



FRIDGE

Development of food industry SME competitiveness for better potentials in growth

Report on self-assessment of the regional policies

Region of Western Macedonia

January 2020



1. Regional Policies and SMEs of food and drink sector in Western Macedonia, Greece

This study is based on two pillars:

A. **Main financial instruments – policies** that support SMEs of food and drink sector and especially those that promote competitiveness and exports

B. **Key actors of the support system** whose position and interactions are critical for the subject of the project (competitiveness and exports of regional food and drink companies)

1.1. Main Financial Instruments supporting Entrepreneurship in food sector in Western Macedonia

Entrepreneurship and RTDI in Western Macedonia are financially supported by:

- National Funds, under the Investment Law (N. 4399/2016)
- Regional Funds, under the existing Development Programme of Western Macedonia and the under formulation Development Fund of Western Macedonia that is to be established soon.
- European Funds, such as the Just Transition Fund, newly proposed to the European Parliament for regions with economy mainly based on lignite, and of course the Structural Funds co-funded by EU, as follows:

1.1.1. Operational Programme Competitiveness, Entrepreneurship and Innovation (EPAnEK) 2014 - 2020

The Operational Program “Competitiveness, Entrepreneurship & Innovation” (EPAnEK) is one of the seven Sectoral and thirteen Regional Operational Programs of the Partnership and Cooperation Agreement (the new NSRF) for the period 2014-2020. The 2nd Revision of the Operational Program EPAnEK for the year 2018 was intended to contribute to the optimal utilization of the resources allocated to the country for smart and sustainable growth. The Revision was approved on 12/12/2018 by the European Commission’s Executive Decision No. C (2018) 8855 final.

EPAnEK covers the whole of Greece and has a 4.72 bn € public expenditure budget (3.69 bn € Union contribution). The pivotal strategic objective of EPAnEK is to enhance the competitiveness and extroversion of enterprises, to facilitate transition to quality entrepreneurship with innovation and the growth of domestic added value as the cutting edge. The Operational Programme for Competitiveness, Entrepreneurship & Innovation occupies a central position to the Country’s efforts to create a new production model that will lead to development and will strengthen the competitiveness of the Greek economy by leveraging private financing.

The new model brings to the fore productive, competitive and outward-looking sectors of the economy, such as tourism, energy, agri-food, the environment, the supply chain, information and communication technologies, health and the pharmaceutical industry, creative and cultural industries, materials – construction.

EPAnEK contributes to the 'Europe 2020' strategy, it is harmonized with the EU's Blue Growth Strategy and has taken into account the European Commission's Recommendations for Greece with regard to focusing on reforms that strengthens Competitiveness, boosts potential high-growth sectors and the creation of sustainable jobs, and serves as a driving force for private investment.

The Operational Programme is connected to and operates in a complementary manner with the other sectoral and regional operational programmes of the NSRF 2014-2020 and supports the National Strategy for Research, Technology and Innovation (ESETAK, RIS3 national strategy) and the National Strategy for Digital Development.

The Programme's funds originate from two structural funds: the European Regional Development Fund (ERDF) and the European Social Fund (ESF) covering all 13 Regions with a total Budget of 823 mil € for Thematic Objective 1 and 884 mil € for Thematic Objective 3, both ERDF Funds.

Through EPAnEK and in synergy with Regional Operational Programmes, the Smart Specialization strategy is implemented with a view to connecting research and innovation with entrepreneurship, and to enhance/develop existing and/or new competitive advantages of the Country and its Regions.

EPAnEK is structured around the following main Priority Axes:

- “Enhancing entrepreneurship with sectoral priorities” - 2.356,2 million Euros total budget
- “Adaptability of workers, enterprises and entrepreneurial environment to the new development requirements” - 729,9 million Euros total budget
- “Development of mechanisms to support entrepreneurship” - 1.534,5 million Euros total budget
- “ERDF Technical Assistance” - 79,5 million Euros total budget
- “ESF Technical Assistance” - 16 million Euros total budget

1.1.2. Regional Operational Programme 2014 – 2020

The Programme aims to boost economic development and create job opportunities in West Macedonia. It contributes to achieving Europe 2020 targets for smart, sustainable and inclusive growth, also in line with the smart specialization strategy. It should create jobs and help SMEs to become more competitive and innovation-driven. EU funding will also contribute to meeting the requirements of the Union's acquis, in particular as regards greenhouse gas reduction in CO₂ and increase energy efficiency.

Regional Operational Programmes (ROPs) are the major tools available to regional authorities in order to implement not only their RTDI strategy, but also their overall development strategies. Consequently, the ROP of Western Macedonia 2014-2020 provides a thorough picture of the RTDI policy framework for the region.

The OP has a Total Budget of 330,737,741€ (EU Contribution 80%, 92.9% from ERDF and 7.1% from ESF) and its support will substantially contribute to promoting the following key EU and national development priorities (Thematic Objectives):

1. "Strengthening research, technological development and innovation" (ERDF – 3.13% of EU allocation).
2. "Enhancing access to, and use and quality of, ICT" (ERDF – 3.13% of EU allocation).
3. "Enhancing competitiveness of SMEs" (ERDF – 9.40 % of EU allocation).
4. "Supporting the shift towards a low-carbon economy in all sectors" (ERDF – 8.26% of EU allocation).
5. "Promoting climate change adaptation, risk prevention and management" (ERDF – 7.36% of EU allocation).

