

**INTERIM EVALUATION OF THE  
ENTREPRENEURSHIP AND INNOVATION PROGRAMME**

DG ENTERPRISE AND INDUSTRY  
EUROPEAN COMMISSION



**Annexes to the Final Report**

Submitted by GHK and Technopolis within the framework of ENTR/04/093-FC-Lot 1

**30<sup>th</sup> April 2009**

Contact person for this Report:

Charu Wilkinson

GHK Consulting Ltd.

20 St. Paul's Square

Birmingham B3 1QZ

Tel: +44 (0)12 1233 8900

Email: [charu.wilkinson@ghkint.com](mailto:charu.wilkinson@ghkint.com)

# CONTENTS

<b>1</b>	<b>GLOSSARY</b> .....	<b>1</b>
<b>2</b>	<b>DETAILED BREAKDOWN OF 2007 AND 2008 EXPENDITURE</b> .....	<b>5</b>
<b>3</b>	<b>SME SURVEY RESULTS</b> .....	<b>10</b>
3.1	Overview.....	10
3.2	SMEG – Loan Guarantee Window Survey Results.....	11
3.3	SMEG – Micro Credit Guarantee Survey Results .....	24
3.4	SMEG – Equity Window Survey Results.....	36
3.5	ETF Start Up Facility Survey Results .....	46
<b>4</b>	<b>SUMMARY OF INTERVIEWS WITH FINANCIAL INTERMEDIARIES</b> .....	<b>59</b>
<b>5</b>	<b>SUMMARY OF INTERVIEWS WITH VC FUND MANAGERS</b> .....	<b>61</b>
<b>6</b>	<b>SECTORAL DISTRIBUTION OF FINANCIAL INSTRUMENTS</b> .....	<b>64</b>
<b>7</b>	<b>COMPARISON OF IRCS, EICS AND THE ENTERPRISE EUROPE NETWORK</b> .....	<b>66</b>
<b>8</b>	<b>ENTERPRISE EUROPE NETWORK SURVEY RESULTS</b> .....	<b>71</b>
<b>9</b>	<b>CASE STUDIES</b> .....	<b>88</b>
9.1	<i>EuroChile</i> – correspondence centre of the Enterprise Europe Network .....	88
9.2	Enterprise Europe Network - Hellas .....	90
9.3	Enterprise Europe Network - Hungary .....	97
9.4	Enterprise Europe Network - Italy .....	102
9.5	Enterprise Europe Network – Maltese Centre.....	108
9.6	SWENET – Enterprise Europe Network Sweden.....	110
9.7	Enterprise Europe Network - UK .....	113
<b>10</b>	<b>LIST OF INTERNAL AND EXTERNAL STAKEHOLDERS CONSULTED</b> .....	<b>120</b>
10.1	Internal Stakeholders – Financial Instruments and EIP Overall.....	120
10.2	External Stakeholders – Financial Instruments and EIP Overall .....	120
10.3	Fund Managers – Financial Instruments.....	121
10.4	Financial Intermediaries – Financial Instruments.....	122
10.5	Interviews with EEN Members .....	123
10.6	Consultations with DGs and other Business Network Representatives.....	124

# 1 GLOSSARY

Business Angel	A wealthy private individual who invests directly in new and growing unquoted businesses and provides them with advice. Business angels usually get an equity stake in the business, but may also provide other long-term finance. This capital can complement the venture capital industry by providing finance at an earlier stage than most venture capital firms want to invest.
Capital Market	A market in which long-term capital is raised by industry and commerce, the government and local authorities. Stock exchanges are part of the capital market.
Cap Payments	<p>This term has been used in the context of SME Guarantee Facility. The Community budget available to cover the cost of EIF guarantees is limited; therefore the amount of each GL is "capped". This cap, i.e. the ceiling of guarantee payments to which a financial intermediary is entitled, is determined by the EIF, at the time of establishing each GL ('ex-ante'), having regard to a) the additionality requirement and b) the FI's expected loss rate (augmented by a safety margin).</p> <p>The final actual level of payments due ('ex-post') to the FI depends on the actual achievement by the FI, by the end of the availability period agreed in the GL, of the contractually agreed target volumes. If the intermediary fails to reach its target, the Guarantee Cap is reduced accordingly.</p>
Collateral	Assets pledged by a borrower to secure a loan or other credit, subject to seizure in the event of default. Also called security.
Credit Rationing	<p>When a bank limits the supply of loans to the point where the supply of loans is not sufficient to cover the demand of prospective borrowers. Changing the price of the loans (interest rate) does not equilibrate the demand and supply of the loans.</p> <p>A bank may credit ration its borrowers if it cannot distinguish the risky borrowers from the safe ones (information asymmetries).</p>
Debt Finance	Debt Finance is finance raised by taking out business loans or company overdrafts. The debt is usually secured against assets held by the company or entrepreneur.
Early-Stage Capital	Financing to firms before they initiate commercial manufacturing, service production and sales, prior to generating a profit. Includes seed and start-up financing.
Europe INNOVA	Launched in 2006 under FP6 and continued under CIP, Europe INNOVA is an initiative of Directorate General Enterprise and Industry which aspires to become the laboratory for the development and testing of new tools and instruments in support of innovation with the view to help innovative enterprises innovate faster and better. It brings together public and private innovation support providers such as innovation agencies, technology transfer offices, business incubators,

	financing intermediaries, cluster organisations and others.
Equity	Ownership interest in a company as represented by the shares issued to investors.
Equity Finance	Investment from outside sources such as Business Angels or venture capitalists.
Equity Gap	Exists when there is a persistent capital market imperfection preventing supply from meeting demand at a price acceptable to both sides. The gap may concern, on one hand, high-tech innovative and mostly young companies with high growth potential and, on the other hand, a wide range of companies of different ages and sectors with smaller growth potential that cannot find financing for their expansion projects without additional external risk capital.
Exit	Liquidation of holdings by a risk capital investor. Usual ways of doing this are trade sale to another company; public offering (including an initial public offering) on a stock market; write-off of the investment; sale to another investor; or repayment of the investment (when part of the investment agreement).
Growth-Oriented SMEs	SMEs that have demonstrated growth in recent years or that are planning significant growth.
Guarantee Cap	The Guarantee Cap indicates the maximum amount payable by the EIF under the relevant EIF guarantee
Guarantee Cap Rate	The Guarantee Cap Rate refers, in respect of a Portfolio, to the aggregate amount of Losses for which the EIF is liable under an EIF guarantee, such amount expressed as a percentage of the product of the total size of the relevant Portfolio and the respective Guarantee Rate
High Growth and Innovative SME Facility	An EU-backed Financial Instrument designed to provide equity to venture capital funds for seed and early-stage investments in SMEs.
High-tech Company	A company that has exclusive ownership of certain intellectual property rights such as design rights, patents, copyrights, etc.
Information Asymmetry	When one party of the transaction has more or better information than the other party. It might be that the seller knows more about the product than the buyer, or that the buyer knows more than the seller.
Institutional Investors	Refers mainly to insurance companies, pension funds and investment companies collecting savings and supplying funds to the markets, but also to other types of institutional wealth (e.g. endowment funds, foundations, etc). Usually these have substantial assets and are experienced investors.

Initial Public Offering (IPO)	The process of launching a public company on a stock exchange for the first time by inviting the public to subscribe in its shares.
Limited Partnership	A legal structure that is used by many venture capital funds. A partnership is usually formed for a fixed period of time between the investors in a venture capital fund and the management company making the investments in SMEs. The investors have limited liability and the management company has unlimited liability. The details on management policy and profit-sharing are laid out in a partnership agreement.
Loan Guarantee Scheme	It is a scheme whereby banks are able to lend to SMEs that would not otherwise qualify for bank finance (e.g. due to lack of track record or insufficient collateral). Under these schemes, governments or other public agencies provide the guarantee to the bank, covering a certain percentage of the value of the loan against the risk of default.
Market Failure	A situation in which markets do not efficiently allocate goods and services (e.g. because of information asymmetries) and public intervention is justified on efficiency grounds.
Mezzanine financing	A hybrid of debt and equity financing. Mezzanine financing is typically used to finance the expansion of existing companies, and it is basically debt capital that gives the lender the rights to convert to an ownership or equity interest in the company if the loan is not paid back in time and in full. It is generally subordinated to debt provided by senior lenders such as banks and venture capital companies.
Microcredit	Small loans, usually smaller than EUR 25 000, granted most often by specialised institutions.
Micro Enterprise	Under the European Commission definition a micro enterprise has less than 10 employees and a turnover (or balance sheet total) equal or less than EUR 2 million.
Partnership Action	This programme provides grants for technical assistance to improve credit appraisal procedures for SME debt financing in countries with limited banking intermediation, notably the new Member States
Private Equity	Equity capital for enterprises not quoted on a stock market. Private equity refers mainly to management buyouts, management buy-ins, venture capital, replacement capital and venture purchase of quoted shares.
PRO INNO Europe	PRO INNO Europe is an innovation policy initiative of the Directorate-General for Enterprise and Industry (under FP6 and continued under CIP) that provides innovation policy and performance analysis and promotes mutual learning among innovation policy-makers for better innovation policy development throughout Europe. The initiative unites the innovation policy TrendChart, the European Innovation Scoreboard, Innobarometer, INNO-Appraisal for evaluation of national innovation programmes, studies on innovation policy, networks among innovation policy-makers and an exchange platform for them.

Quasi-Equity	Instruments that have a return to the holder mostly based on the profits or losses of the firm. These are usually unsecured in the event of default and can be convertible into ordinary equity. Includes instruments like convertible loans and preference shares. Part of a wider class of hybrid instruments.
Risk Capital	Equity and quasi-equity financing for firms during seed, start-up and expansion phases. Risk capital financing includes (1) informal investment by business angels; (2) venture capital; (3) stock markets specialised in SMEs and high growth companies.
Seed Capital	Financing provided to study, assess and develop an initial concept. The phase precedes the start-up phase and are together called early-stage.
Seed Capital Action	It is a programme to provide grants to intermediaries for the recruitment of staff with financial or technical expertise.
Small and Medium-sized Enterprise (SME)	Under European definition an SME should have less than 250 employees, a turnover at most EUR 50 million or balance sheet total at most EUR 43 million.
Small Enterprises	Under the official European Commission's definition small enterprises have less than 50 employees and a turnover (or balance sheet total) equal or less than EUR 10 million.
SME Guarantee Facility	An EU backed Financial Instrument that aims to provide co-and counter-guarantees to guarantee schemes. These schemes stimulate the supply of loans to SMEs by credit institutions.
Start-up Capital	Financing provided to firms for product development and initial marketing. Firms may be in the process of being set up or may exist but have not sold their product or service commercially. Together with seed capital called early-stage capital.
Venture Capital	In Europe (EVCA definition) venture capital is a subset of private equity. It is a form of investment in unquoted companies and refers to equity investments made for the launch, early development or expansion of a business.
Venture Capital Fund	A vehicle for enabling pooled investments by a number of investors in equity or quasi-equity of a firm. A venture capital fund can be managed either by a company or a limited partnership but only a few of these are quoted in stock markets
Working Capital	The liquid assets a company has available to build its business and a measure of its efficiency and financial health. Working capital can be positive or negative, depending on how much short-term debt the company is carrying. A negative working capital means that a company currently is unable to meet its short-term liabilities with cash, accounts receivable, and inventory.

## 2 DETAILED BREAKDOWN OF 2007 AND 2008 EXPENDITURE

2007

EIP Objective Group	Activity Title	Allocation (€)	Commitment (€)	Variance (€)	Notes
A1	Financing SME Growth	300,000	290,020	9,980	
A2	EIP Financial Instruments for SMEs	142,100,000	145,339,880	- 3,239,880	
<b>A</b>		<b>142,400,000</b>	<b>145,629,900</b>	<b>- 3,229,900</b>	
B1	Services in Support of Business and Innovation	73,800,000	73,540,000	260,000	1
B2	Strengthening the IPR dimension of EU Industry and SMEs	8,845,000	7,000,066	1,844,934	
B3	Fourth European Conference on Crafts and Small Enterprises	250,000	212,197	37,803	
B4	Euro Info Centre (EIC) Network	12,800,000	13,322,642	- 522,642	
B5	Supporting SME and Craft Enterprises Participation in the European Standardisation Process	764,000	764,000	-	
B6	Policy Relevant Research on SMEs	80,000	80,000	-	
B7	EBSN Workshops and Meetings	200,000	67,137	132,863	
<b>B</b>		<b>96,739,000</b>	<b>94,986,041</b>	<b>1,752,959</b>	
C1	Inno-metrics: 1-European Innovation Scoreboard (EIS), 2-Innobarometer	900,000	769,194	130,806	2
C2	E Skills	400,000	198,320	201,680	3
C3	Study on Future Qualification Needs in the Construction Sector	250,000	240,300	9,700	

EIP Objective Group	Activity Title	Allocation (€)	Commitment (€)	Variance (€)	Notes
C4	Europe Innova (KIS Platform and SIW)	7,000,000	6,987,104	12,896	4
C5	Study on Innovation Systems and Leading ICT Markets	400,000	400,000	-	
C6	Enterprise Survey on the Use of ICT and the Electronic Commerce	500,000	500,000	-	
<b>C</b>		<b>9,450,000</b>	<b>9,094,918</b>	<b>355,082</b>	
E1	Exchange of Good Practice under the European Charter for Small Enterprises	350,000	349,141	859	
E2	Study on SMEs Access to Public Procurement	550,000	249,700	300,300	5
E3	Enhanced Competitiveness of SMEs in the EU Forest-Based Industries	195,000	-	N/A	6
E4	Dissemination of Agro-Food Industry Innovation	150,000	172,500	22,500	
<b>E</b>		<b>1,245,000</b>	<b>771,341</b>	<b>473,659</b>	
F1	Conference on Streamlining the Implementation of Environment Related Regulatory Requirements	60,000	60,000	-	
F2	Peer Reviews by the OECD on Better Regulation Practices	1,000,000	1,000,000	-	
F3	Community Programme for the Reduction of Regulatory Administrative Costs	6,700,000	9,996,214	- 3,296,214	
F4	Overview of Family Business Relevant Issues: research, networks, policy measures and existing studies	180,000	179,786	214	
<b>F</b>		<b>7,940,000</b>	<b>11,236,000</b>	<b>- 3,296,000</b>	
	<b>Total for 2007</b>	<b>257,774,000</b>	<b>261,718,201</b>	<b>- 3,944,201</b>	



#### Notes

1. An additional amount of 4,940,000 was added to the initial budget of 68,600,000 for the commitments of the network grants.
2. Total amount comprises 479,940 (for 1-european innovation scoreboard) and 289,254.29 (for innobarometer).
3. A decision was made to cancel the study relating to the development of European quality criteria for industry e-skills training and certification because this activity was being undertaken by CEN/ISSS in 2008.
4. Actions relating to Europe INNOVA communications were postponed to 2008.
5. Total amount comprises 4,992,086 (KIS-Platform) and 1,995,018 (Sectoral Innovation Watch (SIW))
6. Although the approach did not differ from the original plan the scope of the study was reduced (which was the main reason for the deviation in costs) as it was decided that the focus should be on national public procurement markets only in a sample of member states and to base these case studies only on existing studies and reports.
7. After reviewing the project it was considered that this type of work had been undertaken previously by industry - it was therefore not relevant in the framework of Commission.

## 2008

EIP Objective Group	Activity Title	Allocation (€)	Commitment (€)	Variance (€)	Notes
A1	EIP Financial Instruments for SMEs	151,268,543	151,175,490	93,053	
A2	Improving Policies on Access to Finance	160,000	140,561	19,439	
<b>A</b>		<b>151,428,543</b>	<b>151,316,051</b>	<b>112,492</b>	
B1	Network in Support of Business and Innovation-Community Grant/Network Animation	82,786,000	82,750,000	36,000	1
B2	SME and Craft Enterprises Participation in European Standardisation	1,175,000	1,171,493	3,507	
B3	European E-Business Support Network for SMEs (ESBN)	350,000	345,150	4,850	
B4	Networks for the Competitiveness and Sustainability of European Tourism	300,000	276,255	23,745	
<b>B</b>		<b>84,611,000</b>	<b>84,542,898</b>	<b>68,102</b>	
C1	Europe INNOVA: Collection, Analysis and Exploitation of Results Obtained from Innovation Projects	2,400,000	2,384,474	15,526	
C2	Global Sectoral Approaches	2,300,000	261,900	2,038,100	
C3	Sustainable Industrial Policy - Building on the Eco Design Directive	1,000,000	895,666	104,334	
C4	ebusiness W@tch	850,000	849,990	10	
C5	Dissemination of Agro-Food Industry Innovation	400,000	429,000	29,000	
C6	European Cluster Agenda Conference	150,000	149,996	4	
<b>C</b>		<b>7,100,000</b>	<b>4,971,025</b>	<b>2,128,975</b>	

EIP Objective Group	Activity Title	Allocation (€)	Commitment (€)	Variance (€)	Notes
D1	Eco-Innovation Pilot and Market Replication Projects	27,850,000	27,850,000	-	
<b>D</b>		<b>27,850,000</b>	<b>27,850,000</b>	-	
E1	SME Performance Review	720,000	673,338	46,662	
E2	eskills	1,200,000	1,130,255	69,745	
E3	European SME Week and Initiatives to Foster Entrepreneurship Among Target Groups	1,870,000	1,814,195	55,805	
E4	Responsible Competitiveness: Fostering Corporate Social Responsibility In European Industrial Sectors	435,000	433,000	2,000	
E5	European Charter for Small Enterprises: Dissemination of Good Practices and Information	400,000	408,241	- 8,241	
E6	Think Small First Principle: Implementation at Community and National Level	230,000	230,000	-	
E7	Entrepreneurship Education Implementation Actions	200,000	215,387	- 15,387	
E8	Study on SME Organisations Representativeness	200,000	177,180	22,820	
<b>E</b>		<b>5,255,000</b>	<b>5,081,596</b>	<b>173,404</b>	
F1	Community Programme for the Reduction of Regulatory Administrative Costs	6,700,000	5,929,289	770,711	
F2	Interim Evaluation of the EIP	250,000	249,852	148	
<b>F</b>		<b>6,950,000</b>	<b>6,179,141</b>	<b>770,859</b>	
<b>Total for 2008</b>		<b>283,194,543</b>	<b>279,940,711</b>	<b>3,253,832</b>	

Notes: B1 in the implementation report is a combination of B1 (Network in Support of Business and Innovation - Community Grant) and B2 (Network in support of Business and Innovation - Network Animation) in the work programme.

### 3 SME SURVEY RESULTS

#### 3.1 Overview

As part of the interim evaluation of the Entrepreneurship and Innovation Programme (EIP) a telephone survey was undertaken of SME beneficiaries of loan guarantees, micro credit guarantees, equity guarantees and ETF start up. The table below sets out the overall number of responses received for each of the four beneficiary groups.

**Overview Table**

	<b>Number of Responses</b>
SMEG Loan	238
SMEG Micro	131
SMEG Equity	20
ETF Start Up	24
<b>Total</b>	<b>413</b>

The remainder of this section presents the findings of the telephone interview survey for all four of the groups identified above.

### 3.2 SMEG – Loan Guarantee Window Survey Results

#### **Profile of Respondents**

In order to support the interim evaluation of the EIP a telephone based survey was undertaken of SMEs that had received guaranteed loans via the SMEG loan window to explore the nature of gross and net impacts of the loan guarantee on beneficiary firms.

In total, 238 interviews were completed and table 1 provides a breakdown of these responses by Member State.

**Table 1: Completed interviews in each Member State**

Member State	Number of Responses
Italy	87
France	32
Finland	30
Greece	28
Lithuania	27
Hungary	18
Poland	16
<b>Total</b>	<b>238</b>

Overall 95.4% (227 businesses) of the respondents were independent businesses. The remaining businesses were a mixture of subsidiaries (2.5% or 6 businesses) and franchises (0.4% or 1 business)<sup>1</sup>. The breakdown according to legal status is presented in table 2 below.

**Table 2: Legal status** (Q: which of these describes your company's legal status?)

	Number of Responses	%
Limited liability company	96	40.3%
Sole trader/proprietorship	87	36.6%
Partnership	26	10.9%
Other	21	8.8%
PLC	8	3.4%
<b>Total</b>	<b>238</b>	<b>100.0%</b>

Number of respondents: 238

Table 3 provides further information on their year of establishment. Table 3 highlights that just under half of the businesses in this group (105 of the 238 businesses) are over 8 years old.

**Table 3: Company establishment** (when was the company actually set up?) responses: 238

	Number of Responses	%
Pre-2000	105	44.1%
2006	35	14.7%
2007	22	9.2%
2005	18	7.6%
2004	14	5.9%
2002	12	5.0%
2000	12	5.0%
2003	11	4.6%
2001	9	3.8%
<b>Total</b>	<b>238</b>	<b>100.0%</b>

<sup>1</sup> 4 businesses (1.7%) were classified as other

**Processes for Obtaining Finance**

This section of the interview focused specifically on the processes the businesses went through when obtaining finance at the time they took out the guaranteed loan.

Firstly, businesses were asked about their purposes for seeking finance at this time – table 4 highlights the spread of responses. Please note that respondents were allowed to select more than one purpose/response.

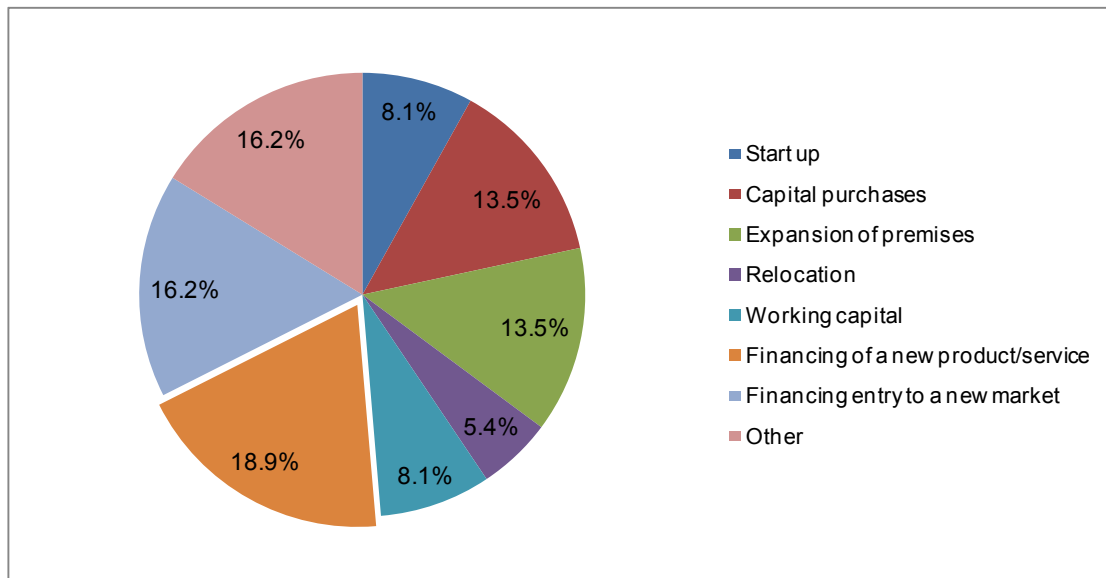
**Table 4: Purposes for seeking finance** (Q: for which of the following purposes were you seeking finance at this time?)

	Number of Responses	%
Other	57	20.4%
Financing of a new product/service	55	19.7%
Start-up	51	18.3%
Expansion of premises	50	17.9%
Working capital	26	9.3%
Capital purchases	17	6.1%
Financing entry to a new market	12	4.3%
Relocation	11	3.9%
<b>Total</b>	<b>279</b>	<b>100.0%</b>

Number of responses: 279

Those businesses that selected more than one purpose (37 businesses) were then asked to comment on their **main purpose** for seeking finance. This question received a limited response and therefore the results should be interpreted with caution. The following were cited by these businesses as their main purpose for seeking finance:

**Figure 1: Purpose for seeking finance** (Q: which of these would you say was the main purpose for seeking finance?)

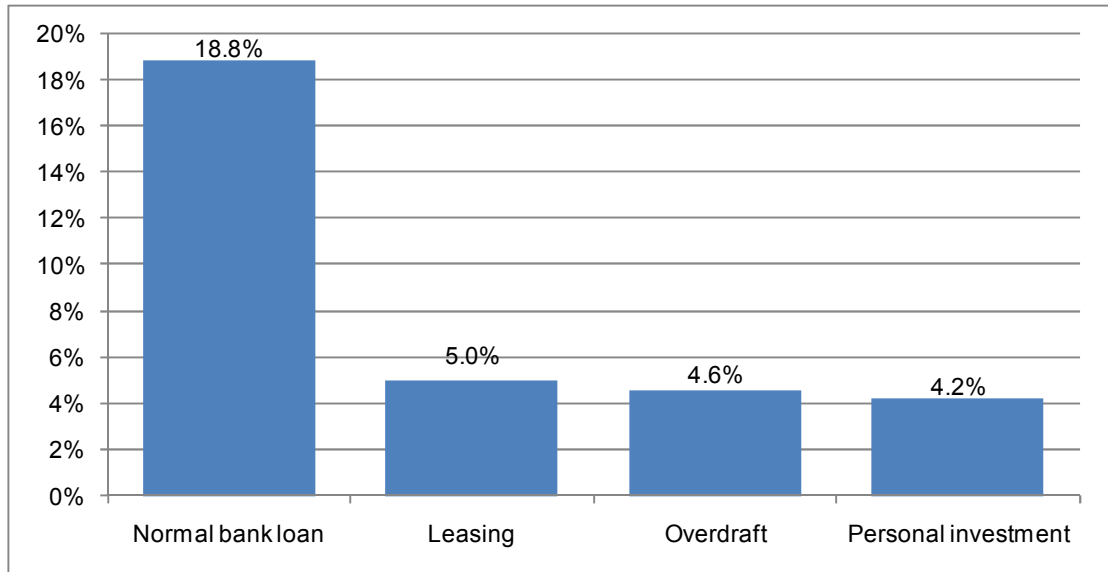


Number of responses: 37

145 businesses (55.8%) did not consider any other sources of finance apart from the guaranteed loan. Figure 2 illustrates the top alternative sources of finance that the remaining businesses considered (please note that respondents were able to choose more than one option). In addition to the top alternative sources of finance highlighted in figure 2:

- 2.3% (6 responses) considered grants/subsidies
- 1.9% (5 responses) considered venture capital
- 1.5% (4 responses) considered business angels
- 0.8% (2 responses) considered family and friends
- 0.4% (1 response) considered cash reserves
- 0.4% (1 responses) considered help-in-kind

**Figure 2: Top five other sources of finance considered** (Q: *apart from a guaranteed loan what other sources of finance, if any, did you consider at this time?*)

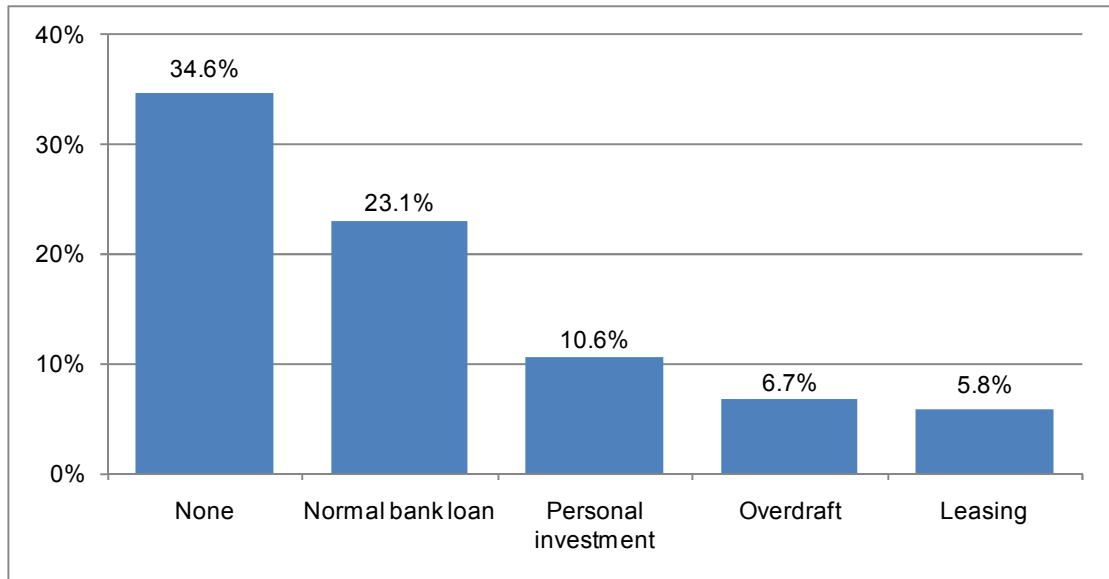


Number of responses: 260

Businesses that considered some form of alternative finance were then asked to comment upon the sources of finance they actually applied for and for those that did apply they were asked to then comment on those that were awarded/used. The results to both questions are presented in further detail in figures 3 and 4 respectively and highlight that:

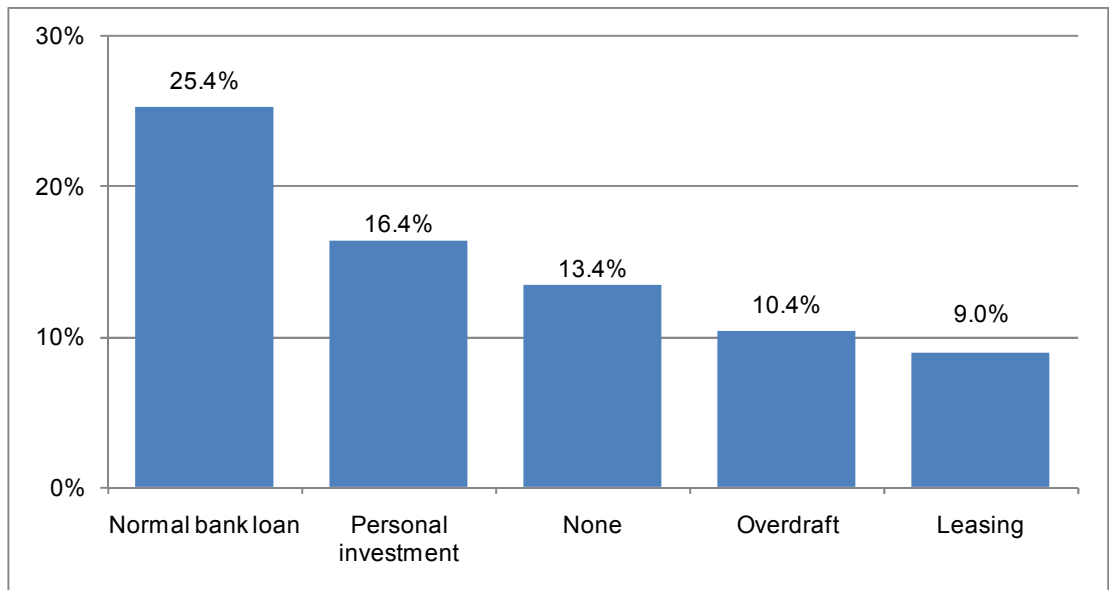
- 34.6% of the businesses that considered alternative sources did not apply and 65.4% did and of those that did they applied for:
  - 23.1% applied for a normal bank loan
  - 10.6% applied for personal investment
  - 6.7% applied for overdraft facilities
  - 5.8% applied for leasing
  - 5.8% applied for other sources
  - 4.8% applied for a grant/subsidy
  - 2.9% applied for business angel
  - 2.9% applied for venture capital
  - 1.9% applied for help-in-kind
  - 1% went for cash reserves

**Figure 3: Top five other sources of finance applied for** (Q: which of these sources of finance did you actually apply for or try to use?)



Number of responses: 104

**Figure 4: Top five other sources of finance awarded** (Q: which of these were awarded or used?)



Number of responses: 67

Businesses were asked to comment upon their likely actions if they had not received the guaranteed loan. Of the 21 businesses that responded to this question, 81%, or 17 businesses, would have still taken up these sources of finance compared to 19% (4 businesses) that would not.

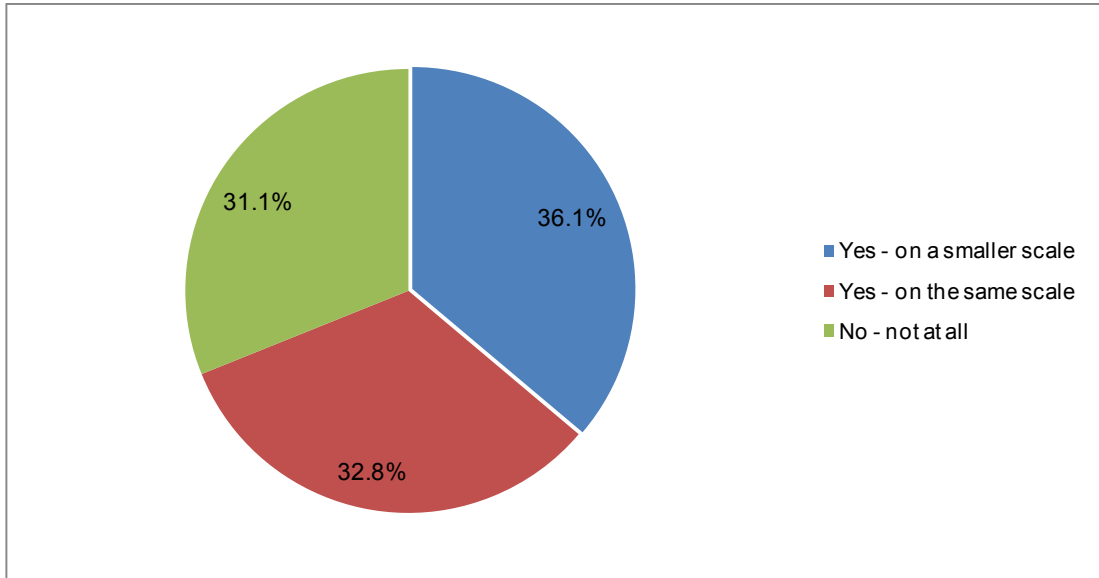
#### **Assessment of Deadweight**

Figure 5 presents a summary of the responses received from the businesses when asked if they would have been able to set up the business or undertaken the project that was financed by the guaranteed loan without the guaranteed loan. All 238 businesses responded to this question with just under a third (31.1% or 74 businesses) commenting that they would not have carried on at all and 36.1% (86 businesses) of businesses



reporting that they would have carried on but to a smaller scale. The 86 businesses that would have carried on but on a smaller scale were asked what percentage of the investment they would have made without the guaranteed loan - without the guaranteed loan 44.2% (38 businesses) would have made an investment of between 26% and 50% of the overall investment (table 5).

**Figure 5: Investment** Q: *would you still have set up the business or undertaken the project that was financed by the guaranteed loan without the guaranteed loan?*



Number of responses: 238

**Table 5: Scale of investment in absence of guaranteed loan** (Q: *approximately what percentage of the investment would you have actually made without the guaranteed loan?*)

	Number of Responses	%
26% to 50%	38	44.2%
Up to 25%	25	29.1%
51% to 100%	23	26.7%
<b>Total</b>	<b>86</b>	<b>100.0%</b>

Number of responses: 86

### **Information and Awareness**

Just over half of the businesses (136 businesses or 57.1%) were already aware of the guaranteed loan before approaching the bank for finance at this time. Significantly, we note that just over half (53.8% or 128 businesses) of the businesses were unaware that the loan was guaranteed or counter guaranteed by the EU. 110 businesses (46.2%) were aware that the loan was backed by the EU.

In terms of introducing the guaranteed facility to the surveyed businesses, banks are by far the most common source of recommendation with 41 businesses being introduced to the guarantee facility by a bank (table 6).

**Table 6: Introduction to guaranteed facility** (Q: who first suggested the guaranteed facility to your business as a possible source of finance?)

	Number of Responses	%
Bank	41	37.3%
Enterprise agency	14	12.7%
Other	13	11.8%
Accountant	9	8.2%
Own research	9	8.2%
SME organisation	5	4.5%
Family & friends	4	3.6%
Another business	4	3.6%
Industry federation	4	3.6%
Government literature	2	1.8%
Chamber of Commerce	2	1.8%
IRC	2	1.8%
Colleague/member of staff	1	0.9%
EIC	0	0.0%
<b>Total</b>	<b>110</b>	<b>100.0%</b>

Number of responses: 110

The results of the survey indicate that 148 businesses (62.2%) did not initially discuss a normal loan before discussing a guaranteed loan when they first visited the bank this is in contrast to 90 businesses (37.8%) that did discuss normal loans prior to discussing a guaranteed loan. The reasons cited by the banks as to why businesses should take a guaranteed loan varied amongst the respondents – 35.5% (88 responses) cited that the bank said that they should take a guaranteed loan due to their lack of required security/collateral and 13.3% (33 responses) said it was cited by the bank that it was due to the businesses having an insufficient track record. Table 7 highlights the situation of the businesses when they applied for the guaranteed loan.

**Table 7: Situation at time of application** (Q: thinking about the time you applied for the guaranteed loan, which of the following statements best describes your situation?)

