than HUF 5BN/c€16M.

Terms and conditions

Loans/Investments range from a minimum of €150K to a maximum of €2.5M. The amount of SME investment covered by the instrument depends on each case, up to 100% in some cases. Repayment terms range from 5 to 7 years with interest rates that are considered expensive, (2-3 times higher than normal bank interest rates).

2. IMPLEMENTATION

Key Steps - How it Works

Funds invested in the Hungarian Jeremie Project are used to leverage additional finance. Originally established with three programmes; the Micro and Small Credit Programme, the Portfolio Guarantee for Credit Financiers and the Venture Capital Fund, individual programme partners and fund managers are tasked with raising a fixed proportion of additional commercial funding from private investors/VCs, banks etc, adding to the resources committed to the Jeremie Project.

The Venture Capital Programme is operated and managed by 21 Venture Capital Fund Management Companies, experienced financial intermediaries who are also likely to be operating other loan and loan guarantee schemes, enabling them to offer and extend the options available to the enterprises involved. It is not normal practice to offer additional support, i.e. business advice/support with venture capital funds.

Set up with a 'Joint Fund' and 'Co-Investment Structure' alleviating the need for collateral, the ratio of private/public sector investment in each VC fund is 30/70 with private investors acquiring a minimum 30% stake and Venture Finance Hungary Plc acquiring a stake of up to 70% of the Joint Fund at any given time. Aimed at different target enterprises, each 'sub fund' has different eligibility criteria.

The mix of funds includes:
The Széchenyi Venture Capital Programme, mainly a GROWTH Capital Programme with 4 tenders running alongside a smaller SEED Sub-Programme with allocated resources of €20M aimed at small/micro enterprises operating for < 3 years.
GROWTH Capital Programme also operated by the Széchenyi Venture Capital Programme with allocated resources of €337M aimed at SMEs operating for <5 years run by 24 different private Fundmanager companies using the funds to raise addional capital from private investors.

43 VENTURE CAPITAL PROGRAMME

Key Stats

Set up in 2009 and running until 2015 results up to the end of 2013 are as follows:

KEY MEASURE	ESTIMATED TOTAL
Number of Funds Created	23 Joint Growth Funds 4 Joint Seed Funds 1 Co-investment Fund
Total Budet Raised - 'Funds of Funds'	€357M
Number of Investment Decisions	170+
Funds Invested to Date (typically IT/ Biotechnology projects)	€200M
Average Amount Invested	€1.2M
New Jobs Created	Not possible to calculate
Results/ Initial Success Stories	4 exits to date

The application process is considered difficult with funding decisions taking 3-9 months.
Application costs range from €4-10K. Partner administration costs account for 3-5% of the fund.

At least 80% of the total fund value must be invested in enterprises, with remaining funds used for partner administration and operational costs.

3. KEY LEARNING POINTS AND OPPORTUNITIES

The Hungarian initiative is a pioneer in Jeremie Funding. Benefits from the scheme include improved prospects for start-ups. SMEs are now encouraged to undertake research and development and get involved in innovative projects

What worked well/Strengths

- The availability of financial resources i.e. a large fund, providing access to finance for start-ups and 'risky projects'
- The development of a very active group of private co-investors
- Provides security to investors. Good conditions

Challenges/Weaknesses

- The scheme has been affected by the number of 'special conditions' imposed, reducing the number of SMEs who can apply and who qualify for the funds
- Very expensive rates of interest/investments
- A low number of investment projects. The variety of issues involved means it is still difficult for 'capital hunter SMEs' to step on the starting line

Transferability

Opportunities: The scheme is considered a good practice that can be implemented in other regions.
Threats: The low number of investment ready projects available.

FURTHER INFORMATION

DIFASS You Tube Channel:
http://youtu.be/utaFdIdYVRU

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Project partners

INTERREG IVC
INNOVATION & ENVIRONMENT
REGIONS OF EUROPE SHARING SOLUTIONS

Pannon Business Network
PBN

RARR
RZESZOWSKA AGENCJA
ROZWOJU REGIONALNEGO

BDF
BUSINESS
DEVELOPMENT
FRIESLAND

Tehnopol

VÆKSTHUS
Midtjylland

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