6. "Preserving and protecting the environment and promoting resource efficiency" (ERDF – 18.48 % of EU allocation).
7. "Promoting sustainable transport and removing bottlenecks in key network infrastructures" (ERDF – 16.34% of EU allocation).
8. "Promoting sustainable and quality employment and supporting labor mobility" (ESF – 0.53% of EU allocation).
9. "Promoting social inclusion, combating poverty and any discrimination" - ERDF" (ERDF – 7.03% of EU allocation).
10. "Promoting social inclusion, combating poverty and any discrimination" - ESF" (ESF – 6.44% of EU allocation).
11. "Investing in education, training and vocational training for skills and lifelong learning" (ERDF – 18.06% of EU allocation).
12. "Technical Assistance" (ERDF – 1.71 % and ESF – 0.13% of EU allocation respectively): provision of technical assistance.

Expected impacts are:

- Support of more than 240 SMEs and promotion of cooperation with research institutions
- 50% additional population should benefit from e-government services
- Creation of 200 new full time equivalent employment positions
- 60 public buildings should receive support for energy efficiency and annual greenhouse gas emissions reduction of 5,550 CO₂ tons is expected.
- Improved anti-flood measures and waste treatment infrastructure for additional 2,000 inhabitants and additional 95,000 from forest fire prevention measures
- Protect additional 60,000 ha Natura sites and cover 24,000 additional inhabitants by waste treatment infrastructure
- Cover more than 70,000 additional people by improved healthcare services and some 12,800 disadvantaged citizens by "Health Safety Net" actions
- The construction of 6.7 km of new road and 40 km of road upgrade should be supported
- 4,500 more people should benefit from measures improving education infrastructure.

1.1.3. Rural Development Programme (RDP) 2014 - 2020

The Rural Development Programme (RDP) 2014 – 2020 for Greece was formally adopted by the European Commission on 11 December 2015 and last modified on 28 February 2019, outlining Greece's priorities for using the € 5.95 bn of public money that is available for the period 2014 – 2020 (€ 4.7 bn from the EU budget and € 1.25 bn of national co-funding).

The Greek RDP focuses mainly on enhancing farm viability and competitiveness, preserving and enhancing ecosystems and promoting local development in rural areas. Farmers will receive support to put 17.45% of the Greek farmland under contracts to preserve biodiversity, 17.33% to improve water management and 20.66% to improve soil management and/or prevent soil erosion. Investment support for restructuring and modernization will be provided to 6,300 agricultural holdings and 25,600 young farmers will receive start up aid. In addition, 6,900 agricultural holdings will receive support to participate in quality schemes, local markets and develop short supply chains and about 450 agri-food businesses will receive support for investments in processing and marketing of agricultural products. Support for knowledge and innovation activities makes up almost 5% of the planned public expenditure and the program will create around 71,268 training places for farmers and other rural businesses. The RDP will also support local development via Leader Local Action Groups covering more than half of the country's rural population and improve

access to basic services for approximately 10% of the rural population, including IT infrastructures (e.g. broadband internet).

Support the Rural Development is the 2nd Pillar of the Common Agricultural Policy, providing Member States with an envelope of EU funding to manage nationally or regionally under multi-annual, co-funded programmes. The RD Regulation for the period 2014 – 2020 addresses six economic, environmental and social priorities, and programmes contain clear targets setting out what is to be achieved. Moreover, in order to coordinate actions better and maximize synergies with the other European Structural and Investment Funds (ESIF), a Partnership Agreement has been agreed with each Member State highlighting its broad strategy for EU - funded structural investment.

1.1.3.1 Updated data for RDP 2014 - 2020

RDP activated: 95% of total Public Expenditure committed to new and on-going projects

Payments/EU Contribution: 44.38% of RDP funds have been paid

Public Expenditure: 5.64 bn €

EU Contribution: 4.78 bn €

Subsidy to the agricultural sector by RDP till today: 2.24 bn €

464 thousand farmers and businesses supported by RDP

8.89 million acres of agricultural and forest land in environmental actions

25 thousand farmers in training programme

29 thousand Young Farmers

231 thousand residents in agricultural areas with access to broadband

253 million € in Public Investments

1.1.3.2 Regional Analysis

Region	RDP 2014 – 2020 Measures (mil €)				Delegated funds to Regions for RDP 2014 – 2020 Measures (mil €)				
	Approvals	Payments	% Approvals	% Payments	Delegated	Approvals	% Approvals	Payments	% Payments
Attica	69.67	35.17	1.48	1.57	37.15	5.75	15.47	2.63	7.09
Central Greece	373.83	163.11	7.94	7.28	113.17	45.58	40.28	23.90	21.12
Central Macedonia	828.79	418.95	17.61	18.69	227.02	119.70	52.73	71.31	31.41
Crete	429.83	254.21	9.13	11.34	117.12	72.61	62.00	37.24	31.80
Eastern Macedonia and Thrace	453.80	244.43	9.64	10.90	115.51	53.90	46.67	33.43	28.94
Epirus	144.22	81.52	3.06	3.64	64.66	30.63	47.37	17.98	27.81
Ionian Islands	52.71	32.29	1.12	1.44	39.82	12.48	31.33	5.94	14.92

North Aegean	202.86	111.21	4.31	4.96	68.81	31.60	45.92	13.24	19.24
Peloponnes e	474.04	154.85	10.07	6.91	121.26	55.72	45.95	26.64	21.97
South Aegean	112.49	55.55	2.39	2.48	44.61	15.86	35.55	6.62	14.85
Thessaly	775.74	317.36	16.48	14.16	131.55	56.34	42.83	35.30	26.84
Western Greece	428.52	229.18	9.10	10.22	111.61	68.88	61.72	35.72	32.01
Western Macedonia	353.51	143.62	7.51	6.41	79.63	31.93	40.09	20.72	26.02

1.1.3.3 Measure Payments per Priority 2016 - 2019

Competitiveness: 378.66 mil € - 17%

Food Chain: 66.78 mil € - 3%

Environment: 1,185.7 mil € - 53%

Natural Resources Management: 251.19 mil € - 11%

Local Development: 167.89 mil € - 7%

Technical Assistance: 14.05 mil € - 1%

Early Retirement: 177.21 mil € - 8%

1.1.4. Community Led Local Development – CLLD (Former LEADER Initiative)

Since its launch in 1991 by the European Commission as a Community Initiative, the LEADER local development approach has provided rural communities in the EU with a method for involving local partners in shaping the future development of their area. The LEADER approach has attracted a high level of interest within the EU, not only in rural but also in urban and coastal areas. During the first years of implementation, funding was received from EU Structural Funds as a separate Rural Community Initiative. Since 2007 it is being implemented under Rural Development Programmes, co-funded under the European Agricultural Fund for Rural Development (EAFRD).

