



Innova-FI

Interreg Europe



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REPORT EXCHANGE OF EXPERIENCE #08

28-29.09.2021, Thessaloniki



1. Introduction

The current deliverable “Report of the activities taken place during 8th Exchange of Experience of Innova-FI” was developed in the frame of the European project “Financial Instruments for Innovation – Innova-FI”, funded by Interreg Europe.

During the 8th Exchange of Experience of Innova-FI, that was organized by the Greek INNOVA-FI partner, Business and Cultural Development Centre (KEPA) in Thessaloniki, Greece, partners had an interactive workshop regarding future actions and collaborations. Additionally, initiatives, financial instruments and national/regional policies for innovation and entrepreneurship were also presented during this event.

The two-day event was held on the 28th and 29th of September 2021 in the premises of Alexander Innovation Zone and Noesis Science Center & Technology Museum, respectively. The event was attended in total by 27 participants, including project partners and stakeholders.



2. Session minutes

Day 1: Tuesday 28.09.2021

The first day of the event a Workshop titled “After Innova-FI project: Future actions and collaborations. Towards next Innovation Funding tools, methodologies, and inter-regional collaborations” took place among partners. Before that, some welcome words were given by Mrs Angeliki Barakli the Head of European Programmes Department of KEPA, Mr. Costas Tramantzas the General Manager of Alexander Innovation Zone and Mr. Konstantinos Michailidis the Director of Innovation and Entrepreneurship Directorate of Region of Central Macedonia.

Afterwards, Mr. Stavros Mantzanakis, technical expert of KEPA for Innova-FI project, welcomed all participants to the Workshop and presented with a few words the goal, the programme and the methodology of the on-site workshop. The main idea was the production of new ideas for future projects in relation to innovation funding tools. The Workshop was structured as follows:

- Identification of regional challenges and goals
- Presentation and clustering of the presented challenges and goals
- Ideation
- Voting proposed ideas

For the first part of the workshop, all participants were divided into 7 groups depending on their country.

Every group discussed for half an hour about the challenges and goals identified by each region focusing on innovation and financial instruments. The results for each group were the following:

Portugal:

Regional Challenge 1: Addressing long Innovation cycles' start-ups. (Financial Instruments)

Regional Challenge 2: Seed funding. There is still a gap in the 0 -150 K funding for start-ups (Financial Instruments)

Regional Challenge 3: Social Business Sustainability. Challenges of creating added value on social enterprises. (Financial Instruments)

Regional Goal 1: Enlarge and enhance existing financial instruments to respond to the existing market failures.

Regional Goal 2: Develop financial Instruments to promote risk taking and stimulate long time-to-market technologies

Regional Goal 3: Assure the sustainability of social enterprises. Portugal Innovation Social private/public body for social business ventures.

Poland:

Regional Challenge 1: Lack of connection between ideas and financing, investors are not aware of SME's/ start-ups needs for financing their innovative ideas, high-risk capital

Regional Challenge 2: Entrepreneurs habits, SMEs are not used to grant financing (nonrepayable funds), not to the financial instruments

Regional Challenge 3: Lack of trust, start-ups are afraid to show their innovative ideas, having doubts that someone will steal them

Regional Goal 1: Creation of a high-risk capital fund (for early-stage start-ups), resources: private/public (regional)

Regional Goal 2: One regional private business angels fund for all regional funds needing private capital, resources: private

Regional Goal 3: Innovation awareness ecosystem creation – Capital and Culture education program. resources: public education programs

Spain:

Regional Challenge 1: SMEs Innovation lack, Strategic Planning to be more competitive

Regional Challenge 2: SMEs Funding

Regional Challenge 3: Youth Unemployment

Regional Goal 1: Digitalization

Regional Goal 2: Sustainable Innovation

Regional Goal 3: Strategic Culture SMEs

Italy

Regional Challenge 1: FI Instrument Gap, Beneficiaries are not aware of existing offer bureaucracy/communication (Innovation Ecosystem Transparency)

Regional Challenge 2: Independent financial Intermediary ORG, RAFVG is the ERDF Managing Authority that has lack of specialization (Enabling Condition)

Regional Challenge 3: Financial Instruments are too bureaucratic/complex procedures, beneficiaries do not understand procedures / give up (Process Improvement)

Regional Goal 1: Clear Mapping of Financial support Instruments existing at regional level, resources: a dedicated body entitled to define the offer communication strategy

Regional Goal 2: Create an external organization to manage EU Funds and Financial Instruments, resources: Law, skilled organization available