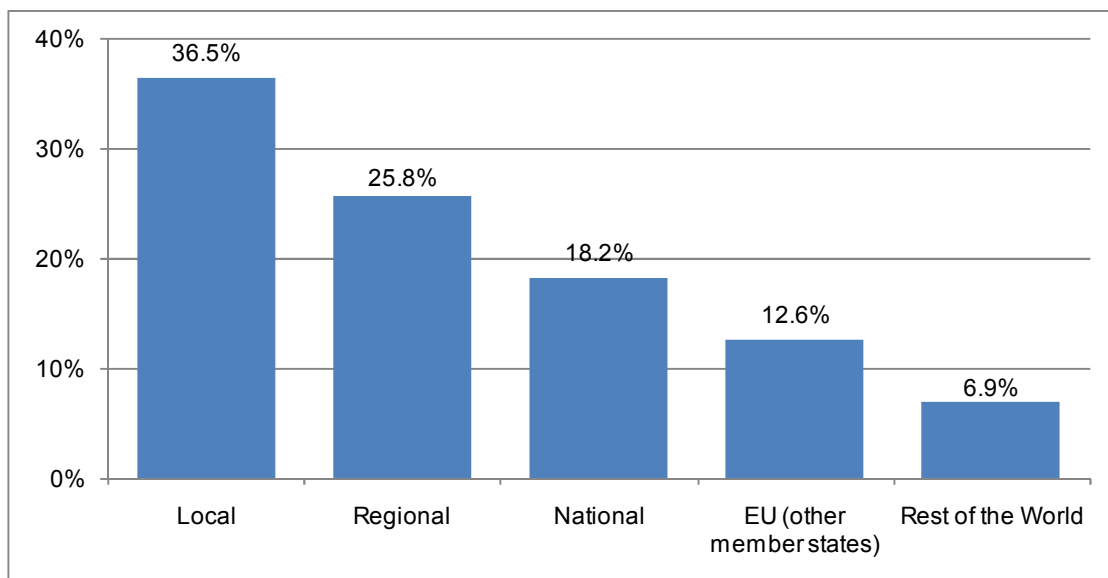
	Number of Responses	%
SME loan guarantee facility was the only option available to me	102	42.9%
Other sources of finance were available to me that would have covered the full amount available through the SME loan guarantee facility, but I still preferred the SME loan guarantee facility	82	34.5%
Other sources of finance were available to me but they would only have covered part of the amount provided by the SME loan guarantee facility	54	22.7%
<b>Total</b>	<b>238</b>	<b>100.0%</b>

Number of responses: 238

### Use of Guaranteed Loan

118 (49.8%) businesses reported that the guaranteed loan allowed them to open up new markets. Figure 6 highlights the spread of these responses in terms of geographical markets, with respondents able to choose more than one geographical market.

**Figure 6: New markets** (Q: in which geographical markets did the guaranteed loan allow you to open up to?)



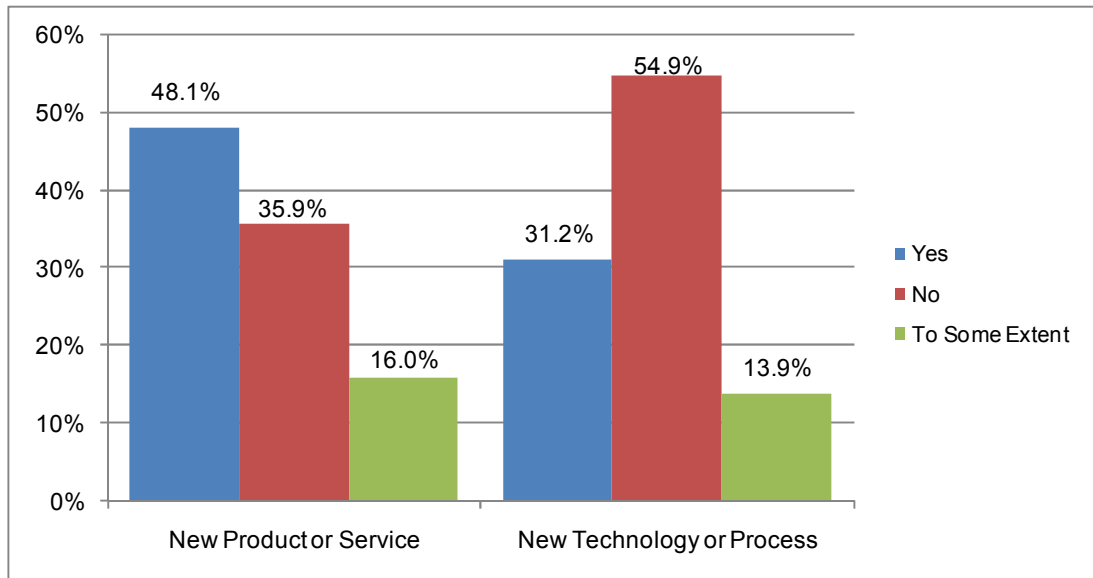
Number of responses: 159

48.1% of the respondents reported that the guaranteed loan allowed them to develop a new product or service and 31.2% developed a new technology or process as illustrated in figure 7.

Businesses were then asked if they would have been able to develop a new product, service or process without the guaranteed loan and also, 30.4% of the respondents (51 businesses) said that they would not have been able to. Of those that said they would have continued development, 53.6% (90 businesses) would have continued on a smaller scale and the remaining 16.1% (27 businesses) would have continued on the same scale.

Taking on the guaranteed loan allowed 77 businesses to take up or develop environmentally friendly products or technologies for their sector – this equates to 32.5% of respondents.

**Figure 7: Use of the guaranteed loan for innovation** (Q: did the guaranteed loan allow your business to develop a new product or service? Q: did the guaranteed loan allow your business to develop a new technology or process?)

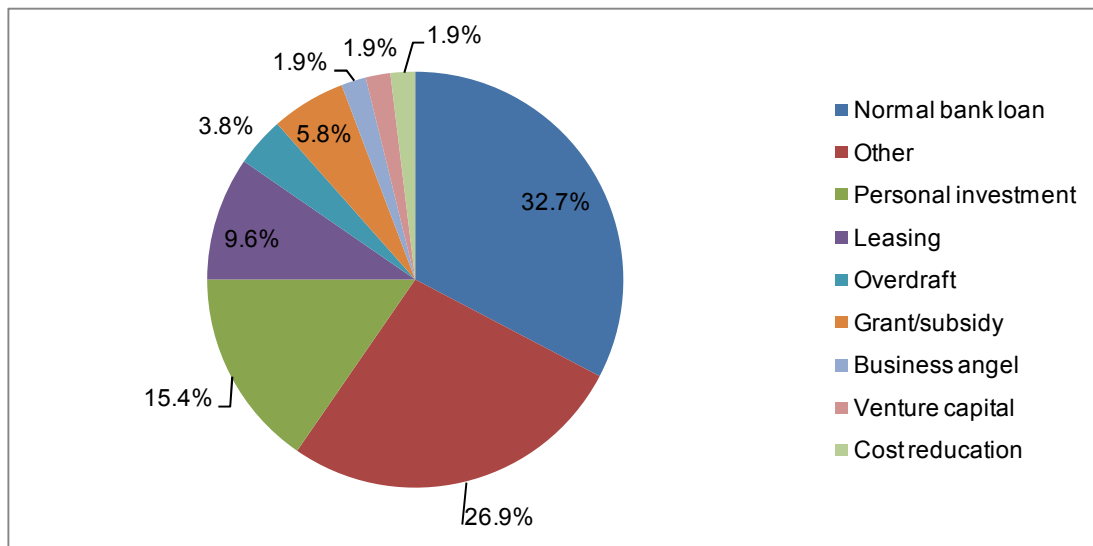


Number of responses: 237

#### **Additional Investment**

Since obtaining the guaranteed loan the majority of businesses (194 businesses or 81.9%) have not sought any significant levels of investment. The businesses that have sought significant levels of investment were further probed in terms of the sources of the finance and the spread of results are shown in figure 8.

**Figure 8: Sources of additional finance** (Q: where was this additional finance obtained from?)



Number of responses: 52

Businesses were asked about how easy they found it to obtain this additional investment, the respondents were asked to choose one of five options and the results (table 8) show that 18 businesses found it fairly easy to obtain compared to 10 businesses that found it fairly difficult to obtain.

**Table 8: Additional investment** (Q: how easy was it to obtain this additional investment?)

	Number of Responses	%
Fairly easy to obtain	18	41.9%
Fairly difficult to obtain	10	23.3%
Very difficult to obtain	7	16.3%
Very easy to obtain	4	9.3%
Did not obtain finance	4	9.3%
<b>Total</b>	<b>43</b>	<b>100.0%</b>

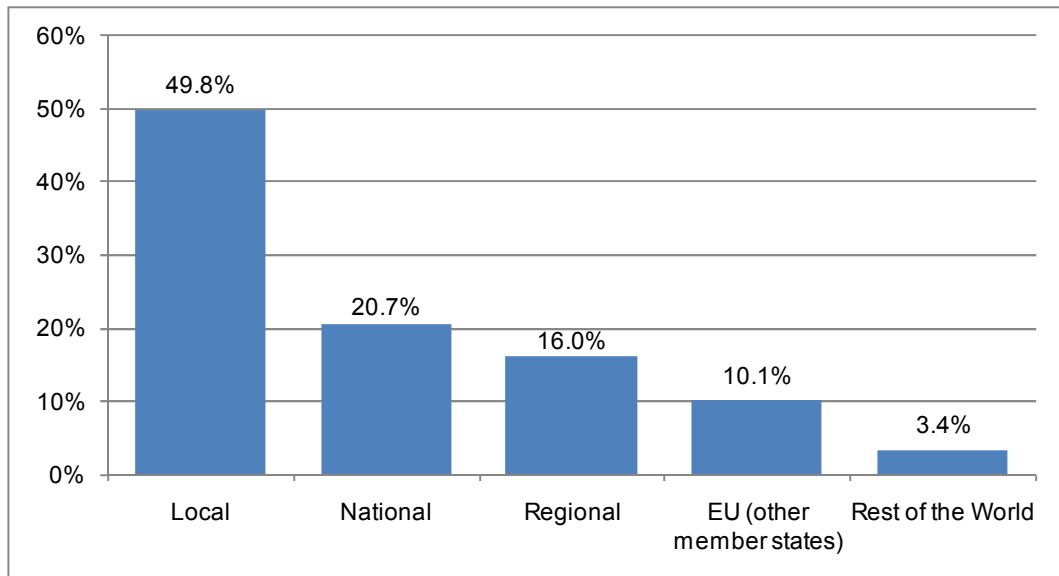
Number of responses: 43

**Impact**

The final section of the beneficiary survey aimed to gather information on the impact of the guaranteed loan on the businesses.

Figure 9 illustrates the businesses primary markets in terms of geography. Just under half of the businesses (118 businesses or 49.8%) have a locally based primary market with only 3.4% (8 businesses) of the population having an international primary market.

**Figure 9: Primary markets** (Q: which of the following forms your primary market?)



Number of respondents: 237

Displacement exists where an assisted business takes away market share from unassisted businesses and displacement is likely to be lower at an EU level if exports outside the EU are high. An important element in assessing the impact the extent of displacement has is the export activity of the businesses. Businesses were asked to provide an indication as to what percentage of their sales are exports – table 9 presents the results in terms of exports to other EU Member States and to outside the EU.

**Table 9: Exports as a proportion of sales** (Q: what percentage of your sales are exports?)

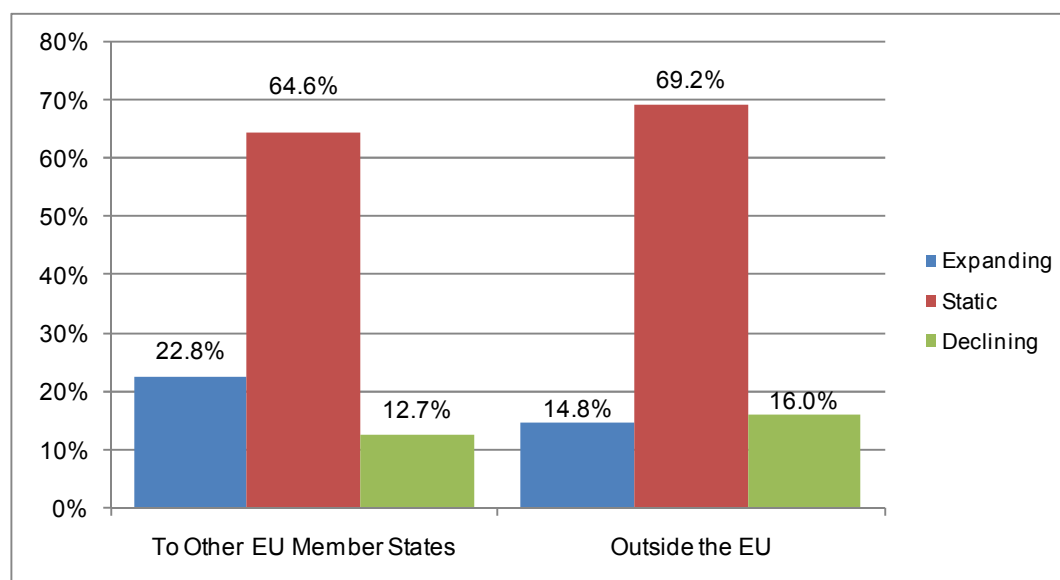
	Number of Responses	%
<i>To other EU Member States</i>		
Up to 25%	201	87.4%
26% to 50%	11	4.8%
51% to 100%	18	7.8%
<i>Outside the EU</i>		
Up to 25%	223	96.5%

26% to 50%	4	1.7%
51% to 100%	4	1.7%

Number of respondents: 230 (to other EU Member States) and 231 (to outside the EU)

Respondents were asked to comment on whether they felt that the market segments were expanding, static or declining and the majority of respondents reported that the market to other EU Member States and outside the EU are static. The overall responses are summarised in figure 10.

**Figure 10: Market dynamics** (Q: is market segment expanding, static or declining?)



Number of respondents: 237

Respondents were asked about their main sources of competition in terms of geography, the responses to which are highlighted in table 10. It is clearly evident from table 10 that the majority (73%) face over 50% of their competition locally.

**Table 10: Sources of competition** (Q: what proportion of your main competitors are...?)

	Up to 25%	26% to 50%	51% to 100%	Number of Responses
Local	13.5%	13.5%	73.0%	148
Regional	31.9%	28.6%	39.6%	91
National	22.1%	36.4%	41.6%	77
EU (other Member States)	48.8%	27.9%	23.3%	43
Rest of the world	38.5%	23.1%	38.5%	26

Following on from competition in terms of geography, businesses were asked to select one of four statements which best described their company. The results (table 11) indicate that 85.7% (203 businesses) provide a product or service for which there is direct competition within their own country compared to only 6 businesses (2.5%) that provide a product or service which is unique worldwide.

**Table 11: Company description** (Q: which of the following best describes your company?)

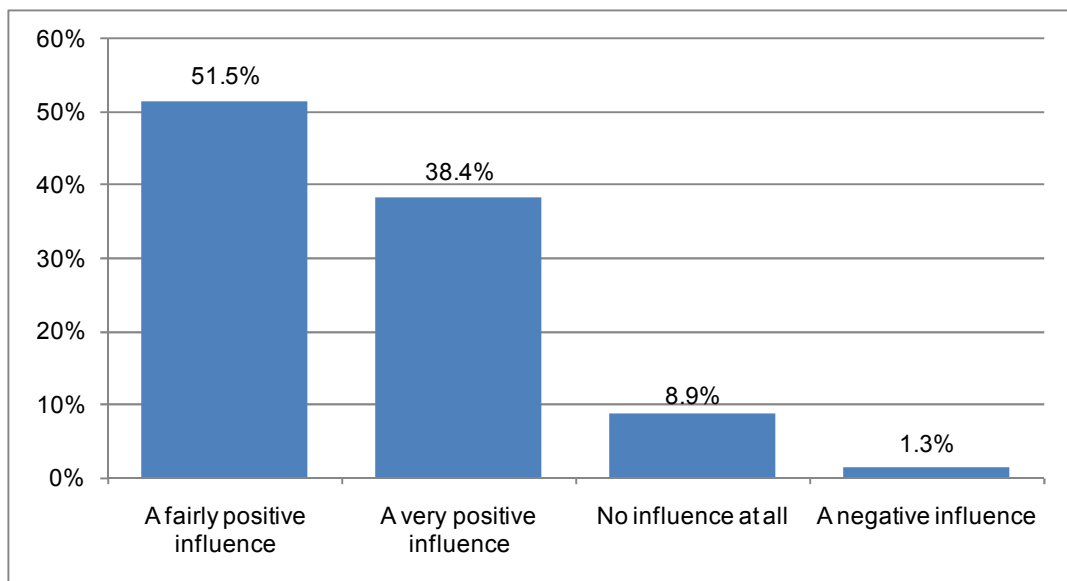
	Number of Responses	%
We provide a product or service for which there is direct competition from within our country	203	85.7%
We provide a product or service for which there is no competition within our country but with competition from	19	8.0%

elsewhere in the EU		
We provide a product or service for which there is no competition from within the EU but we face competition from outside the EU	9	3.8%
We provide a product or service which is unique worldwide	6	2.5%
<b>Total</b>	<b>237</b>	<b>100.0%</b>

Number of respondents: 237

Overall 77.2% of the businesses felt that they would still be trading even if they had not obtained a guaranteed loan and, nearly 90% of respondents felt that the guaranteed loan has had some form of positive influence on the long term growth prospects of their company as illustrated in figure 11.

**Figure 11: Long term growth influence** (Q: how much influence would you say the guaranteed loan has had on the long term growth prospects (over two years) of your company, would you say...?)



Number of responses: 237

The next set of questions in the survey focused on tracking the success of the businesses taking up the guaranteed loan. Businesses were asked about their staffing levels<sup>2</sup> and the responses in tables 12 to 14 suggest the only four businesses seem to have progressed from one size band to another.

**Table 12: Employment levels at the time the loan was granted, year T** (Q: how many staff did your company employ in year T?)

	Number of Responses	%
0 to 25	223	95.3%
26 to 50	8	3.4%
51+	3	1.3%
<b>Total</b>	<b>234</b>	<b>100.0%</b>

Number of responses: 234

<sup>2</sup> A part time member of staff (working 8-29 hours/week) counts as ½ and full time as 1.

**Table 13: Employment T+1** (Q: and what was it/do you expect it to be in year T+1?)

	Number of Responses	%
0 to 25	219	93.6%
26 to 50	12	5.1%
51+	3	1.3%
<b>Total</b>	<b>234</b>	<b>100.0%</b>

Number of responses: 234

**Table 14: Employment T+2** (Q: and what about in year T+2?)

	Number of Responses	%
0 to 25	216	92.3%
26 to 50	13	5.6%
51+	5	2.1%
<b>Total</b>	<b>234</b>	<b>100.0%</b>

Number of responses: 234

In terms of employment over the period following the guaranteed loan, 133 businesses reported that their company increased the number of people employed at the company – table 15 sets out the proportion of this increase the companies would attribute to the guaranteed loan.

**Table 15: Employment increase - proportion attributable to the guaranteed loan** (Q: you suggested that employment increased over the period following the guaranteed loan, what percentage of this, if any, would you attribute to the loan?)

	Number of Responses	%
Up to 25%	65	48.9%
26% to 50%	37	27.8%
51% to 100%	31	23.3%
<b>Total</b>	<b>133</b>	<b>100.0%</b>

Number of respondents: 133

Businesses were asked to choose one of three statements which most closely applied to their company – table 16 highlights that 134 respondents have a number one objective to grow the size of the business.

**Table 16: Company description** (Q: which of the following statements most closely applies to your company?)

	Number of Responses	%
Our number one objective is to grow the size of the business	134	57.3%
The business is run because we are interested in it, if it makes a profit, that is a bonus	61	26.1%
As long as I earn a living I am quite happy with the current status of the business	39	16.7%
<b>Total</b>	<b>234</b>	<b>100.0%</b>

Number of responses: 234



Following on from the employment levels, businesses were asked to comment upon their company turnover – these results are presented in tables 17 to 19.

**Table 17: Company turnover at the time the guaranteed loan was granted, year T** (Q: *what was your company's turnover in year T?*)

Turnover (000's)	Number of Responses	%
0 to 5000	152	95.0%
5000 to 10000	7	4.4%
10000 to 15000	1	0.6%
<b>Total</b>	<b>160</b>	<b>100.0%</b>

Number of respondents: 160

**Table 18: Company turnover in year T+1** (Q: *and what do you expect it to be in year T+1?*)

Turnover (000's)	Number of Responses	%
0 to 5000	161	94.2%
5000 to 10000	8	4.7%
10000 to 15000	2	1.2%
<b>Total</b>	<b>171</b>	<b>100.0%</b>

Number of respondents: 171

**Table 19: Company turnover in year T+2** (Q: *and what about in year T+2?*)

Turnover (000's)	Number of Responses	%
0 to 5000	121	92.4%
5000 to 10000	7	5.3%
10000 to 15000	3	2.3%
<b>Total</b>	<b>131</b>	<b>100.0%</b>

Number of respondents: 131

In terms of company turnover over the period following the guaranteed loan, 107 businesses reported that their turnover had increased (or will increase) over this period and table 20 highlights the proportions that the businesses feel are attributable to the guaranteed loan.

**Table 20: Turnover increase – proportion attributable to the guaranteed loan** (Q: *you suggested that turnover increased (will increase) over the period following the guaranteed loan, what percentage of this, if any, would you attribute to the loan?*)

	Number of Responses	%
Up to 25%	51	47.7%
26% to 50%	34	31.8%
51% to 100%	22	20.6%
<b>Total</b>	<b>107</b>	<b>100.0%</b>

Number of respondents: 107

### 3.3 SMEG – Micro Credit Guarantee Survey Results

#### ***Profile of Respondents***

As part of the interim evaluation of the EIP a telephone survey was undertaken of SME beneficiaries of micro credit guarantees. The purpose of the survey was to identify, the nature of the processes for obtaining finance, the gross and net impacts of the micro credit financial instrument on beneficiary firms.

In total, 131 interviews were completed and table 21 provides a breakdown of the responses by Member State.

**Table 21: Profile of responses by financial intermediary**

<b>Member State</b>	<b>Number of Responses</b>
France	72
Germany	39
Ireland	20
<b>Total</b>	<b>131</b>

The 131 businesses that responded to the survey were a mixture of independent businesses, franchises and subsidiaries, more specifically:

- 115 businesses were classified as independent businesses (87.8%)
- 10 businesses were classified as other (7.6%)
- 5 businesses were franchises (3.8%)
- 1 business was a subsidiary (0.8%)

In terms of legal status, 102 businesses were sole traders (77.9%), 8 businesses were limited liability companies (6.1%), 4 businesses were partnerships (3.1%), 2 businesses were PLC's and the remaining 15 businesses were classified as other. Most of the businesses are less than two years old as highlighted in table 22.

**Table 22: Company establishment** (*when was the company actually set up?*)

	<b>Number of Responses</b>	<b>%</b>
2007	67	51.1%
2006	42	32.1%
2005	9	6.9%
2004	6	4.6%
2003	2	1.5%
2002	2	1.5%
2001	1	0.8%
2000	1	0.8%
Pre-2000	1	0.8%
<b>Total</b>	<b>131</b>	<b>100.0%</b>

Number of respondents: 131

#### ***Processes for Obtaining Finance***

This section of the survey focused specifically on the processes the businesses went through when obtaining finance at the time they took out the micro credit guarantee.

Firstly all businesses were asked about their purposes for seeking finance at this time – table 23 highlights the spread of responses. Please note that respondents were allowed to select more than one purpose/response.

**Table 23: Purposes for seeking finance** (Q: for which of the following purposes were you seeking finance at this time?)

	Number of Responses	%
Start-up	104	68.4%
Working capital	16	10.5%
Other	10	6.6%
Capital purchases	6	3.9%
Expansion of premises	6	3.9%
Financing of a new product/service	6	3.9%
Relocation	2	1.3%
Financing entry to a new market	2	1.3%
<b>Total</b>	<b>152</b>	<b>100.0%</b>

Number of responses: 152

Those businesses that selected more than one purpose (13 businesses) were then asked to comment on their **main purpose** for seeking finance. Of the 13 businesses that responded to this question, the majority of businesses (53.8% or 7 businesses) wanted the finance to support the start-up of their business – table 24 shows the spread of responses received for this question and sets out the main purposes for seeking finance. As this question received a limited number of responses the results should be interpreted with caution.

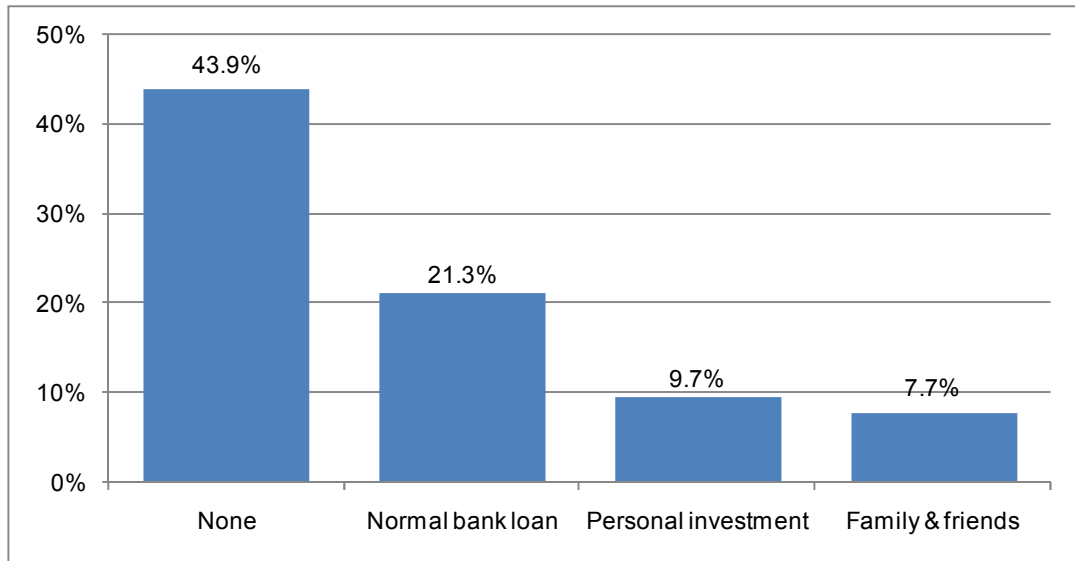
**Table 24: Main purposes for seeking finance** (Q: which of these would you say was the main purpose for seeking finance?)

	Number of Responses	%
Start-up	7	53.8%
Working capital	3	23.1%
Capital purchases	1	7.7%
Financing of a new product/service	1	7.7%
Other	1	7.7%
<b>Total</b>	<b>13</b>	<b>100.0%</b>

Number of responses: 13

68 businesses did not consider any alternative sources of finance other than the micro credit loan - Figure 12 presents the top alternative sources of finance considered by the businesses with respondents being able to select more than one option.

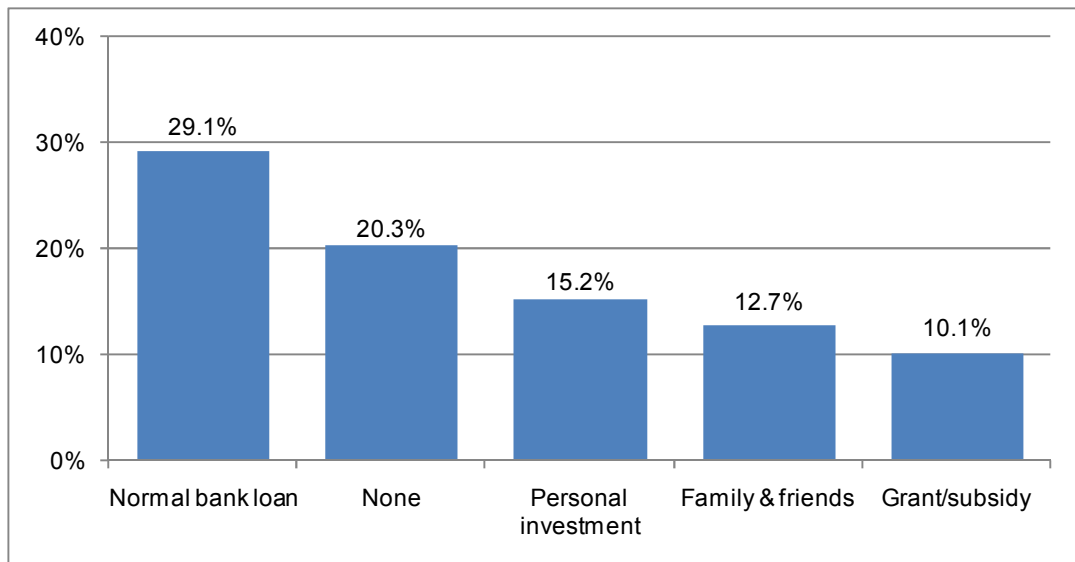
**Figure 12: Top other sources of finance considered** (Q: apart from the guaranteed loan what other sources of finance, if any did you consider at this time?)



Number of responses: 155

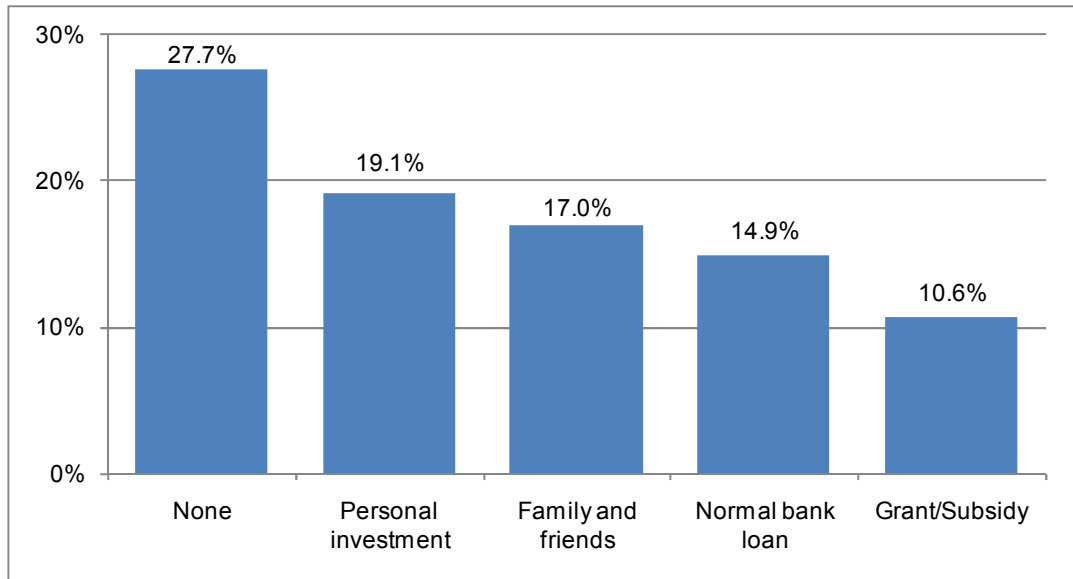
Businesses were then asked to comment upon the sources of finance they actually applied for and successfully obtained. 29.1% (23 businesses) applied for a normal bank loan and the majority of businesses were not awarded any alternative sources of finance. The results to both questions are presented in figures 13 and 14 respectively. Please note that only those businesses that applied for an alternative source were asked to comment upon which were awarded (figure 14).

**Figure 13: Top five other sources of finance applied for** (Q: which of these other sources of finance did you actually apply for or try to use?)



Number of responses: 79

**Figure 14: Top five other sources of finance awarded** (Q: which of these were awarded or used?)



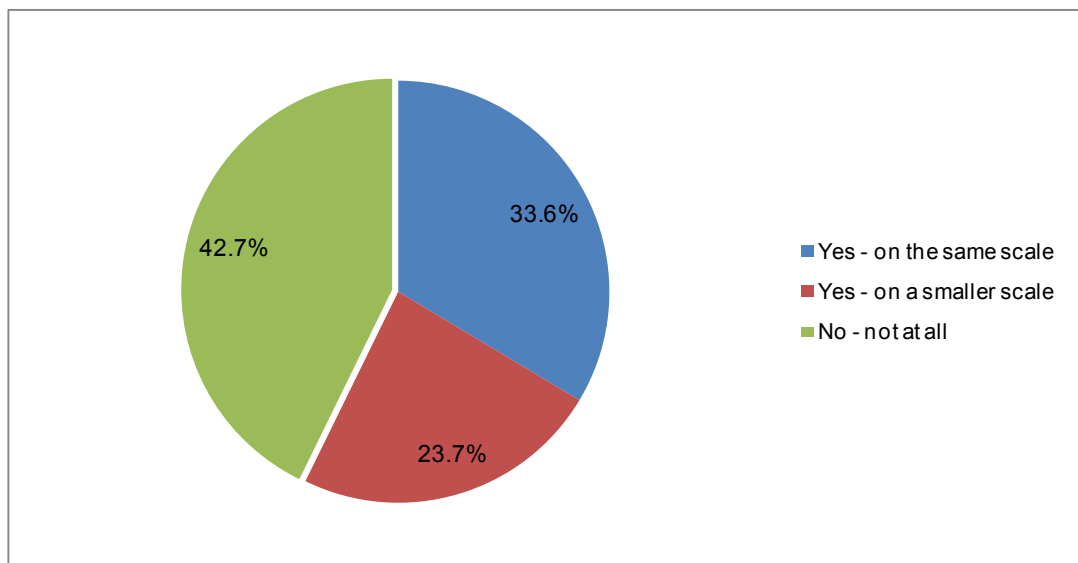
Number of responses: 55

Businesses were asked to comment upon their likely actions if they had not received the micro credit loan. Of the 14 businesses that responded to this question, 71.4%, or 10 businesses, would have taken up the other sources of finance compared to 28.6% (4 businesses) that would not have gone for other finance sources in absence of the micro credit guarantee.

#### **Assessment of Deadweight**

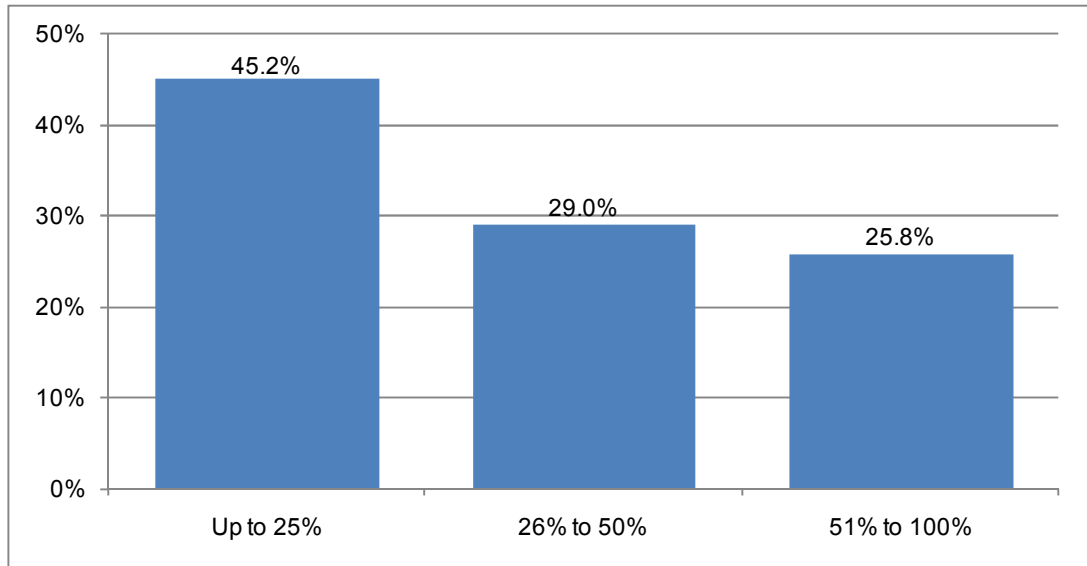
Figure 15 presents a summary of the responses received from the businesses when asked if they would have been able to set up the business or undertaken the project that was financed by the micro credit loan without the micro credit loan. All 131 businesses responded to this question with just the 42.7% (56 businesses) commenting that they would not have carried on at all. Without the guaranteed micro credit loan the majority (45.2% or 14 businesses/responses) would have made an investment of up to 25% (figure 16).

**Figure 15: Investment** (Q: would you still have set up the business or undertaken the project that was financed by the guaranteed loan without the guaranteed loan?)



Number of responses: 131

**Figure 16: Investment without the micro credit** (Q: approximately what percentage of the investment would you have actually made without the guaranteed loan?)



Number of responses: 31

### Information and Awareness

A significant finding of the survey is that 70.2% (92 businesses) of the businesses were unaware that the micro credit loan was counter guaranteed by the EU - only 39 businesses (29.8%) were aware that the micro credit loan was backed by the EU. The majority of businesses (81 businesses or 61.8%) were already aware of the micro credit guarantee before approaching the bank for finance at this time.

In terms of introducing the guaranteed facility to the surveyed businesses, banks and family and friends are by far the most common sources of referral (table 25). The reasons cited by the banks as to why businesses should take a guaranteed micro credit loan varied amongst the respondents – 37.7% (52 businesses) cited that it was the lack of required security/collateral and 11.6% (16 businesses) said it was due to an insufficient track record.

