

JOSEFIN NEWS

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Imprint

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February 2011

Dalarna

Latvija

Eesti

Brandenburg

Wielkopolskie

Lietuva

Sverige

Zachodniopomorskie

Berlin Oslo

Lubuskie

Mecklenburg-
Vorpommern

Dolnośląskie



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EDITORIAL

Dear reader,

welcome to the fourth edition of the JOSEFIN newsletter.

JOSEFIN (Joint SME Finance for Innovation) is an INTERREG IVB initiative intending to support the goals of the EU Lisbon Strategy for the Baltic Sea Region. It strengthens the competitiveness and fosters the innovation potential of technology-oriented SMEs by improving the access to finance for innovative ideas.

The JOSEFIN consortium consists of 23 partner organisations, including administrations, financial institutions and business development agencies from Germany, Poland, Sweden, Lithuania, Latvia, Estonia and Norway. The initiative makes use of the successful preceding INTERREG III C network operation TEICO-Net by involving its partners, experiences and best practice.

The JOSEFIN partners jointly develop innovation loan guarantees to increase the willingness of banks to finance both innovation and internationalisation projects of SMEs in the Baltic Sea Region. The combination of finance and coaching ensures sustainable business success and reduces the risk costs of credit institutions.

JOSEFIN enables credit institutions to extend their product portfolio towards technological developments, product and process innovations, market launches and internationalisation. SMEs can benefit from the new combination of finance and individual coaching as it paves the way for an easier implementation of business ideas in the Baltic Sea Region.

The coaching involves professional consultative support during both preparation and conduct of innovative activities as well as during application for finance at favourable terms.

JOSEFIN supports innovative SMEs to exploit their growth potential, to enter new markets and to expand the entrepreneurial success.

In its context, JOSEFIN congruently reflects one of the four cornerstones of the EU Strategy for the Baltic Sea Region – creating a more prosperous region by promoting innovation in small and medium-sized businesses.

In addition to the e-newsflash, this release offers wider information on project's partners, participating regions, achievements and events. Every six months, a new issue provides insights into the last project period.

Each issue is intended to be country-specific, covering JOSEFIN partner regions and participating organisations based there. The current issue focuses on Lithuania, Latvia and Estonia.

We hope you will enjoy the contents of this newsletter and would be most grateful for your feedback.

Your JOSEFIN Team



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Thomas Hüttich, project manager

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INTERVIEW

The first company benefiting from JOSEFIN shares its experience

A small company from Lithuania active in the advertising sector with an innovative idea concerning LCD advertisement in public transport is already benefiting from JOSEFIN.

How have you become aware of the JOSEFIN coaching offer?

We have got information through our private channels that we can obtain coaching services from an LIC (JOSEFIN partner) employee. Since we had expansion plans of our business, we were happy to use his help.

To what extent has the coaching helped your company?

Our company is a very small start-up and external expertise was vital for us, especially in terms of consultations on how to prepare business plan, how to calculate future financial results, how to deal with the bank and submit application to INVEGA.

Has the coaching facilitated the access to finance?

Yes, financial issues were very important for us. Small companies usually have problems with loan guaranties, that is why we were really interested in getting INVEGA guarantee. We received useful information on what are the requirements and conditions as for the banks and INVEGA.

Has the coaching influenced other factors that appeared to be important for the implementation of the project? If so, which ones?

