DiFass
TRANSFER OF SUCCESS

Mixed Grant and Non Grant Support Schemes

INTERREG IVC
INNOVATION & ENVIRONMENT
REGIONS OF EUROPE SHARING SOLUTIONS

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.

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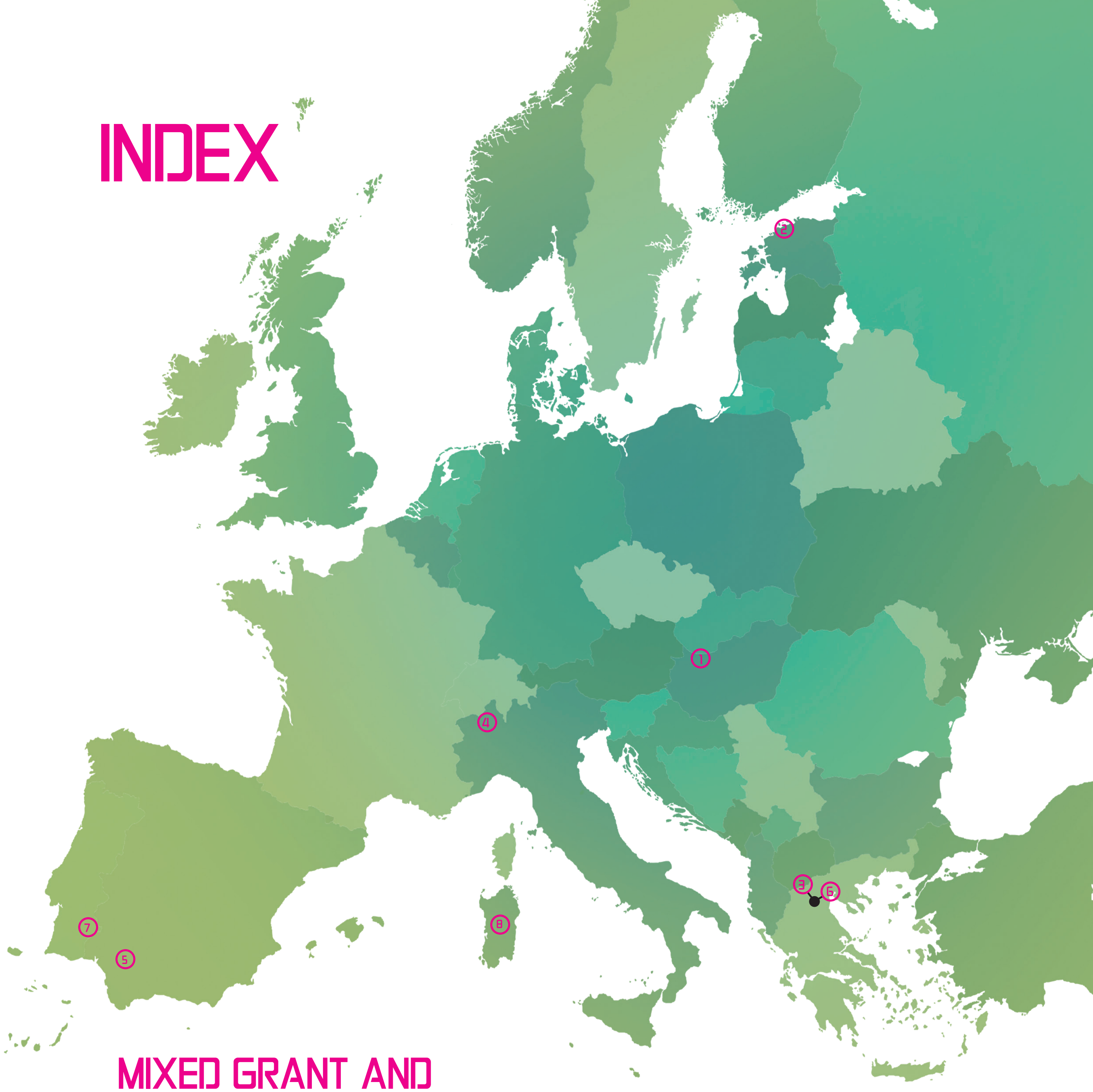

MIXED GRANT AND NON GRANT SUPPORT SCHEMES

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1 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.

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, onlyenough 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://www.youtube.com/watch?v=7PbaffRAIXc

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2 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 startups 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.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

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 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://www.youtube.com/watch?v=2yVKbBhi8oo

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3 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 entrepreneurs hip 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.

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

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://www.youtube.com/watch?v=n3rB2LJOd7w

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4 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

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.

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://www.youtube.com/watch?v=VJZHpfU0L04
Finaosta SpA:
http://www.finaosta.com/finaosta/index.php

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5 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 Guarantee 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 investment operations inside and outside of Spain.

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.

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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6 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 pro-

grammes had to contribute to the economic and social cohesion, sustainable development, employment growth and environmental protection of the less developed target regions. 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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7 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

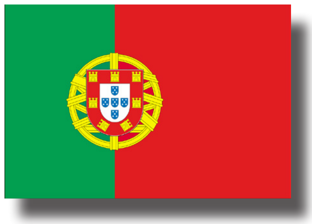
Managed by a local partnership with managing authorities the scheme is operated by a team of five people from the municipality.

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.

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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8 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 subprogramme (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 Province 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.

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.

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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DiFass
TRANSFER OF SUCCESS

Project Partners

Pannon Business Network PBN

Tehnopol

CÂMARA MUNICIPAL DE BEJA

SIL ORISTANO

ANKO

Région Autonome Vallée d'Aoste

Regione Autonoma Valle d'Aosta

Cámara Sevilla

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