In 2014 – 2020 the term “Community-Led Local Development” (CLLD) is used, while the Actions are mainly funded by EAFRD supported by several EU Funds (known as multi-funded CLLD). As a result, Local Action Groups (LAGs) can comprehensively integrate local needs and solutions linking rural, urban and fisheries areas.

The proposed programmes by LAG in the Region are under evaluation from the Ministry of Rural Development, with estimated Budget approximately 30 million Euros.

CLLD Status

Development Agency	% Calls	% Approvals	% Payments
ANKO S.A	21.75	0.00	0.00
AN.KAS. S.A.	22.89	0.00	0.00

AN.FLO. S.A.	39.11	0.00	0.00
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Source: RDP 2014 – 2020 <http://agrotikianaptixi.gr/el>

1.1.5. Smart Specialization Strategy (RIS3) in W. Macedonia

1.1.5.1 Overview of innovation policies

Western Macedonia produces around 2.3% of Greece GDP and houses around 2.6% of country's population. The region is the energy center of Greece as it host one of the biggest energy production facilities of the National Electricity Company. During the period 2010-2012, the local production represented 52% to 55% of the total electricity distributed through the electricity network. The region also has a strong tradition and specialization in the fur industry.

The sole source of funding for R&D and innovation remains until today the Regional Operational Programmes that are co-financed by the Structural Funds and the government. Regions, until recently had limited autonomy in terms of policy design, as the region's administration was appointed by the government. Research and innovation were of low priority in the regional policy agenda due to the lack of authority in this domain of policy and the weak capacity of the regional administration. For the same reasons, past efforts, mainly driven by the European Commission, for decentralizing planning and decision-making, failed thus, regional involvement in the planning process had been restricted to consultations while the policy planning and implementation of RTDI policies remained the responsibility of the General Secretariat for Research and Technology (GSRT) and of the Ministry of Development. The measures created and launched by GSRT were of a national character applying to all regions, although each region or group of regions has its own budget. The RTDI public budget of Western Macedonia amounted approximately to €12m of which only €1.4m has been allocated to 13 projects.

Under the Kallikratis reform, which started in 2011, regions gained some autonomy as several competencies have been transferred to the regional authorities that are now elected. However, the competence of the regions to design and implement their own R&D and innovation policy remains controversial and therefore, an additional regulatory initiative is necessary. Despite the unfavorable framework conditions, some efforts were made in the past, mainly by individual actors, in the region to develop capabilities in the area of innovation policy design through the participation in European Initiatives such as Interreg, FP7, MED and Southeast Europe Area Programme. However, these efforts remained fragmented. Among the implemented projects the most important in terms of developing policy making capabilities was the SMART+ (2010-2013) aiming at developing local strategies for the support of innovation in SMEs.

In the new programming period 2014-2020, the elected Governor of the Region undertook the initiative, along with the other 12 regions, to design its own R&D and innovation policy on the base of a Regional Innovation Smart Specialization Strategy (RIS3).

1.1.5.2 RIS3 in practice

RIS3 has identified the following economic activities as main priorities of the region:

- Production of energy and lignite
- Fur farming and production of leather products
- Agriculture, food and beverages
- Metal structures, and

- Tourism with emphasis on the cultural and natural resources

The above priority areas will be supported by the Regional Operational Programme (ROP) through the development of the necessary research and innovation infrastructures and support mechanisms while other activities including the support of companies it is expected to be done at the national level by the General Secretariat for research and Technology (GSRT).

1.1.5.3 Governance

Since the Kallikratis reform in 2011, all 13 regions have been restructured following a similar structure. The detailed design of the regional policy and the design of Regions' development programs including the Operational Programme is the responsibility of the General Direction of Development that is divided into three thematic and four geographical Directions. The thematic Directions are: Development Planning, Environment and Spatial Planning and Infrastructures.

In addition to the Region's structure, there is the Management Authority (MA), which has the responsibility to implement the relevant Regional Operational Programme. MA is an autonomous unit that reports directly to the Regional Governor and to the Ministry of Development, and is responsible for the overall coordination of Structural Funds.

The Region's units and the MA are not involved in the implementation of RTDI measures under the current programming period as the entire budget is administered by GSRT. However, MA has undertaken the responsibility to design the ROP of Western Macedonia for the new programming period 2014-2020. MA has also undertaken the task to prepare the Regional Innovation Smart Specialization Strategy (RIS3), which is ex-ante conditionality for funding of RTDI measures under the new ROP.

The main challenge for the current governance system is to retain a balance between the MA responsibilities on the design of ROP and the existing administrative structure of the Region that has the responsibility, but not the capacity and expertise, of the development policy. Management and monitoring of RIS3 are very demanding in terms of capabilities and capacity of human resources given that the design and revision of the strategy are an ongoing process. The development of capacity in designing, managing, monitoring and evaluating RTDI policies will be a lengthy process and will require not just the transfer of competencies and greater autonomy but also the gradual development of know-how, training of personnel and the adaptation of the governance system to the new challenges.