Regional Goal 3: Pilot new ex-ante and ex-post procedures to check projects/investments compliance to rules, resources: a new mind-set to renew the regional government organizational culture

Lithuania

Regional Challenge 1: Cooperation BTW, Science and business, Scientists are making science and not want to do business. Businesses are not keen to wait for long-term results from science (R&D, innovation)

Regional Challenge 2: Low number of researchers, the number of researchers is decreasing due to low salaries, emigration of young researchers, low entrance to laboratories (R&D, Innovation)

Regional Challenge 3: Not open Data, Business and Institutions do not want to open their data, and the pace of opening is too slow (Digitalization)

Regional Goal 1: Increase cooperation between science and businesses, resources: ESIF, national budget, private fund

Regional Goal 2: To increase the number of researchers, resources: national

Regional Goal 3: To open data, resources: national.

Belgium

Regional Challenge 1: partnership between businesses and public sector. promote cooperation and partnership between research and business. (technology transfer, regional cooperation FR-NL -Test and invest, feasibility, prototype, development-, R&D interface)

Regional Challenge 2: Simplification of administrative formalities and e-government, tax and access to credit. Providing service and capacity building to companies in the field of e-government and access to credit. Technological and Tax incentive accelerators

Regional Goal 1: Reducing regional disparities between the 3 regions (Wallonia, Flanders and Brussels capital) for inclusive growth and supporting the 3 regional ecosystems. resources: networking/policy dialogue

Regional Goal 2: Enhance the support to green or sustainable businesses in the 3 regions and communities. resources: Accelerations supporting programs, think tanks

Greece

Regional Challenge 1: large outputs of TRL4 and 5 that do not reach the market. We have a large number of academic and research institutions and a high percentage of absorption of EU funds however the outputs do not go further to the innovation chain (linking research and market)

Regional Challenge 2: lack of Regional financial Instruments. The design and management of financial instruments is being done centrally and at national level (entrepreneurship and financial support)

Regional Challenge 3: Brain drain. Young, high-qualified people leave the region/country in order to find better job opportunities (HR-Skills-Employment)

Regional Goal 1: Enhance linkage between research and the market

Regional Goal 2: Creation of a framework for alternative financing for companies in the region.

Regional Goal 3: Reverse the negative perspective of the past years and promote trust of the positive potential of the new era.

Every team presented the challenges and goals of their region and then Mr. Stavros Mantzanakis tried to cluster all the above-mentioned challenges in order to conclude to some common challenges of all participated regions and based on them produce some ideas for future cooperation.

The Common Challenges identified during the workshop were the following:

1. High risk funding/seed etc.

One of the key factors constraining the implementation of research and innovation (R&I) activities is the lack of available financing at acceptable terms to innovative businesses due to their complex products and technologies, unproven markets, and intangible assets. Especially when it comes to startups the risk is even higher during their initial steps of developing their innovations.

2. **Financial Instruments** info gaps, mapping, training

Trust <=> **Platforms**: Ideas, funds, investors

Even though financial instruments have been used for many years in the EU, there are still people that lack the knowledge and the information on how to use them. Specific methodologies and ICT tools can increase the effectiveness of bringing together ideas, investors, and tools to increase transparency, communication, and trust.

3. **Brain drains, Brain gain, Youth unemployment**

Maybe the most important asset when it comes to innovation and technology is the human capital. For the last decade we are witnessing a talent war between companies and countries, searching for the best. Without this capital sustainable growth will be a huge challenge.

4. **Grants** > Equities, F.I., W, etc. (change of **culture**), **Strategic planning mentality**

Most of the EU funding has had the form of subsidies so far, and thus in many countries and regions the mentality of risk and entrepreneurship has been affected negatively. Using strategic planning tools and long-term thinking could boost a new culture.

5. **Social SMEs**, viability, sustainability

Social enterprises have been around for many years. During the last decade though and due to financial crisis and covid19, many countries have developed new legislation and funding authorities are pressing to increase the social and ethical aspect of funding in every market.

6. R + D + I + M: **links-gaps**

The collaboration between the quadruple helix has been considered as an important aspect and parameter in fostering innovation. Despite efforts, less maturing ecosystems still face deficiencies between research and market links.

For the second part of the Workshop that includes the ideation, new mixed groups were formed and undertook a joint brainstorming on how to address the common challenges that they had identified in the first part of the Workshop.

The ideation process led to the following results:

Group 1

Idea 1: Co-create hybrid FI with private capital and beneficiaries (companies). Hybrid FI will ensure sequence to funding opportunities. Train future entrepreneurs to access fund.