**Table 25:** Q: who first suggested the guarantee facility to your business as a possible source of finance?)

	Number of Responses	%
Other	9	23.1%
Bank	8	20.5%
Family & friends	7	17.9%
Own research	7	17.9%
Enterprise agency	4	10.3%
Chamber of Commerce	2	5.1%
Government literature	1	2.6%
SME organisation	1	2.6%
<b>Total</b>	<b>39</b>	<b>100.0%</b>

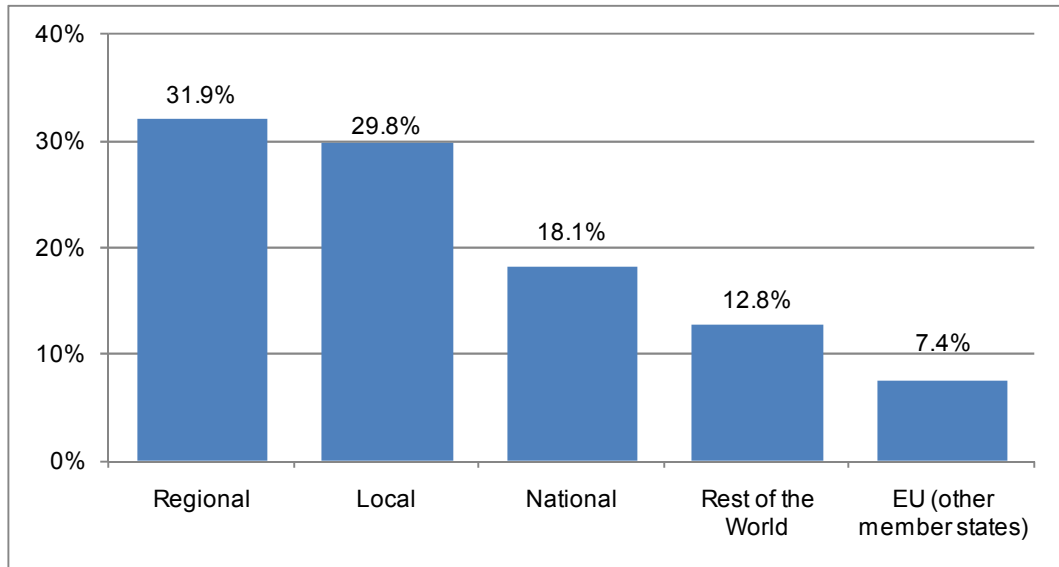
Number of responses: 39

### Use of Micro Credit Guarantee

In terms of new markets, over 50% of the respondents (67 respondents) reported that the micro credit loan has allowed their businesses to open up to new markets. Figure 17

highlights the spread of these responses in terms of geographical markets, with respondents able to choose more than one geographical market.

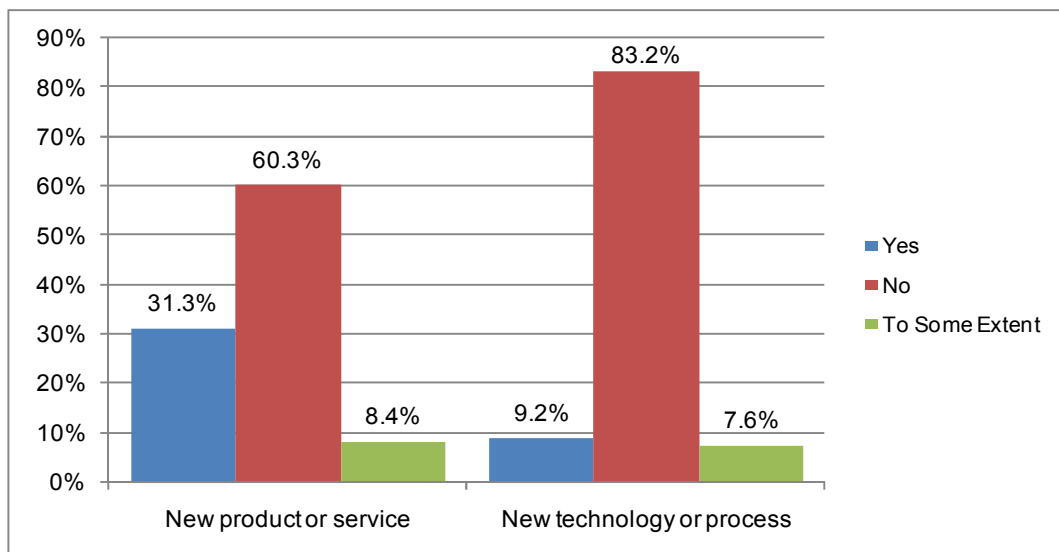
**Figure 17: New markets** (Q: In which geographical markets did the guaranteed loan allow you to open up to?)



Number of responses: 94

The majority of respondents reported that the guaranteed micro credit loan did not allow them to develop a new product or service or technology or process (figure 18). Businesses were also asked whether they would have been able to develop a new product, service or process without the guaranteed micro credit loan – 51.8% of the respondents (29 of 56 businesses) felt they would not have been able to do so. The results of those that said they would have continued with development were also split as 12 businesses said they would have continued at the same scale and 15 businesses said they would have continued but at a smaller scale. The survey results demonstrate how taking on the guaranteed loan has allowed 47 businesses to take up or develop environmentally friendly products or technologies for their sector – this equates to 35.9% of respondents.

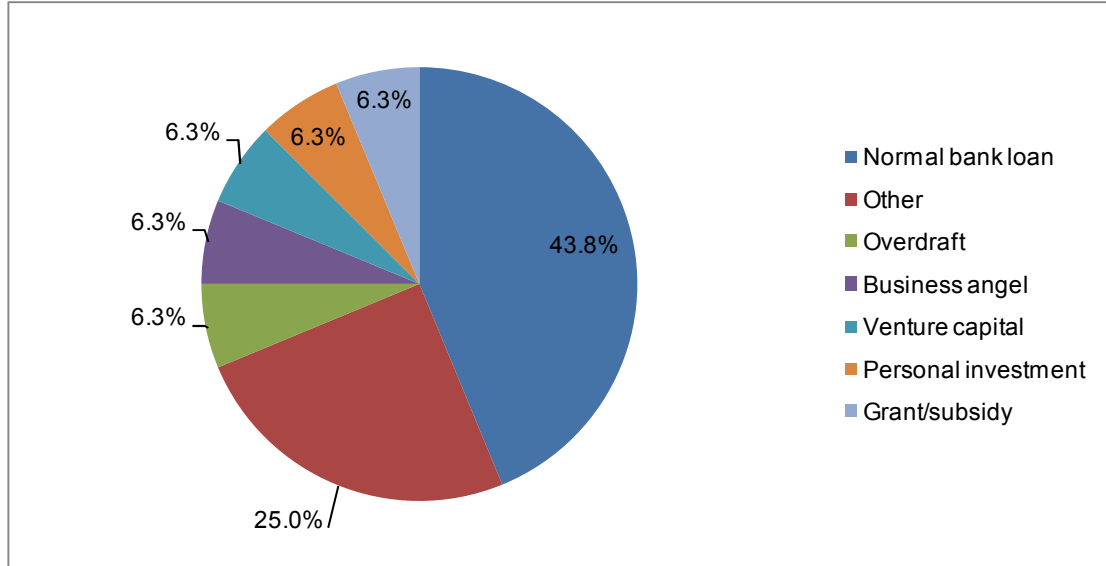
**Figure 18: Use of the micro credit loan for innovation** (Q: did the guaranteed loan allow your business to develop a new product or service? Q: Did the guaranteed loan allow your business to develop a new technology or process?) Number of responses: 131



**Additional Investment**

Since obtaining the micro credit guarantee the majority of businesses (110 businesses or 84%) have not sought any significant levels of investment. The businesses that have sought significant levels of investment were further probed in terms of the sources of the finance and the spread of results is shown in figure 19. As this question received a limited number of responses, the results should be interpreted with caution.

**Figure 19: Sources of additional finance** (Q: where was this additional finance obtained from?)



Number of responses: 16

Businesses were asked about how easy they found it to obtain this additional investment, the respondents were asked to choose one of five options and the results (table 26) show that 7 businesses did not obtain finance and of those that did, 5 businesses (24%) found it fairly easy to obtain.

**Table 26: Additional investment** (Q: how easy was it to obtain this additional investment?)

	Number of Responses	%
Did not obtain finance	7	33%
Fairly easy to obtain	5	24%
Very easy to obtain	4	19%
Very difficult to obtain	3	14%
Fairly difficult to obtain	2	10%
<b>Total</b>	<b>21</b>	<b>100%</b>

Number of responses: 21

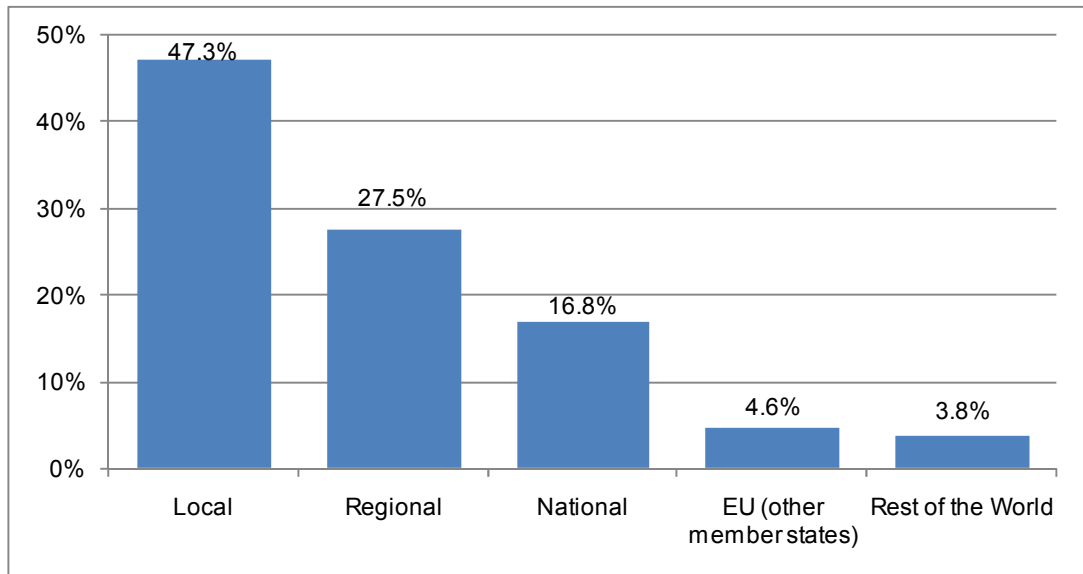
**Impact**

The final section of the beneficiary survey aimed to gather information on the impact of the guaranteed loan on the businesses.

All businesses were asked about their primary markets in terms of geography. Figure 20 illustrates that just under half of the businesses in this survey have a locally based primary market compared to 3.8% (5 businesses) that have an international primary market.



**Figure 20: Primary markets** (Q: which of the following forms your primary market?)



Number of respondents: 131

Displacement exists where an assisted business takes away market share from unassisted businesses and displacement is likely to be lower at an EU level if exports outside the EU are high. An important element in assessing the impact the extent of displacement has is the export activity of the businesses. Businesses were asked to provide an indication as what percentage of their sales are exports – table 27 presents the results in terms of exports to other EU Member States and to outside the EU.

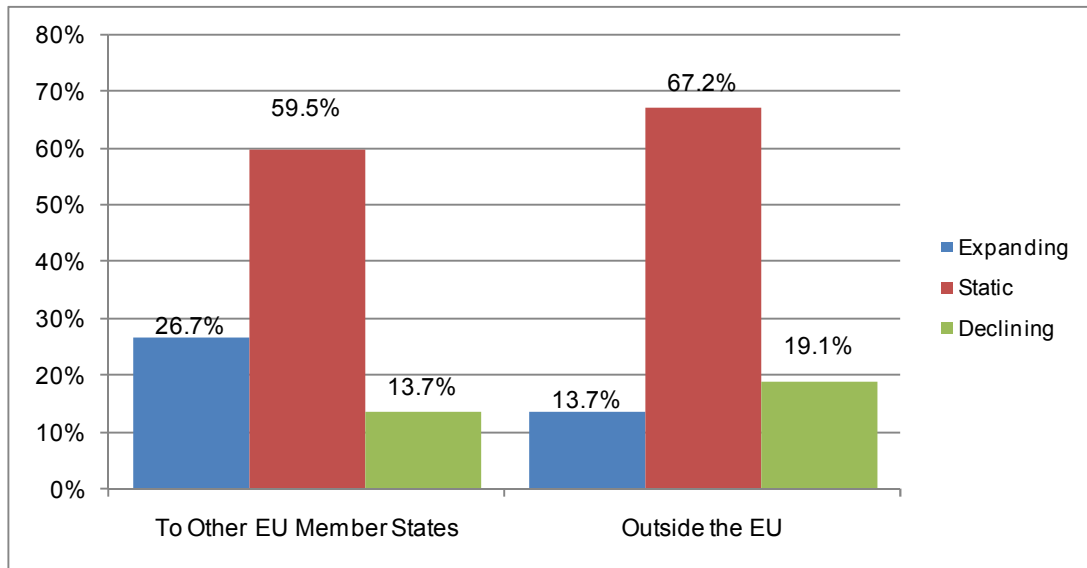
**Table 27: Exports as a proportion of sales** (Q: what percentage of your sales are exports?)

	Number of Responses	%
<i>To other EU Member States</i>		
Up to 25%	124	94.7%
26% to 50%	5	3.8%
51% to 100%	2	1.5%
<i>Outside the EU</i>		
Up to 25%	126	96.2%
26% to 50%	4	3.1%
51% to 100%	1	0.8%

Number of respondents: 131 (to other EU Member States) and 131 (to outside the EU)

Respondents were asked to comment on whether they felt that the market segments were expanding, static or declining and the majority of respondents reported that the export market (to both within EU Member States and outside the EU are static). The overall responses are summarised in figure 21.

**Figure 21: Market dynamics** (Q: is market segment expanding, static or declining?)



Number of respondents: 131

Respondents were asked about their main sources of competition in terms of geography, the responses to which are highlighted in table 28.

**Table 28: Sources of competition** (Q: what proportion of your main competitors are...?)

	1% to 25%	26% to 50%	51% to 100%	Number of Responses
Local	9.5%	20.2%	70.2%	84
Regional	24.1%	38.9%	37.0%	54
National	22.4%	22.4%	55.1%	49
EU (other Member States)	68.8%	25.0%	6.3%	16
Rest of the world	64.3%	28.6%	7.1%	14

Businesses were asked to select one of four statements which best described their company. The results (table 29) indicate that 82.4% (108 businesses) provide a product or service for which there is direct competition within their own country.

**Table 29: Company description** (Q: which of the following best describes your company?)

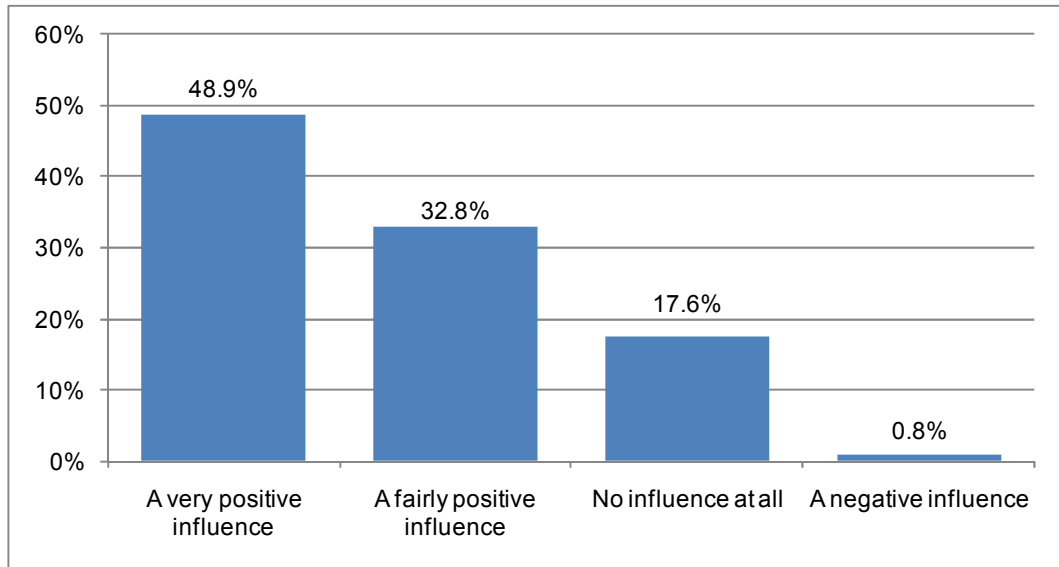
	Number of Responses	%
We provide a product or service for which there is direct competition from within our country	108	82.4%
We provide a product or service which is unique worldwide	9	6.9%
We provide a product or service for which there is no competition within our country but with competition from elsewhere in the EU	8	6.1%
We provide a product or service for which there is no competition from within the EU but we face competition from outside the EU	6	4.6%
<b>Total</b>	<b>131</b>	<b>100.0%</b>

Number of responses: 131

Just over half of the respondents (52.7%) reported that they would not be trading if they had not received the micro credit guaranteed loan and over 80% of respondents felt that the

guaranteed loan has had some form of positive influence on the long term growth prospects of their company (figure 22).

**Figure 22: Long term growth influence** (Q: how much influence would you say the guaranteed loan has had on the long term growth prospects (over two years) of your company, would you say...?)



Number of responses: 131

The next set of questions in the survey focused on tracking the success of the businesses taking up the guaranteed loan. Businesses were asked about their staffing levels<sup>3</sup> and the responses are presented in tables 30 to 32 below.

**Table 30: Employment levels at the time the micro credit guarantee was granted, year T** (Q: how many staff did your company employ in year T?)

	Number of Responses	%
0 to 25	131	100%
26 to 50	0	0.0%
51+	0	0.0%
<b>Total</b>	<b>131</b>	<b>100.0%</b>

Number of responses: 131

**Table 31: Employment in year T+1** (Q: and what was it/do you expect it to be in year T+1?)

	Number of Responses	%
0 to 25	130	99.2%
26 to 50	1	0.8%
51+	0	0%
<b>Total</b>	<b>131</b>	<b>100.0%</b>

Number of responses: 131

**Table 32: Employment in year T+2** (Q: and what about in year T+2)

	Number of Responses	%
0 to 25	130	99.2%
26 to 50	1	0.8%
51+	0	0%

<sup>3</sup> A part time member of staff (working 8-29 hours/week) counts as ½ and full time as 1.

<b>Total</b>	<b>131</b>	<b>100.0%</b>
--------------	------------	---------------

Number of responses: 131

In terms of employment over the period following the guaranteed loan, 34 businesses reported that their company increased the number of people employed at the company – table 33 sets out the proportion of this increase the companies would attribute to the guaranteed loan.

**Table 33: Employment increase - proportion attributable to the guaranteed loan** (Q: you suggested that employment increased over the period following the guaranteed loan, what percentage of this, if any, would you attribute to the loan?)

	<b>Number of Responses</b>	<b>%</b>
Up to 25%	21	61.8%
26% to 50%	6	17.6%
51% to 100%	7	20.3%
<b>Total</b>	<b>34</b>	<b>100.0%</b>

Number of respondents: 34

Businesses were then asked to choose one of three statements which most closely applied to their company – table 34 highlights that the majority of the respondents have a number one objective to grow the size of the business.

**Table 34: Company description** (Q: which of the following statements most closely applies to your company?)

	<b>Number of Responses</b>	<b>%</b>
Our number one objective is to grow the size of the business	71	54.2%
As long as I earn a living I am quite happy with the current status of the business	35	26.7%
The business is run because we are interested in it, if it makes a profit, that is a bonus	25	19.1%
<b>Total</b>	<b>131</b>	<b>100.0%</b>

Number of responses: 131

Following on from the employment levels, businesses were asked to comment upon their company turnover – these results are presented in tables 35 to 37.

**Table 35: Company turnover at the time the micro credit guarantee was granted, year T** (Q: what was your company's turnover in the year of obtaining the micro credit guarantee)?

<b>Turnover (000's)</b>	<b>Number of Responses</b>	<b>%</b>
0 to 5000	103	100%
5000 to 10000	0	0.0%
10000 to 15000	0	0.0%
<b>Total</b>	<b>103</b>	<b>100.0%</b>

Number of respondents: 103

**Table 36: Company turnover in year T+1** (Q: and what do you expect it to be in year T+1)?

<b>Turnover (000's)</b>	<b>Number of Responses</b>	<b>%</b>
0 to 5000	72	100%
5000 to 10000	0	0.0%
10000 to 15000	0	0.0%
<b>Total</b>	<b>72</b>	<b>100.0%</b>

Number of respondents: 72

**Table 37: Company turnover in year T+2 (Q: and what about in year T+2)?**

Turnover (000's)	Number of Responses	%
0 to 5000	45	100%
5000 to 10000	0	0.0%
10000 to 15000	0	0.0%
<b>Total</b>	<b>45</b>	<b>100.0%</b>

Number of respondents: 45

In terms of company turnover over the period following the guaranteed loan, 31 businesses reported that their turnover had increased (or will increase) over this period and table 38 highlights the proportions that the businesses feel are attributable to the guaranteed loan.

**Table 38: Turnover increase – proportion attributable to the guaranteed loan (Q: you suggested that turnover increased (will increase) over the period following the guaranteed loan, what percentage of this, if any, would you attribute to the loan?)**

	Number of Responses	%
Up to 25%	14	45.1%
26% to 50%	12	38.7%
51% to 100%	5	16.1%
<b>Total</b>	<b>31</b>	<b>100.0%</b>

Number of respondents: 31

**Table 39: Turnover decrease – (Q: you say turnover decreased (will decrease) over the period following the guaranteed loan. By approximately what percentage, if any, would turnover have fallen without the guaranteed loan?)**

	Number of Responses	%
Up to 25%	3	37.5%
26% to 50%	1	12.5%
51% to 100%	4	50.0%
<b>Total</b>	<b>8</b>	<b>100%</b>

Number of responses: 8

### 3.4 SMEG – Equity Window Survey Results

#### **Profile of Respondents**

In order to support the interim evaluation of the Entrepreneurship and Innovation Programme (EIP) a telephone interview survey was undertaken of SME beneficiaries of equity guarantees. The purpose of the telephone survey was to explore, in detail, the nature of the gross and net impacts of the financial instrument (in this case equity guarantees) on beneficiary firms. In total, 20 responses were received for this SME beneficiary survey all of which were from France.

In terms of legal status, the business that responded to this survey were predominantly PLC companies with 14 businesses (70.0%) stating this answer when asked about their legal status of their company. The remaining businesses in the sample were classified as other (5 businesses or 25%) and sole traders/proprietorship (1 business or 5%). In terms of company set up 40% of the businesses are over 8 years old.

- 8 businesses were set up pre-2000
- 4 businesses were set up in the year 2000
- 2 businesses were set up in the year 2005
- 2 businesses were set up in the year 2004
- 1 business was set up in 2006
- 1 business was set up in 2003
- 1 business was set up in 2002
- 1 business was set up in 2001

#### **Processes for Obtaining Finance**

This section of the survey aimed to gather information on the processes businesses went through in raising the external equity.

Firstly, businesses were asked about their purposes for seeking finance at this time – table 40 highlights the spread of responses, please note that respondents were allowed to select more than one purpose/response.

**Table 40: Purposes for seeking finance** (Q: for which of the following purposes were you seeking finance at this time?)

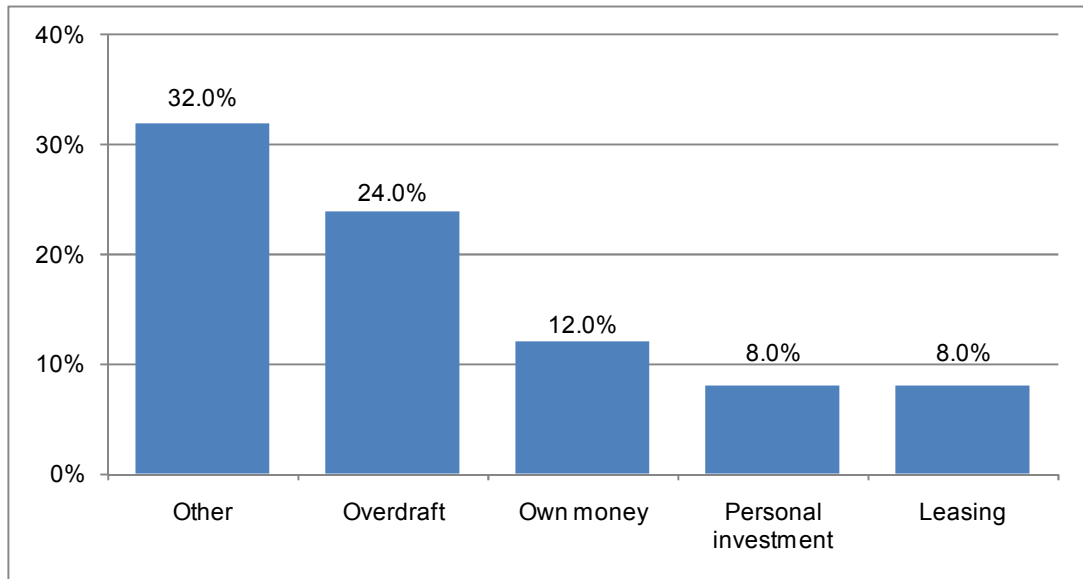
	Number of Responses	%
Financing of a new product/service	11	47.8%
Start-up	3	13.0%
Expansion of premises	3	13.0%
Working capital	3	13.0%
Financing entry to a new market	2	8.7%
Other	1	4.3%
Capital purchases	0	0.0%
Relocation	0	0.0%
<b>Total</b>	<b>23</b>	<b>100.0%</b>

Number of responses: 23

Those businesses that selected more than one purpose were then asked to comment on their **main purpose** for seeking finance. Three businesses provided a response to this question with the most popular purpose being for the financing of a new product or service (66.7% or 2 respondents) and for working capital (33.3% or 1 respondent).

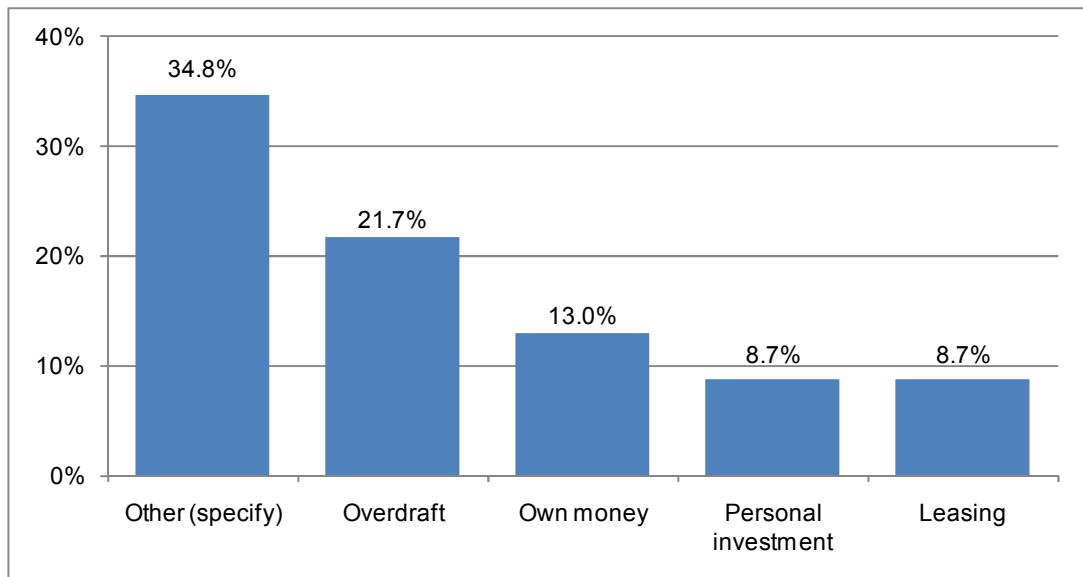
An important component to the survey was to ascertain the alternative sources of finance considered, applied for and actually obtained by the beneficiaries in addition to the external equity investment. Respondents were allowed to select more than one option and the results to these questions are presented in Figures 23 to 25. Please note that the respondents that selected other as an option did not specify the sources and that only those businesses that applied for some form alternative source of finance were asked to comment upon which were awarded (figure 25).

**Figure 23: Top five other sources of finance considered** (Q: *apart from the external equity investment what other sources of finance did you consider at this time?*)



Number of responses: 25

**Figure 24: Top five other sources of finance applied for/tried to use** (Q: *and which of these other sources of finance did you actually apply for or try to use?*)

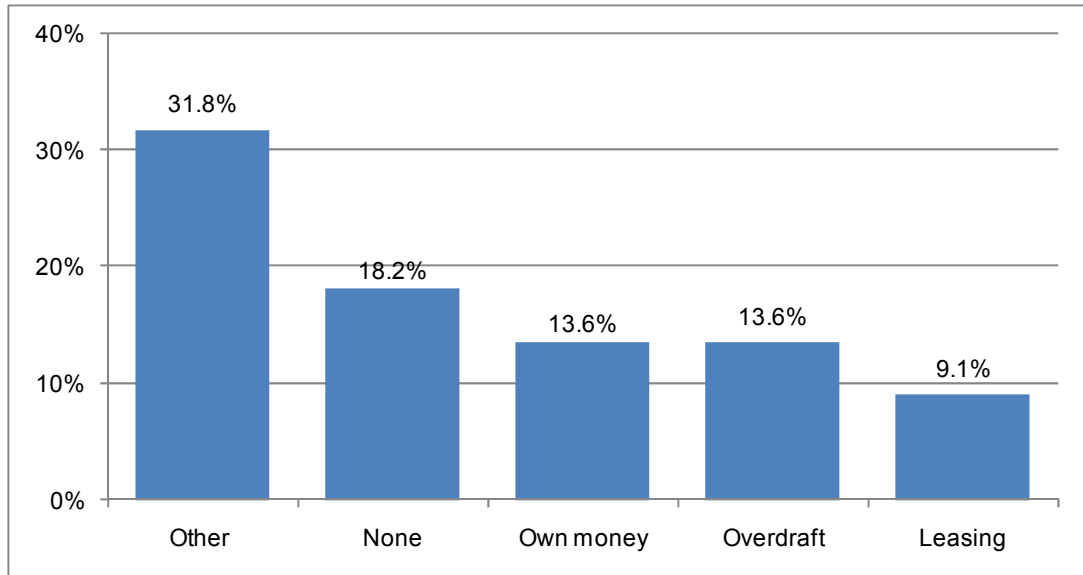


Number of responses: 23

Figures 23 and 24 highlight an interesting pattern in terms of the alternative sources of finance considered and applied for with the majority of businesses reporting that they mainly considered and applied/tried to use for other sources, overdraft facilities and their

own money. Other options applied for/used included grants/subsidies (2 responses or 8.7%) and one response for none (4.3%). Figure 25 takes the analysis a step further and demonstrates the alternative sources of finance actually awarded.

**Figure 25: Top five other sources of finance awarded** Q: *and which of these other sources of finance were awarded or used?*



Number of responses: 22

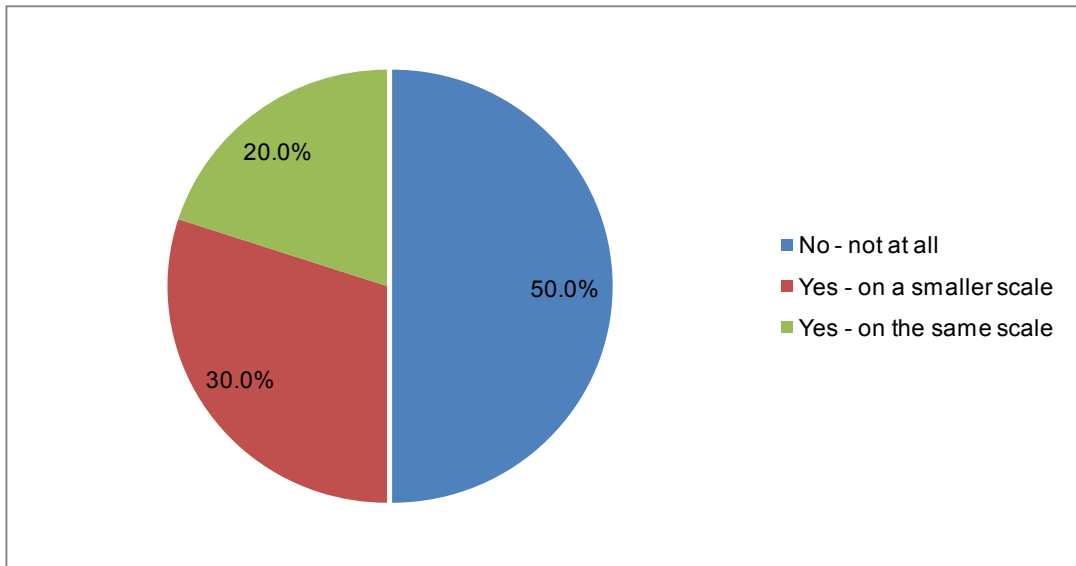
Businesses were asked to comment upon the whether they would have still been able to set up the business or undertaken the project had they had not been successful in raising the external equity (figure 26). Exactly half of the businesses reported that they would not have been able to carry on at all. In terms of those that said they would have been able to carry on 30% (6 businesses) said that it would have been in a smaller scale and 20% (4 businesses) said that they would have carried on the same scale.

**Assessment of Deadweight**

The 6 businesses that reported that they would have continued on a smaller scale were asked what percentage of the investment they would have secured without the external equity investment – 50% of the respondents reported between 51% and 100%, 2 businesses said they would have secured up to 25% and one business said they would have secured between 26% and 50%.



**Figure 26: Action in absence of the external equity** (Q: would you still have set up the business or undertaken project had you not been successful in raising this external equity?)

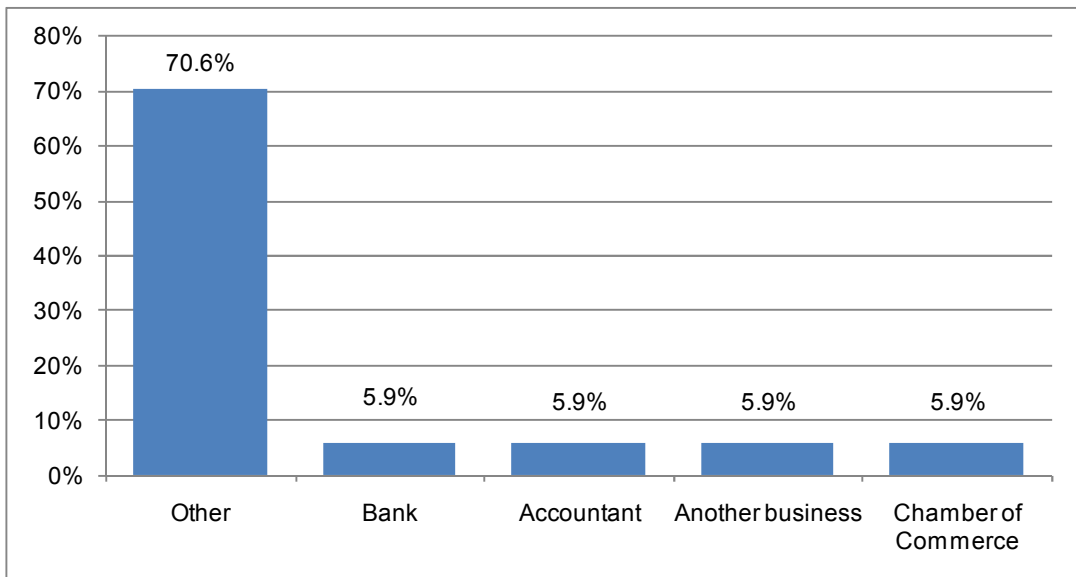


Number of responses: 20

**Information and Awareness**

Businesses were introduced to their external equity funds by a number of sources, the top five sources are highlighted in figure 27. Please note only some of the respondents that selected other as an option chose to specify – examples include professional networks and local delegations.