1.1.5.4 RIS3 2014 – 2020 Policy in W. Macedonia

In the programme period 2014-2020 the region has adopted a holistic strategy towards a new long-term sustainable development vision, given the environmental degradation. So far, initiatives undertaken were of a circumstantial character and lacked a long term perspective. The vision for the new strategy should be towards the post-mining era and should include mechanisms that will help the region reduce the over-dependence on the operations of the Public Power Corporation (DEH) S.A.

Western Macedonia is one of Greek regions with lowest R&D intensity, notably in the business sector. Scientific specialization is limited and focused essentially on energy technologies. According to the assessment elaborated by a team of experts, the RIS3 strategy should not focus exclusively on energy industry/technologies, while this is clearly a core regional specialization, but needs to adopt a more diversified approach building on existing clusters of business activity and seeking to shift such 'niche' into higher-value added.

The RIS3 Strategy is funded under Thematic Objectives 1 – 4 of the ROP 2014 – 2020, including also Thematic Objective 8 for the promotion of self-employment and entrepreneurship with emphasis in RIS3 priority sectors.

1.1.5.5 RIS3 policy progress in the Region

On 24/10/2016 took place in Florina the 2nd meeting of the Steering Committee of ROP of W. Macedonia 2014 – 2020 where, among other issues, the progress of RIS3 in the Region was presented.

Specifically, the process of Entrepreneurial Discovery, being responsibility of the Governance System of RIS3 under the co-ordination of the Regional Council for Research and Innovation in the Region of W. Macedonia and the technical support of the Managing Authority of ROP, has been started. Entrepreneurial Discovery is a dynamic and systemic process that is main precondition of every call for proposals that follows and consists of organizing specified thematic workshops and focused technical meetings referring to the former priority sectors of RIS3.

In these workshops / meetings per sector is foreseen the participation of expertise researchers and consultants along with stakeholders coming from the research and academic community in regional, national and European level, along with representatives of local and regional authorities, entrepreneurs, chambers and civil society. Their basic aim is to identify the specific needs and potentials for the improvement/development of each sector, submitting ideas for projects with mandatory element the implementation and exploitation of innovation and the promotion of new technologies. The topics for discussion consist of thematic areas of holistic approach of each sector, with emphasis on:

1. Justified analysis of the current situation of each RIS3 sector / sub-sector and its perspectives in W. Macedonia.
2. Mapping of the level of research and innovation endorsement in each RIS3 sector / sub-sector, presenting also the results of surveys of other similar cases.
3. Presenting relevant good practices in other regions.
4. Presenting the perspectives each RIS3 sector / sub-sector for extroversion and finding of new markets.
5. Presenting the potentials of new technologies and the perspectives of their implementation in the enterprises of W. Macedonia.
6. Holistic approach of the total value chain from the first raw material, the processing and the production till the promotion and the placement of final products in other markets.

In the period September – December 2015, three (3) Thematic Workshops were organized and took place focused in the Fur farming - leather products, the winery and viticulture and Agro-food. Specifically for the second and third ones, the main topics of interventions were:

Winery and viticulture

1. Support of the winery and viticulture sector (creation of integrated information system of innovative techniques for Precision Agriculture in the zones of grapes cultivation, provision – by implementing innovative measurements – of superior quality first raw materials etc.)
2. Networking and Development of wine – tourism (genotyping of local vine varieties, production of high quality sparkling wines, identification of appropriate viticulture techniques etc.)
3. Creation of Insects Observatory (development of strategies and methods for plant-protection in the zones of grapes cultivation etc.)

Agro-food

1. Creation of an exemplar for demonstration innovative agro-farm (operating in parallel as agro-touristic center for networking and promotion of agro-tourism products etc.)
2. Creation of Community Co-operative Enterprise on local sectors of employment (i.e. beekeeping)
3. Improvement of cultivation techniques (i.e. exploitation of Sideritis – type of tea, exploitation of herbs and cosmetic plants etc.)

In conclusion the Steering Committee decided that the open call for RIS Actions with beneficiaries the enterprises of W. Macedonia will be launched during the current year (2016). Nevertheless there is strong skepticism referring to the speed-up of the procedure (calls, etc.) but also to the capability of the beneficiaries - enterprises of W. Macedonia to meet the requirements of the calls. Finally, the need for networking among along RIS actors and stakeholders, administrative and others, in terms of governance, was highlighted along with the clearance of roles and communication – collaboration terms, along with the use of financial investment instruments.

1.2. Matrix of Financial Instruments supporting food and drink businesses

Matrix of Financial Instruments supporting food and drink businesses in Western Macedonia including a utilization rate estimation until 2020.

Financial Instrument	Objective	Priority sectors	Fields/Territorial context	Structural Funds	Utilization rate estimation by food and drink businesses in Western Macedonia
Operational Program “Competitiveness, Entrepreneurship & Innovation” (EPAnEK)	It enhances the competitiveness and extroversion of enterprises, to facilitate transition to quality entrepreneurship with innovation and the growth of domestic added value as the cutting edge	<p>Enhancing entrepreneurship with sectoral priorities</p> <p>Adaptability of workers, enterprises and entrepreneurial environment to the new development requirements</p> <p>Development of mechanisms to support entrepreneurship</p> <p>ERDF Technical Assistance</p> <p>ESF Technical Assistance</p>	Tourism, energy, agri-food, the environment, the supply chain, information and communication technologies, health and the pharmaceutical industry, creative and cultural industries, materials – construction.	ERDF ESF	High

