

# EU Assistance Programmes for SMEs except Structural Funds

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## Introduction

Small and medium-sized enterprises (SME) have a special social-economic importance in the European Union. They represent 99% of all entrepreneurial entities; they provide approximately 65 million job opportunities (in the EU-15) and contribute to development of the business environment and innovations.

Table 1: The definition of small and medium-sized enterprises according to the Commission's Recommendation 96/280/EC:

Category	Headcount	Turnover	OR	Balance sheet
Medium	< 250	< 250 mil. €		≤ 43 mil. €
Small	< 50	< 50 mil. €		≤ 10 mil. €
Micro	< 10	< 10 mil. €		≤ 2 mil. €

The European Union provides support for small and medium-sized enterprises (SME) from the member states and often even from the candidate countries. The support takes on various forms, most often in the forms of grants, loans or guarantees. Small and medium-sized enterprises can also profit from a number of non-financial assistance measures.

Besides the Structural Funds, through which the highest amount of assisting money of the European Union is flowing into the sector of small and medium-sized enterprises, the SME can also make use of a broad range of other supporting programmes, which can, in principle, be divided into three groups:

1. Direct Community programmes
2. Financial instruments
3. External relations and international cooperation

## Direct Community Programmes

The financial support provided for the SME sector through direct programmes is usually industry-specific, i.e. it is focused, for example, on the environment, research, education, and it is proposed and applied by various departments of the European Commission (most frequently by the Directorates General). Small and medium-sized enterprises may apply for funds from these programmes directly. The funded projects vary according to the announced conditions; however, in general, they should comply with the concepts of sustainable development, value added and transnationality. The prevalent rule is a required degree of participation on the part of the submitters of projects; this degree varies according to the conditions of the programme concerned.

### *Environment*

#### **LIFE**

<http://europa.eu.int/comm/life/home.htm>

The LIFE financial instrument for the environment was launched in 1992 and it is one of the main instruments of the European environmental policy. The programme is devoted especially to sustainable development and its goal is to help to prepare, implement and update the Community's policy (defined in the 6th Environment Action Programme) and the environmental legislation.

The programme consists of three parts:

- **LIFE-nature** – the purpose is to conserve the natural locations and wildlife fauna and flora in the interests of the European Union (see the Directive 79/409/EC on the conservation of wild birds and the Directive 92/43/EC on the conservation of natural habitats). The programme supports implementation of the policy for nature conservation and the network of Natura 2000 territories.
- **LIFE-environment** – the purpose is to ensure integration of the Community policy and the environmental legislation in the EU member and candidate countries. This approach makes it possible to use and develop new methods, especially innovations and integrated technologies, for the protection and improvement of the environment.
- **LIFE-third countries** - this includes actions providing technical support for activities aimed at implementing the strategy of sustainable development in third countries. The programme supports environmental policy management, whether in public institutions of third countries or in the companies and non-profit organisations operating in these countries.

Projects from the 5 following spheres are supported:

1. development of land use and planning the use of land;
2. sustainable management of underground and surface waters;
3. minimisation of the impacts of economic activities on the environment through development of clean technologies and emphasis on prevention;
4. waste management and recycling;
5. reducing the environmental impact of products by applying an integrated approach to their production, distribution and consumption.

Proposals for projects can be submitted within this programme by all legal entities of the member states. The most frequent users of the programme (especially in the area of LIFE-environment) are non-governmental organisations and small and medium-sized enterprises. The applicants can apply for support on their own behalf or in cooperation with a partner organisation.

The LIFE programme was implemented in three phases:

- **Phase 1** in the years 1992-1995 with a budget of 400 million Euro;
- **Phase 2** in the years 1996-1999 with a budget of 450 million Euro;
- **Phase 3 (LIFE III)** in the years 2000-2004 with a budget of 640 million Euro. This phase was extended to include the period 2005-2006 with an additional budget of 317 million Euro.

From 1992 to 2002, there were 2,050 projects funded from the LIFE programme, of which 700 were projects in the area of LIFE-nature, 1,199 in the area of LIFE-environment and 161 in the area of LIFE-third countries.

## **Energy Sector**

### **Intelligent Energy for Europe**

[http://europa.eu.int/comm/energy/intelligent/index\\_en.html](http://europa.eu.int/comm/energy/intelligent/index_en.html)

Intelligent Energy for Europe is a Community support programme for the period from 2003 to 2006, whose purpose is to provide financial support for local, regional and national initiatives in such a way so as to eliminate the market barriers to greater use of renewable energy and to greater energy efficiency.

Unlike, for example, the "6th Framework Programme for Research and Technologies", this programme does not make it possible to fund investments into technologies; conversely, it is more focused on promotion activities.

The objective of the programme is to support the EU's policy in the energy sector as it is formulated in the Green Book on security of energy deliveries, in the White Book on Transport and in related legislation.

The general goal of the programme is to support sustainable development in terms of energy by providing well-balanced contributions to achievement of security of energy deliveries, competitiveness and the protection of the environment.