**Figure 27: Introduction to fund** (Q: who first suggested the fund to your business as a possible source of finance?)



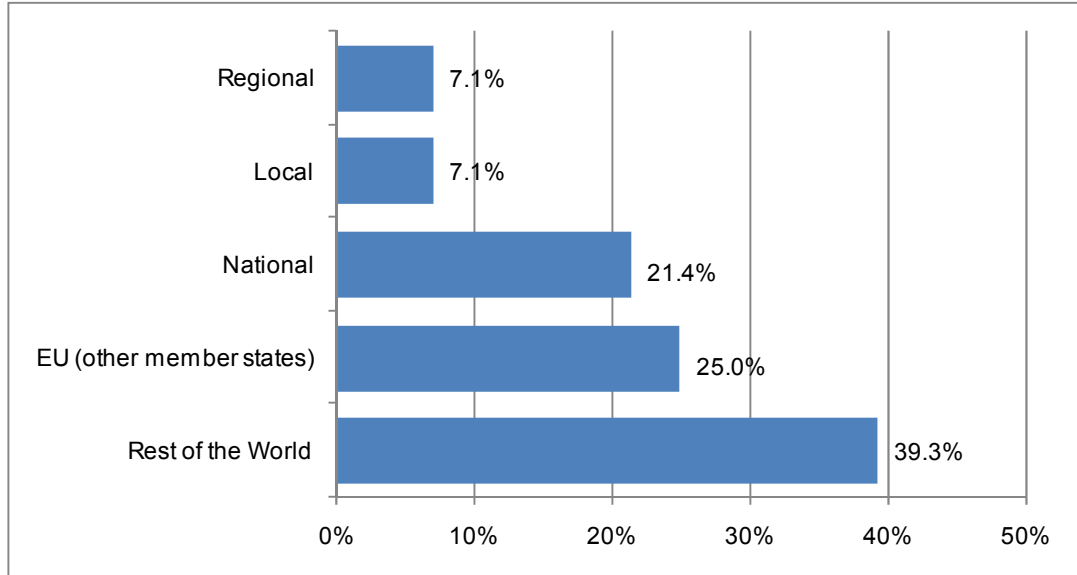
Number of responses: 17

**Use of Guaranteed External Equity**

A key part to the survey was to assess whether the external equity investment has allowed the beneficiaries to open up new markets – the results show that 70% of respondents (14 businesses) reported that the external equity investment has allowed them to open new

markets. Figure 28 highlights the spread of these responses in terms of geographical markets<sup>4</sup>.

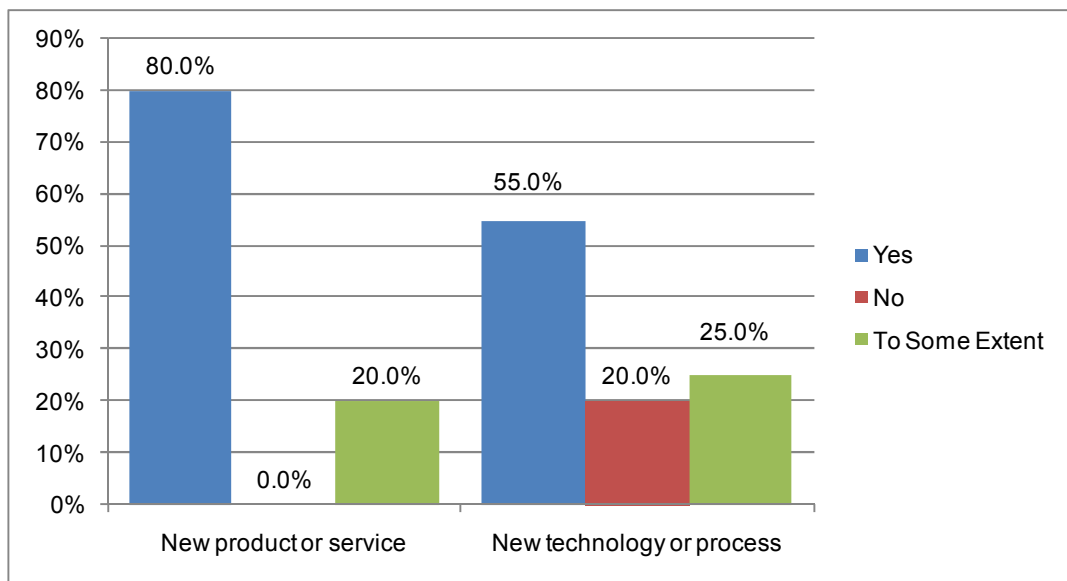
**Figure 28: New geographical markets** (Q: in which geographical markets did the external equity investment allow you to open up to?)



Number of responses: 28

Businesses were asked to comment upon their use of the external equity investment in terms of developing a new product, service, technology or process. All 20 businesses responded to these questions and the results are illustrated in figure 29. Just under 50% (9 respondents) of the surveyed businesses would not have been able to develop a new product, service or process without the external equity investment. Of those that said they would have continued development 8 respondents said they would have but on a smaller scale.

**Figure 29: Use of the external equity for innovation** (Q: did the equity investment allow your business to develop a new product or service? Q: did the external equity investment allow your business to develop a new technology or process?) Number of responses: 20



<sup>4</sup> Note: respondents were allowed to choose more than one geographical grouping.

Businesses were asked if the external equity investment has allowed their business to take-up or develop environmentally friendly products or technology for their corresponding sector. 80% of the businesses (16 businesses) responded positively to this and suggested that the external equity investment has allowed them to develop an environmentally friendly product or technology.

### **Additional Investment**

Moving forward, a number of businesses (18 businesses or 90%) have sought additional significant levels of investment finance since obtaining the external equity investment with this investment being predominantly being sourced from business angels (9 businesses or 47.4%), normal bank loans (3 businesses or 15.8%) and venture capital (2 businesses or 10.5%). Table 41 sets out the spread of responses from the 18 businesses that have sought additional investment finance since obtaining the external equity investment.

**Table 41: Additional investment** (Q: how easy was it to obtain this additional investment?)

	Number of Responses	%
Fairly easy to obtain	8	44.4%
Fairly difficult to obtain	7	38.9%
Did not obtain finance	2	11.1%
Very difficult to obtain	1	5.6%
Very easy to obtain	0	0.0%
<b>Total</b>	<b>18</b>	<b>100.0%</b>

### **Impact**

In contrast to the results of the loan and micro credit surveys the primary markets in terms of geography for the external equity investment beneficiaries are the international and national markets with 70% (14 businesses) of the respondents stating their primary market is the rest of the world and 30% (6 businesses) reporting that their primary market is nationally based.

Table 42 highlights the proportion of sales that are exports (to other EU Member States and also to outside the EU) across the surveyed businesses and highlights that the majority of exports are up to 25% of their overall sales to both the EU and outside the EU.

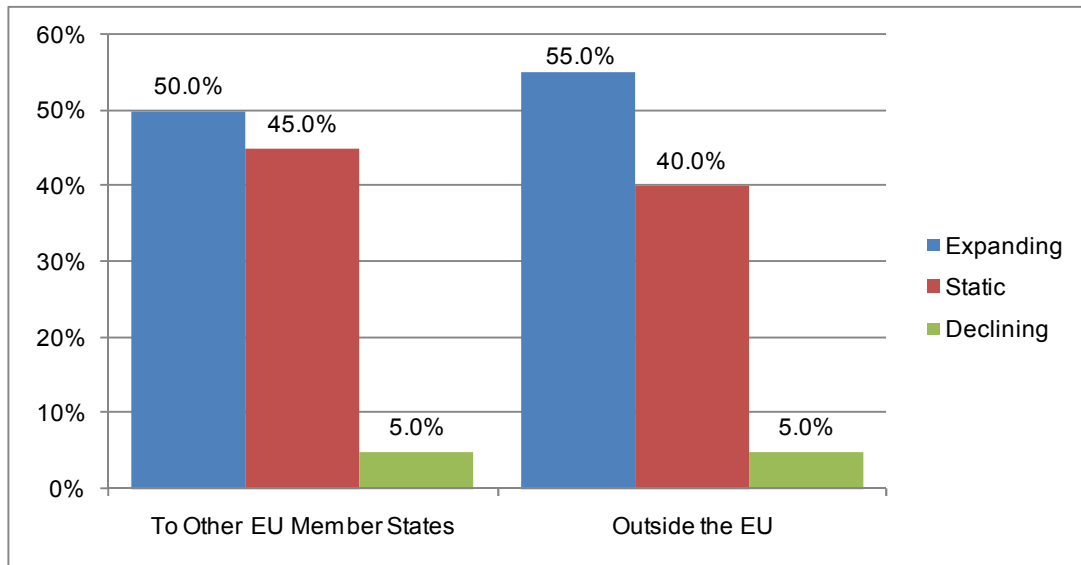
**Table 42: Exports as a proportion of sales** (Q: what percentage of your sales are exports?)

	Number of Responses	%
<i>To other EU Member States</i>		
Up to 25%	10	50.0%
26% to 50%	5	25.0%
51% to 100%	5	25.0%
<i>Outside the EU</i>		
Up to 25%	11	55.0%
26% to 50%	4	20.0%
51% to 100%	5	25.0%

Number of respondents: 20

Businesses that took part in the survey reported that market segment to other EU Member States and outside the EU are expanding with 50.0% (10 businesses) and 55.0% (11 businesses) of the businesses reporting this for the both geographical markets (figure 30).

**Figure 30: Market dynamics** (Q: is market segment expanding, static or declining?)



Number of respondents: 20

Table 43 highlights the spread of responses from when businesses were asked to comment upon the sources of competition in terms of geography.

**Table 43: Sources of competition** (Q: what proportion of your main competitors are...)

	1% to 25%	26% to 50%	51% to 100%	Number of Responses
Local	0.0%	100.0%	0.0%	1
Regional	0.0%	0.0%	0.0%	0
National	75.0%	10.0%	15.0%	20
EU (other Member States)	45.0%	45.0%	10.0%	20
Rest of the world	45.0%	15.0%	40.0%	20

Number of respondents: 20

Respondents were also asked to describe the nature of their company in terms of their products, services and competition. The businesses were asked to select one of four statements which best described their company, the results of which are presented in table 44 which highlights that just under half of the respondents are providing a product/service which they face competition from outside the EU.

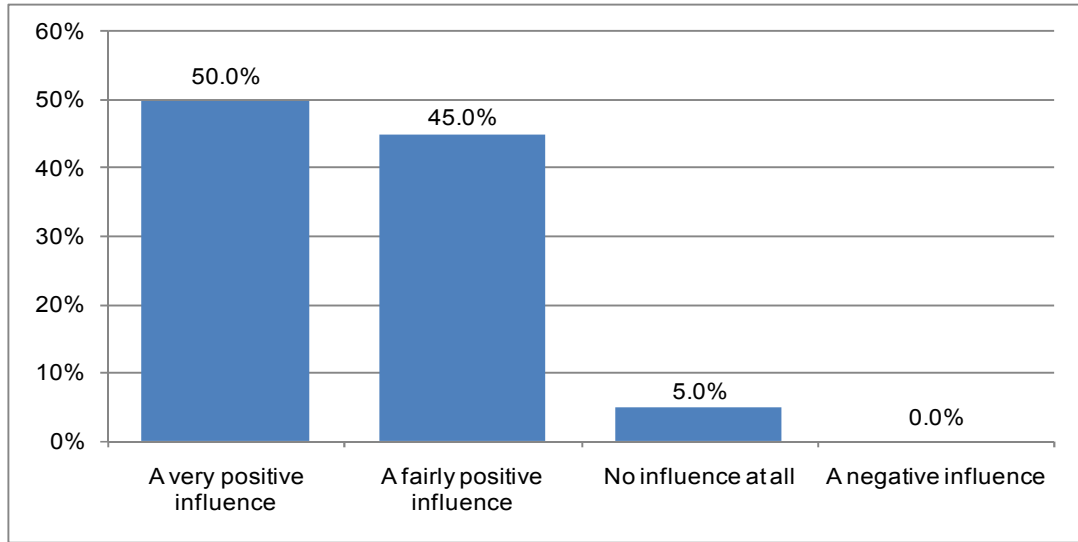
**Table 44: Company description** (Q: which of the following best describes your company?)

	Number of Responses	%
We provide a product or service for which there is no competition from within the EU but we face competition from outside the EU	9	45.0%
We provide a product or service for which there is no competition within our country but with competition from elsewhere in the EU	5	25.0%
We provide a product or service for which there is direct competition from within our country	4	20.0%
We provide a product or service which is unique worldwide	2	10.0%
<b>Total</b>	<b>20</b>	<b>100.0%</b>

Number of respondents: 20

The value of the external equity investment is emphasised through the results of the business survey as 55.0% of the respondents (11 businesses) reported that they would not be trading if they had not been successful in raising the external equity (compared to 9 businesses that would still be trading had they not been successful in raising the external equity). This is strengthened by the fact that none of the businesses felt that the external equity investment has had a negative influence on the long term growth prospects of the company (figure 31).

**Figure 31: Long term growth influence** (Q: how much influence would you say the external equity has had on the long term growth prospects (over two years) of your company, would you say...?)



Number of responses: 20

The next set of questions in the survey focused on tracking the success of the businesses taking up external equity. Businesses were asked about their staffing levels<sup>5</sup> and the responses are presented in tables 45 to 47 below.

**Table 45: Employment levels at the time the external equity was granted, year T** (Q: how many staff did your company employ in year T?)

	Number of Responses	%
0 to 25	14	70.0%
26 to 50	5	25.0%
51+	1	5.0%
<b>Total</b>	<b>20</b>	<b>100.0%</b>

Number of responses: 20

**Table 46: Employment in year T+1** (Q: and what was it/do you expect it to be in year T+1?)

	Number of Responses	%
0 to 25	12	60.0%
26 to 50	5	25.0%
51+	3	15.0%
<b>Total</b>	<b>20</b>	<b>100.0%</b>

Number of responses: 20

<sup>5</sup> A part time member of staff (working 8-29 hours/week) counts as ½ and full time as 1.

**Table 47: Employment in year T+2** (Q: and what about in year T+2?)

	Number of Responses	%
0 to 25	11	55.0%
26 to 50	6	30.0%
51+	3	15.0%
<b>Total</b>	<b>20</b>	<b>100.0%</b>

Number of responses: 20

The survey results indicate that 90.0% of the businesses (18 businesses) reported that their company increased the number of people employed at the company – table 48 sets out the proportion of this increase the companies would attribute to the external equity investment.

**Table 48: Employment increase - proportion attributable to external equity investment** (Q: you suggested that employment increased (will increase) over the period following the external equity investment, what percentage of this, if any, would you attribute to the external equity investment?)

	Number of Responses	%
Up to 25%	12	66.7%
26% to 50%	2	11.1%
51% to 100%	4	22.2%
<b>Total</b>	<b>18</b>	<b>100.0%</b>

Number of respondents: 18

Following on from the employment levels, businesses were asked to comment upon their company turnover – these results are presented in tables 49 to 51.

**Table 49: Company turnover at the time the external equity was granted, year T** (Q: what was your company's turnover in the year of obtaining the guaranteed equity?)

Turnover (000's)	Number of Responses	%
0 to 5000	17	89.5%
5000 to 10000	2	10.5%
10000 to 15000	0	0.0%
<b>Total</b>	<b>19</b>	<b>100.0%</b>

Number of respondents: 19

**Table 50: Company turnover in year T+1** (Q: and what do you expect it to be in T+1?)

Turnover (000's)	Number of Responses	%
0 to 5000	18	94.7%
5000 to 10000	1	5.3%
10000 to 15000	0	0.0%
<b>Total</b>	<b>19</b>	<b>100.0%</b>

Number of respondents: 19

**Table 51: Company turnover in year T+2** (Q: and what about T+2?)

Turnover (000's)	Number of Responses	%
0 to 5000	17	100.0%
5000 to 10000	0	0.0%
10000 to 15000	0	0.0%
<b>Total</b>	<b>17</b>	<b>100.0%</b>

Number of respondents: 17

14 businesses reported that their turnover had increased during this period with 8 businesses attributing up to 25% of this increase to the external equity investment, 3 businesses attributing between 26%-50% of this increase and three respondents attributing between 51% and 100% to the external equity investment. Finally businesses were asked about the support they received through the external equity investment. Businesses were asked to select the one (out of five) support elements that they appreciated the most and the results demonstrate that financial advice (18.8% or 3 businesses) and specialist business advice (12.5% or 2 businesses) are two of the most appreciated sources of support from the external equity investment.

### 3.5 ETF Start Up Facility Survey Results

#### ***Profile of Respondents***

Overall, 24 responses were received for the ETF start up beneficiary survey – table 52 provides a breakdown of these responses by Member State.

**Table 52: Profile of responses by Member State**

Member State	Number of Responses
United Kingdom	12
Germany	8
Spain	2
Italy	1
France	1
<b>Total</b>	<b>24</b>

23 of the 24 businesses provided a response to the legal status of their company: 16 businesses were classified as a limited liability company, 5 businesses were classified as a PLC and the remaining 2 businesses were classified as other (limited in Malta and UK Ltd).

Table 53 provides further information on the profile of the businesses in this sample in terms of when the businesses were actually set up. Table 53 highlights that the majority of businesses (95.7%) are less than 8 years old.

**Table 53: Company establishment** (*when was the company actually set up?*)

Year	Number of Responses	%
2005	6	26.1%
2007	3	13.0%
2003	3	13.0%
2002	3	13.0%
2006	2	8.7%
2004	2	8.7%
2001	2	8.7%
2000	1	4.3%
Pre-2000	1	4.3%
<b>Total</b>	<b>23</b>	<b>100.0%</b>

Number of responses: 23

#### ***Processes for Obtaining Finance***

This section of the survey aimed to gather information on the processes businesses went through in raising the external equity.

Firstly, businesses were asked about their purposes for seeking finance at this time – table 54 highlights the spread of responses, please note that respondents were allowed to select more than one purpose/response.



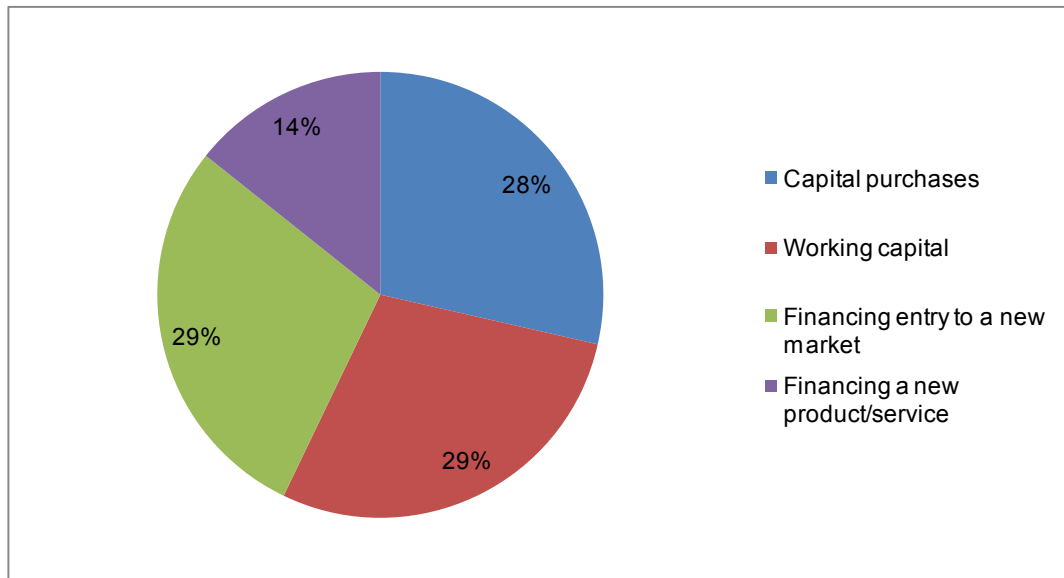
**Table 54: Purposes for seeking finance** (Q: for which of the following purposes were you seeking finance at this time?)

	Number of Responses	%
Financing of a new product/service	11	31.4%
Start-up	9	25.7%
Working capital	5	14.3%
Financing entry to a new market	4	11.4%
Capital purchases	2	5.7%
Relocation	2	5.7%
Expansion of premises	1	2.9%
Other (specify)	1	2.9%
<b>Total</b>	<b>35</b>	<b>100.0%</b>

Number of responses: 35

Those businesses that selected more than one purpose (7 businesses) were then asked to comment on their **main purpose** for seeking finance, the results of which are shown in figure 32.

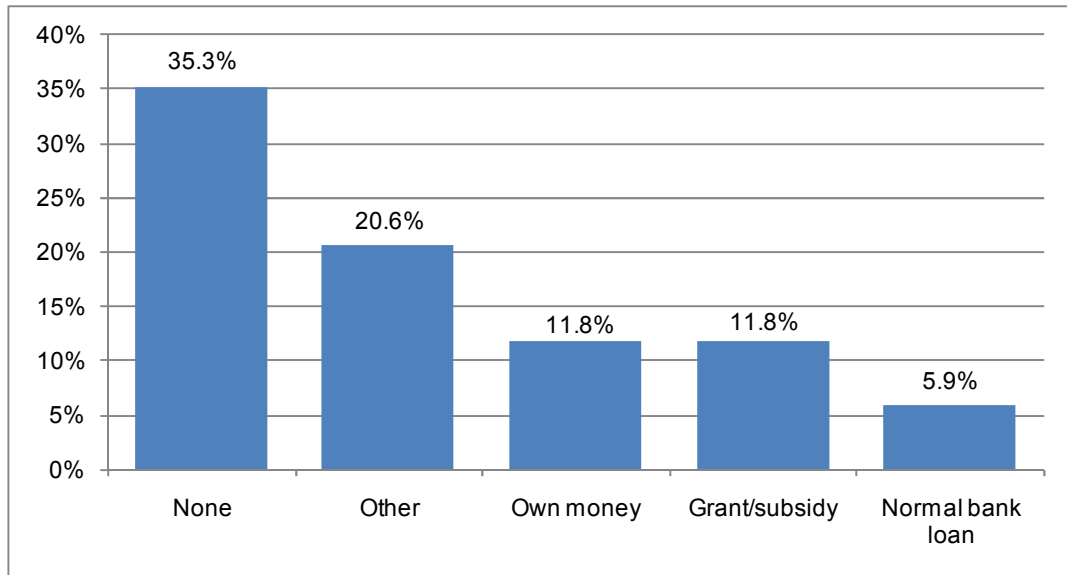
**Figure 32: Main purpose for seeking finance** (Q: what would you say is the main purpose for seeking finance?)



Number of respondents: 7

Although the majority of businesses did not consider any other alternative sources of finance at the time of considering the external equity ETF a small proportion of businesses did consider alternative sources including their own money and subsidies as highlighted in figure 33.

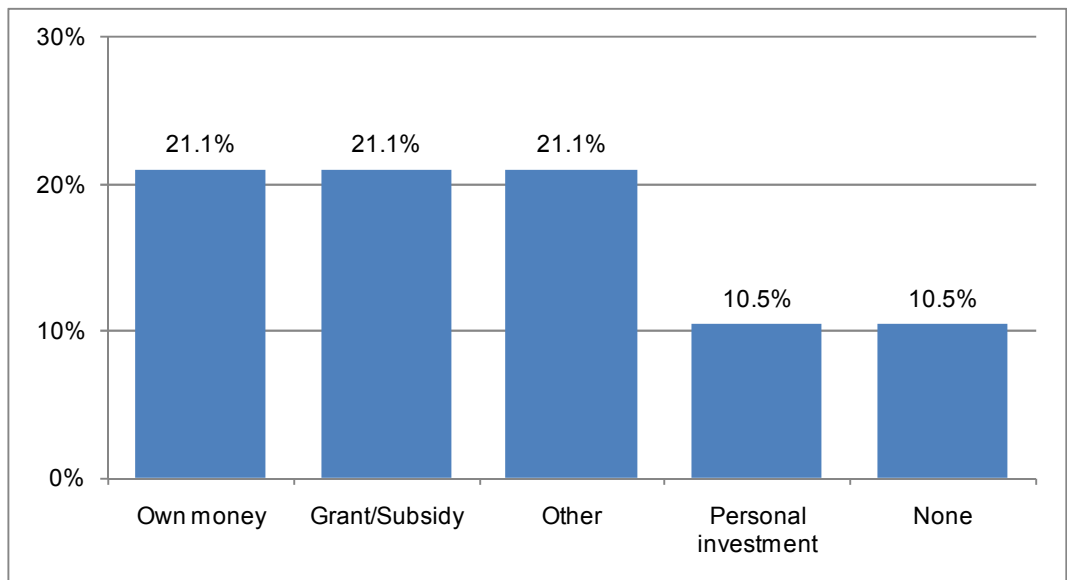
**Figure 33: Top five sources of finance considered** (Q: apart from the external equity investment what other sources of finance, if any, did you consider at this time?)



Number of responses: 34

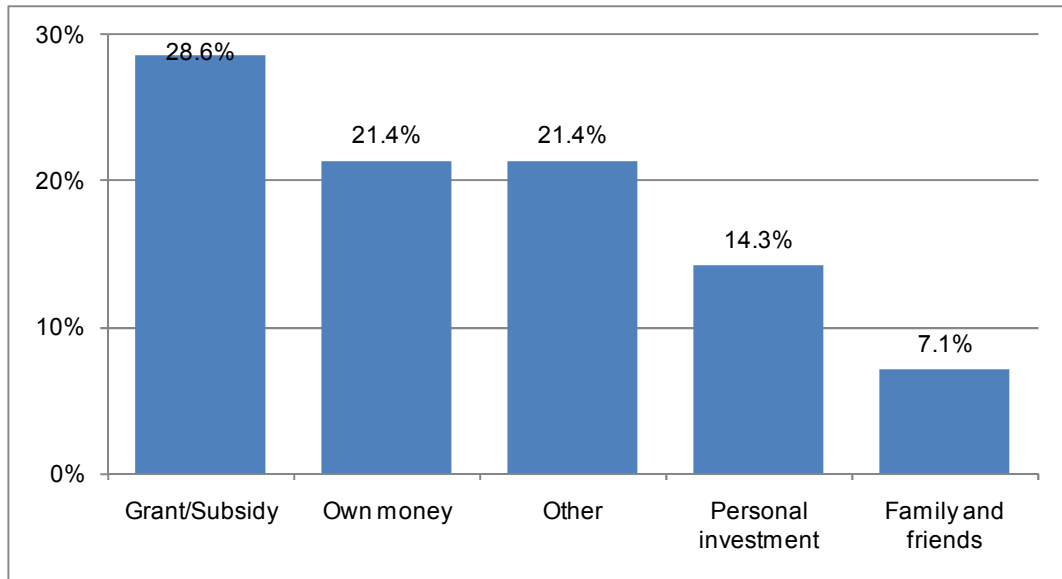
Figures 34 and 35 present the results of the responses for when businesses were asked to comment upon the sources of finance they actually applied for/tried to use and successfully obtained. Please note that only those businesses that actually applied for some form of alternative finance were asked to provide an answer to which other source of finance was awarded (figure 35).

**Figure 34: Top five other sources of finance applied for** (Q: which of these other sources of finance did you actually apply for or try to use?)



Number of responses: 19

**Figure 35: Top five sources of finance awarded/used** (Q: which of these sources of finance were awarded or used?)



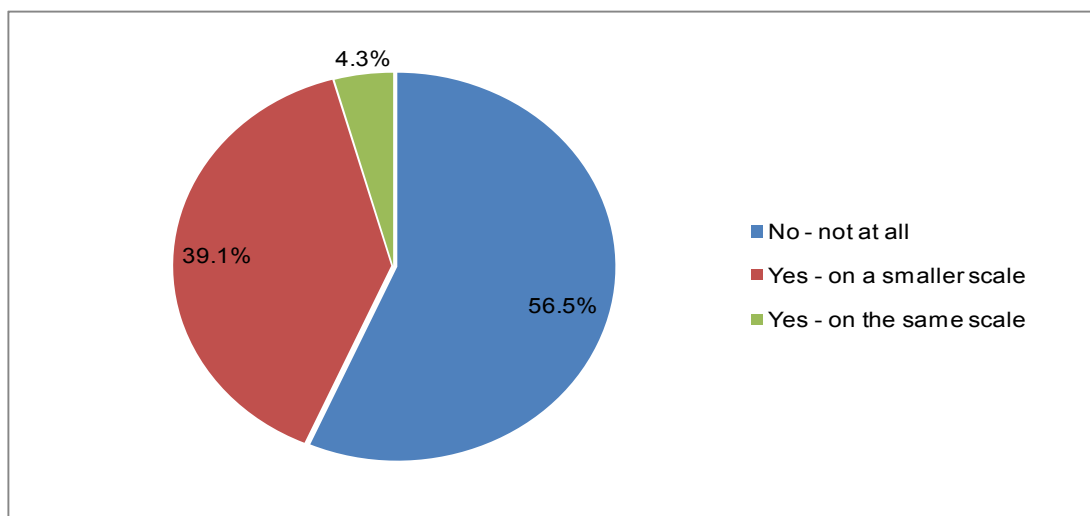
Number of responses: 14

**Assessment of Deadweight**

Businesses were asked to comment upon the whether they would have still been able to set up the business or undertaken the project had they had not been successful in raising the external equity (figure 36). The results demonstrate that over just half of the businesses reported that they would not have been able to carry on at all without the finance. In terms of those that said they would have been able to carry only 4.3% (1 business) said that it would have been at the same scale.

The 9 businesses that reported that they would have continued on a smaller scale were asked what percentage of the investment they would have secured without the external equity investment – 44.4% of the respondents reported between 51% and 100%, 1 business said they would have secured up to 25% and 4 businesses said they would have secured between 26% and 50%.

**Figure 36: Investment** (Q: would you still have set up the business or undertaken the project had you not been successful in raising this external equity?)



Number of respondents: 23

### Information & Awareness

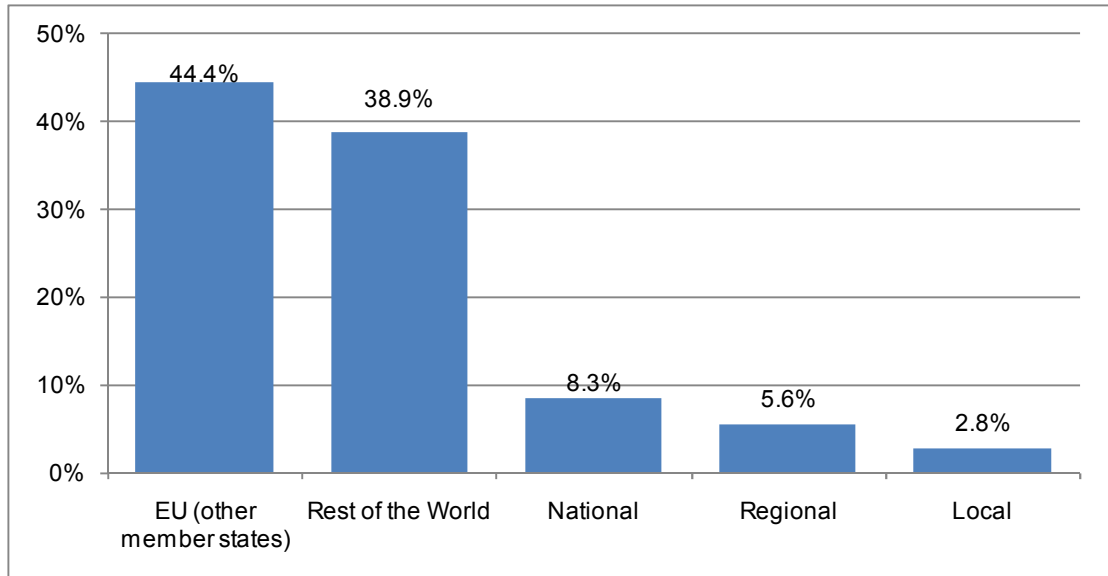
The businesses in this survey were introduced to their external equity funds by two core sources, colleagues and through their own research with 5 businesses (21.7%) and 2 businesses (8.7%) providing these answers respectively.

Businesses were asked if they were made aware at all about the fact that the fund had been set-up with funding from the European Commission – 23 businesses provided a response with 13 businesses (56.5%) being aware of this and 10 businesses not being aware that the fund had been set up with funding from the European Commission.

### Use of External Equity Investment

A key part to the survey was to assess whether the external equity investment has allowed the beneficiaries to open up new markets. Out of the 23 businesses that provided an answer to this question, 17 businesses (73.9%) felt that the ETF has allowed them to open new markets compared to only 6 businesses (26.1%) that had not. Figure 37 highlights the spread of the responses – please note that the businesses were able to select more than one grouping.

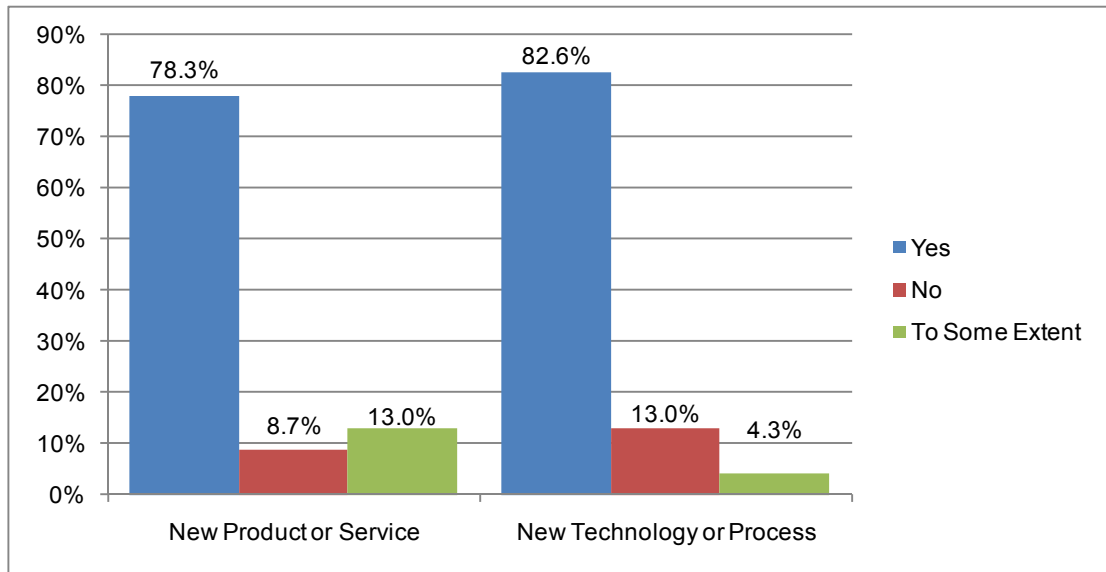
**Figure 37: New markets** (Q: in which geographical markets did the external equity investment allow you to open up to?)



Number of responses: 36

Upon analysing the results over 75% of the respondents were able to develop a new product, service, technology or process as a result of successfully obtaining the external equity (figure 38). Interestingly, 12 businesses (54.5%) reported that they would not have been able to develop a new product, process or service without the external equity investment.

**Figure 38: Use of the external equity for innovation** (Q: did the equity investment allow your business to develop a new product or service? Q: did the external equity investment allow your business to develop a new technology or process?)



Number of responses: 23

Respondents were asked if their businesses would have been able to develop a new product or service or process **without the external equity investment**. The results shown in table 55 indicate that just over half of the businesses would not have been able to develop a new product or service at all without the external equity investment and that none of the businesses would have been able to carry on at the same scale in the absence of the external equity investment.

**Table 55 Action in absence of the external equity investment** (Q: would your business have been able to develop a new product or service or process without the external equity investment)

	Number of Responses	%
Not at all	12	54.5%
On a smaller scale	10	45.5%
On the same scale	0	0.0%
<b>Total</b>	<b>22</b>	<b>100.0%</b>

Number of responses: 22

Table 56 sets out the results from when businesses were asked if the external equity investment allowed their business to take-up or develop an environmentally friendly product or technology for their sector.

**Table 56: Take-up/development of an environmentally friendly product** (Q: did the external equity investment allow your business to take-up or develop environmentally friendly product or technology for your sector?)

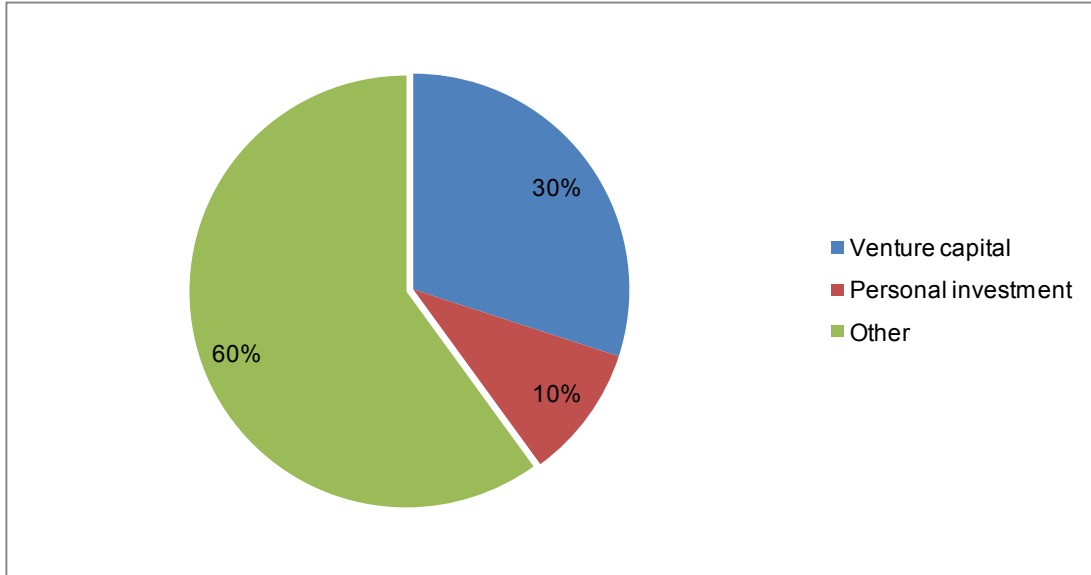
	Number of Responses	%
Yes	10	43.5%
No	13	56.5%
<b>Total</b>	<b>23</b>	<b>100.0%</b>

Number of responses: 23

**Additional Investment**

Since obtaining the external equity investment the majority of businesses (14 businesses) have not sought any significant levels of investment. The businesses that have sought significant levels of investment were further probed in terms of the sources of the finance and the spread of results are shown in figure 39.