Regional Operational Programme 2014 – 2020 (regarding SMEs support)	It boosts economic development and create job opportunities	Strengthening research, technological development and innovation Enhancing access to, and use and quality of, ICT Enhancing competitiveness of SMEs Training for skills and lifelong learning	All sectors	92.9% from ERDF and 7.1% from ESF	Low
Rural Development Programme (RDP) 2014 – 2020	Creating a strong, competitive and viable agri-food system Promoting sustainability of the agri-food system and rural areas Creating viable and multifunctional rural areas	Strengthening farm viability and competitiveness Promoting food chain organization Restoring, preserving and enhancing ecosystems related to agriculture and forestry Promoting resource efficiency and supporting the shift towards a low carbon economy Promoting social inclusion, poverty reduction and economic development in rural areas Technical assistance	Competitiveness Food Chain Environment Natural Resources Management Local Development	EAFRD	Low
Community Led Local Development – CLLD	It helps rural actors consider the long-term potential of their local region, and		Agrifood, Tourism	EAFRD, EMFF, ERDF and ESF	High

(regarding SMEs support)	proven an effective and efficient tool in the delivery of development policies.				
Smart Specialization Strategy (RIS3)	It sets out the concept and provides orientations on how to develop research and innovation strategies for smart specialization (RIS3).	Strengthening RTDI Enhancing access to and use of ICT Improvement of competitiveness of SMEs Supporting the shift towards a low-carbon economy in all fields	Production of energy and lignite Fur farming and production of leather products Agriculture, food and beverages Metal structures, Tourism with emphasis on the cultural and natural resources	ERDF, ESF	Medium

Both Operational Programs “Competitiveness, Entrepreneurship & Innovation” (EPAnEK) and Community Led Local Development – CLLD financed several proposals by food and drink businesses in Western Macedonia therefore as shown in the table above the Utilization Rate is high.

On the other hand the Regional Operational Programme 2014 – 2020 and Rural Development Programme (RDP) 2014 – 2020 have both low Utilization Rate.

The Region faces structural financial (among other) problems and this is high reflected to the SME’s business plans for growth and scale up.

1.3. Identification of key actors

The identification of the key actors, their position and interactions in the support system is critical for the self-assessment of regional policies. The criteria for the selection of the key actors was the relevancy to the subject of the project (i.e. they aim to support competitiveness, exports etc.).

The identified key actors are:

- Managing Authority of ROP 2014 – 2020 (www.pepdym.gr)
- Department of Rural Economy of Western Macedonia Region: Farmers, breeders and SME's in food sector get assistance and information on the utilization of EU funding and the implementation of national and regional legislation
- Planning Directorate of Region of Western Macedonia: SME's get assistance and information on the utilization of EU funding (www.pdm.gov.gr).

- ANKO SA – Development Agency of Western Macedonia (www.anko.gr): SMEs in food sector get assistance and information on the utilization of EU funding in rural areas.
- The Enterprise Europe Network (it constitutes a separate and distinct part of ANKO S.A),
- 4 Chambers of Industry and Commerce (one for every Prefecture of RWM)
- Economic Chamber – Department of Western Macedonia: The Chamber for economy enhances and promotes business initiatives on behalf of its members

The University of Western Macedonia (www.uowm.gr), with its research branch University of Western Macedonia Research Center is the main regional research performer relative to entrepreneurship and food sector, however its' services are mostly directed to sectors and not to businesses.

Below we analyze the role of those stakeholders that are directly connected to businesses and policies for entrepreneurship.

1.3.1. Managing Authority of ROP 2014 – 2020 (www.pepdym.gr)

The Special Management Authority or the Managing Authority (MA) of the Regional Operational Program (WFP) of Western Macedonia is a Special Service of the Region of Western Macedonia, which is directly attached to the Secretary General of the Region.

It was established under the Joint Ministerial Decision (Joint Ministerial Decision) No 41542 / CFSP 277 / 08-12-2000 of the Ministers of Interior, Public Administration and Decentralization, National Economy and Finance.

The mission of the MA / WFP of Western Macedonia is to ensure the effectiveness and regularity of the Management and Implementation of the Operational Program for Western Macedonia.

The Special Managing Authorities consists of 4 units:

- Program and Evaluation
- Distribution and Calculation
- Checks
- Support

The key activities of these units are related to the management of the Regional Operational Programme (ROP), namely the launching of actions and measures that are eligible for funding based on the ROP criteria and the monitoring, control and evaluation of projects and actions funded in the context of Operational Programmes.

Moreover, they are responsible for ensuring the compliance of the co-funded actions and measures by the Structural Funds with the National and Community regulations.

Finally, they have an overall responsibility to monitor the ROP action lines and collaborate with the National Coordination Authority for drafting annual progress reports, evaluating the ROP and taking the necessary steps for applying the evaluation outcomes and suggestions in the ROP revision.

1.3.2. Department of Rural Economy of Western Macedonia Region

The Department of Rural Economy of Western Macedonia has responsibility for rural and agriculture development and policy in the region.

Farmers, breeders and SME's in food sector get assistance and information on EU funding and on implementation of national and regional legislation.

It is the responsible body for the implementation of Rural Development Programme 2014 – 2020.

Rural development policy in Greece 2014-2020 focuses on three main areas:

- Improving the competitiveness of agriculture and forestry,
- Improving the environment and countryside,
- Improving quality of life in rural areas and diversification of rural economy

It is the local department (representing in Western Macedonia the Greek Ministry of Rural Development and Food) that farmers, breeders, SME's and other organizations of the food sector are submitting their proposals for financial aid. It brings together a wide range of support schemes and programmes for the farming, forestry and primary processing sectors, rural enterprise and business development, diversification and rural tourism.