The programme is divided into four areas:

- **SAVE** – the goal is to improve energy efficiency and rational utilisation of energy, especially in the building industry and in other industries.
- **ALTENER** – this include promotion of new and renewable sources of energy for centralised as well as decentralised generation of electric power, heat and their integration into the local ecosystem and energy system.
- **STEER** – this is a support for the initiatives associated with the energy aspects of transport, with diversification of fuels, with promotion of renewable fuels (bio-fuels) and with energy efficiency in transport.
- **COOPENER** – this supports the activities associated with promotion of renewable sources of energy and energy efficiency in the developing countries, especially within the cooperation between the EU and the developing countries of Africa, Asia, Latin America and the Pacific region.

Small and medium-sized enterprises are significant users of the SAVE and ALTENER programmes, in particular, which make it possible to cover up to 50% of project costs. The reason is that these programmes are focused either on building and industrial companies (SAVE) or on producers of renewable energy where SME play an important role (ALTENER).

The programme for the entire period from 2003 to 2006 has a budget of 220 million Euro.

## **Research and Innovation**

### **Sixth Framework Programme for Research and Technological Development**

[http://europa.eu.int/comm/research/fp6/index\\_en.html](http://europa.eu.int/comm/research/fp6/index_en.html)

<http://www.cordis.lu/sme/>

The European Union's policy for research and technological development is implemented through several-year framework programmes. The current period from 2002 to 2006 is covered by the "6th Framework Programme for Research and Technologies" (FP6). Its goal is to support research and technological development in individual fields and to significantly contribute to establishment of the European Research Area and to innovations. The programme also provides support for the development of scientific and technical excellence and for coordination of European research.

The framework programme brings together the entrepreneurs, universities and research centres from various countries, consequently networking various national enterprises and research communities. For small and medium-sized enterprises, FP6 is an excellent instrument to cope with challenges such as increased competition resulting from globalisation and satisfaction of the increasing demand for suppliers on the part of large concerns.

FP6 puts special emphasis on participation of small and medium-sized enterprises. An amount of EUR 2.2 billion has been allocated to the programme period 2002-2006, which is historically the highest amount. The strategy aimed at

supporting small and medium-sized enterprises is implemented by FP6 through enhancement of their technological capacities and encouragement of their development in the knowledge-based economy.

In FP6, small and medium-sized enterprises can participate in all the seven priority thematic areas of research (up to 75% of the budget, i.e. EUR 1.7 billion is earmarked for them).

- genotype and biotechnology for health;
- the technologies of the information society;
- nanotechnology and nano-science;
- aeronautics and the outer space;
- safety of food;
- sustainable development;
- economic and social sciences.

Small and medium-sized enterprises can participate in these priority thematic areas through **Networks of Excellence**, **Integrated projects** and research projects with special focuses.

In each of the seven priority thematic areas, there are also specific support activities funded, whose objective is to stimulate and facilitate participation of SME and their association in FP6. These activities include, for example, conferences, seminars, studies and analyses, the activities of the working and expert groups, information and communication activities and an operational support.

In addition to that, two special schemes for SME (with a total budget of 430 million Euro) have been launched in the form of horizontal research activities. These schemes are "Collective Research" and "Cooperative Research". Their purpose is to entrust research works to research centres or universities to solve their specific problems.

- **Collective research projects:** These projects are carried out by the research providers (research centres, universities) for the benefit of industrial associations or groups in sectors dominated by small and medium-sized enterprises. The goal is to extend the knowledge base of large associations of SME and, consequently, to increase their competitiveness. The industrial associations remain the owners of the results.
- **Cooperative research projects:** These are the projects of a certain number of cooperating small and medium-sized enterprises (at least 3 enterprises from two different countries), which have the same specific problem and which allocate a major part of their scientific and research activities to the research providers. These activities can also be carried out by innovative and high-tech small and medium-sized enterprises in cooperation with research centres and universities. The small and medium-sized enterprises remain the owners of the results.

## Eureka – a Network for Market-Oriented Research and Development

<http://www.eureka.be>

Eureka is a pan-European network, which is designed to support international cooperation among industrial enterprises (especially SME), research institutes and universities, and to create opportunities for growth of performance and competitiveness of the European industry and for development of its common infrastructure.

Within the Eureka project, no European money is released – the goal is to establish contacts and access to networks of the cooperating parties primarily in the area of applied and industrial research and development. In spite of that, the cooperation within EUREKA is supported by the state in most member countries – in the Czech Republic the support from state funds can amount up to 50% of the financial costs of the research part of the project implementation.

At present, 33 states participate in the EUREKA programme and the European Commission is also a regular member.

The EUREKA programme does not define topic-specific assignments in advance, and does not centralise the funding or even the selection of the projects. It follows the principle that the proposals and initiative must come from the bottom (this is known as the bottom-up principle), from individual industrial enterprises and companies, research institutes and universities, which are directly interested in cooperation. In principle, the thematic focus is not restricted and is determined by the priority trends in the development of industrial fields. In general, the projects are focused on the following areas:

- information technology;
- new materials;

- the environment;
- biotechnology and technology in health care;
- robotics and automation of production;
- communication technology;
- energy sector;
- transport;
- lasers.

Specific assistance to each participant of the EUREKA programme:

- finding the right partner for research and advice on conclusion of an agreement;
- showing the way to public and private financial sources;
- providing the interested parties with contacts to technical and marketing experts;
- sharing experience gained from the projects that have already been completed under the EUREKA programme.