**Figure 39: Sources of additional finance** (Q: where was this additional finance obtained from?)



Number of responses: 10

Businesses were asked about how easy they found it to obtain this additional investment, the respondents were asked to choose one of five options and the results (table 57) show that 4 businesses found it fairly difficult to obtain compared to 2 businesses that found it very difficult to obtain.

**Table 57: Additional investment** (Q: how easy was it to obtain this additional investment?)

	Number of Responses	%
Fairly difficult to obtain	4	44.4%
Fairly easy to obtain	2	22.2%
Very difficult to obtain	2	22.2%
Did not obtain finance	1	11.1%
Very easy to obtain	0	0.0%
<b>Total</b>	<b>9</b>	<b>100.0%</b>

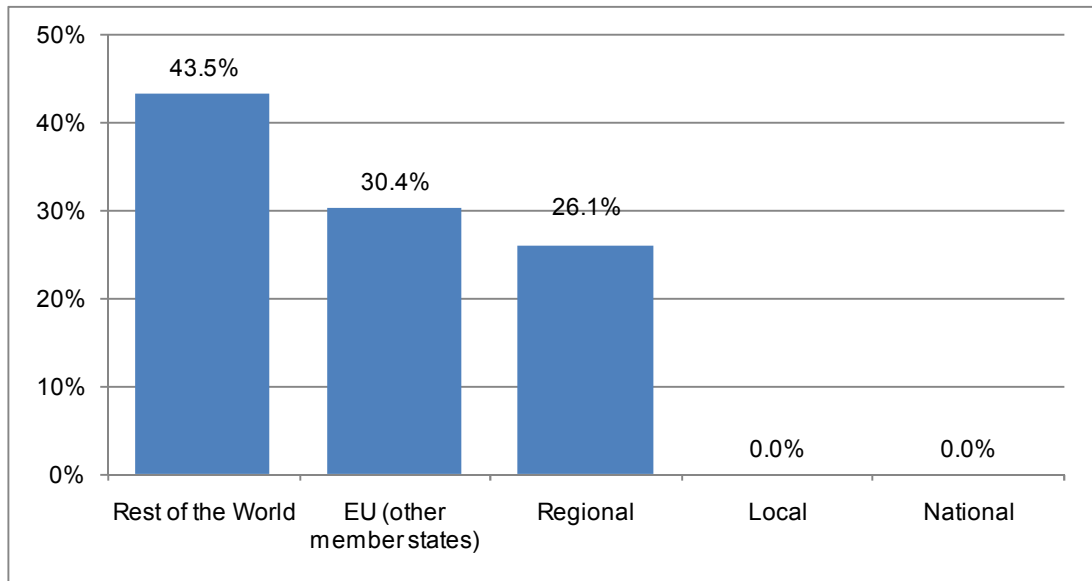
Number of responses: 9

**Impact**

The final section of the beneficiary survey aimed to gather information on the impact of the external equity investment on the businesses.

The primary markets for the ETF external equity investment beneficiaries are the international market and other EU Member States, with 43.5% (10 businesses) of the respondents stating their primary market is the rest of the world and 30.4% (7 businesses) reporting that their primary market is the EU. These trends are highlighted in figure 40.

**Figure 40: Primary markets** (Q: which of the following forms your primary market?)



Number of respondents: 23

Table 58 highlights the proportion of sales that are exports (to other EU Member States and also to outside the EU) across the surveyed businesses and highlights that the majority of exports are up to 25% of their overall sales to both the EU and outside the EU.

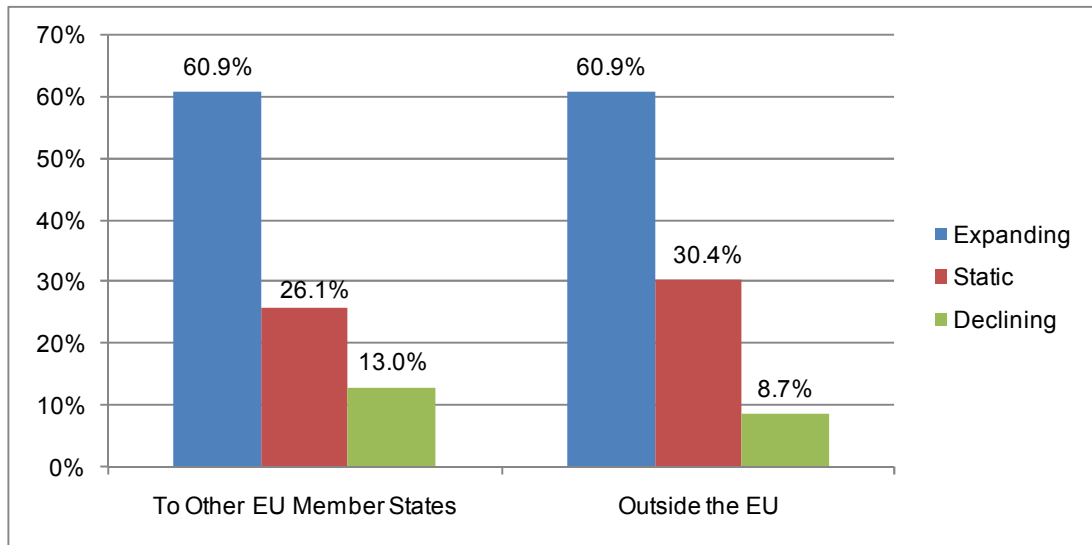
**Table 58: Exports as a proportion of sales** (Q: what percentage of your sales are exports?)

	Number of Responses	%
<i>To other EU Member States</i>		
Up to 25%	11	47.8%
26% to 50%	7	30.4%
51% to 100%	5	21.7%
<i>Outside the EU</i>		
Up to 25%	14	60.9%
26% to 50%	3	13.0%
51% to 100%	6	26.1%

Number of respondents: 23

Businesses in the survey reported that market segment to other EU Member States and outside the EU are expanding as can be seen in figure 41.

**Figure 41: Market dynamics** (Q: is market segment expanding, static or declining?)



Number of respondents: 23

Table 59 highlights the spread of responses from when businesses were asked to comment upon the sources of competition in terms of geography. Clearly a significant amount of competition is from the rest of the world with 81.8% of the businesses reporting that between 51% and 100% of their competition is internationally based.

**Table 59: Sources of competition** (Q: what proportion of your main competitors are...?)

	1% to 25%	26% to 50%	51% to 100%	Number of Responses
Local	100.0%	0.0%	0.0%	1
Regional	---	---	---	0
National	71.4%	0.0%	28.6%	7
EU (other Member States)	56.3%	37.5%	6.3%	16
Rest of the world	4.5%	13.6%	81.8%	22

23 of the 24 respondents in this survey have a primary objective to grow the business moving forward. Respondents were also asked to describe the nature of their company in terms of their products, services and competition.

Respondents were asked to select one of four statements which best described their company, the results of which are presented in table 60 which highlights that just under a third of the respondents are providing a product/service which they face competition from outside the EU. Interestingly the same proportions of businesses produce a product or service which is unique across the world.

**Table 60: Company description** (Q: which of the following best describes your company?)

	Number of Responses	%
We provide a product or service for which there is no competition from within the EU but we face competition from outside the EU	7	30.4%
We provide a product or service which is unique worldwide	7	30.4%
We provide a product or service for which there is no competition within our country but with competition from elsewhere in the EU	6	26.1%

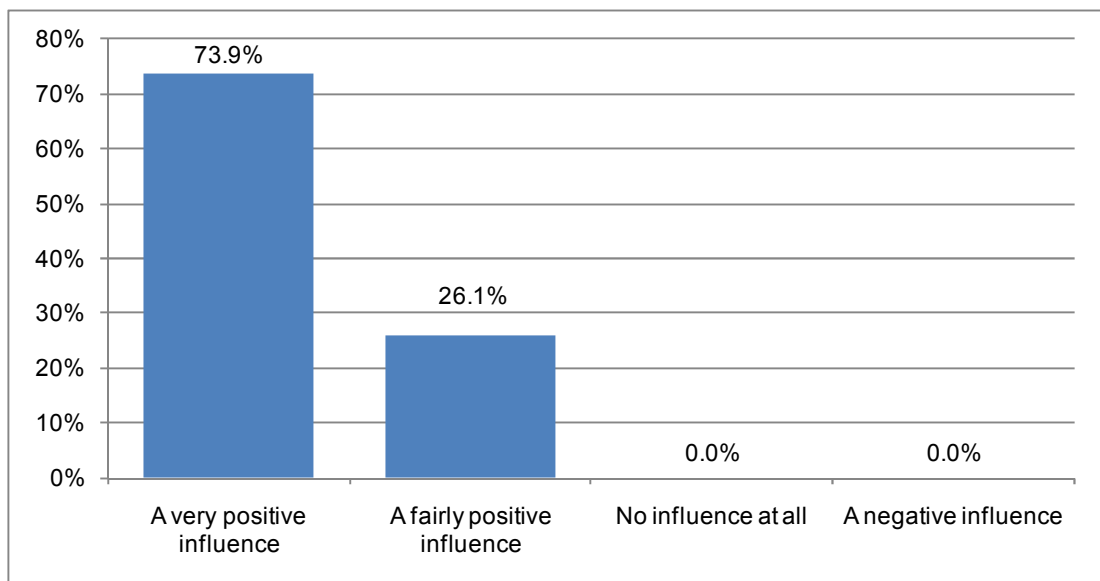


We provide a product or service for which there is direct competition from within our country	3	13.0%
<b>Total</b>	<b>23</b>	<b>100.0%</b>

Number of respondents: 23

The value of the external equity investment is emphasised through the results of the business survey as 65.2% of the respondents (15 businesses) reported that they would not be trading if they had not been successful in raising the external equity. This is also backed by all of the businesses reporting that the ETF external equity investment has had some form of positive influence on the long term growth prospects of the company (figure 42).

**Figure 42: Long term growth influence** (Q: how much influence would you say the external equity has had on the long term growth prospects (over two years) of your company, would you say...?)



Number of responses: 23

The next set of questions in the survey focused on tracking the success of the businesses taking up external equity. Businesses were asked about their staffing levels<sup>6</sup> and the responses are presented in tables 61 to 63 below.

**Table 61: Employment levels at the time the external equity was granted, year T** (Q: how many staff did your company employ in year T?)

	Number of Responses	%
0 to 25	20	87.0%
26 to 50	3	13.0%
51+	0	0.0%
<b>Total</b>	<b>23</b>	<b>100.0%</b>

Number of responses: 23

**Table 62: Employment in year T+1** (Q: and what was it/do you expect it to be in year T+1?)

	Number of Responses	%
0 to 25	17	73.9%
26 to 50	3	13.0%

<sup>6</sup> A part time member of staff (working 8-29 hours/week) counts as ½ and full time as 1.

51+	3	13.0%
<b>Total</b>	<b>23</b>	<b>100.0%</b>

Number of responses: 23

**Table 63: Employment in year T+2** (Q: and what about in year T+2?)

	Number of Responses	%
0 to 25	15	65.2%
26 to 50	5	21.7%
51+	3	13.0%
<b>Total</b>	<b>23</b>	<b>100.0%</b>

Number of responses: 23

In terms of employment over the period following the external equity investment, 21 businesses reported that their company increased the number of people employed at the company – table 64 sets out the proportion of this increase the companies would attribute to the ETF equity investment.

**Table 64: Employment increase - proportion attributable to ETF equity investment** (Q: you suggested that employment increased over the period following the external equity investment, what percentage of this, if any, would you attribute to the external equity investment?)

	Number of Responses	%
Up to 25%	1	4.8%
26% to 50%	5	23.8%
51% to 100%	15	71.4%
<b>Total</b>	<b>21</b>	<b>100.0%</b>

Number of respondents: 21

Businesses were asked to choose one of three statements which most closely applied to their company – table 65 highlights that all of the respondents that answered this question have a number one objective to grow the size of the business.

**Table 65: Company description** (Q: which of the following statements most closely applies to your company?)

	Number of Responses	%
Our number one objective is to grow the size of the business	23	100.0%
As long as I earn a living I am quite happy with the current status of the business	0	0.0%
The business is run because we are interested in it, if it makes a profit, that is a bonus	0	0.0%
<b>Total</b>	<b>23</b>	<b>100.0%</b>

Number of responses: 23

Following on from the employment levels, businesses were asked to comment upon their company turnover – these results are presented in tables 66 to 68.

**Table 66: Company turnover at the time the external equity was granted, year T** (Q: what was your company's turnover in year T)?

Turnover (000's)	Number of Responses	%
0 to 5000	12	92.3%
5000 to 10000	1	7.7%
10000 to 15000	0	0.0%
<b>Total</b>	<b>13</b>	<b>100.0%</b>

Number of respondents: 13

**Table 67: Company turnover in year T+1** (Q: and what do you expect it to be in year T+1)?

Turnover (000's)	Number of Responses	%
0 to 5000	14	93.3%
5000 to 10000	0	0.0%
10000 to 15000	0	0.0%
15000+	1	6.7%
<b>Total</b>	<b>15</b>	<b>100.0%</b>

Number of respondents: 15

**Table 68: Company turnover in year T+2 (000's)** (Q: and what about in year T+2)?

Turnover (000's)	Number of Responses	%
0 to 5000	11	78.6%
5000 to 10000	2	14.3%
10000 to 15000	0	0.0%
15000+	1	7.1%
<b>Total</b>	<b>14</b>	<b>100.0%</b>

Number of respondents: 14

In terms of company turnover over the period following the external equity investment, 9 businesses reported that their turnover had increased (or will increase) over this period and table 69 highlights the proportions that the businesses feel are attributable to the ETF start up facility.

**Table 69: Turnover increase – proportion attributable to ETF equity investment** (Q: you suggested that turnover increased (will increase) over the period following the external equity investment, what percentage of this, if any, would you attribute to the external equity investment?)

	Number of Responses	%
Up to 25%	3	33.3%
26% to 50%	1	11.1%
51% to 100%	5	55.6%
<b>Total</b>	<b>9</b>	<b>100.0%</b>

Number of respondents: 9

Table 70 sets out the types of support the businesses are receiving or have received – the respondents were presented with six choices and were allowed to select more than one option. The results show that the appointment of a non-executive Director is by far the most popular type of support received by the businesses. The three businesses that selected 'other' as an option were asked to specify in further detail – these comprised of legal advice, administrative services, equity plus and recruitment.

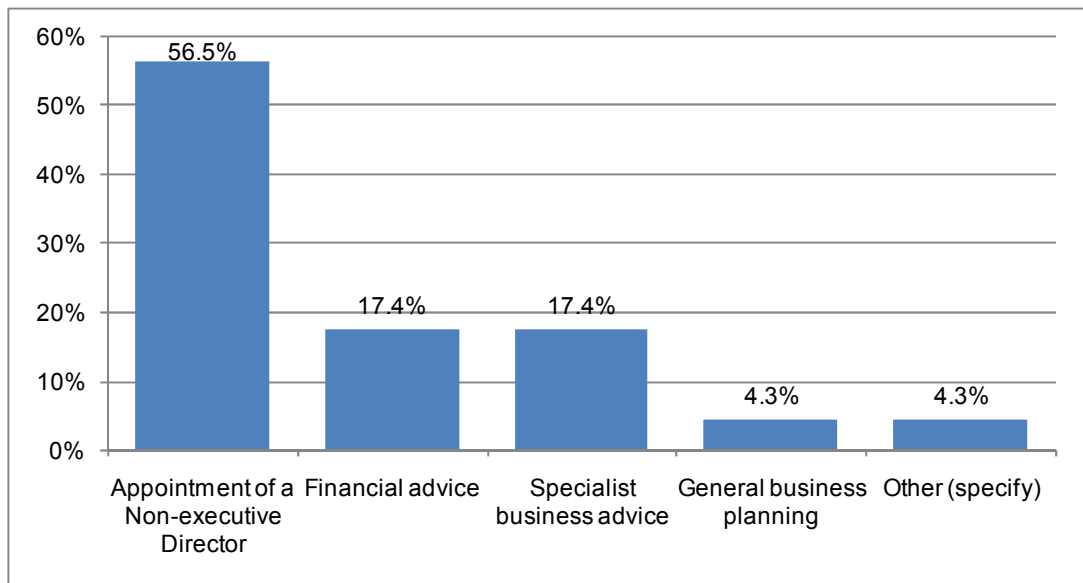
**Table 70: Support received** (Q: which of the following types of support did you receive or are receiving?)

	Number of Responses	%
Appointment of a non-executive Director	19	36.5%
Financial advice	10	19.2%
General business planning	9	17.3%
Specialist business advice	7	13.5%
Use of a mentor	4	7.7%
Other	3	5.8%
<b>Total</b>	<b>52</b>	<b>100.0%</b>

Number of responses: 52

Finally businesses were asked to comment upon which of the types of support they received through the external equity investment they appreciated the most. Businesses were asked to select the one of the five support elements (indicated in table 70) they appreciated the most and the results demonstrate that the appointment of a non executive director, financial advice and specialist business advice are the most appreciated sources of support from the external equity investment (figure 43).

**Figure 43: Most appreciated support** (Q: which of the following types of support did you appreciate the most?)



Number of responses: 23

## 4 SUMMARY OF INTERVIEWS WITH FINANCIAL INTERMEDIARIES

This section presents a headline summary of the key points emerging from the interviews with SMEG financial intermediaries.

Key lines of enquiry were:

- Lending practices of the financial intermediaries;
- Design and delivery of the SMEG facility;
- Questions regarding overlap with existing schemes;
- Performance and effectiveness of the loan portfolio; and,
- Questions regarding SME access to finance, including potential impact of the credit crisis.

### 4.1 Lending practices of the financial intermediaries

Interviews with financial intermediaries (FIs) suggest that prudent screening and risk assessment criteria are being applied before financing (such as credit scoring, assessment of viability of the business, review of business plan etc).

As part of the credit approval process, banks collect and review financial information from SMEs (such as profit and loss accounts, balance sheets, business plans etc.). In addition, some lending institutions also look at other types of information: industry and market conditions, SME positioning and strategy and existing credit rating.

### 4.2 Design and delivery of the SMEG facility

The SMEG application process is considered to be lengthy and time-consuming. Some FIs reported that it can take almost a year and in certain cases over a year from the time of submission of application to signing of contact with EIF.

The reporting requirements are seen to be burdensome and an 'obstacle' to efficient management of the programme by the FIs. Moreover, the reporting requirements for CIP are perceived by the FIs to be 'worse than the requirements under MAP'.

FIs have to adapt their databases to collect additional information (such as, seize-band, NACE code, employment data which is not typically collected by lenders) and report to EIF on a quarterly basis which requires additional staffing resources.

A general perception among the Italian FIs is that the programme approach to calculation of cap rate and additionality requirements is inflexible and does not take into account the specific characteristics of the Italian market (such as its level of maturity).

#### **4.3 Overlap with existing schemes**

In some Member States (such as Hungary, Poland and Finland), SMEG facility is preferred over national guarantee schemes because guarantee fees are not charged to borrowers (whereas national schemes charge guarantee fees) making the scheme attractive for SMEs. Feedback from Financial Intermediaries however, suggests that the eligibility criteria and operational conditions (such as sector, purpose etc.) for national schemes usually differs from EIP/ MAP guarantee schemes and consequently, the latter are seen to complement existing national and regional schemes.

None of the Financial Intermediaries interviewed could give an example of a privately funded guarantee scheme in their respective Member State.

#### **4.4 Performance and effectiveness of the loan portfolio**

FIs were of the opinion that the SMEG facility has allowed them to increase the volume of SME lending, or reduce the need for collateral or undertake more riskier lending.

FIs monitor their portfolio on the basis of statistics on default rates, payments overdue, arrears etc.

#### **4.5 SME access to finance**

All FIs confirmed that the credit crisis is adversely affecting the availability of credit for the SME sector. A number of FIs indicated that they are cutting back lending to SMEs or withdrawing unused credit lines.

## 5 SUMMARY OF INTERVIEWS WITH VC FUND MANAGERS

This section presents a headline summary of the key points emerging from the interviews with VC fund managers.

Key lines of enquiry were:

- Deal flow and Investment;
- Monitoring and Management of the Portfolio;
- Added Value / Role of EIF;
- Constraints / Barriers relating to EIF;
- Equity Gap for SMEs; and
- Impact of Credit Crisis & economic downturn.

### 5.1 Deal flow and Investment

- Most important source of deals for VC funds are their own network of contacts;
- For some Funds, Research Centres are also important and important source of deals (e.g. UMIP, Auriga)
- SME Investment criteria focuses on :
  - Management team – typically, most imp. criterion
  - Differentiated / patent-protected technologies
  - Market size and potential
- Funds are members of EVCA – but EVCA membership seems to add little value and is certainly not seen to be a source of deal flow.

### 5.2 Monitoring and Management of the Portfolio

Key findings were:

- VC fund managers tend to be active investors in portfolio companies and often take-up formal representation on Supervisory Boards of investee companies
- Typically, fund managers believe in hands on management of investee companies; although, they do not get involved in micro-management;
- Added value of VC investment:
  - Fund managers share their expertise, skills & knowledge; and influence strategic issues of investee companies;
  - They also act as facilitators by supporting networking between portfolio companies; and linking-up portfolio companies where there are collaborative opportunities.
- Fund managers mainly rely on exits via trade sales; IPO exits are rare;
- Performance measures include exit multiples and IRR;
- Fund managers commented on the lack of adequate performance data on European venture capital industry.

### 5.3 Added value / role of EIF

- Fund managers commented on the critical role of EIF as a cornerstone investor (i.e. significant early investor). According to them, EIF involvement in the fund acts as catalyst for further investment
- EIF is considered to be a crucial investor in European VC funds – particularly first time funds
- Adds credibility to the fund; but not a significant reputation effect as Harvard
- Could add more value by playing a facilitator role – organising investors club; networking events etc
- Different EIF mandates are not visible to fund managers– majority of the fund managers were not aware of the ETF Start-up facility or GIF.

### 5.4 Constraints / Barriers relating to EIF

Key comments were:

- Fund managers supported through MAP commented that a key restriction of the funding is that they can only invest in business < 5 years which means they cannot invest in research based (life sciences) companies that have long gestation periods and R&D cycles.
- Limitations on business activities such as gambling; but there are justified ‘moral’ grounds for excluding these activities.
- Geographical restrictions (legal entity in Europe) : MAP funds commented that they could not invest in European owned companies with legal base outside EU or attractive US based companies (also puts off LPs).
- Cannot invest in listed companies which means that they may be missing opportunities.
- Some of the fund managers commented that another hindrance relates to the condition that they cannot use debt in conjunction with equity.
- Investment limits applied by EIF restricts the size of the fund and more flexibility on this matter (for example, by front-loading EIF commitment) can help funds achieve critical mass.
- Mixed views on additional monitoring and audit requirements applicable to EIF investment – while some fund managers commented that the requirement for investee companies to make their books available to European Court of Auditors can be ‘off-putting’ to other Limited partners and to investees; other fund managers who appreciated that the funding was provided by EU, though this was not an issue and that these additional requirements ‘go with the territory’.

### 5.5 Equity Gap for SMEs

Fund managers expressed mixed views on this issue. Some fund managers were of the opinion that funding is always available for strong ideas and good prospects; the weak prospects are left out by the market. Other fund managers felt that small scale equity requirements could not be met by the VC industry due to high due diligence costs. A number of fund managers also stated that VC firms are moving away from, early stage investments.



## 5.6 Impact of Credit Crisis & economic downturn

Key points noted from interviews with fund managers were:

- Overall, not had a huge impact so far
- Going forward, fund raising expected to be come more difficult
- Revenue projection of portfolio companies expected to be hit
- Although, tightening of bank lending means a growing demand for equity
- Some see opportunity – less competition for investee SME; only the best expected to survive
- Is expected to affect pace of investment – more cautious investment

## 6 SECTORAL DISTRIBUTION OF MAP FINANCIAL INSTRUMENTS

### 6.1 SMEG Facility

NACE Code	Loan	Mico-credit	Equity	Total
Agriculture, hunting and forestry, fishing, mining and quarrying	4,055	2,104		4,057
Community service activities including seage and refuge disposal, personal service activities including radio and television activities, motion picture and video activities, cultural and sporting activities, media activities, fair and amusement park	16,686	6,753	3	23,442
Construction including construction of buildings, civil engineering and highways, all installations	35,728	3,769	7	39,504
Education, health including hospitals, medical practices, veterinaryys	4,821	1,215	2	6,038
Electrical, gas and water supply	498	117	1	616
Extra-territorial organizations and bodies	8	8	1	17
Financial intermediation including banking, leasing and insurance	587	141	10	738
Hotels and restaurants including catering	13,980	2,074	3	16,057
Manufacturing of basic metals and fabricated metal products	9,770	114	40	9,924
Manufacturing of food products, beverages	11,475	1,023	1	12,499
Manufacturing of machinery and equipment, including office machinery, domestic appliances, all electrical equipment including television and radio receivers, medical equipment, watches and clocks, optical instruments and photographic equipment	5,610	420	7	6,037
Manufacturing of other non-metallic mineral products including glass and ceramics, cement	2,237	32	5	2,274
Manufacturing of petroleum products, other fuel products, of chemicals, chemical products and man-made fabrics, rubber and plastic products	2,343	27		2,370
Manufacturing of pulp, paper products, publishing and printing, reproduction of recorded media including video and computer media	2,958	198		3,156
Manufacturing of textiles and textile products including leather	4,703	586	1	5,290
Manufacturing of transport equipment, furniture, musical instruments and sports goods, toys, recycling of waste and scrap	4,455	422	5	4,882
Manufacturing of wood and wood products	3,879	178	1	4,058
Private households with employed persons	4,618	2,029		6,647
Real estate, all renting activities, computer and related activities, research and development, all forms of consultancy, advertising, other forms of business activities including cleaning, secrearial services, etc	14,898	3,825	172	18,895
Transport including land transport, railways, taxi, water transport, travel agencies, storage and telecommunications	12,798	1,036	12	13,846
Wholesale and retail trade, repair of personnel and household goods	39,005	12,508	41	51,554
n/a	186	16		202
<b>TOTAL</b>	<b>195,298</b>	<b>38,595</b>	<b>312</b>	<b>234,205</b>

Source: EIF SMEG Annual Report, 30 September 2008

### 6.2 ETF Start-up Facility

Business Sector	No. of Investees	As % of Total
Generalist	1	0.3%
Biotechnology	43	14%
Chemicals and Materials	1	0.3%
Communications	28	9%
Computer Related	131	42%
Consumer Related	22	7%
Financial Services	5	2%
Industrial Automation	2	1%
Industrial Products and Services	9	3%
Medical/ Health Related	33	11%
Other Electronic Related	25	8%
Other Manufacturing	5	2%
Other Services	6	2%
Transportation	2	1%
<b>Total</b>	<b>313</b>	<b>100%</b>

Source: EIF, ETF Start-up Annual Report dated 31 October 2008, using data as at 30 June 2008



## 7 COMPARISON OF IRCS, EICS AND THE ENTERPRISE EUROPE NETWORK

IRCs	EICs	Enterprise Europe Network
<b>Inception</b>		
The Value Relay Centres Network, aimed at fostering innovation through technology transfer, was created in 1993 and became Innovation Relay Centres (IRCs) Network in 1995.	EIC's inception was in 1987 with members from 12 countries.	Enterprise Europe Network was launched in February 2008 merging the two previous networks.
<b>Objectives</b>		
<p>The IRC network's mission was to provide cost-effective services in order to promote transnational technology co-operation.</p> <p>The IRC Network consolidated its position as the biggest Transnational Technology Transfer (TTT) Network worldwide.</p>	<p>The EIC network had three objectives: informing and assisting SMEs; providing policy feedback to the European Commission; and promoting and facilitating transnational business co-operation.</p> <p>The Commission granted the EIC network the status of 'first-stop shop'.</p>	<p>The objective of the Enterprise Europe Network is to ensure the support of business and innovation - in particular for SMEs - offering information, feedback and business cooperation services and innovation, technology and knowledge transfer as well as services to encourage participation in FP7.</p> <p>'No wrong door' and 'one stop shop' policy.</p>
<b>Funding</b>		
<p>Last four years of the IRC Network was funded through the FP6 and co-ordinated by DG Enterprise and Industry.</p> <p><u>Funding ratios</u> - up to 45% of the costs of each IRC - as well as the 100% of the cost of providing a network animation, training and IT service through the IRC Network Secretariat.</p>	<p>The network was financed by MAP.</p> <p>Co funding to a maximum of 80% of the eligible costs with an average between 15-20%.</p>	<p>The Enterprise Europe Network is financed by CIP), within EIP.</p> <p><u>Funding ratios</u> - Up to 60% of eligible costs - A flat rate of 30% as overheads of personal costs.</p>

IRCs	EICs	Enterprise Europe Network
<b>Member Organisations</b>		
<p>71 consortia (71 coordinators along with 243 partner organisations) covering 33 countries including EU27, Switzerland, Norway, Iceland, Israel, Turkey and Chile.</p>	<p>48 countries and 264 fully fledged EIC offices located in host organisations 24 associate members - European or national organisations representing SMEs, either by sector or specialisation 269 relays - sub-network of relays, which are smaller local centres, located all round the world and they complemented the work of EICs at local level . 15 Euro Info Correspondence Centres in third countries.</p>	<p>The Network consists of 544 partners from countries contributing to CIP and where an EC contribution is granted to support their activities. Additionally, there are 18 partners from third countries participating under CIP article 21.5, however with no EC contribution. Partners are from more than 40 countries (including the 27 EU member states, three EU candidate countries (Croatia, the former Yugoslav Republic of Macedonia and Turkey), members of the European Economic Area (EEA) and other participating third countries).</p>
<p>Just under 1400 IRC staff members were registered in the IRC intranet system, representing almost 500 FTE across the whole network, on average an IRC had 7.8 FTE with 2.8 persons working in average within an IRC for one FTE</p> <p>Size of the IRCs: 0-4.5: <b>14</b> 4.6-7: <b>26</b> 7.1 – 10: <b>22</b> 10.1 or more: <b>9</b></p>	<p>About 1700 staff were registered in the EIC intranet database where each EIC had at least 3 full time equivalent staff. An overall average of 6.8 staff were active per EIC where about 35% was assigned exclusively to EIC tasks.</p>	<p>Over 4000 staff are active in the Network</p>
<b>Host institutions</b>		
	<p>Host institutions were: development agency - 16% chambers of commerce 45% professional federations: 8% scientific centres: 1% regional institutions + national: 16% others: 10% financial institutions: 2% chambers of craft and industry: 2%</p>	<p>Host institutions include : Chamber of Commerce / Craft chamber Regional Development Organisations Foundations Innovation / research centres Regional / local / national government body Universities Private company / SME organisation Technology Transfer</p>

IRCs	EICs	Enterprise Europe Network
		Organisations Export / international trade promotion organisations Industry federations.
<b>Clients</b>		
Principal target group: SMEs (mainly targeted at technology-oriented SMEs)  However the network provided its services also to universities, research institutes, as well as larger companies and the public sector	Principal target group: SMEs	Principal target group: SMEs (mainly directed at start-ups and existing SMEs)  The services are specifically designed for SME, however they might also be used by larger companies, research institutes, universities, technology centres and business and innovation development agencies
<b>Services provided</b>		
IRC provided match finding services for a technology offer from a client in one country, to the technology needs of a client in another, referred to as an integrated brokerage service.	3 key areas of services: - The network provided information on the EU and acted like a communication channel between the EC and SMEs - Furthermore the EICs provided information also on a broader range of topics, including: EU regulations, programmes, R&D, environmental issues, health and safety, internationalisation - They provided information products (leaflets, brochures, guides and websites) in addition to the organisation of workshops, seminars and various training sessions -They provided assistance to Business cooperation and organised match making events.	Module A: general services, advice on EU related topics, organisation of events (former EIC services) Module B: Innovation and R&D related activities including technology audits, creation of business profiles and partner searches' Module C: promotion of the participation in the FP7.
Type of services offered by the IRCs (% of IRCs offering the service) Assistance with IPR issues, about 14-15% Information on innovation	Services included:  The promotion of potential business opportunities in European and international markets and dissemination of free information on European	Services include:  Information on EU legislation, tenders, internal and external market opportunities for funding Assistance and specialised

IRCs	EICs	Enterprise Europe Network
<p>funding, about 19 - 20% Assistance during contract negotiation, about 40% Help with and after first meeting; about 50-54% Core IRC Assistance - a package of core services including pre-meet (Company visit, tech. audit, technology assessment) about 87%.</p>	<p>Union Help and guidance on legislation; sources of funding; public sector tender opportunities; European issues and policies; business opportunities; and the Euro. Promotion of research and innovation Provide link for the SMEs towards the EC in order to be able to participate in the policy formulation (the network was a vital instrument for the Commission's Interactive Policy-Making (IPM) initiative) Support in the field of health and safety Advise SMEs on their intellectual property issues.</p>	<p>consultancy services in the field of internationalisation, innovation, research and development, and partner searches Training workshops and seminars Consultancy services, face-to-face advice -SME feedback mechanism -Partner search for the 3 modules -Company technology audits  Market analysis (identifying the main products / processes, finding funds (public /private investments) Providing feedback from SMEs, acting like a communication channel between the EC and businesses  Help businesses to go international  Promotion of SME participation in FP7.</p>
<b>Tools used</b>		
<p>Powerful on-line database: BBS profiles and Automatic matching Tool with registered users  Professional IRC staff  Communication and relationship with the innovation players in the regions</p>	<p>Since 2004 the Business Co-operation Database - in 2006, it contained 5 229 active profiles of SMEs aimed at international cooperation  EIC network managed a Commission grant aimed at stimulating entrepreneurship and raising awareness of its importance - During 2005 of the proposals submitted, 37 projects worth over €1.9 million were selected.  Electronic Tender Alert - for subscribers and for some charge  Information products: leaflets, brochures, guides and websites</p>	<p>Information dissemination: direct mails, websites, newsletters.  EIC and IRC services in process of being replaced with new tools</p>

IRCs	EICs	Enterprise Europe Network
<b>Achievements (examples)</b>		
<p>BBS profiles</p> <p>Automatic Matching Tool included 12600 users registered.</p> <p>Training and good practice workshops (workshops, "spring schools" and advanced training sessions</p> <p>Technology brokerage events - about 90 a year</p> <p>Annually about 8000 companies participated in TTT events, with about 21,500 transnational meetings, which resulted agreements in case of 14%</p> <p>Achieved TTT agreements by type: 649 for 2007-08 (previous years: 602, 595 and 434 in the first year of FP6):</p> <ul style="list-style-type: none"> <li>- technical co-operation agreements: about 250-300</li> <li>- joint venture: about 20</li> <li>- manufacturing agreement: about 25</li> <li>- licensing agreement: about 25</li> <li>- commercial agreement with technical assistance: about 250</li> </ul> <p>On average, a FTE of the Network produced 1.7 TTT Agreements</p> <p>Quality Management System based on the European Foundation for Quality Management's Excellence Model was implemented</p>	<p>Events organized over 3000 events annually involving more than 200.000 companies - five key topics include:</p> <p>internationalization and business cooperation; funding opportunities; entrepreneurship and SME policies;</p> <p>Structural Funds and regional development; market information.</p> <p>SME feedback mechanism: 3000 questions encoded</p> <p>Internal training and events, learning courses for the EIC staff in various thematic areas</p> <p>Publications: around 600 articles, published 450 different newsletters, bulletins, produces about 60 databases, 200 policy guides and 250 leaflets, 30 press releases</p> <p>B2Europe: the project was launched in 2005 where the participating networks have agreed to signpost clients to each other; over 70 EICs from almost 20 European countries have signed the b2europe charter with other EU-backed networks (IRC network, BICs, and others).</p>	



## 8 ENTERPRISE EUROPE NETWORK SURVEY RESULTS

This section outlines the analysis of the Enterprise Europe Network survey, conducted during September / October 2008.

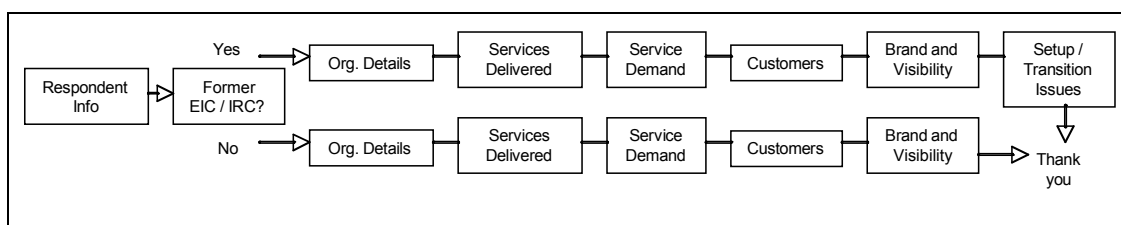
### Response Rate

The survey was sent out on 17<sup>th</sup> September 2008 with a general reminder on the 24<sup>th</sup> September. In addition to this, a further invitation was sent out to those Enterprise Europe Networks that had not registered at least one response to the survey on 14<sup>th</sup> October 2008. We received 157 replies from all but 14 of the Enterprise Europe Networks contacted.