1.3.3. Planning Directorate of Region of Western Macedonia

It is the Department of Incentives for Regional Development

It has responsibility for SME's policy development in Western Macedonia. SME's get assistance and information on EU funding.

It supports the vital role of Region's actions in helping SME's related with rural areas on succeeding better business efficiency.

Law 3908: Aid for Private Investment to promote Economic Growth, Entrepreneurship and Regional Cohesion and in addition: The NSRF (National Strategic Reference Framework) 2014–2020.

The purposes of the law 3908 and parts for SME's of the NSRF, are to promote economic growth in RWM by introducing investment aid schemes to improve entrepreneurship, technological development, the competitiveness of enterprises and regional cohesion and promote green economy, the efficient function of existing infrastructures and the deployment of the country's human resources.

It is the regional department where SME's are submitting their proposals for financial aid. It brings together a range of support schemes and programmes for the enterprise and business development.

1.3.4. Enterprise Europe Network

The Enterprise Europe Network is the cooperation result of experienced networks such as the Euro Info Centre Network (EICs) and the Innovation Relay Centres (IRCs). The new Network is an ambitious initiative of the European Commission (DG Enterprise & Industry) and can result to a modern and flexible tool for business support in all Europe.

ANKO based on its multi knowledge, experience and presence in European and national networks and business support structures, is involved in the consortium «Enterprise Europe Network-Hellas», which is a member of the «Enterprise Europe Network», is the largest network of integrated business support in Greece, consisting of 16 experienced and reputable partners in the field of entrepreneurship and innovation, covering the whole country.

The Enterprise Europe Network, is a gateway to competitiveness and innovation. Anyone in Europe, can get access to all the information he needs to develop business and find the right business partners.

The network offers support and advice to businesses across Europe and helps them make the most of the opportunities in the European Union. Provided services are specifically designed for small and medium enterprises (SMEs) but are also available to all businesses, research centres and Universities across Europe.

The Enterprise Europe Network is made up of close to 600 partner organizations in 63 countries (28 member states as well as non EU / third countries: Albania, Argentina, Armenia, Belarus, Bosnia and Herzegovina, Brazil, Canada, Chile, China, Egypt, Georgia, Iceland, India, Indonesia, Israel, Japan, Jordan, FYROM, Mexico, Moldova, Montenegro, New Zealand, Norway, Paraguay, Peru, Russia, Serbia, Singapore, South Korea, Switzerland, Taiwan, Tunisia, Turkey, Ukraine, USA), promoting competitiveness and innovation at the local level in Europe and beyond.

The EEN provides information on EU legislation, help finding a business partner, innovation networks and funding opportunities.

The Enterprise Europe Network is co-financed by the European Commission / DG for Internal Market, Industry, Entrepreneurship and SMEs (GROW).

Services

- Raising awareness and giving advice on EU legislation, standards and policies
- Accessing EU projects and funding
- Providing an internet platform for cross-border cooperation
- Organizing business cooperation among SMEs
- Promoting innovation
- Going international
- Providing feedback

1.3.5. Chambers of Industry and Commerce of Western Macedonia (4 branches: Kastoria, Kozani, Florina and Grevena)

The Chambers of Industry and Commerce are legal entities governed by public law and they were founded in 1948.

Each Chamber stands autonomously and independently and includes natural and legal persons that carry on commercial activities throughout the region of Western Macedonia. The chamber supports its members in economic issues, it ensures the development of trade and professions of the region and it is the link between enterprises and the government. It is supervised by the Ministry of Development.

It provides information on imports and exports. It issues certificates of origin for exporting goods and products. It keeps specific records of Exporters and Insurers.

The Chamber collects and reports information on the economies of other countries and ways to enter foreign markets. It also provides information on domestic and international exhibitions and on demands for Greek products.

The Chamber organizes lectures, conferences, seminars for its members and it carries out expert appraisals and it involves in resolving trade disputes.

The Chamber contributes to the development of trade links with international markets by organizing trade missions and exhibitions.

It provides information on European projects for SMEs.

The Chamber submits studies for trading issues. It informs its members for funding sources and implements European programs (e.g. INTERREG I & II, Equal etc.). It is in direct contact with databases, the Central Union of Chambers and other relative entities.

Programs

It has implemented several programs, like the Operational Program for Industry, Interreg I, II and it has created the electronic commerce platform. It has implemented educational training programs.

1.4. Mapping actors and their functions in the support system



Mapping actors and functions in the support system

	Managing Authority of ROP 2014 – 2020	Department of Rural Economy of Western Macedonia Region	Planning Directorate of Region of Western Macedonia	Enterprise Europe Network	4 Chambers of Industry and Commerce
Function 1: Technical consulting				<ul style="list-style-type: none"> – Supporting services on internationalisation based on EU/National and Regional programs as also B2B meetings and cooperation – It helps SME's in rural areas on succeeding better business efficiency 	<ul style="list-style-type: none"> – Supporting services on resolving trade disputes and experts' appraisals
Function 2: Resource mobilization	<ul style="list-style-type: none"> – The mission of the MA of Western Macedonia is to ensure the effectiveness and regularity of the Management and Implementation of the Operational Program for Western Macedonia – It is the responsible body for the implementation of Rural Development 	<ul style="list-style-type: none"> – Farmers, breeders and SME's in food sector get assistance and information on EU funding as also funds for their business plans – It is the regional directorate that farmers, breeders, SME's and other organisations of the food sector are submitting their proposals for financial aid 	<ul style="list-style-type: none"> – SME's get information on EU funding as also funds for their business plans. – (Law 3908: Aid for Private Investment to promote Economic Growth) Entrepreneurship and Regional Cohesion and in addition: The NSRF (National Strategic Reference Framework) 2014–2020. – SME's are submitting their proposals for financial aid. It brings 		<ul style="list-style-type: none"> – Implementation of educational training programs