## ***Information Society***

### **E-Content**

<http://www.cordis.lu/econtent/>

E-Content is a multi-year Community programme (2001-2005), which was created to support access to high-quality digital products and services coming into being within the cooperation between the public and private sectors. Another goal of the programme is to encourage creation of applications in a multilingual and multi-cultural environment and increasing the dynamics of the digital content market. The programme is used to fund the costs of conferences, workshops, seminars, exhibitions, etc.

E-Content is not a research programme. Instead of supporting development of new technologies, its objective is to achieve optimal utilisation of the existing technologies and to open up new market opportunities in this way.

The programme is based on three main action lines:

#### **1. Improving the access to public information and increasing the extent to which such information is used**

- a) experiments in specific projects, which are used to demonstrate how the information of the public sector can be used to create services and products with value added;
- b) creation of European collections of digital data.

#### **2. Supporting the creation of content in a multilingual and multi-cultural environment**

- a) support of new partnerships and adoption of multilingual and multi-cultural strategies;
- b) enhancement of language infrastructure.

#### **3. Increasing the dynamics of the digital content market**

- a) bridging the gaps between the digital content industry and capital markets;
- b) dealing in copyrights among the participants of the digital content market;
- c) developing and sharing a common vision of the development of the digital content market.

Supranational consortiums, where at least two participants come from two different member countries, can participate in the programme. Participation of small and medium-sized enterprises is especially welcome.

The E-Content programme is a part of the eEurope action plan and it has a budget of 100 million Euro for the programme period 2001-2005. In most of the funded projects, co-funding in the amount of 50% of the incurred costs is required.

## Education and Training

### Leonardo da Vinci

[http://europa.eu.int/comm/education/programmes/leonardo/new/leonardo2\\_en.html](http://europa.eu.int/comm/education/programmes/leonardo/new/leonardo2_en.html)

Leonardo da Vinci is a European multi-year programme aimed at supporting enhancement of quality, innovations and the European dimension in the systems and vocational training practice and is aimed at supporting lifelong education through supranational projects.

Public organisations (such as schools, employment agencies), non-profit organisations (professional associations, trade unions) as well as business organisations, especially small and medium-sized enterprises and sole traders can participate in the programme.

The programme is an instrument for implementation of the Community's policy for vocational training and it has three main goals:

- **to improve the skills and competence** of the persons going through the initial vocational training at secondary and high schools and at universities, with the purpose of improving employability and to make it easier for young people to find jobs in the European labour market;
- **to enhance the quality and access** to additional vocational training and to the lifelong process of acquiring knowledge and skills with the intention of improving the adaptability of people to technological and organisational changes;
- **to emphasise the importance and strengthen the role** of vocational training in the innovation process with the intention of increasing competitiveness and to develop business by improving the cooperation among the institutions of vocational training and enterprises.

The second phase of the Leonardo da Vinci programme covers the programme period from 2000 to 2006 and a budget of 1.15 billion Euro was allocated to this phase.

Organisations can participate in the Leonardo da Vinci programme through five types of projects:

- **Mobility projects:** Projects of educational stays and exchanges, which seek to strengthen the European dimension in the initial and subsequent vocational training, to combine the theory and practice (this concerns especially education concurrent with performance of work), to improve language skills and to increase the quality of vocational training of instructors and human resources managers.
- **Pilot projects:** The instruments designed to improve quality and to support innovation in vocational training; they are focused on development verification, evaluation and dissemination of innovated practices concerning the content, methods or study materials and teaching aids used in vocational training and consultancy. The projects must be innovative and must increase the quality of vocational training and consultancy. The outcome of a project must be a tangible product such as the curriculum of a course, an educational text, software, etc.
- **Language skill projects:** These projects are focused on developing, testing, validating, evaluating and disseminating innovative educational materials for foreign languages and on innovative pedagogic methods, which meet the specific needs of individual professions or economic sectors.
- **Organisation networking projects:** Their goal is to acquire, collect and use European knowledge, experience and innovative approaches in vocational training, to improve the analyses and prognoses of requirements for skills and to disseminate the outputs of cooperation networks and the project results in the EU.
- **Reference material projects:** These projects contribute to creation of comparable data on vocational training systems, to implementation of research projects and analyses and to the monitoring and dissemination of the best practices and to integrated exchange of information.

Depending on the individual project types, the contribution from the EU can amount up to 75% of the incurred costs or even 100% of the incurred costs in some cases.



## Socrates

<http://europa.eu.int/comm/education/socrates.html>

Socrates is a Community action programme in the field of education. An amount of 1.85 billion Euro was allocated to the budgetary period from 2000 to 2006.

The programme has four main goals:

- to strengthen the European dimension in education at all levels; to mediate broad international access to educational resources and to support equal opportunities in all fields of education;
- to support qualitative and quantitative improvement of language knowledge in the EU, especially the knowledge of the languages that are used less frequently, in order to encourage enhanced understanding and solidarity among people in the EU;
- to contribute to cooperation and mobility of both students and teachers in the field of education;
- to implement innovations in education, including introduction of information and communication technologies into tuition.