### Survey Structure

The survey was conducted online and structured in a simplified parallel format with an initial split to allow for additional questions to be put to respondents from former EICs / IRCs.

Figure 44: survey structure



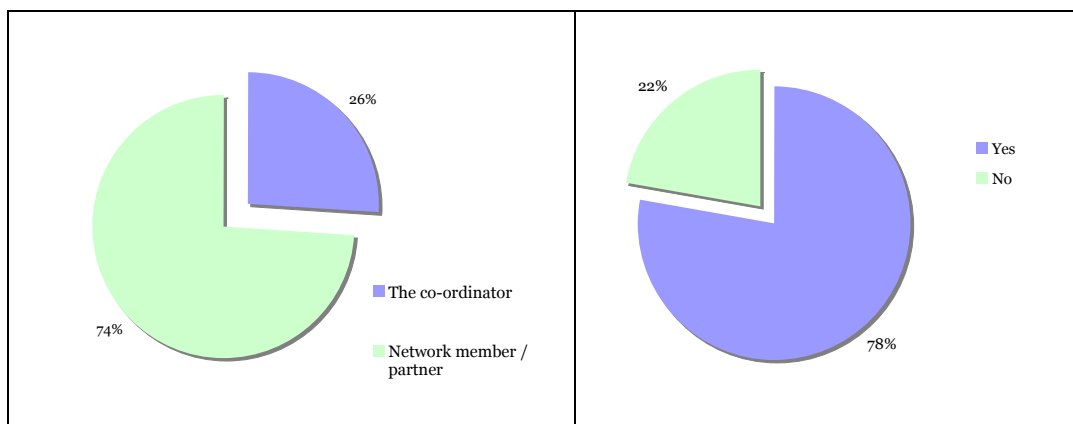
### Survey Results

The analysis looks at the combined responses of both groups (former EIC / IRC or new participant), and highlights any key differences between the two. Full response tables can be found within the appendices.

### Respondents

74% of those who answered the survey were network partners or members, with the remaining 26% classed as an Enterprise Europe Network co-ordinator. 78% of respondents to our survey were from a former EIC or IRC.

Figure 45 Are you a co-ordinator or partner, and was your organisation a former EIC or IRC?



The distribution of the survey respondents who were previously IRC or EIC network members is presented in the following table:

**Table 71: distribution of respondents who were previous EICs or IRCs**

	No of countries represented	Enterprise Europe Network Partner	Enterprise Europe Network Coordinator
EU15	12	47	19
NMS	10	19	5
EEA and third countries	7	1	8
<b>Total</b>	<b>29</b>	<b>67</b>	<b>32</b>

**Organisation Details**

The largest proportion of respondents (just over 23%), were from chambers of commerce, closely followed by regional development organisations (20%). Other organisations representing between 10% and 5% of respondents included: universities, foundations, innovation centres, regional/local government bodies, and private companies.

Just over 56% of respondents considered that Enterprise Europe Network activities accounted for between 1-10% of their organisation’s time. A further 19% felt this figure fell between 11-20% and 18% allocated approximately 21-40% of organisation activity to the Enterprise Europe Network.

For respondents from former EICs / IRCs, there was a split between those that felt that in comparison to their previous network (EIC / IRC) the proportion of activity has remained the same (52%) and those that felt it had increased (43%).

Most of the respondents were also members of other business support networks, at the regional (51%), national (60%) and European (43%) level. In most cases, the Enterprise Europe Network service delivery was seen as complementary to the remainder of their activities.

It would also appear that there is strong cross-fertilisation and collaboration between Enterprise Europe Network partners with 82% of respondents regularly working with other Enterprise Europe Network partners in either their own countries or in other countries.

When interacting with other Enterprise Europe Network partners, the primary activity for respondents was Information exchange, as well as cross referrals (35%), joint training (32%), and to a lesser extent working groups (25%). Other commonly mentioned activities included matchmaking events and brokering, company missions, and event coordination.

**Table 72: when working together, which type of activities do you tend to undertake?**

	Response Percent	Response Count
Information exchange	99.0%	117
Joint training	31.5%	36
Working groups	25.0%	38
Cross referrals	35.0%	43
	Answered question	119

**Services Delivered**

Respondents were asked to indicate which services they provided directly to customers, and those services that had to be provided through other network partners. The results of which can be seen in Figure 46.

Typically, respondent Enterprise Europe Networks were able to directly provide training and events, international partner search, and awareness raising activities. Other network partners were required to assist in areas that require more specialist knowledge such as IPR, regulation and law, and EU research funding.

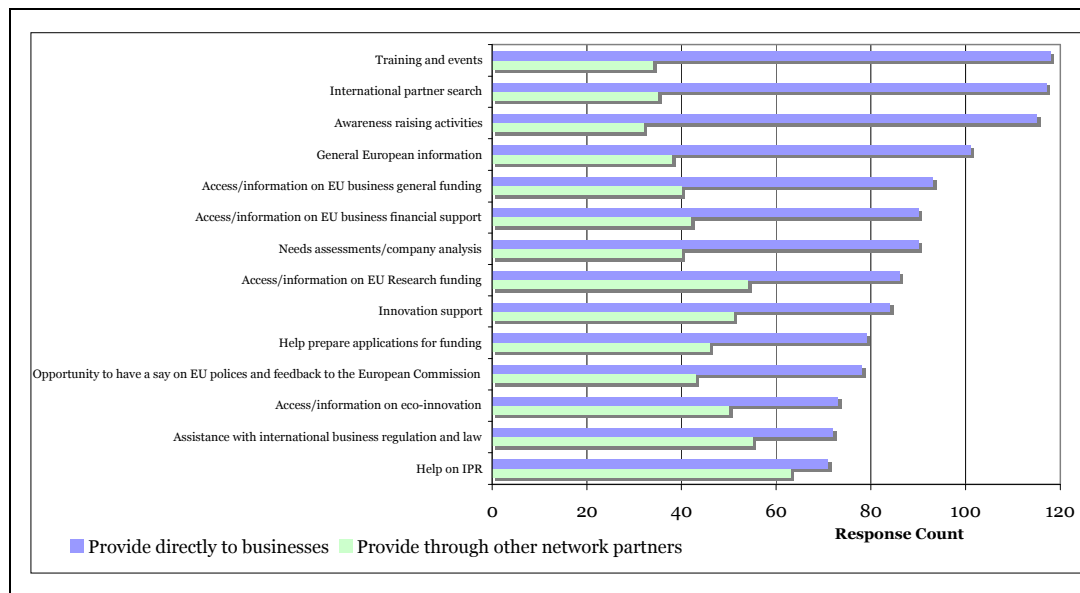
Respondents from new participants highlighted slightly different proportional answers. This is to say that in a greater number of cases new participants would provide a service through other partners rather than directly. On average, respondents from new participants would provide services directly 70% of the time, and through a partner 44% of the time. This is compared with former EIC / IRC respondents who considered this split to be at 79% (direct) and 36% (through partner).

To further illustrate this, the figures showed that in three cases a new participant run Enterprise Europe Networks would provide a service through a partner more often than offer it directly to customers. These were:

- Assistance with international business regulation and law,
- Innovation support, and
- Opportunity to have a say on EU polices and feedback to the European Commission.

It was however interesting to note that new participants were more able<sup>7</sup> to offer Training and Advice, and help on IPR, directly than former EIC / IRC run Enterprise Europe Networks.

**Figure 46: in your role as an Enterprise Europe Network partner or coordinator which of the following types of services do you provide either directly or through other partners (please tick all that apply)?**



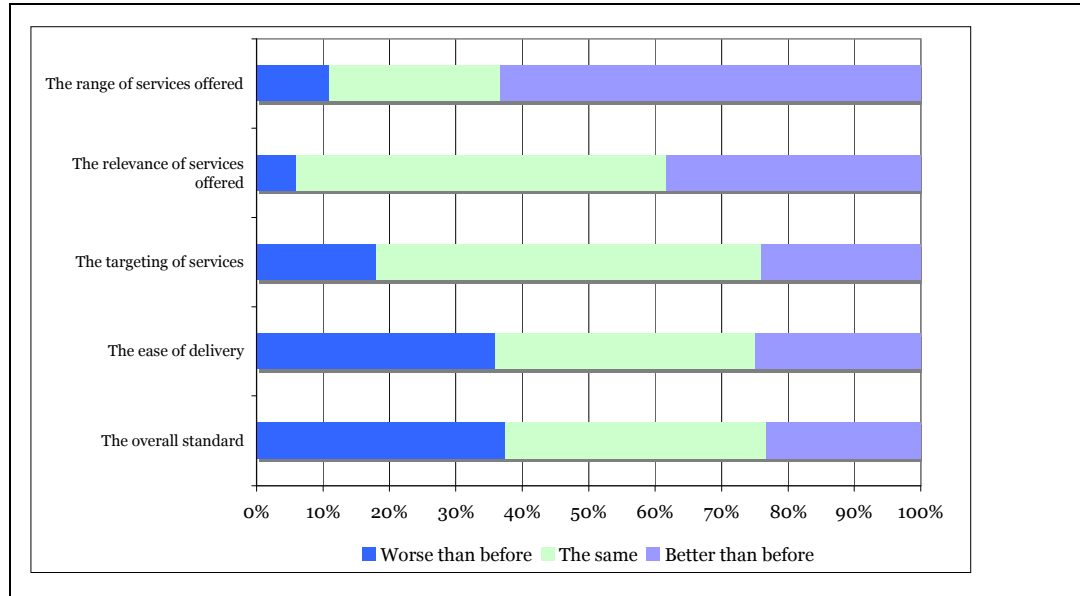
Respondents from former EICs / IRCs were then asked to indicate whether the new Enterprise Europe Network is an improvement from the previous service in a number of key areas. Many considered the range of services offered to customers to be better than before, with similar or improved relevance. The targeting of services was felt to have changed little with a near equal balance of responses.

However, a larger proportion of respondents felt that the Enterprise Europe Network has complicated the delivery of services (36%) and that the overall standard of service is worse

<sup>7</sup> I.e. proportionally more new participant run EENs offered these services directly.

than before (37%). One of the primary comments here related to the late implementation of IT tools and internal communications systems, namely the intranet.

**Figure 47: as a former EIC/IRC, please indicate whether in the following areas, you feel that the new Enterprise Europe Network is an improvement, the same, or worse than the previous service?**



**Services Demanded**

The survey then went on to look at service demand from the Enterprise Europe Networks. The most commonly demanded service from SME / service users was international partner search. Other commonly demanded services include access/information on EU business financial support, innovation support, and training and events.

Respondents also considered that the international partner search was the most challenging service to deliver, as well as the most resource intensive. Other services that were often regarded challenging by respondents were innovation support, assistance with international business regulation and law, and providing help in preparing applications for funding. Innovation support, training events, and help in preparing applications for funding were also considered resource intensive.

**Table 73: what are the most commonly demanded services from SMEs/service users (select your top 3)?**

	Most commonly demanded 1	Most commonly demanded 2	Most commonly demanded 3
International partner search	27%	21%	14%
Access/information on EU business financial support	15%	8%	7%
Innovation support	13%	9%	10%
Access/information on EU business general funding	10%	10%	10%
Assistance with international business regulation and law	9%	6%	5%

General European information	6%	5%	8%
Access/information on EU Research funding	4%	9%	5%
Other (Please specify)	3%	1%	3%
Training and events	2%	14%	11%
Help prepare applications for funding	2%	7%	6%
Needs assessments/company analysis	2%	3%	6%
Help on IPR	2%	1%	6%
Too early to say	2%	2%	4%
Awareness raising activities	1%	2%	5%
Access/information on eco-innovation	0%	0%	1%
Opportunity to contribute to EU policies	0%	0%	1%
Feedback to the European Commission on SME Issues	0%	0%	0%
Response Count	130	128	126

Former EIC / IRC respondents were also asked a series of short questions about the nature of service demand and transition. It was felt by 72% of respondents that the types of services demanded since the introduction of the Enterprise Europe Network had not changed. 28% of respondents considered that where there were new demands, they were not easy to adapt to meet these. New demands, where they did occur, covered a wider range of innovation topics and business needs, IPR, international queries, and more general information on the EU and its support structures as businesses became more aware of what was on offer.

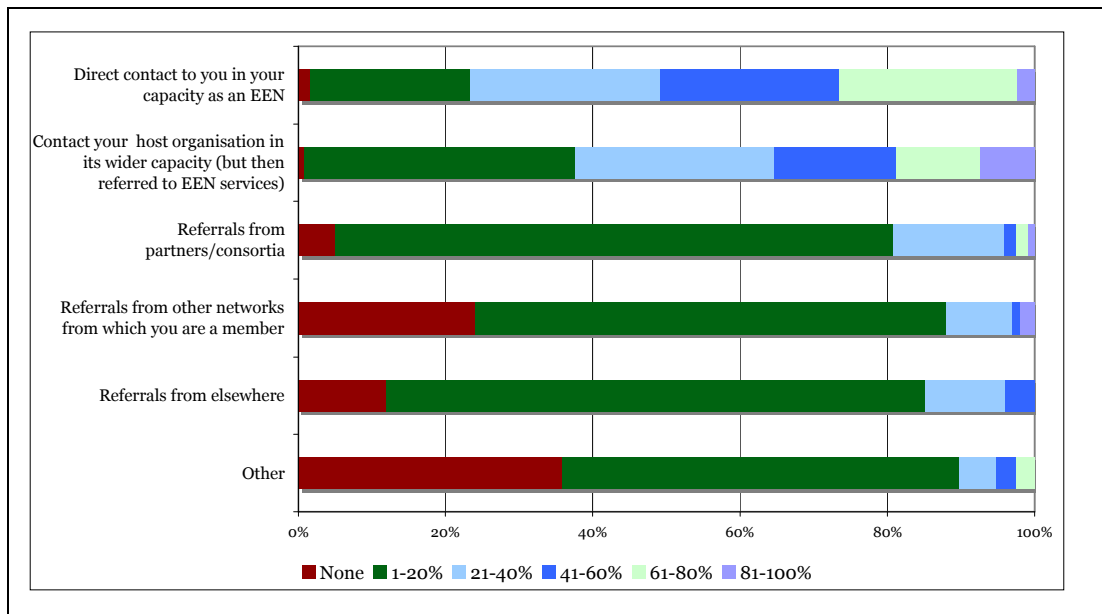
Finally, 76% felt that the new Enterprise Europe Network does not leave any new gaps in service delivery that were previously covered by the EIC / IRC. Where the answer was yes, most of the identified gaps related to the holes left by the late implementation of the IT tools making it harder for organisations to offer services to their customers.

### **Customers**

Customers came to the Enterprise Europe Network from a wide array of sources, with the largest proportion directly contacting the host organisation in their capacity as an Enterprise Europe Network. A large number of customers also came into contact with the service after first contacting the host organisation in its wider capacity. Referrals in most cases only represented about 1-20% of the Enterprise Europe Networks customer base.

81% of all respondents stated that on average they would refer 1-20% of their customers on to other consortium members. The most common reason for onward referral was for specific expertise / information not held within the organisation (63%) and geographical issues (32%). Capacity issues were not regarded as a major reason for onward referral.

**Figure 48: what proportions of customers come from the following sources?**



Respondents from former EICs / IRCs were finally asked whether the source of customers had changed since the introduction of the new Enterprise Europe Network service. 77% felt that there had been no change.

**Brand and Visibility**

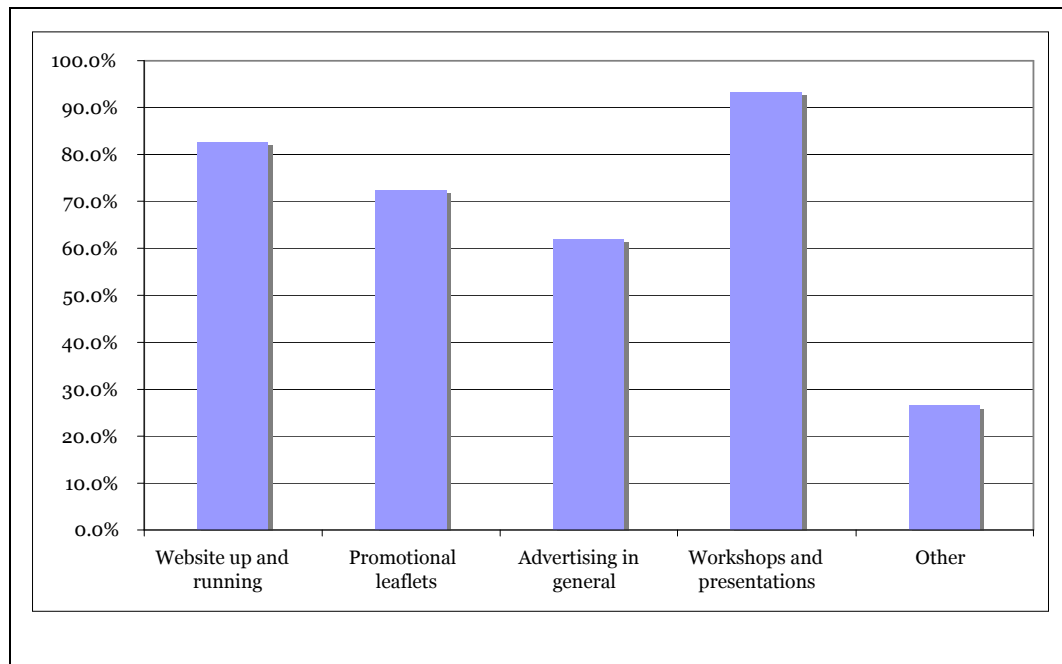
When asked about the profile of the Enterprise Europe Network within the organisation, there was a split in responses with 52% stating that the “Enterprise Europe Network brand is visible amongst others”, and 43% considering that the “Enterprise Europe Network brand is highly visible and promoted”.

Figure 49 outlines the promotional activities undertaken by the respondents. The majority of respondents had undertaken promotional activities including: website (83%), promotional leaflets (72%), and workshops and presentations (93%). General advertising was a less favoured method of promotion for the Enterprise Europe Network.

Other activities mentioned by respondents ranged from press releases, launch events, frequent use of the logo on correspondence, exhibitions, newsletters, and in one case a television advertisement.

The majority of respondents (77%) said that they mentioned the Enterprise Europe Network on their organisation’s homepage, with a further 20% offering the response “not yet, but it will be”.

**Figure 49: what types of promotional literature/activities have you already undertaken (tick all that apply)?**

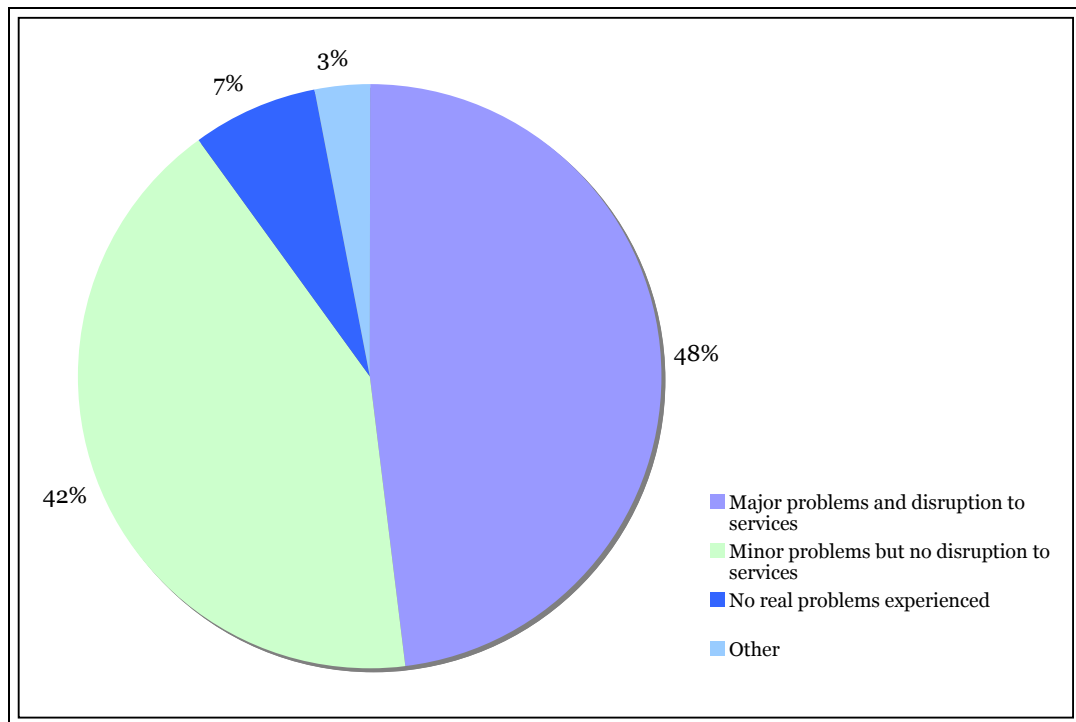


**Setup and Transition Issues**

A final set of questions looked at the transition process from former EIC / IRC to the Enterprise Europe Network structure. 46% considered that the transition was complete, but the new structure and brand was not yet fully in place. 37% said that the transition was in progress, and 15% felt that it was fully complete.

48% of respondents experienced major problems and disruption to services during the transition process to the new structure. 42% had minor problems and no disruption to service. The primary problem experienced related to the delayed IT tool implementation.

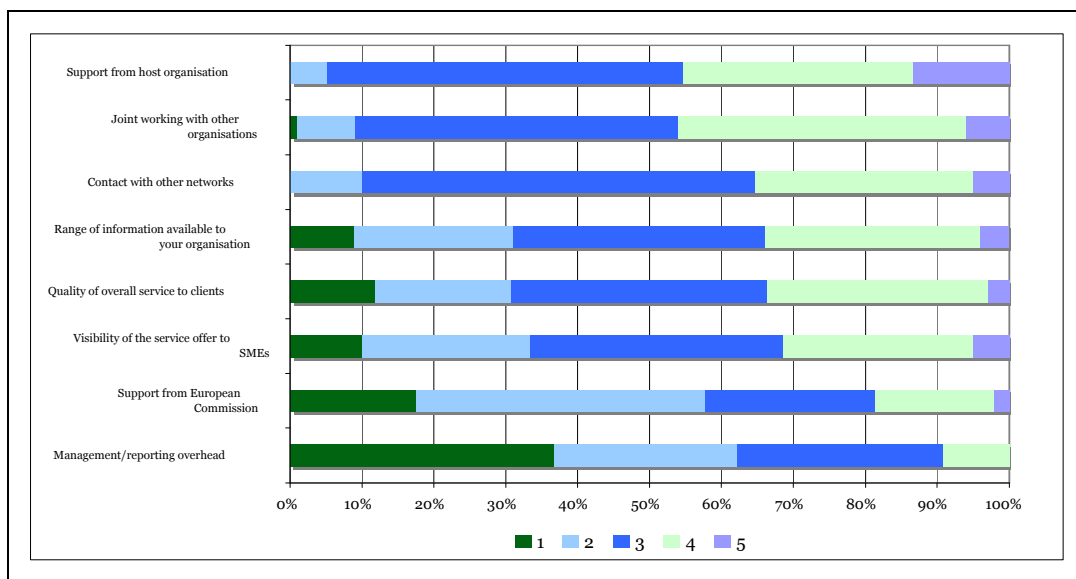
**Figure 50: what was your experience of the transition process to the new structure?**



Finally, EIC / IRC respondents were asked to rate the extent to which the key areas of service and operation were affected by the transition to the new Enterprise Europe Network service. There has been an improvement in six of the areas, primarily support from the host organisation and joint working with other organisations.

However, there was considered to have been a considerable decline in the management and reporting overhead, as well as the level of support from the European Commission<sup>8</sup>.

**Figure 51: on a scale of 1-5, to what extent have the following areas been affected by the transition to the new Enterprise Europe Network service? (with 1 being a serious worsening in the area to 5 being a great improvement in the area indicated)**



<sup>8</sup> At the point of the questionnaire the full transfer of the management was not complete, and respondents were not able to differentiate between the Commission and the Agency



## Summary of survey responses

### Survey Data

Is your organisation...		
<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
The co-ordinator	26.0%	38
Network member / partner	74.0%	108
	answered question	146

Was your organisation a former EIC or IRC?		
<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
Yes	77.7%	122
No	22.3%	35
	answered question	157

What is the primary function of your organisation?		
<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
Chamber of Commerce	23%	28
Regional Development Organisation	20%	24
Foundation	8%	9
Innovation centre	8%	9
Regional/local government body	7%	8
University	7%	8
National Government Body	5%	6
Private company	5%	6
Technology Transfer Organisation	4%	5
Organisation for the promotion of research	3%	4
Research Centre	3%	4
SME organisation	3%	4
Export promotion organisation	2%	2
Craft Chamber	1%	1
Industry federation	1%	1
International trade	1%	1

promotion body		
Economic development fund	0%	0
Sector support organisation	0%	0
Venture capital or other investment fund	0%	0
Comments		25
	answered question	120

<b>Approximately what proportion (%) of your organisation's activity does the Enterprise Europe Network represent (Please tick)?</b>		
<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
1-10%	56.7%	70
11-20%	18.6%	31
21-40%	17.8%	21
41-50%	3.7%	5
>50%	3.3%	7
	answered question	134

<b>Since you were an EIC/IRC has this proportion changed?</b>		
The proportion of activity..."		
<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
...has increased	42.9%	45
...has decreased	4.8%	5
...has stayed roughly the same	52.4%	55
	answered question	105

<b>Are you a member of any other business support network(s)?</b>		
<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
Regional network(s)	51.3%	46
National network(s)	59.9%	50
European network(s)	43.2%	39
Other international network(s)	25.3%	15
	answered question	81

<b>Of the above networks, in general is the service delivery</b>					
<i>Answer Options</i>	<i>N/A</i>	<i>Completely unrelated to the Enterprise Europe Network</i>	<i>Duplicate of the Enterprise Europe Network</i>	<i>Complementary to the Enterprise Europe Network</i>	<i>Response Count</i>
National network(s)	12	3	1	47	59
Regional network(s)	12	2	2	43	63
European network(s)	17	0	1	36	54
Other international network(s)	20	0	0	16	36

<b>Which other Enterprise Europe Networks do you work with in either your own country or other countries?</b>		
<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
Regularly work with	81.5%	100
Occasionally work with	64.6%	81
In contact with	55.1%	66
	answered question	119

<b>In your role as an Enterprise Europe Network partner or coordinator which of the following types of services do you provide either directly or through other partners (please tick all that apply)?</b>			
<i>Answer Options</i>	<i>Provide directly to businesses</i>	<i>Provide through other network partners</i>	<i>Response Count</i>
Training and events	118	34	127
International partner search	117	35	127
Awareness raising activities	115	32	122
General European information	101	38	121
Access/information on EU business general funding	93	40	117
Access/information on EU business financial support	90	42	115
Needs assessments/company analysis	90	40	113
Access/information on EU Research funding	86	54	123

**In your role as an Enterprise Europe Network partner or coordinator which of the following types of services do you provide either directly or through other partners (please tick all that apply)?**

Innovation support	84	51	122
Help prepare applications for funding	79	46	108
Opportunity to have a say on EU policies and feedback to the European Commission	78	43	112
Access/information on eco-innovation	73	50	109
Assistance with international business regulation and law	72	55	114
Help on IPR	71	63	116
		answered question	132

**Of those services your organisation delivers as an Enterprise Europe Network partner, which are the most challenging to deliver?**

<i>Answer Options</i>	<i>Number 1</i>	<i>Number 2</i>	<i>Number 3</i>
General European information	3	4	3
Innovation support	17	13	11
Training and events	2	8	11
Assistance with international business regulation and law	14	5	8
International partner search	26	13	11
Access/information on EU business financial support	6	5	3
Access/information on EU business general funding	9	7	1
Access/information on eco-innovation	0	2	5
Access/information on EU Research funding	4	7	6
Help prepare applications for funding	7	13	13
Needs assessments/company analysis	9	12	7
Awareness raising activities	2	0	5
Help on IPR	6	12	7
Opportunity to contribute to EU	3	8	11

polices			
Feedback to the European Commission on SME Issues	10	5	7
Other (Please specify)	1	1	0
Too early to say	8	6	7
Response Count	127	121	116

<b>Of those services your organisation delivers as an Enterprise Europe Network partner, which are the most resource intensive?</b>			
<i>Answer Options</i>	<i>Number 1</i>	<i>Number 2</i>	<i>Number 3</i>
General European information	4	1	6
Innovation support	15	6	7
Training and events	15	19	12
Assistance with international business regulation and law	6	7	8
International partner search	24	19	11
Access/information on EU business financial support	2	5	4
Access/information on EU business general funding	5	2	4
Access/information on eco-innovation	0	3	0
Access/information on EU Research funding	5	3	1
Help prepare applications for funding	17	12	4
Needs assessments/company analysis	9	13	13
Awareness raising activities	2	3	7
Help on IPR	2	6	5
Opportunity to contribute to EU polices	1	2	3
Feedback to the European Commission on SME Issues	1	3	8
Other (Please specify)	1	1	1
Too early to say	13	8	10
Response Count	122	113	104

<b>As a former EIC/IRC, have the types of services demanded changed since the introduction of the Enterprise Europe Network?</b>		
<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
Yes	27.7%	28
No	72.3%	73
Comments		31
answered question		101

<b>Has it been easy to adapt to meet new demands?</b>		
<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
Yes	28.3%	28
No	28.3%	28
There are no new demands	43.4%	43
answered question		99

<b>Does the new Enterprise Europe Network leave any gaps in service delivery, which were previously covered by the EIC/IRC?</b>		
<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
Yes	24.5%	24
No	75.5%	74
Comments		23
answered question		98

<b>What proportions of customers come from the following sources?</b>							
<i>Answer Options</i>	<i>None</i>	<i>1-20%</i>	<i>21-40%</i>	<i>41-60%</i>	<i>61-80%</i>	<i>81-100%</i>	<i>Response Count</i>
Direct contact to you in your capacity as an Enterprise Europe Network	2	27	32	30	30	3	124
Contact your host organisation in its wider capacity (but then referred to Enterprise Europe Network services)	1	45	33	20	14	9	122
Referrals from partners/consortia	6	91	18	2	2	1	120
Referrals from other networks from which you are a member	24	64	9	1	0	2	100
Referrals from elsewhere	12	74	11	4	0	0	101

Other	14	21	2	1	1	0	39
Comments							13
answered question							127

<b>What proportion of SMEs/customers would you tend to refer on to other consortium members (approx)?</b>		
<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
None	2.1%	4
1-20%	80.9%	96
21-40%	11.0%	19
41-60%	2.3%	2
61-80%	1.6%	3
81-100%	2.3%	2
answered question		126

<b>What is the most common reason for referring on to another consortium member (or externally)?</b>		
Specific expertise/information	63.0%	79
Geographical issues	31.7%	40
Capacity issues	3.8%	5
Other	1.5%	3
Comments		7
answered question		127

<b>As a former EIC / IRC, has the source of customer changed since the introduction of the new Enterprise Europe Network service?</b>		
<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
Yes	23.0%	23
No	77.0%	77
Comments		24
answered question		100

<b>What sort of profile does the Enterprise Europe Network have within your organisation?</b>		
<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
Enterprise Europe Network "brand"	43.4%	53

highly visible and promoted		
Enterprise Europe Network "brand" visible among others	51.8%	67
No specific visibility of Enterprise Europe Network 'brand'	4.9%	7
	answered question	127

**What types of promotional literature/activities have you already undertaken (tick all that apply)?**

Answer Options	Response Percent	Response Count
Website up and running	82.6%	104
Promotional leaflets	72.3%	97
Advertising in general	61.9%	74
Workshops and presentations	93.3%	117
Other	26.6%	31
Comments		34
	answered question	125

**Is the Enterprise Europe Network mentioned on your home page?**

Answer Options	Response Percent	Response Count
Yes	76.6%	100
No	3.5%	7
Not yet, but it will be	20.0%	22
	answered question	129

**How would you describe your current situation?**

<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
Transition complete and new structure/brand widely disseminated	15.0%	15
Transition complete but new structure/brand not yet fully in place	46.0%	46
Transition still in progress	37.0%	37
Other	2.0%	2



Comments		7
	answered question	100

<b>What was your experience of the transition process to the new structure?</b>		
<i>Answer Options</i>	<i>Response Percent</i>	<i>Response Count</i>
Major problems and disruption to services	48.0%	48
Minor problems but no disruption to services	42.0%	42
No real problems experienced	7.0%	7
Other	3.0%	3
Comments		17
	answered question	100

<b>On a scale of 1-5, to what extent have the following areas been affected by the transition to the new Enterprise Europe Network service?</b>							
<b>(With 1 being a serious worsening in the area to 5 being a great improvement in the area indicated) "</b>							
<i>Answer Options</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>Rating Average</i>	<i>Response Count</i>
Management/reporting overhead	36	25	28	9	0	2.1	98
Range of information available to your organisation	9	22	35	30	4	2.98	100
Quality of overall service to clients	12	19	36	31	3	2.94	101
Visibility of the service offer to SMEs	10	23	35	26	5	2.93	99
Support from European Commission	17	39	23	16	2	2.45	97
Support from host organisation	0	5	48	31	13	3.54	97
Contact with other networks	0	10	54	30	5	3.3	99
Joint working with other organisations	1	8	45	40	6	3.42	100
						answered question	101

## 9 CASE STUDIES

### 9.1 ***EuroChile* – correspondence centre of the Enterprise Europe Network**

Chile is the only member of the Enterprise Europe Network in Latin America. The Chilean Enterprise Europe Network comprises of one Centre, EuroChile, which is a non-profit, private organisation established jointly by the European Union and the State of Chile in 1992. Its key mission is to create, promote and consolidate economic, commercial and technological links between businessmen and institutions from the European Union and Chile.

EuroChile is primarily an SME support organisation, which is active in three main activity areas: business promotion, know-how transfer and improvement of conditions to strengthen the entrepreneurial competitiveness. They have special focus on two sectors: food and tourism; however they are also engaged with the environment and energy sectors. The Centre has 28 employees (FTE) and half of the staff is from Europe. EuroChile hosts the Enterprise Europe Network office, where six people are working on the Network activities. It has exceptional importance for the country to have contact with the EU since about one quarter of the country's exports is to EU countries, which make the EU Chile's first trading partner. To enhance the existing collaboration, the partners signed the Chile-EU Association Agreement in 2003.

EuroChile is a correspondence member of the Enterprise Europe Network, which means that the Centre has to seek funding from other, local sources to be able to fund its Enterprise Europe Network activities. The Centre has a unique position within Chile due to its relationship with the EU. There are other organisations participating in international networks, however only EuroChile's relationship network covers all of the EU member states. The interview with the representative of EuroChile revealed that they participate in other European initiatives such as:

- Al Invest, a European Commission initiative to support the internationalisation of Latin American SME
- European Business Organisations Network (EBO Network)

Based on the key goals of EuroChile their membership in the Enterprise Europe Network is vital for them to be able to fulfil their mission. Their participation provides them with one of the most important tools to keep contact with European partners. At national level they have collaboration with other SME support organisations and bodies, public and private, such as CORFO, the Chilean Economic Development Agency and the chambers of commerce. In Chile there is no obligatory membership in the chambers of commerce but the network of the chambers, including the bilateral chambers makes them a strong focal point within the SME support system of the country.

The Centre has been a member of both previous networks (EIC and IRC). When they first joined the networks, the objective was to get to know European partners and find cooperation opportunities. Chilean businesses need to absorb new technologies from the EU to expand their development opportunities, while the cooperation can also be prosperous for EU companies, who are able to offer advanced technologies in response to the enhanced Chilean demand.

The key challenge for the Centre is to find ways to reach the companies in Chile. However, the companies are concentrated in Santiago and its surroundings, as 70% of the population is located in that area. The Centre would need more resources to be able to establish and maintain daily contacts with businesses

outside the central region. To fill in the gap they work closely with foundations and other organisations to approach businesses across the whole country. Through their collaboration with public and private organisations and associations they can organise seminars and conferences also outside the capital city. Although due to the geographical endowments of the country it is hard to have the same intensity of relationship with the businesses from outside the capital city as it is in the central areas. To improve the national and regional coverage of their activities EuroChile puts a strong emphasis on its communication, using a broad range of tools including:

- Newsletters sent to companies and institutions throughout Chile and the EU
- Advertisements of distinct events in newspapers, promotional leaflets
- Website
- Meetings with SME support organisations
- Press articles
- Workshops and presentations across the country

Core services provided to the Chilean businesses, as reported by EuroChile, are:

- Information on EU legislation, standards and policies
- Orientation and help to apply to European and Chilean funding sources
- Access to an online platform for commercial and technological cooperation between SME and institutions of Chile and the EU
- Help tools for entrepreneurs
- Help tools for human resources development

As associated members, Chilean businesses can participate in the Framework Programmes. Chile has participated in the FP since 1990 and today Chile is increasing its budget for Science and Technology: this will provide more opportunities for collaborations between Chilean and EU institutions inside the 7FP, given the availability of counterparts.