Idea 2: Burning Capital Fund (BCF): a. dedicated FI intended for high-risk, b. Inform interregional group to benchmark and Innovation management.

Group 2

Idea 1: Build a private investment ecosystem (mutual funding system)

Idea 2: Incentives to Business Angels: a. guarantees to B.A. that they will not lose all their capital, b. fiscal incentive to BA who invest in high-risk companies

Idea 3: Brain drain: a. First job opportunity (incentives to SMEs to recruit), b. cultivates entrepreneurial (skills during university years, incentive to students)

Group 3

Idea 1: a. Convertible loans with guarantees for BAs (for a certain period of time), b. Tax incentives for social innovation (metrics not only for the financial profitability (social impact, long term interest)

Idea 2: Connect offer and demand on the market (bottom-up approach)

Idea 3: Revolving Mechanisms can be better depending on the stage (creation of suitable/diverse ecosystem)

Group 4

Idea 1: MOOC for Financial instruments and Grants

Idea 2: Tools and services to support strategic planning in SME's

Idea 3: Pre-Acceleration + Acceleration +Investments Programmes

Group 5

Idea 1: Entrepreneurship/Risk taking/ Education and training in secondary schools and universities

Idea 2: Attracting Brains also from outside EU through top-up salaries grant, tax incentives to companies, sector-oriented promotion.

Idea 3: Digital Nomads, Tax benefits to stay in certain countries

At the last phase of the Workshop, all participants had the chance to vote at least three of their most favorite of the abovementioned ideas in relation to the interregionality and impact to the ecosystem.

The winners revealed by the voting process during the workshop were the following:

1st award: Pre-Acceleration + Acceleration +Investments Programmes

2nd award: a. Entrepreneurship/Risk taking/ Education and training in secondary schools and universities

b. Co-create hybrid FI with private capital and beneficiaries (companies). Hybrid FI will ensure sequence to funding opportunities. Train future entrepreneurs to access fund

Day 2: Wednesday 29.09.2021

During the second day of the event, the Greek landscape of financial instruments, entrepreneurship and innovation was presented to the project partners and their stakeholders at the Noesis Science Center & Technology Museum and three study visits took place.

“ERDF Financial Instruments for entrepreneurship in Greece” – Representatives from Managing Authority of Operational Programme Competitiveness, Entrepreneurship and Innovation (EPAnEK)

Mrs Sophia Liappa, Officer in Unit A1 – OP Programming and Evaluation and Horizontal issues and Mrs Maria Chrissaiti, Officer in Unit B2 – Monitoring of State Aid Schemes and Financial Instruments for Entrepreneurship, described the financial instruments developed in the frame of the Operational Programmes starting from 2000 (EPAN, EPAN II, EPANEK), including Guarantee Fund for Small and Very Small Enterprises, Venture Capital Funds, Entrepreneurship Fund, Guarantee Fund for SMEs, JEREMIE, grants and other financial Instruments. Emphasis was given on the FIs for Entrepreneurship developed through EPAnEK such as

- **Equifund**, that provides equities and venture capitals to dynamic enterprises in Greece through 3 Investment Windows and 9 independently managed funds,
- **ESIF ERDF Guarantee Fund**, that provides Guarantees to Greek banks in order to provide business loans to SMEs with lower interest rate, longer repayment period and reduced collaterals,
- **Entrepreneurship Fund II (TEPIX II)**, for financing SMEs with high risk sharing loans.
- **COVID 19 Loan Guarantee Fund**, provides Guarantees to Enterprises for working capital loans and its objective is to mitigate the effects of the COVID 19 Pandemic on the operation of businesses affected, by enhancing their liquidity with working capital loans.

“EIF managed, State supported equity initiatives in Greece” – Vivi Papasouli, EIF Programme Manager for EquiFund and BA fund in Greece

Mrs Papasouli, after a short presentation of the role of European Investment Fund that is dedicated to improving access to finance for small businesses, described the supporting equity investments in Greece, such as the EquiFund initiative and the BAs co-investment fund. Regarding the Equifund initiative, Mrs Papasouli presented the results so far in regard to the impact on Venture Capital market Innovation and some highlights in relation to the companies exits and some success factors and main challenges. She also informed the participants about the status of the new call launched regarding the Business Angels’ initiative.