The Socrates programme is focused especially on (a) pupils, students and other trainees; (b) employees directly engaged in the school education system; (c) all types of educational institutions; (d) the persons and institutions responsible for the education system at local, regional and national levels. On the basis of cooperation with educational institutions, the opportunity to participate in the programme is also open to private business organisations (especially small and medium-sized enterprises), business associations, social partners (trade unions) and research centres.

The SOCRATES programme is divided into the following programmes:

- **ERASMUS** – this is focused on university education and tertiary education and its goal is to support European cooperation in this area.
- **COMENIUS** – this supports international cooperation ranging from kindergartens to primary and secondary schools; it also offers possibilities for universities and institutions for additional training of teachers.
- **LINGUA** – the main goal is to support language training and extension of language knowledge at all education levels.
- **GRUNDTVIG** – this is focused on adult education and on other forms of lifelong education.
- **MINERVA** – the goal is to support European cooperation in the area of open and distance education and the use of information and communication technologies in education.
- **RESEARCH AND INNOVATION** – this supports the dialogue about the basic issues and problems in education and educational policy. This includes ARION, NARIC and EURYDICE:
  - ARION – this is focused on supporting European cooperation through study visits, whose purpose is to exchange experience and obtain new information in the field of education. It has been designed for all those who directly participate in or influence the educational policy-making and the educational system.
  - NARIC (National Academic Recognition Information Centre) – this provides information on recognition of qualifications and diplomas for academic and professional purposes.
  - EURYDICE – this is an information network, which collects and disseminates information on the educational systems in the countries involved in the Socrates programme.
- **JOINT ACTIONS** – these support closer cooperation between the Socrates programme and other EU programmes such as Leonardo da Vinci, Youth, Jean Monet or the 6th Framework Programme for Research and Technology through cooperation on projects dealing with a common theme.
- **ACCOMPANYING MEASURES** – these support the activities that are not included in the individual Socrates sub-programmes but generally aim at achieving the goals set by the programme. Within these measures, it is possible to fund one-year projects aimed at, for example, disseminating the results of project activities, organising seminars and conferences, etc.

The contribution from the programmes to funding the projects usually does not exceed 75% of the eligible costs.

# Financial Instruments

Most of the financial instruments of the European Union designed for small and medium-sized enterprises are provided indirectly through national financial intermediaries. The goal is to increase the capacity of the capital granted to small and medium-sized enterprises and to help to develop the funding of the SME sector. The financial instruments are aimed at meeting the financial needs of small and medium-sized enterprises, which the financial market would not otherwise be able to do.

Within the multi-year programme for business and entrepreneurs, especially for small and medium-sized enterprises, 320 million Euro have been allocated to the period 2001-2005. These financial instruments are managed by the European Investment Fund.

## ***European Investment Fund***

<http://www.eif.org/>

The European Investment Fund (EIF) is a special financial institution of the EU, which plays an important role in research, innovations and in development of small and medium-sized enterprises.

The EIF activities are based on two types of instruments. Both are supplementary to the global loans provided by the European Investment Bank (EIB):

### **1) Venture Capital Instruments**

Their essential purpose is to invest capital into venture capital funds and business incubators, which support small and medium-sized enterprises, especially the newly created ones and the technologically oriented ones.

At present, the portfolio of EIF contains 2.55 billion Euro invested in 191 venture capital funds. In the future, these investments should significantly grow in the European region.

The capital for the venture capital instruments consists of two main sources of funding:

- the equity of the European Investment Bank group (EIB and EIF)
- the capital provided by the European Commission.

The capital provided by the European Commission is allocated through two programmes:

#### **a) The European Technology Facility Start-up Programme**

This supports foundation and funding of small and medium-sized enterprises at their initial stage by making investments into specialised venture capital funds:

- smaller and newly founded funds;
- funds operating at a regional level;
- funds focused on certain areas of technology;
- venture capital funds financing the application of the results of research and development (for example, funds linked to research centres and scientific institutes);
- business incubators.

The goal of the programme is to support equity investments into small and medium-sized enterprises, which have a higher risk profile than the start-up capital fund usually accepts.

EIF can invest capital up to the amount of 25% of the total equity of the venture fund concerned, or up to the amount of 50% in exceptional cases like in the case of new funds, where it is probable that they will play an extraordinarily strong catalytic role in development of the venture capital markets for a specific technology or in a specific area. Also, the investments must not exceed EUR 10 million, save for exceptional cases where the maximum limit is set at EUR 15 million.

### **b) Seed Capital Managed by EIF (seed capital action)**

This programme supplements the above-mentioned European technology facility start-up capital programme. It supports the seed venture capital funds and the business incubators, in which EIF participates from the initial years either through its own resources or on the basis of a mandate. Thus, only the incubators or funds, into which EIF had already invested, can participate in the programme.

The support under this scheme is focused on long-term employment of investment managers aimed at increasing the capacity of the qualified staff of venture capital funds and business incubators. EIF co-funds the payment of wage costs spent on the management of these funds or incubators.

The maximum grant for one beneficiary must not exceed 300 thousand Euro for 3 persons or 5% of the invested start-up capital. Also, the beneficiary (the fund or incubator) must not use the grant to pay more than 50% of the costs of an employee.