The Centre deals, mostly in line with their core thematic activity areas, with enterprises specialised in food (fresh fruit, salmon, various agricultural products and wine) and special interest tourism. The mining sector is of outstanding importance in Chile, however, only large multinational companies are involved and EuroChile is concentrating on SME support. The main topics, businesses usually request information on, include:

- Market information: related to the Association Agreement of the country with the EU. How are the products treated in the European Single Market?
- Opportunities to enter new markets
- Partner search
- Regulation and legislation, especially relating to the food sector
- Information request by EU companies on Chilean businesses

As member of the predecessor networks and based on the fact that EuroChile is providing its services to SME for 15 years, it has achieved the objective of raising awareness among businesses as regards to its existence and services. This experience is one of the key strengths of this Network. Similar projects usually close after a couple of years of operation, however, the Centre can provide its

services constantly, for a longer term. The transition period caused some problems and the operation has not been as effective as it could be; the first months were quite slow and far from smooth and the IT tools were not in place, so they could not upload the company profiles and provide even the basic services. However, falling improvements and installation of the necessary tools and infrastructure are slowly helping the operation of the Network.

## 9.2 Enterprise Europe Network - Hellas

### *SME support system – actors*

In Greece, SMEs constitute over 99 per cent of the existing enterprises, with micro-enterprises (employing up to 9 employees) comprising about 98 per cent. Given their importance, in economic and social terms, several measures have been introduced recently (particularly over the last 2-3 years) to improve SMEs' competitiveness and also to promote attendant economic and social objectives, including promotion of economic growth and social cohesion.

The main actors within the SME support structure include:

- The Ministry for Development, particularly the General Secretariat for Industry and the General Secretariat for Research and Technology, responsible for the overall policy and for setting up the regulatory and administrative frameworks as well as the financial mechanisms required to support SMEs. The Ministry for Finance is also a major player, since funding issues are crucial for the Greek SMEs. Examples of important recent measures introduced by the Greek Ministries include the creation of a Loan Guarantee Scheme for SMEs, particularly for micro-enterprises and a Venture Capital Fund to promote entrepreneurship; programmes for the uptake of ICT technologies by micro-enterprises, primarily; and, the introduction of taxation and investment regulation favouring SMEs.
- The National Council for SMEs, established in 2007 and responsible for the formulation of the national policy on SMEs, in cooperation with the business community, and for ensuring the integration of the SMEs' needs into the policies of sectoral ministries.
- The Hellenic Organisation of Small and Medium Sized Enterprises and Handicraft (EOMMEX), a member of the Enterprise Europe Network-Hellas (EEN-Hellas) (and of the earlier networks) operating at the national level and under the auspices of the Ministry for Development. EOMMEX supports SMEs via advice on policy and strategy development as well as services, own programmes and funding.
- Investment promoting bodies, notably the Hellenic Centre for Investment (ELKE), responsible for attracting and promoting foreign direct investment in Greece and providing information and advice on investment opportunities throughout the country, and the regional Investor Reception Centres, providing advice and support to both entrepreneurs and investors.
- Centres of Entrepreneurial and Technological Development (KETA), supporting business activities in the regions (e.g. Central Macedonia, Thessaly and Epirus), via, for instance, information, consultancy services and monitoring of SMEs' competitiveness.
- The National Observatory for SMEs, established to monitor SMEs' development in terms of competitiveness.

- The EEN-Hellas offering comprehensive support to SMEs throughout Greece via its member and partner organisation, including research centres and professional bodies.

EEN-Hellas, launched in February 2008, replaced a total of 15 organisations/centres, notably the IRC-Hellenic, the IRC Help-Forward (Network Praxis) and 13 EICs. The current network has successfully integrated the overwhelming majority of the former IRCs/EICs. The Network members ensure, according to interviews with consortium representatives, full coverage, both vertical and horizontal, of the needs of the SMEs throughout Greece. As it was pointed out, the small size of the country, in terms of territory, population and business, and the concentration of most business activities and relevant support bodies in Athens (about 40%) and in Thessaloniki, primarily, precluded the setting up of additional viable Enterprise Europe Network consortia.

To support SMEs, several EEN-Hellas members, particularly former IRCs (such as the National Documentation Centre (NDC), the Help-Forward Network, the Ceramics and Refractories Technological Development Company and the Federation of Greek Industries (SEV)) cooperate closely with their own networks of partners in Greece, including regional chambers of commerce and industry, government offices, banks, universities, research centres, technology parks and sectoral RTD companies. They also collaborate with like-minded organisations in individual European countries. Thus, the NDC, for instance, has worked together with its counterparts in France, Germany and the Balkan countries to promote technological cooperation between enterprises and research institutions. Similarly, the Help-Forward Network has collaborated with business support bodies in several European countries, including Belgium, Bulgaria, France, Germany, Spain, Turkey and the UK to promote technology transfer, primarily. EEN-Hellas representatives interviewed, attributed the expansion of their activities in Europe to the increased demand on the part of both SMEs and research institutions, particularly given the limited support by the state institutions for such activities.

#### *Structure of the Network*

Enterprise Europe Network-Hellas consists of a consortium of 16 organisations (see annexed Table), including enterprise and industry associations, research and technology institutions, chambers of commerce and public sector bodies, covering *inter alia* regional development. Most consortium members operate at the national level. In addition, 2 regional development agencies, an industry association and a Science Park are close associates of the Network. The composition of the consortium, the associated members and the partners of individual EEN-Hellas members ensure sufficient coverage of the SMEs' needs not only in the areas of high business concentration but throughout the country.

As stated above, 15 out of the 16 consortium members were previously IRCs and EICs. Therefore, membership in the new network was natural, particularly for consortium partners involved in similar earlier networks since the early 1990s, e.g., NDC, Help-Forward network, SEV and EOMMEX. It was reported, however, that 2 EICs, major players in the Greek business system, notably the Athens Chamber of Commerce and Industry and the Piraeus Chamber of Commerce and Industry, did not join the Enterprise Europe Network-Hellas because of their reluctance to deal with 'bureaucratic' procedures.

There was consensus amongst consortium representatives interviewed that participation in the EEN-Hellas is compatible with the *raison d' être* of individual partner organizations and that expectations of benefits for themselves as well as their partners and clients was the main factor explaining their involvement in the

EEN-Hellas. The current network helps members facilitate the technological development and innovation of the Greek enterprises and offer more services to the members/associates of individual network partners than before. Membership in a European network also enhances the visibility and status of partners at the national and European levels and enables them to better support the interests of their associates and clients. Finally, the development and prosperity of SMEs contributes to the country's economic and social progress.

Drawing on knowledge and experience, accumulated through own activities and participation in earlier networks, consortium members offer a broad spectrum of services to SMEs to enhance their development and competitiveness. Examples of such services include:

- Provision of information on European policies, including Innovation and Technology transfer, regulation and initiatives via publications, electronic tools and tailor-made services as well as training seminars and workshops, depending on the SMEs' requirements and needs.
- Information on funding opportunities for SMEs (and research organizations) offered by the EU, national and regional authorities and private organizations and intended to promote research and innovation as well as to support the creation, development and competitiveness of SMEs. Support, often tailor-made, for SMEs to ensure successful proposals for funding.
- Dissemination of innovative technologies and research results to SMEs in Greece, and elsewhere in Europe; promotion of technological cooperation aimed at technology transfer; and, support for intellectual property rights.
- Promotion of the uptake of Greek innovative technologies in Europe and of business and research cooperation within and outside Greece with the support of the Enterprise Europe Network members. According to Enterprise Europe Network-Hellas estimates, more than 200 new business and research cooperation agreements will be concluded in the next 3 years.

The role of individual partners within the Enterprise Europe Network-Hellas depends primarily on their area of expertise and experience. It should be noted that several consortium partners, particularly former-IRCs, such as the NDC, the Help-forward Network, SEV and EOMMEX, are involved in activities covering the entire spectrum of the services offered to SMEs, while other members, e.g., chambers of commerce, focus on the provision of information services related to issues that are relevant to their members. In most cases, however, the former offer full services in one area and play a facilitating role in others. Interviews with consortium representatives revealed that there is sufficient complementarity within the network and all members seek to promote synergies to better satisfy the needs of SMEs.

#### *Implementation of the new structure*

As mentioned in the previous section, network participants offer, in general, full services in one area of the activities of the network and facilitation for the remaining areas. However, there are differences amongst consortium members with regards to elements considered particularly important for the success of the network as well as their role in it. For some consortium members, direct contact with, and support for, enterprises, in combination with sectoral orientation and customisation of services, are paramount. These members' experience also shows that enterprises appreciate such an approach. Others hold the view that focus on horizontal issues, a strong network of contacts and some specialization, enhances the visibility of the member-organisation and its access to a broader clientele. Finally, EOMMEX, for example, has an open network system, related to its *raison d'être*, whereby they

provide services to all SMEs although, in practice, they focus more on enterprises involved in EOMMEX projects. On the contrary, chambers of commerce and other business associations follow a 'closed' model and provide information and support services to their own members.

The new network, reportedly, expanded the scope of activities of the former IRCs to include information services. On the contrary, activities of the former EICs remain roughly the same. Similarly, membership in the Enterprise Europe Network-Hellas did not change the activities of EOMMEX, covering all the network service areas and focusing on SMEs. This is due to its participation in both earlier networks and its SME-NC status.

Consortium representatives interviewed emphasized several positive aspects of their experience from the earlier networks. Some examples are:

- Intangible benefits gained from membership. Some representatives pointed personal attributes, most notably motivation and commitment to support business as well as patience, perseverance and professionalism needed to approach business and overcome their suspicions. Reference was also made to professional attributes. Former networks, reportedly, enabled several individuals within member-organisations to compile, absorb and to disseminate shortly digestible and quality information on potential benefits for business, which was highly appreciated by both their colleagues and clients.
- The establishment of close and good working relations with several business and partner organizations in Greece and in Europe. This, in turn, permitted the former network members to expand their network of contacts within and outside the country as well as to satisfy their clients.
- Participation in earlier networks provided member-organisations with expertise, experience and the ability to disseminate information, often customised to individual business needs, effectively and efficiently. It also enhanced their visibility and credibility as actors.
- Networking helped some IRCs discover the reasons for cooperation, or lack of it, between enterprises and the university/research community and taught them to pursue constant cooperation

Consortium representatives interviewed pointed out several advantages found in the earlier networks. The main ones identified included the independence and complementarity, characterising the earlier networks in terms of the services offered, and the network's focus on substance rather than on procedural/bureaucratic issues, e.g., detailed monitoring and reporting. Some referred to adaptation issues within the current network, brought about by the former EICs' participation and their inexperience in areas and procedures of the network. This meant that a considerable amount of time was spent on mentoring needed to ensure the integration of partners in the network during the early stages of its existence. It was emphasized that these, or other similar, issues are being addressed because of the members' enthusiasm and desire to contribute to the smooth functioning and success of their network.

All interviewees acknowledged that the membership and composition of the current network ensures better coverage of the needs of the SMEs in Greece and the EU. In addition, several noted that, in the future, when the entire network system (including tools and methodologies) is in place, procedures are expected to be cost-effective and efficient.

Interviewees refused to comment on the efficiency of the current and earlier networks, since, in their opinion; it is rather early to draw conclusions on the current.

Several representatives expressed frustration with considerable delays in the setting up of the new network that impacted on its performance, effectiveness and efficiency. These were brought about by several factors. One was the Commission's inability to ensure that the systems and tools required for the smooth functioning of the new network, were in place in time. Reportedly, communication tools functioned and were used only recently. In addition, the inexperience of some staff within DG Enterprise with the functioning of IRCs was not helpful during the early stages of the network. However, the main difficulties are related to EACI. Interviews reported communication issues between EACI and the network. In addition several consortium representatives felt that EACI staff, although rather inexperienced in networks, seek to shape and manage the new structure without benefiting from the existing experience within the Enterprise Europe Network, accumulated over 20 years through participation in the earlier networks.

#### *The activities, customers of the network*

As stated in Sec. 1.2, the network covers the full range of services for SMEs, including information on European policy and regulation, funding, technology transfer as well as business and research cooperation. Several members are active in more than one area. The NDC, for instance, the coordinator in the EEN-Hellas and contact point for EU cohesion programmes, supports the business and research communities through information on R&D, funding and coordination in projects in the Eastern Mediterranean, including Greece. The Help-forward Network provides SMEs with technology transfer and brokering services. In this sense, it assists through its network of contacts, the most competitive Greek SMEs to expand within and outside Europe. In addition to these services, the Help-forward Network supports SMEs to participate in FP7 proposals. Finally, chambers of commerce (former IRCs) specialise in informational services in their issue area and often facilitate contacts with SMEs in neighbouring countries through own network of contacts or the EEN-Hellas.

Due to its composition, the EEN-Hellas covers all types and sizes of business in Greece. EOMMEX, for instance, can accommodate business of up to 250 employees. In practice, however, they focus primarily on supporting small enterprises (of up to 50 employees), weak, or new, SMEs and young entrepreneurs, because of the nature of the organisation and its own funding programmes. On the contrary, SEV concentrates on 'larger' enterprises (of 50+), while Help-forward network covers all SMEs. Finally, chambers of commerce work only with their respective members, regardless of size.

There was agreement amongst consortium representatives interviewed that SMEs approach consortium members to obtain, primarily, information on and support for funding, both European and national. This reason, according to interviews, accounts for the survival of the Greek enterprise support network prior to the establishment of the first European one. With regards to European funding, some consortium members, most notably; NDC, Help-forward network and EOMMEX, are very well placed to provide support services since they have run SF projects and/or are national contact points, while SEV has been involved in project evaluation and approval procedures under the EC/EU FP since the 1990s. Interviews also revealed that there has been considerable rise in SMEs' interest in business cooperation over recent years, while the more competitive SMEs are increasingly interested in 'outward' expansion. EEN-Hellas members promote these interests via, for instance, the encouragement, or setting up, of business meetings



and missions (in cooperation with their counterpart organisations), participation in European events, research for partners and information on relevant topics. On the contrary, SMEs' interest in policy developments on SMEs is, reportedly, rather low unless such developments concern financial or other policy measures involving tangible, and often short-term, benefits for business. However, SMEs associations and EOMMEX, both involved in EEN-Hellas, follow closely such developments at the national and European levels and work together to shape and support policy.

Interviews suggest that SMEs approaching a particular consortium partner depends on several factors. The visibility and status of the partner in the issue area of interest to SMEs are, reportedly, the most important factors. At the regional and local levels, however, the chambers of commerce are the first, and most important, points of reference. Subsequently, given the 'specialisation' within the network, SMEs are directed to the partner with the relevant expertise required.

The network and its members use a broad range of instruments to communicate information on the activities of the network and its members. Besides the EEN-Hellas website and the EEN-Hellas webpage on the consortium members' websites, communication instruments include individual members' e-magazine, information leaflets, info-days and frequent reporting to the media (particularly the press) and last – but not least- thematic workshops and fact sheets. Some (for instance, SEV and Help-forward network), reportedly, have very active communication teams. Communication activities are devised by partner members and are compatible with the provisions of their network's 'contract'. They are implemented by individual members, often with support from partner organisations. Reportedly, regional events devised by a national-level organisation are carried out in cooperation with regional consortium members in order to reach more SMEs.

Internal communication activities within the broader Europe Enterprise Network take place through intranet. This instrument is considered sub-optimal, in terms of substance, quality effectiveness and efficiency. Overall, consortium representatives interviewed feel that, currently, intranet cannot fully satisfy the needs of a large network.

With regards to the quality of communication with the Commission, comments were positive. Consortium representatives interviewed, consider interaction with DG Enterprise staff satisfactory and several mentioned good working and personal relations developed during the existence of the earlier networks. On the contrary, communication with EACI is rather difficult because of a combination of factors, including the EACI staff's relative inexperience in, and lack of knowledge of, the subject matter; the 'inherent' difficulties in establishing a new network by integrating the existing ones; bureaucratic and time-consuming procedures of the Commission, including, for instance, the use of a large number of performance indicators, which, to some extent, prevent consortium members from focusing on issues of substance and are of no real interest to business. Nonetheless, network representatives acknowledge the considerable efforts by EACI staff to support Enterprise Europe Network and have a positive future outlook.

The European Commission launched the Enterprise Europe Network as a one-stop shop for European SMEs, while EACI was set up to facilitate the network – by integrating the earlier networks – and to manage it. As mentioned in the previous section, during the first year of the Enterprise Europe Network, there were difficulties, internal and external to EACI, which have had a negative impact on both the Agency's performance and the smooth working of the network. Some interviewees attributed these difficulties to concerns about EACI's ability to manage the transition phase, expressed by several Enterprise Europe Network members, primarily, and the setting up of thematic working groups for the Enterprise Europe

Network. Nonetheless, most consortium members interviewed were optimistic about the future of the new European network and pointed out that some improvements are already visible

Network members utilize several tools to facilitate own monitoring and reporting. For example, there is wide use of an internal management tool on the EEN-Hellas website, developed under the previous networks, where partners can post their activities and deliverables. In addition, several partners use ISO standard and the set of Performance Indicators developed by the Commission to evaluate the network activities.

Although interviewed consortium members consider monitoring requirements rather detailed and time-consuming, they deem them necessary. In addition, they approve of performance indicators, in principle, as they largely draw on the IRCs' experience. Some, however, disagree with the large number of indicators. Some of these indicators do not apply to some national Enterprise Europe Networks and this will, arguably, render benchmarking of the entire Enterprise Europe Network rather difficult to achieve. Other interviewees pointed out difficulty in providing output data in an incomplete and rather problematic system.

#### *Recommendations / suggestions*

There was overall consensus amongst the consortium representatives interviewed that:

- DG Enterprise and EACI, in particular, should utilise the experience gained within the IRCs and the EICs. They should listen to, and take into account, the views of Enterprise Europe Network members participating in the Steering and Advisory Group thematic teams. More focus upon a bottom-up, rather than a top-down, approach would help address 'dysfunctionality' issues within the current network and also enhance the Enterprise Europe Network effectiveness.
- DG Enterprise should consider setting up an advisory team of experienced members from the earlier networks to help integration within, and to expedite the creation of, the Enterprise Europe Network as a genuine one-stop shop. EEN-Hellas members are determined to help the Commission and EACI to achieve these objectives.
- The Commission should consider re-allocating monitoring/control and service provision responsibilities, currently concentrated within EACI, to another component within DG Enterprise. In the opinion of those interviewed, control and service provision should be assigned to different components of the Commission.
- DG Enterprise and EACI should consider simplifying the network procedures and, partly re-focus their policy targets. These are needed, particularly given the current economic crisis with impact on SMES. Less 'bureaucracy' would enhance the efficiency of the Enterprise Europe Network - it would enable national network members to devote more time and effort to better support SMEs. Focus on other issue areas, for instance, banking and cooperation with the EIB, could be beneficial for the SMES

### 9.3 Enterprise Europe Network - Hungary

#### *Overview of the SME support landscape in Hungary*

In Hungary, micro, small and medium-sized enterprises account for 99.9 % of all the enterprises and they have a share of 69.1% of total employment, while their revenue reaches 61.4%<sup>9</sup> of the total. SMEs represent one of the key development opportunities for the Hungarian economy. Their competitiveness affects the performance of the whole economy through being significant sources of business innovation and job creation. The institutional and instrument system, responsible for the support and financing of Hungarian SMEs comprise different actors at national and regional level:

- The newly established Economic Conciliation Forum (ECF), which is presided by the minister responsible for national development and economics.
- The Ministry for National Development and Economy (NFGM) and its background intuitions have a vital role in formulating Hungarian SME policy. A Strategy for the development of small and medium-sized enterprises for the period 2007-13 has been launched by the Ministry.
- The Ministry of Finance is the public authority in charge of:
  - the financial aspects of EU funding through the National Audit Office and;
  - the State Aid Monitoring Office, which is the central coordinating body of the investigation of competitive aspects of distinct national funding according to EU regulations.
- The National Development Office and its background institutions, including intermediary bodies and managing authorities are responsible for planning, implementation and management of the European Union Funds and the New Hungary Development Plan<sup>10</sup>.
- Networks of enterprise promotion agencies, including e.g. the Hungarian Micro-financing Network
- The support and administrative institutions in charge of SME financing such as the Hungarian Development Bank, the Hungarian Venture Capital Association or the Corvinus Group
- The chamber system: in 2000, obligatory membership of the chambers of economy in Hungary was abolished, which led to the need for a reorganisation of the chambers and the creation of new organisational profiles providing professional services to its members. The chambers are organised at county level, in addition to three more chambers, located in three different cities. Altogether there are 23 chambers of commerce and industry throughout Hungary besides the Hungarian Chamber of Commerce and Industry, which is an overarching, coordinating organisation at national level. Recently the chambers of economy have been focusing on lobbying, capital export, vocational training and promotion of SME trade and they operate on a competitive basis (according to a representative of a chamber interviewed). The chambers' scope of activities includes a broad range of

---

<sup>9</sup> Source: The State of Small and Medium-Sized Businesses in Hungary 2007, Annual report (A Kis- és Középvállalkozások Helyzete 2007, Éves jelentés), Ministry for National Development and Economy, July 2008

<sup>10</sup> National Development Plan II for the period 2007-13, titled the New Hungary Development Plan

services, such as training, workshops and information days in different thematic areas; tailor made advice; partner searches and information on investment and financing solutions for SMEs; and participation in international fairs

- Organisations focusing on regional development such as the Hungarian Public Company for Regional Development and Town Planning (VÁTI)
- Institutions supporting innovation and technological development, e.g. the National Office for Research and Technology (NKTH), which is responsible for the National Innovation Fund; the Hungarian Patent Office (MSZH).
- Distinct entrepreneurial interest representations, foundations and associations, and other organisations representing specific enterprise groups such as the Hungarian Association of IT Companies, the Hungarian Association of Craftsmen's Corporations or the Joint Venture Association. The number of these organisations is currently at around 250-300.
- The Hungarian Investment and Trade Development Agency (ITD Hungary) a background institution of the Ministry for National Development and Economy. ITD Hungary has 15 regional offices within the country in addition to its 55 international liaison offices.
- The Hungarian SME support system comprises a multilevel, colourful spectrum of SME support organisations, however this leads to a complex, sometimes parallel structure, which some SMEs can find difficult to navigate.
- In Hungary there is only one consortium that is a member of the Enterprise Europe Network following the merger of the former EIC and IRC networks. The consortium comprises eight organisations excluding the coordinator, ITD Hungary and its regional offices. The members represent mostly chambers of commerce and industry from five Hungarian counties (Fejér, Győr-Moson-Sopron, Baranya, Hajdú-Bihar and Csongrád<sup>11</sup>) covering five out of the seven regions. In addition there is Innostart National Business and Innovation Centre; Zala County Foundation for Enterprise Promotion and Primom Foundation For Enterprise Promotion Of Szabolcs-Szatmár-Bereg County. Through the composition of the consortia the members can provide their services nationwide, with full territorial coverage for the country and also for each of the regions.

To enhance their efficiency in the services provided for the Hungarian SMEs, the host organisations of the Enterprise Europe Network offices have secured memberships and collaboration with other international and national networks and institutions. Interviewees cited cooperation among others with the following organisations:

- European Business and Innovation Centres Network
- EBAN – European Business Angels Network
- Enterprise promotion networks, such as the Association of Innovation Centres; Association of Incubation Centres or the Hungarian Association for Innovation
- The coordinator, ITD Hungary has 55 branch offices worldwide, which offers the possibility for international collaboration
- Hungarian Chambers of Agriculture

---

<sup>11</sup> There are 19 counties in addition to the capital city in Hungary

- National Development Agency and its intermediary bodies (MAG Zrt)
- Regional Development Agencies and their supporting networks
- Distinct Hungarian clusters including food cluster, bio cluster, industrial cluster or ICT cluster
- Universities, colleges and research institutions

#### *Structure of the Enterprise Europe Network*

The new Enterprise Europe Network consortium has been put together based on the experiences of the former EIC and IRC networks. There are differences between the composition of the old networks and the new consortia. Not all of the former members were invited to join the restructured Enterprise Europe Network, and there are two new members among the partners, two chambers of commerce and industry from Gyor – Moson – Sopron and Hajdú – Bihar counties. Three of the participating chambers, the consortium leader ITD Hungary, Primom Foundation and Zala County Foundation, were members in the former EIC network and only Innostart represents the previous IRC network in the current consortium. According to the consortium leader, the decision of the constitution of the new Enterprise Europe Network consortium was taken based on the performance quality of the organisations and the competitiveness of the services they provided during the previous period.

All the members possess a deep understanding of, and extensive knowledge in the field of business development, which allows the consortium to apply a division of labour based on territorial principles instead of being task or modules based. Each partner is responsible for all of the three modules in the region it covers. The services provided by the partners linked to their Enterprise Europe Network membership cover similar tasks, however there might be some specialisation of the organisations based on their general activities. The Enterprise Europe Network consortium builds on the competencies of the contributing offices and colleagues and on their former collaboration. Participation enables the members to expand their SME support activities within their own organisation and in addition through collaboration, they are able to strengthen and complement each other's programmes and activities.

#### *Implementation of the new structure*

The Hungarian consortium is rather centralised, however the partners have freedom to define the methods by which they would like to achieve their contractual targets. The work plan has been elaborated with the involvement of the members, who were invited to identify and characterise their future activities within the confines of the reporting requirements on the eligible project activities, bearing in mind that the three modules have to be covered in each region. The reporting rules do not allow the members to report on those activities they provided outside of their domicile region. The coordinator, ITD Hungary, provides central management for the network. Its tasks include responsibility for reporting to and communication with the European Commission and EACI. It informs the partners on news, on changed requirements or expectations and represents Hungary in the Steering and Advisory Group. Furthermore it offers the same services to SMEs across the different modules as the other members. The network receives almost half of its funding from the Commission while the rest must be raised by the members themselves. Each partner has to contribute to be able to participate in the activities of the network. Although the funding of the Hungarian consortium has improved from what it was during the previous contract period, the former network

applied the same solution for funding as reported by the members, so there is no significant change in their operation in this field.

- As described previously, the consortium applies a regional (NUTS2) division of labour. The partners focus their activities on the region they have to supply according to their work plan. However, through the network activities they help each other and provide specific services that are beyond their primary region. Interviewees provided examples of collaboration among the partners such as redirection of personal enquiries to the more competent or geographically more adequate offices or organisation of joint events and publications. The objectives of participation in the network vary by partner, however there is a common view that the network activities are beneficial for the organisations themselves and also for the SMEs that are supported. Interviewees reported benefits such as enhanced relationship networks, more intensive international cooperation, extended opportunities for collaboration, more successful partner searches and wider sectoral coverage. Through participation in the Enterprise Europe Network, the members can achieve improved success rates, furthermore they are able to offer broader service packages with consecutive stages, which suit businesses with different development levels.
- Comparing the current network to its predecessor shows some noteworthy differences. The assignment structure of the Enterprise Europe Network puts significantly more emphasis on the advice on innovation, research and development and on the promotion of the Framework Programme. The 'one-stop shop' idea was welcomed by the partners, however the merger of the two networks, the installation of the necessary tools and the additional functional problems on day-to-day level prevail the benefits so far. The key reason for the uneasy start of the network might be the tight deadline for the establishment and implementation of the new structure. In summary, the members assume that the unified structure might be advantageous for SMEs providing easier orientation among the available services in the long term.
- Almost all of the current members participated in the predecessor networks and gained various experience. Interviewees pointed out that they have difficulties related to the SME feedback system - it is generally felt that the SME feedback mechanism does not really work in Hungary. Businesses are not motivated to complete the required forms as they are seen as time consuming and the procedure as a whole is viewed as unnecessarily complex even though it might be in their own interests. However, they reported successes such as:
  - Business meetings, which resulted in common projects
  - Improved collaboration with international partners
  - They prepared one page business guides with basic information on the companies that wanted to enter new markets and they circulated these leaflets within the EIC network, in addition to uploading the profiles into the Business Corporation Database
  - The relationships they built up last longer due to more frequent meetings among the partners

*The activities / customers of the network*

- The members build their activities around the three predefined modules:

- Module A: general services, advice on EU related topics, organisation of events (former EIC services),
  - Module B: Innovation and R&D related activities including technology audits, creation of business profiles and partner searches, and;
  - Module C: promotion of the participation in the Seventh Framework Programme (FP7).
- The Enterprise Europe Network members put improved emphasis on providing tailor made services' in specialised workshops and seminars. The SMEs are aware of their possibilities in general; however they need personalised advice to help identify a development route that fits the maturity of the company. As described above, there is a shift in the services that businesses are requesting from the Enterprise Europe Network members towards specific issues, however the key questions remained the same i.e. which are the accessible funding sources and is the new idea feasible?
  - In addition to the activities based on the three modules, the members actively promote the new Network to SMEs. The consortium' communication activities vary from participation in different events, to the use of common image and logos, to a joint website introducing the partners and providing general information on their activities. Furthermore, the coordinator was responsible for the centralised communication campaign the network launched after the merger of the previous networks to advance the new Enterprise Europe Network brand. In addition, ITD Hungary undertook the task of advertising the network in business magazines. There is one full time employee responsible for the coordination of communication activities within the consortium. The partners have frequent interaction with each other; they meet every second month and have telephone conferences every two weeks. The reporting obligations as defined by the EC has not meant any burden as yet (it will be due after 18 months), however the Hungarian partners provide semi-annual reports to the coordinator based on the fulfilment of their annual work plans.
  - The members try to fit their services to the needs of the businesses approaching them. For the most part, the network members provide support to micro and small companies. Micro enterprises amount for 98% of the Hungarian businesses, usually with less than 5 employees. The number of medium sized enterprises is low but these do occasionally request network services. However they are not approached by large companies through the Enterprise Europe Network membership. The Enterprise Europe Network partners reported the following business enquiries:
    - Customised advice on development opportunities.
    - Feasibility of an innovative idea or product.
    - Entering into new markets – only a small proportion of the businesses plan to enter new markets at international level, most of the enterprises try to explore the opportunities of the Hungarian market. However, when they go abroad favourable markets include, in addition to the neighbouring countries, Germany, Denmark, Poland and Bulgaria .
    - Specialised topics related to EU legislation, taxation or foreign trade.
    - Partner searches and information requests on foreign businesses (as a supplementary service the chambers of commerce and industry can provide the same services on businesses registered in Hungary).

- Funding sources: Investor, venture capitalist involvement, available loans (especially information on the micro financing possibilities) and information of the Structural Funds and on the Framework Programme, and;
- The opportunities stemming from the Framework Programmes have got less attention among SMEs in Hungary than the Structural Funds. Reasons for this include that businesses are usually not mature enough to be able to compete with their international competitors and that they lack the necessary international relationships and reputation to be involved. Structural Funds with intermediary bodies within the country boundaries are more popular and easier to access.

*Recommendations / suggestions; any kind of central (EC and EACI) support which could enable more efficient operation*

- During the former EIC network there was a common website, intranet with a security password in order to share information with the members. The system worked well, and instead of huge numbers of e-mails going through the First Class system, that solution could be used again. Too much information through the internal mail exchange system causes confusion, it would be easier to follow and remain up to date from the new EC guides if they appear on a separate interface.
- A better, more established planning process is needed for future reporting requirements: the indicators do not match the activities that the members carry out. To be able to fulfil the requirements of the EC and EACI there has to be adequate, central IT support.
- The members would be happy to take part in training to get to know the other Enterprise Europe Network members abroad. The network is new and they hope to have opportunities to build closer relationships with other members across Europe.

#### **9.4 Enterprise Europe Network - Italy**

*Overview of the SME support landscape*

The SME support system has exceptional importance in Italy because there are more than 5.13 million SMEs in the country. Italy represents 26 per cent of all European small and medium sized enterprises. Micro enterprises dominate the system, 95 per cent of the enterprises have fewer than 10 employees. Due to the large number of SMEs, the Italian business support system has exceptional importance. During the last 20 years many organisations were set up in order to advance SME development across the country. Currently the system is complex and even has actors with overlapping areas of activities. The following list provides an overview of the main actors of the Italian system, without being comprehensive:

- The Ministry of Economic Development: responsible for the Competitiveness and Innovation Programme within the central government. The national coordinator of the Italian Enterprise Europe Network is located within this ministry. Interviewees reported additional benefits through the Ministry involvement such as, the Enterprise Europe Networks can discuss topics of national or international interest, they can raise issues during round table consultations and establish a common point of view
- The Italian Chambers of Commerce: the most important service providers and central actors in local economies. The Chambers were classified as local autonomous public bodies by an Italian law in 1993. The chambers



represent huge power with a broad range of areas of activity and compulsory membership. They offer services in international relations, vocational training, technological innovation, quality certification, business development, finance engineering, standards and regulations. The chamber system is organised at province (NUT3) level. Each province has one chamber of commerce, which amounts to 103 chambers altogether across Italy. In addition to the regional chambers, there are representative organisations at national level: one Italian Union and 19 Regional Unions. The Chambers have strong international relationships through their participation in the Association of European Chambers of Commerce and Industry (EuroChambres) more over there are about 70 Italian Chambers of Commerce located abroad and 30 foreign chambers represented in Italy. In addition to the chambers, it is a common practice that chambers establish special agencies for different tasks such as for internationalisation. These organisations are 100 per cent owned by the chambers and are also involved in distinct Italian EENs such as the Agenzia Per Il Transferimento Tecnologico E L'Internazionalizzazione In Valle in the ALPS consortium. The chambers had significant contributions to the previous European Information Centre system being host organisations for 68 former Italian EICs

- Distinct agencies such as INVITALIA : the national agency for inward investment promotion and enterprise development and its regional companies and Italian National Agency for New Technologies, Energy and the Environment (ENEA)
- The General Confederation of Trade, Tourism, Services and SMEs (CONFCOMMERCIO) is the largest Italian enterprise-representative. The association has 800,000 members from the trade, tourist, service and transportation sectors
- Enterprise Associations and national confederations that act as intermediaries between businesses and with public bodies. The main organizations are:
  - AICE - Italian Association of Foreign Trade
  - CNA - National Confederation for the Craft Sector and Small and Medium Enterprise of Italy
  - CONFAPI - Italian Confederation of Small and Medium-sized Industry
  - CONFINDUSTRIA - Italian General Industry Federation
  - FITANET - Federation of Professional Industry & Service Organizations in Italy

The Italian Enterprise Europe Network consortia members interviewed gave accounts of diverse and intense cooperation with the national and international SME support organisations and networks such as:

- Representatives of chambers of commerce emphasised the strong relations within the Italian chamber system and the cooperation with the Italian chambers abroad in addition to other national enterprise organisations.
- The International Network for SMEs – INSME, which is a not for profit association with open membership. Currently it has members from 13 OECD and 20 non-OECD countries.
- The European Commission initiative – Europe Direct.

- The National Contact Point network for the Seventh Framework Programme, and;
- The European Business Angel Network: reported cooperation includes joint seminars on EU issues, policies or even some joint projects.

#### Structure of the Network

There are five EEN consortia in Italy according to the five NUTS1 level regions of the country, which comprise 21 NUTS2 regions. There were many organisations involved in the previous EIC and IRC networks and almost everyone wanted to participate in the new Enterprise Europe Network, which resulted in the involvement of 65 partners as Enterprise Europe Network members.

**Figure 52: Main attributes of the Italian Enterprise Europe Network consortia**

Name of the consortium	Alps consortium	FriendEurope consortium	Simpler consortium	Cinema consortium	Bridg€conomies consortium
<b>Regions (NUTS2) covered</b>	Piemonte Valle d'Aosta Liguria	Veneto Friuli Venezia Giulia Trentino Alto Adige	Lombardia Emilia Romagna	Toscana Sardegna Marche Umbria Lazio	Abruzzo Molise Basilicata Campania Puglia Calabria Sicilia
<b>Population</b>	6.1 million	7million	13 million	12.93 million	19.10 million
<b>No. of SMEs</b>	651,317	663,864	1,152,000	1,098,071	1,572,238
<b>No. of EEN partners</b>	6	11	7	22	18

Due to the large number of participating organisations in some NUTS2 regions there are overlaps between the activities of the partners. However, the consortia have been put together with focus on NUTS2 level bearing in mind the requirements that the different modules have to be provided throughout a whole NUTS1 region. The consortia usually involve different types of actors in various constellations. The composition of the Bridg€conomies consortium provides a good example of the mixed structure indicating the engagement of the organisations in the predecessor networks. The consortia consists of:

- The coordinator of the network: Mondimpresa - Agency of the Italian chambers of commerce for internationalisation, which was a former EIC.
- 6 Regional Unions of the Chambers of Commerce, of which 4 are newcomers and 2 former EICs.
- 2 Chambers of Commerce, of which one is a new comer and the other one was EIC.
- University of Naples Federico II, which was a IRC.
- 2 different consortia: the SPIN - Consortium for information and communication technologies research and the Catania Research Consortium, both were previous IRCs.

- A.R.T.I, a company of the Puglia Region Authority as a new member.
- Osservatorio Europeo della Provincia Regionale di Catania, which was a former EIC.
- ENEA, which was a former IRC.
- CONFCOMMERCIO, and;
- CONFINDUSTRIA.

The consortia put huge emphasis on the involvement of all the actors of the national SME support system. Through the incorporation of those organisations the different Enterprise Europe Network consortia represent a strong body.