“Elevate Greece: a new framework for the startup ecosystem of Greece” – Michael Dritsas, Ministry of Development & Investments, Head of Cabinet of the Deputy Minister responsible for Research & Innovation

Elevate Greece is an initiative launched by the Greek Government, intended to identify promising startups and support their growth nurturing a robust innovation ecosystem along the way. Mr. Dritsas presented in more detail the Greek government’s policy in regard to startups, the objective of the abovementioned initiative, the mission of Elevate Greece, the digital gate through which Greek startups can apply requesting to be officially accredited by competent State Ministry, the eligibility criteria, the submission process and the selection process. In total, 504 startups have been registered so far in the Startup database which receive tangible benefits by the Greek State and 301 have raised funds.

“HDB’s role during COVID-19 crisis. What’s next” – Rozalia Thalassinou, Hellenic Development Bank, Guarantee Manager

At first, Mrs Thalassinou gave some insights about the Hellenic Development Bank that is acting as the link in the financial cycle between the SMEs and the banks providing risk sharing loans, guarantees, grants, equity funding. Within this context, HDB launched several financial instruments (COVID-19 Guarantee Fund, Entrepreneurship Fund II,

Western Macedonia Fund for COVID19) in order to enhance the liquid of businesses with working capital loans. Through these Instruments, 7,95 billion euros disbursed to businesses (98% SMEs). At the end, Mrs Thalassinou presented the next steps of HDB and more specifically new investment tools and services in the areas of Green, Innovation, Digital and Growth.

“RIS3 One Stop Liaison Office of the Region of Central Macedonia: supporting the Innovation and Entrepreneurship Ecosystem” – Constantinos Michailides, **Head of Directorate of Innovation and Entrepreneurship Support, Region of Central Macedonia**

Afterwards, Mr Michailidis presented the “One Stop Liaison Office of the Region of Central Macedonia” that was established by RCM in order to support the Innovation and Entrepreneurship Ecosystem. More specifically, Mr Michailidis, presented its challenges, goals and the services that it provides including the information, business support, pilot projects etc. Additionally, the office is responsible for RIS3 Monitoring and Evaluation by collected, validating, analyzing and exchanging data by various sources. Then, Mr Michailidis, presented to the participants, the information platform developed for this mechanism and the Horizon Scanning platform that investigate the external environment and in order to be able to understand the base of changes and identifying the opportunities, challenges and future developments in the champion sectors of RIS3 strategy of the Region. Subsequently, he referred to the international cooperation of the office and some indicative actions.

“Microfinance Institutions Legal Framework in Greece” – Neoklis Stamkos, **Project Manager, microSTARS**

Mr. Stamkos presented the legal framework of microfinancing in Greece. More specifically, he introduced indicative lending products such as leasing facilities, guarantees etc. with the corresponding eligible debtors. these could be MSMEs, founders of SMEs, social and solidarity Economy organizations, individuals etc. Moreover, Mr. Stamkos gave the terms of lending products as well as some insights of the licensing and License Application

Requirements. At the end, he presented the initial capital and lending capital requirements.

Three study visits took place during the 2nd day of the event. These included:

➤ Noesis Science Center & Technology Museum

The participants had the chance, after the completion of the presentations to visit the technology museum as well as planetarium and the simulator of the Noesis Science Center.

➤ Centre for Research & Technology Hellas – CERTH

Mr. Nikos Katsiadakis welcomed the participants to the premises of CERTH and made an overview about CERTH that applies research presenting the key points, including its mission, organizational structure and Institutes. Afterwards, Mr. Asterios Tzirgas presented the IsZEB cluster that concerns Intelligent Solutions for Zero and Positive Energy Buildings. This Cluster is a newly found Cluster and is placed on the Construction Domain. More details about the new cluster in relation to its profile (founding members, expertise), its main activities and competencies were given to the participants.

After these presentations, a discussion took place among the project partners and representatives from CERTH regarding the spin-offs that have been launched through CERTH research activities. In total, 17 spin-offs, joint by researchers, were established and provide innovative solutions. Their funding comes from contracts with customers and, on a case-by-case, from accelerator funds.

➤ ACT Entrepreneurship Hub – Venture Garden

The last study visit was carried out to the Entrepreneurship Hub of the American College of Thessaloniki. Mr. George Kokkas, the Director of the Hub, welcomed all participants to the premises of the college and then informed that the Hub supports the start-ups through the organization of Workshops, peach events, mentoring, finding partners and investors.

Additionally, ACT is implementing programs such as the “Venture Garden” program, that is a comprehensive program that supports new business ventures.

Also, Mr. Asterios Kritikos, the Chief Executive Officer and Founder of “OVIVIEW” startup gave us some insights of the company. OVIVIEW offers numerous companies the innovative advantage of Video Interviewing (Video-CVs), a business software that alternates the hiring procedures and digitalises all recruiting processes.

Consortium Innova-FI