## **2) Guarantee Instruments**

The function of the European Investment Fund's guarantee instruments consists in giving guarantees to financial institutions (banks, leasing companies, etc.), which provide small and medium-sized enterprises with loans. The advantage for the financial institutions granting the loans to SME lies with the highest possible rating of the EIF (AAA/Aaa).

These activities are aimed at supplementing the loans known as global loans granted by the EIB to financial intermediaries to support the funding of the business of various SMEs.

Providing guarantees for the portfolio of bank loans for the benefit of small and medium-sized enterprises is one of the main areas of the EIF's activities. The EIF focuses on improving loan activities and collateralisation and suretyships, relying on a network of one hundred interconnected institutions. The total amount of the EIF's guarantee obligations was just below EUR 6.35 billion (126 financial operations) at the end of the year 2003.

The EIF guarantees are provided in the following forms:

### **a) the EIF's own guarantee instruments:**

- Credit Insurance – a guarantee for the provided loans
- Credit Enhancement – a guarantee for securitisation of assets
- Structured Transactions – special investment transactions

Mostly, sophisticated products are provided, which are tailored to the needs of each client. A client, for whose loan a guarantee is provided, must be an independent small or medium-sized enterprise, incorporated in the EU, with a maximum of 500 employees and the net tangible fixed assets worth not more than 75 million Euro.

### **b) the programmes of the European Commission:**

#### **i) The guarantees for small and medium-sized enterprises.**

This is a part of a multi-year programme supporting small and medium-sized enterprises (2001-2005).

4 types of guarantees are provided:

1. **Loan guarantees** - partial guarantees (both direct and indirect ones) for the loans granted to enterprises with a growth potential and with a maximum of 100 employees.
2. **Microcredit guarantees** - guarantees for credits granted to very small enterprises with a maximum of 10 employees for the purpose of encouraging financial institutions to get more involved in the sphere concerned; the reason is that higher administrative costs are associated with providing a higher number of smaller loans.
3. **Equity guarantees** - this supports long-term capital and quasi-capital invested into growth-oriented small and medium-sized enterprises with less than 250 employees; these are guarantees for funding an interest in a SME.
4. **Information and Communication Technology Loan Guarantee** - guarantees for loans provided to fund the acquisition of information technologies, software, provision of training with the purpose of supporting Internet and e-commerce. Priority is given to small enterprises with a maximum of 50 employees.

## ii) The growth and environmental scheme

A guarantee scheme facilitating the access of small and medium-sized enterprises (with less than 100 employees) to advantageous loans to fund investments into environment-friendly projects. The scheme consists in providing guarantees for loans granted by financial institutions to small and medium-sized enterprises for environmental projects.

The guarantee is given to the financial institutions free of charge (the costs are paid from the programme of the European Commission) and therefore SME are able to offer better financial terms.

## **European Investment Bank (EIB)**

<http://www.eib.org/>

The EIB is a financial institution of the European Union and its objective is to contribute to European integration, well-balanced development and economic and social cohesion of the member states.

The EIB directly funds major projects involving more than 25 million Euro in the fields of transport, the environment and telecommunication or energy infrastructure. This is known as direct loans. Small and medium-sized enterprises can indirectly benefit from the EIB's loan activities through global loans.

### **Global Loans**

The EIB provides global loans for small and medium-sized enterprises through financial intermediaries (banks or leasing companies) in the member countries, thus contributing to an increase of the volume of loans intended for the SME sector or for reduction of the interest rate. Municipalities can also make use of global loans.

A SME is considered to be an enterprise that does not employ more than 500 employees and whose net fixed assets do not exceed 75 million Euro. Investment projects involving less than a maximum of 25 million Euro can be funded through global loans. A maximum of 50% of the capital expenditures (i.e. a maximum of 12.5 million Euro) can be funded from a global loan. The term of the loans ranges from 5 to 12 years and the maximum term can be 15 years.

Global loans are of great importance for funding small and medium-sized enterprises. In the period from 1999 to 2003, the EIB provided the intermediary institutions with global loans totalling 57.7 billion Euro, which represented approximately a third of all the credits of the European Investment Bank.

### **Innovation 2010 Initiative**

This initiative launched by the EIB is aimed at encouraging investments supporting the information society, research and development, innovations, competitiveness and human capital.

In general, the initiative ensures the following:

- **medium-term and long-term financial sources** of the EIB, often through loans with risk diversification or through structured loans; and
- **a capital participation** of the EIF and **the guarantees** designed to stimulate start-up and development of small enterprises by providing capital in the form of joint ventures or by facilitating access to bank capital.

The Innovation 2010 project is based on an integrated approach focused on the links between knowledge generation and the market. It covers all stages of the process from education to research and development, translating innovations into investments, with the purpose of increasing productivity and improving the competitiveness of the European economy.