#### *Implementation of the new structure*

The different consortia apply the same organisational rules; they decided the division of labour based on geographical coverage. There are regions where two partners are involved in the Enterprise Europe Network, which provides the opportunity for further distinction between the tasks. The consortia are able to provide a full range of integrated services according to the “no wrong door” principle. In case of large consortia, further to the territorial disciplines, the specific knowledge and the diversity of the participants, creates the opportunity for the division of labour based on the specialities of the partners involved. The large numbers of the consortium partners need strong coordination. Interviewees from different consortia reported the following ways of coordination:

- There is a management committee in place as the main decision making body of the consortium. The committee meets every six months and has one representative from each partner.
- There are regional groups established: a rapporteur is responsible for each region, they share their experiences at periodical meetings.
- The Executive board, which comprises leaders of each modules who share responsibility for the common activities, for the management of the Enterprise Europe Network.
- There are 112 people working across 22 partners on the Enterprise Europe Network activities in five regions, across 82 thousand square km with 13m population and 1 million 98 thousand SMEs in addition to 485 large companies in the CINEMA consortium, which requires huge coordination efforts.
- An assistant was announced to coordinate the partners and to help them to fulfil the requirements of EACI.
- Coordination meetings are held regularly, almost once a month. Topics mostly include operational issues, such as discussion of monitoring requirements or identifying seminar topics.

Despite the numerous numbers of partners in Italy most of the participants find that there is more synergy through the merger of the two networks between the members. Formerly, it was too difficult to have a common project with other partners because of the various requirements of the different networks. The work now seems to be better organised. Belonging to the same structure enables a smoother and faster cooperation process. Enterprise Europe Network participation provides various benefits for the members as the interviews revealed, such as:

- Improved national and international cooperation through the links to all the other Enterprise Europe Network members

- To be part of a network is a benefit itself. The partners can count on the help of other members, when facing a problem
- Obtaining a European view on EU policies
- At the consortium level: it is beneficial to have synergy and a shared viewpoint
- Through participation the members can offer a more qualified and broad range of services at local level
- Enhanced contacts with more developed regions
- The membership in Enterprise Europe Network enables the participants to increase their role as actors in the local or regional economic and social development system
- Formerly there have been overlaps among the services (organising meetings, conferences or seminars) provided by various network members. The merger of the former networks creates the opportunity to apply a common view on policy subjects, harmonise their efforts and concentrate on key issues.

At the Enterprise Europe Network level, the partners interviewed have the common view that the merged system will be advantageous and beneficial for the SMEs, if it can operate as a real network. The transition period caused delays and the network does not work efficiently yet. However, once the one window system has been achieved and all the tools, that are necessary to the effective function of the network, are in place, the network will represent a huge improvement compared to the previous fragmented system. Additional efforts are also needed for Italian partners, to understanding rationale behind the new structure and acknowledge the foreseen benefits.

*The activities, customers of the network*

The Enterprise Europe Network members define their activities in a consortium programme which comprises a broad range of activities around the three modules, including:

- Information on EU legislation, tenders, internal and external market opportunities for funding
- Assistance and specialised consultancy services in the field of internationalisation, innovation, research and development, and partner searches
- Training workshops and seminars
- Consultancy services, face-to-face advisors
- SME feedback mechanism
- Information dissemination through active communication including direct mails, websites, newsletters
- Company technology audits
- Market analysis (identifying the main products / processes, finding funds (public /private investments)
- Some of the partners can even provide financial facilities for commercialisation or for trademark protection

Some of the partners reported that there are several factors affecting the choice of businesses in why to approach an Enterprise Europe Network member. The organisations involved, and their established place within the Italian SME support system is one of these factors. However, businesses also find the broad range of experts available within the Enterprise Europe Network and the cooperation facilities with more than forty other countries to be important. The key enquires towards the network include:

- Financing, including national, regional and international opportunities
- Aspects of international trade: customs, searches for distributor partners and foreign market information, including market studies and foreign trade regulations
- Assistance in partner search
- Commercialisation and development issues

The information requests on the available funding opportunities are the most frequent information request types. In addition to the opportunities in the Structural Funds and the Framework Programme, the Enterprise Europe Network also provide an overview of the venture capital and business angel system. The situation varies in different regions, however, in most cases businesses would rather choose to apply for funding from the Structural Funds than to participate in the complex and very competitive procedures of the Framework Programmes. In addition, the Structural Funds represent a significant proportion of available funding resources, especially in South-Italy. To strengthen SME participation in the FPs, Enterprise Europe Networks help businesses in proposal writing, inform them about the project evaluation system, share best practices and inspire them through examples of successful local companies.

Italian Enterprise Europe Networks work mostly with small and medium sized companies, from a broad range of sectors mostly depending on the region. Sectors mentioned by the interviewees include agro-food, handicraft (wool), tourism and recently renewable energy is becoming more and more important. The Enterprise Europe Network offices work predominantly with small companies, usually with less than 15 employees and businesses with mostly low or medium level of innovation; collaboration with high-tech companies is not so common.

- Low level of innovation: family companies, involving a couple of people. They need to find out, what is innovation, if there is any available best practises they could use to improve
- Medium level: they have some innovation but they are not so mature and need training to be able to be present at international level
- High-tech companies: they are able to launch new products at international level

In order to improve the cooperation between the Enterprise Europe Networks and businesses, the different consortia apply diverse communication tools. Tools include websites, enhanced presence in media, leaflets, newsletters and common marketing tools, such as logos. The members interviewed were sometimes sceptical regarding the efficiency of their communication with the European Commission. To improve their effectiveness, understanding of each other's situation and problems would be needed.

### *Recommendations / suggestions*

- The Enterprise Europe Network members find training workshops useful to get to know the international partners better. This could help the current situation, when the network is still a bit of a ghost network, where people do not know each other
- Simplification would be welcomed relating the role of the Agency and the operation of the network. There were so many changes, it takes time to accept and adopt all of the changes.

## **9.5 Enterprise Europe Network – Maltese Centre**

### *Overview of the SME support landscape in Malta*

The Enterprise Europe Network in Malta comprises one office, which is hosted by Malta Enterprise, the foreign trade and investment promotion agency of Malta. Malta Enterprise has three offices in Malta and three branch offices abroad. Malta Enterprise has good relationships with financing institutions, banks, the industrial federation and chamber of commerce in addition to the central organisation within the system: the Ministry of Finance, the Economy and Investment. The Malta Chamber of Commerce and Enterprise was set up in 1848 as an autonomous institution and is recognised by the laws of Malta. It has not got obligatory membership; merchants, bankers, manufacturers and other interested partners can join the Chamber through its open membership system. The Chamber's main goals are to promote and protect the business interests of Malta, and to provide services to its members in return of their membership fees.

The Maltese Enterprise Europe Network Centre has a very good relationship with its host organisation. The office is distinct and highly visible within the institution. The funding, which is necessary to the operation of the Enterprise Europe Network office, in addition to the contribution of the European Commission (EC) comes from Malta Enterprise. The Centre is embedded in the Malta Enterprise organisation; it is even represented in the senior and board meetings. The Enterprise Europe Network office has nine members of staff, seven full time equivalent and working on the network activities. In addition to their relationship with the actors of the SME support system of Malta, the Centre actively participates in other international networks such as the European Business Angel Network or Eureka.

### *Implementation of the new Network*

Based on the geographical endowments of the country, there is no need to have a consortium to provide Enterprise Europe Network services across Malta. It is a small country, where everyone is within reaching distance. The Enterprise Europe Network Centre has enough resources to fulfil the requirements that stem from the Enterprise Europe Network membership and offer its services throughout the Maltese archipelago. Although the proposal to establish the Enterprise Europe Network office in Malta requested a higher amount than was finally awarded, the support of Malta Enterprise assured adequate operation. The current participation in the Network is continuation of the predecessor European Information Centre and Innovation Relay Centre membership. Malta Enterprise represented the country in both networks. They first joined the EIC network in 1998 with the aim to get closer to the EU, and to build close cooperation with other European countries and the Commission, in the field of SME policy. This was before Malta joined the European Union. After 2004, they intended to stay close to the network and its members, and even strengthen the relationships they built previously. The EIC network became the key pipeline to communicate on SME topics with other member states.

Representatives of the Maltese Enterprise Europe Network reported various benefits that stem from their membership, such as additional funding to their operation, improved relationship network, and more intensive contact with representatives of European SME support organisations. Participation in the Advisory and Steering Group provided further opportunities to strengthen the ties between the members. One interviewee expressed expectation that a merger of the former networks will be beneficial for clients through easier navigation between available information sources, although differences are not significant from the Enterprise Europe Network Centre's point of view. However, it has to be noted, that the whole network is still in an inception phase and some initial time is needed before they can achieve proper function with all the necessary tools in place.

#### *The activities, and customers of the network*

Being the only Enterprise Europe Network Centre in Malta, they have to be specialised in all of the three modules of network activities: general advice, innovation, research and development and promotion of the Seventh Framework Programme (FP7). To be able to provide effective services regarding Module C – promotion of participation in the Seventh Framework Programme, the Centre has intense contact with the Maltese National Contact Points of FP7. As the country has a low participation rate in the Framework Programmes, continuous work is required to raise general awareness, which is a challenging task in Malta. One interviewee from the Centre emphasised that FPs are not adequate for all of the companies, where these programmes are too complex. Businesses need to go through a learning process and have to be well established with some years of experience to be able to cope with the challenge and compete with success for FP sources. The Enterprise Europe Network office chose the solution to encourage companies to join a project proposal rather than take on the task of initiating it. In addition, the Enterprise Europe Network has to take into account that grants from Structural Funds are more likely to be received. Partner searches could be more effective if businesses recognised the need for attitude change and became more open. They have international cooperation predominantly with the Enterprise Europe Network members from the EU countries, especially with Italy, Germany and the UK. However, traditions are important in Malta, businesses are not open enough in mentality to open out, especially not toward markets located far away.

The Maltese Enterprise Europe Network works mostly with SMEs, around 90% of their clients are small and medium sized enterprises. They do not focus their activities on any particular sectors. However, due to the changes during the last decade, when SMEs began to move away from the traditional manufacturing sectors, they now have collaborations with businesses mostly from the two most important sectors: ICT and tourism. Businesses approach them requesting information primarily on funding opportunities followed by the issue: how to expand?

To advance their services the Enterprise Europe Network Centre uses a broad range of communication activities. They have launched a website; they publish monthly newsletters, which they send out to 800 companies; in addition they publish three articles every week and hold regular seminars. Although they try to focus on providing tailor made services for the enterprises, they do organise training workshops on specific topics, for example on proposal writing skills. Communication activities towards the European Commission take place through formal channels. During the transition period, the establishment of the new network, when the EC introduced the new reporting and delivery system, they interacted on an almost daily basis. Regarding the other Enterprise Europe

Network members they use the official communication route; they keep contact with them through the First Class system.

*Recommendations / suggestions*

- The Centre would be happy to have more support for the promotion of the new brand, including common tools such as a map with all the Enterprise Europe Network offices in a unified form that they could use for presentations and printed materials (banners, panels) to help advance the Network when participating in different fairs, conferences.
- They need the IT tools finally in place to be able to provide effective services to their clients on a daily basis.

## **9.6 SWENET – Enterprise Europe Network Sweden**

*Overview of the SME support landscape*

Sweden has a similar structure regarding its enterprise constellation as other comparable European countries. By the end of 2007, there were 708 000 businesses in the country. The number of registered businesses increased 45 per cent between 1997 and 2007. Two out of three companies are one-person businesses, with no employees, while approximately 99 per cent of all companies have less than 50 employees. With regards to employment 40 per cent of all privately employed staff work for small and medium sized enterprises. Roughly 80 per cent of all business can be seen to be included in the service sector, while the remaining 20 per cent belong to industry. The SME support system consists of different actors including:

- The Ministry of Enterprise, Energy and Communications as the central body with a broad range of responsibilities including business development, regional growth or research and development among others
- The Almi Företagspartner network: a chain of shared companies owned by the state. They offer funding sources and provide advice on growth and innovation topics to businesses. The network is organised at county level and it covers the whole country with services
- NUTEK - the Swedish Agency for Economic and Regional Growth. The organisation aims to contribute to the development of the Swedish regions; to establish new enterprises and to strengthen the existing companies. NUTEK launches different programmes to support businesses and regional development, such as the Entrepreneurship and the Medium sized businesses in transformation programmes. The agency is the managing authority of the regional programmes, which are funded by the European Regional Development Fund
- Chambers of Commerce are organised at regional level, headed by the Association of Swedish Chambers of Commerce, which is their representative at national level. According to Enterprise Europe Network members, there is no cooperation between Enterprise Europe Network partners and the chambers within the framework of this network. The network of the chambers of commerce has exceptional importance in Sweden with more than 11,000 member companies
- The Invest in Sweden Agency is a government agency. It provides information on the country and introduces business opportunities for those companies who intend to invest in Sweden. In addition to its Swedish headquarters, the agency has affiliates in distinct overseas countries



- The Swedish Trade Council is aimed at promoting international expansion of Swedish businesses. The Council supports businesses through its offices abroad and its relations with Swedish embassies, consulates and chambers of commerce
- Centres for New Businesses (Nyföretagarcentrum) – these organisations provide advice free of charge for those, considering starting a new company in Sweden

The Swedish government budget proposal for 2009 includes a SEK 3,502<sup>12</sup> million allocation to support regional growth. Within the regional growth framework a number of different types of business support is available, including investment, seed and transport grants. Support can also take the form of lower social security contributions.

Interviewees reported that in most cases the Enterprise Europe Network can provide services which are complementary rather than competitive to the activities of the other Swedish SME support organisations. However, in some cases there might be overlapping responsibilities among the institutions, such as with the Swedish Trade Council. In order to achieve an effective operation the Enterprise Europe Network intends to cooperate with other SME support networks. Among others the Enterprise Europe Network partners reported collaboration with the following national and international networks:

- The National Contact Point network in Sweden
- VGR – network of publicly funded organisations, which offer their services at regional level. They support businesses on behalf of Nutek.

#### *Structure of the Network*

Sweden's participation in the Enterprise Europe Network consists of one, national level consortium with 15 partners led by Nutek - the Swedish Agency for Economic and Regional Growth. The participating members are well embedded in the national SME support system; they offer their services to businesses at 20 different places with access to 25 people. Through the Enterprise Europe Network partners, regional (NUT2 level) coverage is ensured, in addition to national services. The initiators put emphasis on geographical aspects when they set up the consortium. The aim was to be able to cover each of the modules (the three thematic areas) in each region. The structure of the new Enterprise Europe Network consortium reflects the predecessor networks, involving only one new member. The members apply a division of labour based on the previous participation of the organisations. Former activities, knowledge and experiences defined the choice for the current members with which module to deal with as Enterprise Europe Network partner. Former Innovation Relay Centres work usually with Module B, while the previous EIC members focus on Module A. Integration of the third module (promotion of participation in FP7) to the previous EIC and IRC activities provides additional benefits to the network activities. The Enterprise Europe Network operates with the key aim to cooperate and signpost the enquiries for the specialist offices. Through the collaboration they have a broader range of opportunities to divert the clients to more appropriate offices and provide improved and specialised services.

Participation of the network members is an inheritance from the predecessor networks. NUTEK was a former member of the EIC, joining the network in 1995.

<sup>12</sup> Exchange rate on the 9<sup>th</sup> December 2008: 1 Euro = 10.11 SEK

The network members find their partnership beneficial and they intend to keep working and providing the network services. Network members interviewed shared the view that the idea of the cooperation is advantageous and will enable the partners to offer a broader service package for businesses once the transition period is completed and the whole system works properly.

#### *Implementation of the new structure*

NUTEK is the coordinator of the network. It is responsible for the management of the network and it provides complementary funding to the Swedish Enterprise Europe Network partners. However, the agency does not have any direct contact with businesses in the frame of Enterprise Europe Network. NUTEK funding amounts for 65% of the whole Enterprise Europe Network financing, while the EC contribution covers only 35%.

The network applies relatively low levels of formality regarding the structure and organisation of the Enterprise Europe Network. The members have a free hand in their own decisions; the relations are very informal between the partners. Everyone has to supply the region in which the given office is located. Cooperation is more intense among the partners from the same region. They hold meetings and get in touch with each other more frequently. At the central level, the coordinator as the contract holder has responsibility for:

- Organisation of national network meetings
- Decisions on policy questions
- Arrangements to educate and train the members
- Distribution of marketing materials
- Coordination of proper fulfilment of the monitoring and reporting obligations towards the Commission and for setting up their own requirements within the network

Comparing the current network activities to the predecessors, Enterprise Europe Network members interviewed found that the services they provide are pretty much the same at organisational level as before. Currently there is a lower level of cooperation and communication between the members mostly due to the unfinished transition period. Reinforced efforts are needed to disseminate the new brand name and the services of the network. The former networks were well embedded in the system and it will take some time for everyone to get used to the new name.

#### *The activities, customers of the network*

Like every Enterprise Europe Network, the members provide (have to provide) their services around the three thematic areas (Module A, B and C). However, based on the specialisation of the participating organisations, the partners can also focus their activities in addition to offering the general services such as organising meetings, seminars and conferences. Example include, the Enterprise Europe Network located in Goteborg, where the office offers through the employment of a lawyer specialised in EU legislation, legal support for SMEs related to smallish EU issues such as finding a current regulation.

Interviewees gave account of their most important activities and services, including:

- Information on EC rules and legislation
- Partner searches
- Advice on collaborative projects

- Arrangement of 'business to business' affairs
- Information on national funding opportunities for SMEs

To advance their services the network members organise seminars across Sweden. The intensity of the promotional activities depend on the region that the given office supplies. There is no need to put enhanced emphasis on dissemination activities in regions with large population and concentrated business environment. Businesses in such regions contact Enterprise Europe Network offices more frequently because they are aware of the existence of the network. Network members reported that they usually work together with companies with 25-50 employees and sometimes they even receive enquiries from large companies. The most frequent question businesses need information and advice on is what are the opportunities for cooperation? Enquiries regarding the available funding sources come second. Information requests on funding resources are mostly focused on participation in the Framework Programmes.

In order to improve the coordination of the network activities, the Swedish Enterprise Europe Network holds national meetings at least twice a year, and there are more frequent meetings at the regional level. The coordinator is in charge of the communication activities towards the Commission and of the coordination actions. However, every member has the opportunity to put questions to the EC. The contact between the members and the EC and EACI is mostly through the First Class e-mail system. The Steering and Advisory Group meetings give additional opportunities to discuss distinct issues with the EC.

#### *Recommendations / suggestions*

The members believe that the Enterprise Europe Network will prove to be a very effective network soon. However to achieve this, the transition period has to be overcome and some additional help would be welcomed from EACI. The previous networks were well established and known, and the change in the brand caused some confusion. EACI could use different tools, initiate marketing campaigns, and provide leaflets and information materials to make sure that the new network is well established to provide the services in the most effective way.

## **9.7 Enterprise Europe Network - UK**

### *SME support system – actors*

In the UK, the Government spends around £2.5bn per year in directly supporting businesses to meet the challenges they face, through publicly funded grants, subsidies, advice and other support services. Of this, 40% is local funding. The landscape in the UK is complex with, in 2006, over 3000 different support schemes in operation, delivered through a number of actors. This is why the government is currently going through a "Business Support Simplification Agenda" which aims to reduce the number of schemes from 3000 to fewer than 100 by 2010. The first port of call for all publicly funded schemes in the future will be Business Link.

Although Business Link will be the main entry point to business support, the SME support system of the United Kingdom comprises numerous actors at multiple levels. The following list gives an overview of the main actors (but is not comprehensive):

- BERR is the Government Department for Business, Enterprise and Regulatory Reform and is responsible for Small Business Policy.
- Business Link is a network that is coordinated nationally and delivered locally by 45 county-based Business Link Operators. These are funded by the Department for Business, Enterprise and Regulatory Reform and

managed by the nine Regional Development Agencies. Business Link only covers the regions of England. Elsewhere in the UK, its counterparts are Business Gateway (Scotland), Flexible Support for Business (Wales) and InvestNI (Northern Ireland). In April 2007 the English Business Link organisations were rationalised into 9 regional bodies controlled by the Regional Development Agencies.

- The Regional Development Agencies of England: The RDAs were established to support economic development, competitiveness and regeneration through increase of employment and business development in the regions. The RDAs are financed by six different government departments<sup>13</sup> and as mentioned are managing Business Link.
- Scottish Enterprise coordinates doing business in Scotland and delivers locally. Also the economic development of the Highland and Islands region is promoted by Highlands and Islands Enterprise (HIE). HIE is an agency of the Scottish Government and works with private businesses, voluntary organisations and public bodies to further improve the economy and quality of life in the region.
- Train to Gain is the national skills service to support employers of all sizes and sectors to improve employees' skills in order to improve business performance.
- UK Trade & Investment is an organisation whose primary task is to encourage British businesses to do overseas trade and to promote investments in the UK. It works especially with SMEs through its offices in the nine English regions and it provides access to its services also through the three DAs. Enterprise Europe Network representatives interviewed found that there are similarities and overlaps between the Enterprise Europe Network services and the range of activities offered by UKTI, however the broad problem is already on the Business Support Simplification Agenda
- British Chambers of Commerce is the national body of the Chambers of Commerce across the United Kingdom. There is no obligatory membership in the chambers of commerce; however these organisations play an important role in the SME support system. The members receive services; gain access to events and networking opportunities in return of the subscription fees

#### *Structure of the Network*

There are 11 participating consortia with 29 organisations involved in the Enterprise Europe Network in the United Kingdom. Enterprise Europe Network partners cover all of the twelve regions of the United Kingdom, including a joint consortium for East and West Midlands. The system reflects a structure, which has been established around the nine English Regional Development Agencies (RDAs) and the three Devolved Administrations (DAs): the Scottish Executive, the Welsh Assembly Government and the Northern Ireland Administration.

The number of members of each of the UK Enterprise Europe Networks varies between one to four organisations. Most of the partners were formerly participants in at least one of the predecessor networks. The Enterprise Europe Networks

---

<sup>13</sup> The six funding departments are: Department for Business, Enterprise and Regulatory Reform; Department for Communities and Local Government; Department for Culture, Media and Sport; Department for Environment, Food and Rural Affairs; Department for Innovation, Universities and Skills; UK Trade & Investment

comprise different organisations in various constellations. Among the members there are:

- Regional Development Agencies: their roles vary in the Enterprise Europe Network consortia, however, they create the backbone of the established system. In some cases they participate in the consortium as consortium members while in other consortia they provide funding to the operation of the Enterprise Europe Network. Examples include:
  - The North West Regional Development Agency is the consortium leader in the North West region. Although the Agency was the initiator of the consortium and is responsible for the coordination of the Enterprise Europe Network activities, it holds preliminary meetings with the respective partners and does match funding. However, it does not have any delivery responsibility with regards to Enterprise Europe Network activities.
  - The London Development Agency supports the London Innovation Network Enterprise Europe Network. It provides financial support for the network and acts as a guarantor for the enterprises involved, although it is not a member of the consortia.
- Business Link – Enterprise Europe Network members interviewed reported that they find it advantageous to be hosted in a Business Link organisation. Through incorporation of the Enterprise Europe Network in the BL organisation they might be able to use additional resources from the BL to promote the Enterprise Europe Network activities
- Chambers of Commerce: The views were split regarding the role of the chambers in the Enterprise Europe Network consortia. While some Enterprise Europe Network involved the chambers as partners in the consortium others consider their activities complementary and collaborate with them, although outside the framework of the Network.
- UK Enterprise network, which includes partners, such as the Scottish Enterprise, the Greater London Enterprise or the Highlands and Islands Enterprise
- Other public and private institutions, networks

The distinct UK networks keep regular contact with each other, although there is no main body responsible for the central coordination of the different members. The national meetings, which involve all the UK Enterprise Europe Networks cover topics such as knowledge and best practice exchange, views on how to deal with different topics; what are the main enquires and how to handle them; discussion on reporting requirements and targets; which tools to use to be more effective in providing services and experiences on the feedback mechanism. The different consortia do not have common tools nationwide, however, they use each other's services, if it is required. Through regular meetings they are able to establish a common point of view and strategic approach at national level, however, they concentrate their efforts on the activities carried out at local level. The regional coverage is emphasised through the involvement of the Regional Development Agencies, that have responsibilities with regional boundaries. Further to the collaboration among themselves, the UK Enterprise Europe Networks intend to build cooperation with the UK National Contact Point (NCP) network of the Seventh Framework Programme. Interviewees reported that in autumn 2008 the London based network initiated a joint session with all of the UK Enterprise Europe Networks and NCPs to strengthen the collaboration between the two networks.

### *Implementation of the new structure*

The business models the distinct consortia apply are diverse. The key requirement is that each of the three modules (A, B and C) have to be provided throughout the region supplied by the consortium. Some consortia use geographical, regional division of labour instead of separating the tasks according to the three activity modules defined by the EC. Inheritance of the former networks has significant effects when deciding on the roles of the partners. The current Enterprise Europe Network is a real mixture of the former EIC and IRC networks.

The interviewees understand that two networks have been brought together for practical sense. The former European Information Centres network was focused on a niche market while the current installation with the merged centres can provide much broader services. There are foreseen benefits of the merger, however, it takes time to be able to obtain them. A whole year was needed to be able to build the new structure and provide the services of the network in an effective way. Interviewees shared the view that initially the merger was imperfectly organised and chaotic, in addition they pointed out the following problems during the transition period:

- There was no central concept, logo or name for the national networks, so they gave a name to themselves to avoid remaining without any name
- There was some delay in receiving the agreement from the EC. The Network should have been launched during spring. This could have avoided confusion and allowed time for both parties to prepare themselves for the new tasks.
- The key problem was that the IT tools were not in place, which set back the effective operation on a daily level. Since that time EACI managed to work on the problem and this resulted in the partner search starting to work in October 2008
- The requirement of the financial guarantor, where the partner is not a public sector partner caused a lot of problems for some of the UK networks. Some of the partners have still not received any funding from the Commission. Although they could secure additional, temporary funding sources for their operation, they have serious cash flow problems. According to the funding rules of the Network the next proportion of the EC funding, for the second 18 months will only arrive after the finish of the project in 2010.

Although the participants mentioned numerous problems, they also recognised the improvements and positive changes in the implementation of the Network, such as the working groups established recently, which help to improve cooperation between the international members and to raise the efficiency of the entire network. There is a Working Group on Communication, on Quality and Performance and on Partnership Tools, in addition to the sectoral groups that exist in the field of ICT, agro-food or life sciences.

### *The activities, customers of the network*

There is no difference in the range of activities of the UK Enterprise Europe Networks compared to other international partners. The Network members concentrate efforts, according to the central requirements of the Network, on the three Modules. They provide services around the following topics:

- Information on businesses from the EU
- Information on EU legislation, regulation and standards

- Public contracts, public procurement
- Partner search
- Technology transfer
- Collaborative research in the FPs (SME engagement in FP7)
- Access to distinct R&D funding
- Project scoping and feasibility studies
- Project writing
- Brokerage

*General Recommendations from the Case Study*

Differences in the scope of services provided might stem from specific institutional structure, from limited remit of the participant or from the division of labour applied by the consortium. Examples include the Business Link organisations that only do brokering. They provide basic information and forward the requests to the most appropriate organisations. Business Links promote their services to those institutions, which can provide further services and use them to achieve multiplier effects.

In addition to the specialist knowledge within each participating institution, the partners invite experts and specialists for exclusive topics. Interviews revealed that the promotion of participation in the Seventh Framework Programme is getting more important. There is increased emphasis on this module compared to the previous networks. An Enterprise Europe Network even reported that they increased their personnel from one to two FTE recently to be able to offer their services properly in this field. Other shifts in the services include a focus on the one to one services (face-to-face meetings and advisory services) instead of organisation of workshops.

The range of the Enterprise Europe Network activities reflects the enquiries of businesses. The three different Enterprise Europe Networks interviewed agreed that there are no key interest topics for the businesses. They generally raise issues regarding the available opportunities, how to expand and develop a project or an idea. These topics include the following requests:

- Business information
- Funding opportunities – including information request on Structural Funds, on the Framework Programmes and also on national funds, however, promoting the Structural Funds does not belong to the remit of all of the participants, RDAs are responsible for this in England. There are no trends in preferring a source to the others; it is up to the individual companies to decide which source to use. Interviewees expressed the view that it is more important to find the appropriate partners for their idea than to find the funding sources at the beginning. Finding the funding follows when the partner search stage was fulfilled successfully.
- Partnership building - across the whole of Europe. This service seems to be the most or at least the second most important service requested by businesses.
- Technology and knowledge transfer issues
- Information on public procurement issues
- Market and related legislation issues

Enterprise Europe Network representatives interviewed listed the following sectors as the majority of the companies they work with are active in the following fields:

- Region1: Environment, health and medicines, ICT and security
- Region2: Energy, environment, food and drink, ICT and life sciences
- Region3: Energy, tourism, distinct technology areas

The above described activity areas of the businesses reflect the economic focus of the given region rather than any intention of the participating organisations to promote one sector over another. Usually the participating organisations have a remit to supply all types of companies, although historically and based on previously gained experiences, existing client databases there might be some differences, specialisations and exceptions, such as:

- Innovatory, a London based company, which deals with small businesses owned by minorities. Their key customers are micro companies with no other access to EU funding.
- Greater London Enterprise works with large and medium sized companies in general, although it deals with all sorts of businesses regarding enquires about EU legislation.
- London Technology Network is specialised in providing technology transfer and mainly supports high-tech SMEs
- Highlands & Islands Enterprise works mostly with micro enterprises

Some of Enterprise Europe Network partners reported quite low profiles with regards to the communication activities towards companies so far. They had to focus on the set up of the system and the team instead of developing new means of communication. However, team members attend events organised by the RDAs, trade associations or other networks to build personal relations and contacts with the other SME support bodies.

At consortium level there are different solutions, however, at the end the partners have intensive and frequent communication with each other. The Scottish Enterprise Europe Network uses a broad range of communication tools to advance the cooperation among the consortium members including telephone conferences and personal meetings, on-line tools such as fora, events organisers, one central area with all the necessary documentation, furthermore discussion and planning space.

#### *Recommendations / suggestions*

- EACI and EC should have clear remit at operational, strategy level. This could clarify the current mixed situation and the members would be able to concentrate on their real mission instead of spending time on setting up the network.
- Participants find the monitoring requirements overloading, especially for those consortia where an RDA is involved in the financing, which creates additional monitoring obligations. Some rationalisation would be welcomed.
- Better communication is needed within the network itself. The international cooperation is not as effective as it could be, this might be improved through study visits and training workshops.
- Interviews revealed that some of the consortia are struggling with the financial rules and find the budget limits destructive. The main problems include the low 20% limit, which can be devoted to the subcontracting



category and the financial guarantor requirement for companies involved. Although they have the opportunity to discuss these issues in distinct working groups and they are able to find solutions, the process is time consuming and causes some delay.

- It is desirable to have longer contracts, beyond the current three-year period to secure continuity.

## 10 LIST OF INTERNAL AND EXTERNAL STAKEHOLDERS CONSULTED

### 10.1 Internal Stakeholders – Financial Instruments and EIP Overall

Directorate General	Unit
Enterprise & Industry	Unit A1: Planning and Management
	Unit D1: Innovation Policy Development
	Unit D2: Support for Innovation
	Unit D3: Financing Innovation and SMEs
	Unit E2: Business cooperation and Community business support network development
Economic & Financial Affairs	Unit L2: EIF Programme Management
	"Venture Capital" team
	"Guarantees" team
	Unit R3: Ex-Post Control
	Unit G3: Research, Science & Innovation
Regional Policy	Unit B4: Financial Engineering (JEREMIE)

### 10.2 External Stakeholders – Financial Instruments and EIP Overall

Organisation
<b>European Investment Fund (EIF) – for the Financial Instruments</b>
<b>Executive Agency for Competition and Innovation (EACI) – for EIP overall</b>
<b>Members of the EIP Committee (for views on the EIP)</b>
<ul style="list-style-type: none"> <li>• United Kingdom</li> </ul>
<ul style="list-style-type: none"> <li>• Spain</li> </ul>
<ul style="list-style-type: none"> <li>• Poland</li> </ul>
<ul style="list-style-type: none"> <li>• Finland</li> </ul>
<ul style="list-style-type: none"> <li>• Ireland</li> </ul>
<ul style="list-style-type: none"> <li>• Hungary</li> </ul>

<ul style="list-style-type: none"> <li>• Portugal</li> </ul>
<ul style="list-style-type: none"> <li>• Italy</li> </ul>
<b>SME Business Associations (for views on the EIP)</b>
<ul style="list-style-type: none"> <li>• Eurochambres</li> </ul>
<ul style="list-style-type: none"> <li>• Network of European Financial Institutions for SMEs</li> </ul>
<ul style="list-style-type: none"> <li>• UAEPME</li> </ul>

### 10.3 Fund Managers – Financial Instruments

<b>Name of the Fund</b>
<b>ETF Start-up Facility (MAP)</b>
1. Adara Ventures SICAR
2. Auriga Ventures III
3. Creathor
4. Crescent Capital II
5. Debaeque II FCR
6. Eden One LP
7. EMBL Technology Fund
8. Innogest Capital
9. IP Venture Fund
10. New Tech VCF II
11. T- Source
12. Talde Capital II
13. The Environmental Technologies Fund
14. Wellington Partners III Life Sciences Fund L.P.
<b>High Growth and Innovative SME Facility (EIP)</b>
15. 360 Capital Partners
16. Albuquerque
17. Baltcap
18. Capricorn Cleantech
19. Dritte SHS Technologie

20.Fountain Healthcare
21.Inventure Fund Ky
22.Pentech II
23.UMIP Premier

#### 10.4 Financial Intermediaries – Financial Instruments

Window	Company
Micro	ADIE - Association pour le Droit à l'Initiative Economique
Loan	Artigiancredit Emilia Romagna (UNIFIDI)
Loan	Artigiancredit Lombardia
Loan	Artigiancredito Toscano
Loan	Banca Popolare di Garanzia
Loan	Bank BPH SA
Loan	CERSA - Compañía Española de Reafianzamiento
Loan	CoFiRe Umbria - Consorzio Fidi Regionale Artigianato e PMI
Loan	Finnvera
Micro	First Step
Micro	ICO - Instituto de Crédito Oficial
Loan	INVEGA - Investiciju Ir Verslo Garantijos
Loan/ Micro	KfW - Kreditanstalt für Wiederaufbau
Loan	MCC - Mediocredito Centrale
Micro	Microbank de la Caixa
Loan/ Equity	Oseo Sofaris
Loan	Rural-Credit Guarantee Foundation (AVHGA)
Loan	Santander Central Hispano
Loan	SIAGI - Société Interprofessionnelle Artisanale de Garantie d'Investissements

Loan	SOCAMA - Banque Fédérale des Banques Populaires
Loan	SPGM (Sociedade de Investimento)
Loan	TEMPME
Loan	UniCredit Bank Hungary
Loan	Bank Polska Kasa Opieki S.A. (PEKAO)

### 10.5 Interviews with EEN Members

Country	Name of the consortium	Role in the project	Organisation
Greece	EEN-Hellas	coordinator	National Documentation Centre (EKT)
Greece	EEN- Hellas	partner	Hellenic Federation of Enterprises (SEV)
Greece	EEN-Hellas	partner	HELP-FORWARD Network
Greece	EEN-Hellas	partner	Hellenic Organisation of Small Medium Sized Enterprises & Handicraft (EOMMEX)
Hungary	HCE	coordinator	ITD Hungary
Hungary	HCE	partner	Innostart National Business and Innovation Centre
Hungary	HCE	partner	Primom Foundation For Enterprise Promotion Of Szabolcs-Szatmár-Bereg County
Hungary	HCE	partner	Chamber of Commerce and Industry of Féjer County
Italy	B.R.I.D.G.€conomies	coordinator	Mondimpresa
Italy	B.R.I.D.G.€conomies	member	Unione Regionale delle Camere di Commercio I.A.A. della Calabria
Italy	B.R.I.D.G.€conomies	coordinator	Consortio Pisa Research

Italy	CINEMA	member	Agenzia Per Il Transferimento Tecnologico E L'Internazionalizzazione In Valle
Italy	ALPS	coordinator	Scottish Enterprise
UK	EBIS - Scotland	member	Highland and Islands Enterprise
UK	EBIS - Scotland	member	Business Link Northwest
UK	NWESSBI	coordinator	The London Chamber Of Commerce And Industry
UK	London Innovation Network	coordinator	Malta Enterprise
Malta	SiMErgies	coordinator	Fundacion Empresarial Comunidad Europa-Chile
Chile	ICR Chile	coordinator	NUTEK Swedish Agency For Economic And Regional Growth
Sweden	SweNet	partner	Brg Business Region Göteborg Ab

## 10.6 Consultations with DGs and other Business Network Representatives

Organisation
Directorate General for Internal Market & Services
UAEPME
EBN Network
DG Relex – External Resources Head of Chilean delegation
DG Tren – Energy and Transport –Evaluation
DG Enterprise and Industry
DG Research
DG Communication
EACI – Head of Unit Human Resources
EACI –Project Manager - Network Animation Unit - Executive Agency for Competitiveness and Innovation
EACI –Project Manager - Network Project Management - Executive Agency for

Competitiveness and Innovation

Approximately 25 Network partners at Enterprise Europe Network annual conference (including meetings with a number of delegations) on a confidential basis.