	Managing Authority of ROP 2014 – 2020	Department of Rural Economy of Western Macedonia Region	Planning Directorate of Region of Western Macedonia	Enterprise Europe Network	4 Chambers of Industry and Commerce
	Programme 2014 – 2020		together a range of support schemes and programmes for the enterprise and business development		
Function 3: Fostering networking and partnerships				(Providing an internet platform for cross-border cooperation) <ul style="list-style-type: none"> – A platform that supports networking and exchange of new ideas (Organising business cooperation among SMEs) <ul style="list-style-type: none"> – Supporting services to SME's in order to network with other in region and in the same sector – Organising one to one match making meetings to help identify trustworthy partners 	
Function 4: Information gathering and dissemination				(Raising awareness and giving advice on EU legislation, standards and policies) <ul style="list-style-type: none"> – Providing information on EU legislation, 	<ul style="list-style-type: none"> – Providing and disseminating information on imports and exports, on the economies of other countries, of

	Managing Authority of ROP 2014 – 2020	Department of Rural Economy of Western Macedonia Region	Planning Directorate of Region of Western Macedonia	Enterprise Europe Network	4 Chambers of Industry and Commerce
				policy programs and European programs for SMEs	ways to enter foreign markets – Providing information on international exhibitions and on demand for local products – Keeping records of Exporters and Insurers
Function 5: Commercialization				(Going international) – A network that provides specialised advice for companies wishing to expand their operations abroad - not just within the EU, but also further afield	– Organizing trade missions and exhibitions – Submitting studies on trading issues – Creating an electronic commerce platform
Function 6: Branding and legitimization		– Farmers, breeders and SME's in food sector get assistance and information on implementation of national and regional legislation.			– Supporting services for issuing certificates of origin for exporting goods and products

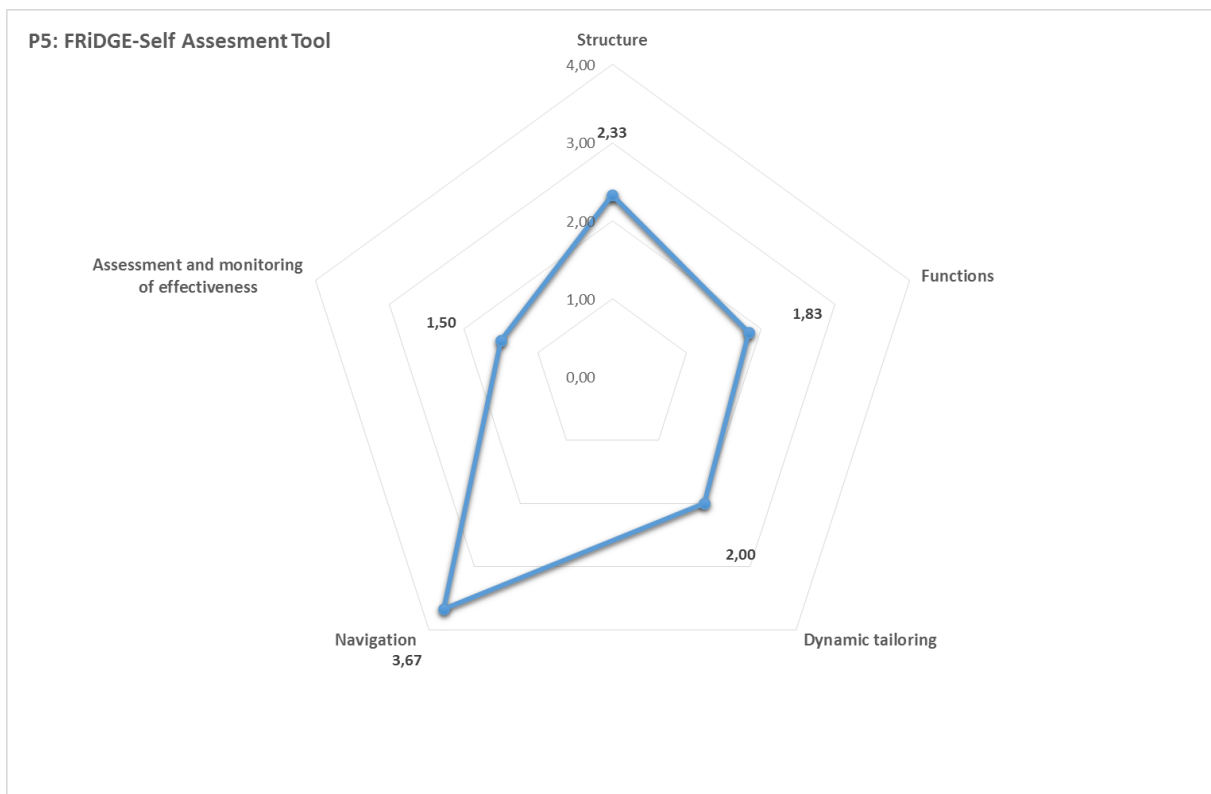
1.5. Assessing the support system

The final step of the assessment of the regional policies dealing with SME competitiveness and to what extent does it address food industry specifically includes a questionnaire in which you respond to questions/statements either as individuals or in a group under the key areas suggested.

All questions were answered and a spider diagram was automatically generated. The results for the region of Western Macedonia are:

Question	Total points	Total Questions	Average Points
Questions 1-3	7	3	2,33
Questions 4-9	11	6	1,83
Questions 10-12	6	3	2,00
Questions 13-15	11	3	3,67
Questions 16-17	3	2	1,50

The spider diagram generated is the following:



Analyzing the results

1. Structure: 2,33

Based upon the answers we conclude that there is a dominance of very established support organizations existing more than 10 years in the system, but there are also some who have been established recently (EEN was established in 2008). The organizations depend largely on other stakeholders for their funding (>50% of the funding) and they operate in isolation with minimum interaction and noticeable conflicts and overlaps.