The programme is focused on three priority areas:

- 1) **education and training**, including lifelong education in the sector of industry and services; integration of research into the tertiary education programmes; digital literacy and electronic education (eEurope); development and dissemination of knowledge through new media;
- 2) **investments into research and development (R&D)** and the related areas, especially the products and processes of the private sector. This component concerns especially the pan-European R&D projects and the funding of public or international research centres; support of R&D initiatives in the private sector (especially small and medium-sized enterprises); R&D networking and combined application of research for the purposes of industry or services; support of the incubator structures meeting the needs of newly created companies; joint funding of research programmes supported by the EU's 6th Framework Programme.

3) **creation and distribution of information and communication technologies (ICT)** such as hardware, sources and applications supported by ICT. Within this area, emphasis will be put on implementation of fixed and mobile broad-band networks and access technologies (such as AsDSL, DSL, UMTS) as well as R&D; digital terrestrial television (DTTV); investments into on-line services (commercial, healthcare and administrative services provided electronically); development of the intelligent traffic management systems (such as Galileo) and application of the European traffic standards (ERTMS, ETCS, LCTC, GSM-Rail) or the emergency networks (TETRA); more generally, the aim is to support projects under the "eEurope 2005" and "eEurope+" programmes.

Considering the volume of business that has already been achieved, and considering the needs expressed by economists, it is realistic to expect that this annual average will be maintained through the entire decade. Thus, the support provided by the EIB group within the Innovation 2010 Initiative will reach a volume significantly exceeding EUR 50 billion by the end of the year 2010.

## ***European Bank for Reconstruction and Development (EBRD)***

<http://www.ebrd.com>

The objective of the EBRD, founded in 1991, is to use the investment instruments to support the process of building market economies in 27 countries from Central Europe to Middle Asia. It supplies finances to intermediary institutions (banks) and thus indirectly to the industry and business sectors.

Facilitating the access of small and medium-sized enterprises to funding is the critical part of the EBRD's efforts aimed at enhancing the development of the private sector and at stimulating competitiveness in the business environment, too.

The bank uses a broad spectrum of instruments, ranging from support for banks focused on small and medium-sized enterprises, with such a support consisting in increasing the share capital of such banks, through investments into venture capital funds focused on the SME sector, to programmes focused on providing mini-loans.

However, the most important role it plays consists in providing loans through commercial banks in individual states. It is through the local banks that the EBRD provides loans for those projects that are too small to be directly financed by the EBRD. Thus, it also helps to develop the banking sector in the country concerned because it helps to improve the procedures for credit evaluation of new projects.

### **EU-EBRD SME Financing Facility**

This scheme has been created through cooperation between the EBRD and the EU to encourage growth and development of small and medium-sized enterprises by facilitating access to the loans and share capital provided by local banks.

The scheme was launched in April 1999 and is intended for micro, small and medium-sized enterprises operating in the candidate states and new EU member states in Central and Eastern Europe: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

Since its launch, 846 million Euro was provided through loans to local banks and leasing companies and through investments to the private capital funds under this SME scheme for the countries in Central and Eastern Europe acceding to the EU.

#### **1) Loans and Leasing**

The intermediary banks and leasing companies are selected according to their financial strength, branch network, their knowledge of their clients and primarily according to their obligation to engage in loans to SME.

An average loan provided to an intermediary financial institution ranges from 5 to 15 million Euro. The finances are generally intended for small enterprises with a maximum of 100 employees (loans amounting to 30-100 thousand Euro) and for micro-enterprises with a maximum of 10 employees (loans amounting up to 30 thousand Euro).

The EU participates in this scheme by paying the fees that compensate the banks and financial companies for the costs associated with providing loans to SME. The EU grant also funds the technical assistance for:

- employing and training bank employees responsible for assessing the small loans and carrying out supervision and administration;
- improvement of information systems;

- improvement of manager capacities, especially in marketing and management of client relationships with the SME sector.

## 2) Share Capital

The EBRD mostly invests an amount ranging from 12 to 20 million Euro into private capital funds; the maximum investment that a fund may make into a minority interest in a SME, is in turn restricted to 1 million Euro. The funds usually hold minority interests ranging from 10% to 49% and are managed by independent fund managers, who are interested in the maximum portfolio performance.

The EU's contribution in the scheme (the programme) is focused on providing incentives for investments into the SME sector and also makes it possible to earmark money to hire professional fund managers.

## ***The Gate to Growth Initiative***

<http://www.gate2growth.com>

This initiative comprises an instrument, an infrastructure and auxiliary services intended for innovative entrepreneurs as well as for their supporters (investors). It is exactly the assistance in establishing contacts, through a database, which is one of the main goals. For starting businesses, this portal offers help in formulating ideas and plans within a corporate strategy.

It is basically an Internet portal containing a database of investment opportunities, which is supported by the European Commission and whose purpose is to support innovative entrepreneurs, especially from the SME sector, by providing them with access to a network of investors, experts on business incubators and patent specialists.

The service is managed by a team of investment analysts with experience from the business environment and from the world of venture capital funds and the service offers help with financing and methods of creating business plans.

The Gate2Growth initiative is a pan-European business platform intended for:

- entrepreneurs (business matching);
- investors (InvestorNet);
- the managers of technological incubators (Incubator Forum);
- the offices engaged in knowledge transfer (Proton Europe);
- the academic sphere for the area of business, innovations and finances (Academic Network);
- innovative companies searching for a provider of expert services (Service Centre).

## External Relations and International Cooperation

The European Union's assistance programmes concerning external relations are focused on supporting European small and medium-sized enterprises in their establishing business contacts with entrepreneurs abroad. The programmes are usually focused on the countries of South-East Asia and most often consist in funding conferences, seminars, trade fairs and meetings of enterprises, which could possibly become partners, or meetings of business associations and in providing and mediating relevant information.

### *Asia Invest*

<http://europa.eu.int/comm/europeaid/projects/asia-invest/html2002/main.htm>

An initiative of the European Union, which aims to support business cooperation of entrepreneurs from the EU and Asia.

The programme assists intermediary institutions with organisation of mutual partnerships and with opportunities for cooperation among companies, especially small and medium-sized enterprises, in the EU and South Asia, South-East Asia and China.

The general goal of the programme is to increase the business and investment flow between these two regions.

The key priorities of the programme are as follows:

- to raise the awareness of the business potential between the EU and Asia;
- to facilitate opportunities for partnerships between enterprises, especially SME, in the EU and Asia;
- to strengthen the institutional capacity and to create networks of business intermediaries;
- to support development of the Asian private sector and the capacities for an international business strategy;
- to improve the export capability and inflow of direct foreign investments into less developed Asian regions.

The Asia-Invest programme allows for creating a framework of interconnected activities inside seven instruments; grants are provided in three areas of activities:

#### **1) Seeking out business partners and building partnerships**

The main goal of these activities is to provide small and medium-sized enterprises from the EU and Asia with the opportunities to meet and form partnerships. It contains three instruments, different in their basic requirements but mutually complementary:

- Asia Venture – small business missions for less developed countries;
- Asia Interprise – medium-sized, sector-specific and inter-sector business meetings organised for the purpose of finding a partner;
- Asia Partenariat – large inter-sector business meetings organised for the purpose of finding a partner.

#### **2) Increasing the development of the Asian private sector**

This area of activities supports the development of the private sector by providing technical assistance and by building the capacities of Asian small and medium-sized enterprises to support their internationalisation and potential partnerships with European companies. This also covers market research information.

- Asia-Invest technical assistance – capacity building for international cooperation of Asian companies; this also includes transfer of know-how, development of business associations and enhancement of the relationships with European companies;
- Asia-Invest study on facilitation of business and investment flow – the monitoring of the business environment through market research studies and think-tanks concerning business and investment opportunities, especially in the less developed regions.

#### **3) Increasing the international capacity, network and dialogue building**

The measures from this area of activities consist in supporting the Asian intermediary business associations and in building relationships with the European counterparts in order to increase mutual business and investment exchange. In addition to that, it supports the initiatives facilitating the dialogue and innovation exchange between the business sector

and public institutions and the building of multilateral agreements on business and investments to open up new opportunities.

- Asia-Invest alliance – capacity and network building for the Asian intermediary organisations, including transfer of know-how, seeking out business partners, building information links and personal exchange with European counterparts.
- Asia-Invest forum – seminars and conferences including experience and information exchange between the private and public sectors.

The direct beneficiaries of the programme's funds are the non-profit business intermediary organisations from the EU member states and the selected Asian countries:

- chambers of commerce;
- sector-specific business and industrial associations;
- agencies supporting business and investments;
- business and professional associations;
- institutes of technologies, management, standardisation and quality.

A budget of 35 million Euro was earmarked for the programme period 2003-2007.

## **Asia IT&C**

<http://europa.eu.int/comm/europeaid/projects/asia-itc/html/main.htm>

The goal of the EU-Asia IT&C programme is to improve the quality of the partnership between the EU and Asia and to bring together the two regions in the search for innovative and compatible solutions and standards in information technologies and communications (IT&C). The benefit is the integration of the participating countries/regions into the global information society.

Non-profit organisations are the eligible applicants and partners in this programme:

- national and regional non-profit organisations;
- research institutes;
- universities;
- professional associations;
- chambers of commerce.

Profit-making organisations, especially small and medium-sized enterprises, can also participate in the programme as the service providers in a partnership.

An applicant in a partnership must have at least another two eligible entities:

- if the applicant is from Asia, the applicant must have at least two partners from two different EU member states;
- if the applicant is from a EU member state, the applicant must have at least one partner from Asia and one partner from some other EU member state.

All 25 EU member states and 17 selected Asian countries can participate in the programme.

The programme's goals cover the following areas of activities:

- agriculture;
- education;
- eGovernance,
- the environment;
- health;
- transport.

The programme aims to create a broad, intensive and lasting technological and economic relationship between Asia and Europe, which may be a source of balanced partnerships and joint innovations.



The EU-Asia IT&C programme consists of five components and a spectrum of auxiliary services designed to accelerate the building of the network between the EU and Asia in information technologies and communications; the programme cooperates with the existing EuropeAid programmes for economic cooperation with Asia.