2. Functions: 1,83

We have a moderate to low score in functions and this is due to the fact that policies are focusing on limited types of support functions and that there aren't any formulated goals and expectations within the region. What balances the score is that there is a combination of different types of support that is emerging, though not widespread.

3. Dynamic tailoring: 2,00

The support system is not focusing particularly in food sector except some activities.

4. Navigation: 3,67

This is the highest score for the region that shows a very organized effort from the part of key actors to stay "close" to the companies and inform them on available support. The support system is quite accessible to businesses and it aims at delivering best available support. The support actors communicate well the available support to firms, who have to spend time and effort to benefit from the provided help.

5. Assessment and monitoring of effectiveness: 1,50

The support system focuses mainly on economic goals and there is no assessment and monitoring which gives us a low 1,50, the lowest score for the region.

2. Comments & Conclusions of Regional Food Industry

Stakeholders' presence in regional strategies regarding food issues can be characterized as complementary. Development and policies are mostly responsibilities of the Region of Western Macedonia. Companies, professionals and experts are represented by Commerce/Industry Chamber. ANKO SA and especially EEN can be described as a local mechanism that implements programs and brings together different aspects of local food project (SMEs, tourism, gastronomy). Finally, science part and development of clusters and networks are main issues of the University. Both the two departments of the Region of Western Macedonia and ANKO SA play vital role in the utilization of EU funding and financial aid in general for the companies or other professionals (farmers etc.).

The most basic deficiencies and gaps in the food and beverages industry are identified in the following areas:

Extraversion

Enterprises face difficulties in export trading, mainly due to the lack of strategic export policy. Difficulties in accessing markets abroad and little information on the needs of these markets are important problems.

The Hellenic Foreign Trade Board (HEPO S.A) is committed to the promotion of Greek products abroad, with very low budget though which does not meet the needs for the improvement of competitiveness in global markets. The lack of dynamic export hampers the image of Greek products abroad. In addition to this it seems that the participation of representatives of the industry in the design, coordination and implementation of policies is very limited.

Especially for the region of Western Macedonia the small size of enterprises (including quantitative production capabilities) is another stumbling block in the operation of the export mechanism.

Finally local products aren't certificated which in turn limits their mobility in markets.

Clusters

The disadvantage of small-sized enterprises should be offset by cooperative actions. Today, the networking of enterprises in the food and beverages sector is almost non-existent both at enterprises level and vertically in the food chain.

Business fragmentation is a barrier to exports (as already mentioned), exacerbates the economic cost of development, and does not facilitate problem solving that is found mainly in retailing and business relationships.

Clusters can promote synergies in areas such as the cooperation with research units and laboratories of quality control, which can lead to economies of scale.

Economy

The main economic issues that have to be overcome by the enterprises in the sector are:

- Financial and economic issues like access to financing, lack of funding, bad economic climate and cash flow problems are important obstacles.
- The high cost of raw materials (mainly products of agricultural production). In this area it is expected perhaps an improvement with the reform of the CAP to supply cheaper raw materials and thus improve the competitiveness of enterprises.
- Suppliers' and retail chains relations are not conducive to the movement of products on the market. The failure of negotiation with the large retail chains for SMEs in the industry leads to their isolation and displacement by large multinationals. Many food enterprises are forced to sell even below cost high-quality products, to remain in the market. In addition to these difficulties the economy of the sector is being burdened by long-term credits. Regulation 2000/35/EU of the European Union resolves the issues of long-term credits and adjustment of Greece with the regulation will create favorable economic conditions for the business. At the same time the payment regime is different compared to private label products hindering even more the sector's competitiveness.
- The high tax in alcohol is another factor affecting the competitiveness of local products (wine, tsipouro) in Greece and abroad.

E-commerce

The use of the Internet to serve the needs of enterprises in the sector is indispensable for the improvement of the export of SMEs (participation in global markets, e-marketplaces, in constant electronic exhibitions, automate transactions; create electronic markets for suppliers and promotional actions worldwide).

The lack of policy and the obstacles to the implementation of investments in the areas of information technology and communication does not create an adequate digital environment for the enterprise.

Quality and safety of products

The healthy competition ensures the protection of consumers and excludes unfair practices associated with relaxation of vigilance on product safety. The imposition of traceability to the producer of the raw material (peasant, farmer etc.) will ensure better control of the final product. The enhancement of consumer awareness helps in providing high quality products and boosting competitiveness. However, there is a significant deficit in information and training of entrepreneurs and farmers – breeders in new techniques to improve quality and in internationally recognized standards of food safety.

Innovation

The intervention of the State is needed on issues such as copyright protection, optimal taxation, innovation awards and the satisfactory financing of R&D funding.

The organizational and administrative modernization of enterprises and partnerships of public and private entities to minimize the uncertainty in the implementation of research results, are moves that will facilitate and improve further innovation in the industry.

Institutional issues

Several institutional and functional issues hamper entrepreneurship. These are mostly bureaucracy, complicated procedures for startups and a non-stable tax system that doesn't allow strategic planning for the businesses.

The operation of the EFET (Hellenic Food Authority) is inadequate and does not meet the nowadays needs. EFET's powers are limited to the issue of food safety.

At the same time there is an institutional gap in monitoring the implementation of Community regulations in quality and in market control. The regulatory framework in food and beverages sector includes many laws and regulations either unattainable or obsolete, while the Greek legislation has not been fully adjusted with the European legislation.