#### Programme Components

1. **Get-in-Touch & Keep-in-Touch** – establishing links between the European and Asian organisations through workshops, seminars and conferences, where the issues of application as well as regulation and standardisation of information and communication technologies are discussed.
2. **Short technical and university courses** – organisation of university and technical training courses making use of the European technology, information, school curriculum and teaching methods. The result is a partnership of the accredited European and Asian educational institutions.
3. **Cooperation with the European initiatives and programmes for information technologies** – transfer of know-how from the existing European initiatives and programmes focused on information technologies and communications (such as the 6th Framework Programme for Research and Technological Development) and enhancement of the cooperation between European and Asian organisations.
4. **Understanding the European and Asian regulatory and legislative organisational structures** – preparation of studies and organisation of discussions in Europe and Asia with the purpose of enhancing the understanding of the European and Asian regulatory framework, standards and structures in ICT and subsequent improvement of compatibility and cooperation in legal issues.
5. **Practical demonstration projects** – demonstration of the already implemented successful joint projects in ICT with a favourable effect on other participants of the programme.

The applicant for a grant can present several applications during the project lifetime. For example, the initial application for a grant can be in accordance with the Get-in-Touch and Keep-in-Touch component. After the project is started, the applicant may submit a second application for the component "Short Courses".

No grant may fund more than 90% of the total costs. The 90% co-funding level will only be applied to those projects where the main beneficiary is an entity from the eight least developed Asian countries (Afghanistan, Bangladesh, Bhutan, Cambodia, East Timor, Laos, Maldives Islands and Nepal). The most frequent co-funding level is 77%.

The budget of the programme is 9.95 million Euro for 2004.

## ***Manager Training Programme in Japan and Korea***

[www.etp.org](http://www.etp.org)

The goal of the programme is to help the European business managers to access the Japanese and Korean markets.

The content of the programme is organisation of training courses, which take place in Japan or Korea. It is a combination of language courses, seminars on the business environment and acquisition of experience in local enterprises.

Any company from the EU that exports to Japan or Korea or which has a clear and provable strategy for exports and investments to these countries can participate in the programme. Small and medium-sized enterprises account for one half of the programme participants.

The goal of both programmes is to enable European companies to obtain better knowledge of local business, culture and language. The purpose is to create a set of European managers who are able to communicate with the Japanese and Koreans and have knowledge of and experience with how business is done in these countries.

The European Commission fully funds the costs of the programme. This includes the following:

- pre-departure seminar;
- training costs;
- fee for relocation;
- a monthly contribution to the living costs.

With regard to the high living costs, it is expected that the employers will provide the managers sent abroad with additional contribution from their funds. The employers also pay for the transportation from Europe to Japan or Korea.

## **“Gate to Japan”**

<http://www.gatewaytojapan.org>

The “Gate to Japan” campaign supports the launch of European products on the Japanese market. It is intended for European small and medium-sized enterprises.

The programme is intended for entrepreneurs who are newcomers to the Japanese market (the condition is presentation of a clear and well-founded business strategy for activities in Japan) or for established exporters facing difficulties in further development of their activities in Japan.

The programme consists in complementing and increasing the value added to the export promotion activities in eight selected sectors of European industry that have a high potential for expanding to the Japanese markets:

- health care;
- construction materials;
- information and communication technology;
- environmental technology (including bio-technology);
- outdoor lifestyle;
- indoor lifestyle;
- young fashion;
- food and beverages.

At present, the initiative is at its third stage (for the years 2003-2006) and organisation of 32 events in the form of trade fairs or business missions is being planned. The programme includes coverage of up to 80% of the costs associated with participation in the events; in addition to that, the participants will also receive a contribution to accommodation costs and will obtain a wealth of information and a number of contacts.

It is expected that during the entire campaign, more than 950 SMEs from all the 25 EU member states will be supported in their entry to Japan. The campaign builds on the successes achieved in the past years (1994-1996 and 1997-2001). According to surveys, 98% of the 1,570 European enterprises, which participated in 52 business missions or fairs, identified new business opportunities in Japan or an increase in their existing business.

## **AL Invest**

[http://europa.eu.int/comm/europeaid/projects/al-invest/index\\_en.htm](http://europa.eu.int/comm/europeaid/projects/al-invest/index_en.htm)

AL-Invest is a programme of the European Commission designed to provide systematic and continued support of investments, technology transfer, foundation of joint ventures and establishment of long-term business contracts between the companies from the EU and Latin America.

The AL Invest programme consists of a network of operators from Europe and Latin America, which cooperate in organising meetings (referred to as sector meetings) of the companies active in the same sectors on both sides of the Atlantic.

There are more types of meetings but the meetings mostly last two days and are held during specialised trade fairs. A customised programme is created for the participants; the programme consists of pre-arranged meetings with their potential partners.

The meetings are open for entrepreneurs from all sectors. Participation in the meetings is free of charge; the participants only pay the costs of transport and accommodation. The programme co-funds up to 80% of the costs associated with these sector meetings; the remaining 20% is paid by the operators from their funds.

The operators are associated into the following networks:

- **The Eurocentres** (Eurocentres of Business Co-operation) in Latin America;
- **Coopecos** (Economic Co-operation) in Europe.

The operators are most often regional development agencies, chambers of commerce or industry, professional organisations and associations; in Europe, the operators are also consultancy companies focused on cooperation among companies.

During the last 4-5 years, more than 6,000 companies from both sides of the Atlantic participated in the programme.