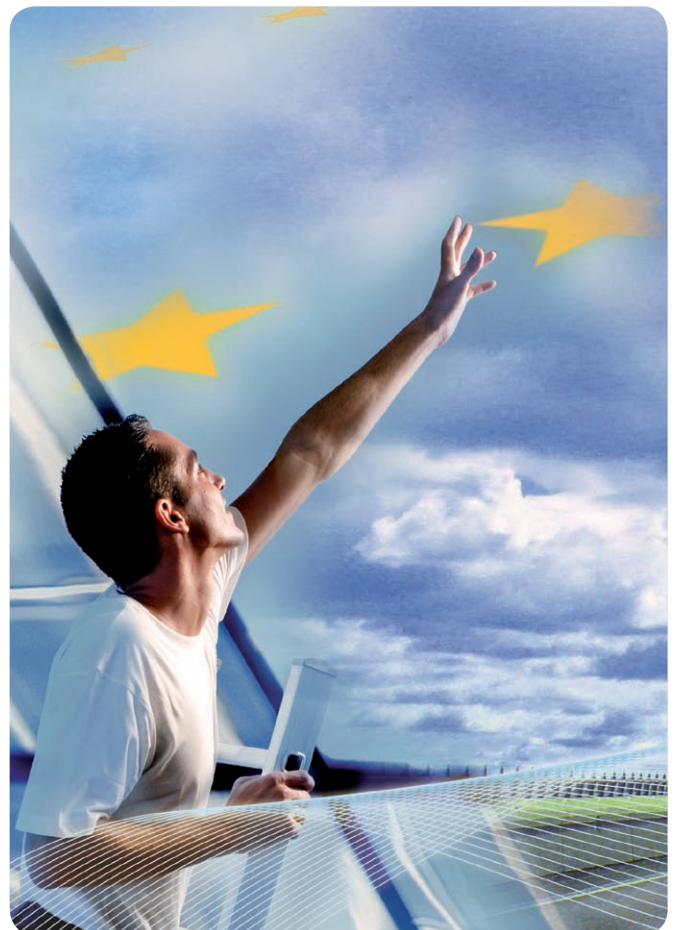
With LIC help now we're really self confident in terms of dealing with financial institutions and we've gained important knowledge on how to control company cash flows. We've also become much stronger in terms of strategic planning of our business through the preparation of business plan. Now we also understand the entire process of obtaining state support for our business.

Are you interested in further coaching?

We are creative and open company and realise the importance of information and knowledge exchange. We also have a lot of ideas for the future growth of our company, that is why we are really interested in obtaining coaching support every now and then.

Do you have any requests or suggestions?

The entire process was smooth for us, since banks are cooperating with INVEGA. It took us only two weeks to obtain financial support after the business plan was completed. However, we are aware that some ideas are rejected because of the lack of quality. My impression is that some company managers in similar situation like ours lack basic knowledge on how to turn their ideas into real business. They need to find a right direction and that is why coaching is very important for them.



PARTNER REGIONS

Latvia

The Republic of Latvia was founded on November 18, 1918. It has been continuously recognised as a sovereign state since 1920 despite occupations and rule by the Soviet Union (1940-1941, 1945-1991) and Nazi Germany (1941-1945). On August 21, 1991 Latvia declared the restoration of its de facto independence, re-established international diplomatic ties, and joined the United Nations. Latvia joined the WTO in 1998 and in 2004 became a member of the European Union and NATO.

Latvia is the central country of the Baltic States (Estonia, Latvia and Lithuania) and is located in North-eastern Europe on the east coast of the Baltic Sea. Most of its territory less than 100 metres above sea level. It has an extensive network of rivers, thousands of lakes and hundreds of kilometres of undeveloped seashore lined by pine forests, dunes, and continuous white sand beaches.

Historically, Latvia has been one of the main transit points for both north-south and east-west trade flows. Its geographical location remains central to strategically relevant transportation flows connecting major world economies like the USA, European Union, Russia, the CIS and the Far East. The transit sector is one of the strongest industrial sectors in Latvia.

Through a mix of history and tradition, Latvia possesses a strong manufacturing base in fine chemicals and pharmaceuticals, manufacturing an extensive range of products, from petrochemicals and man-made fibres to paints and household chemicals. Currently, the

most significant chemical manufacturing sectors include fibres, pharmaceuticals, paints, varnishes, soaps and cosmetics, and rubber and plastic products.

The electronics and electrical engineering industry in Latvia has a long and impressive history. It is now one of the most promising and important manufacturing sectors due to its remarkable ability to export high-tech products.

Despite being a relatively small country on the Baltic Sea, Latvia has a rich history in agriculture and food processing. With a population that was largely rural until 100 years ago, the Latvian people evolved a cuisine designed to be nutritious, tasty and well-suited to the lives of people who spent most of their time outdoors.

The wood industry (excluding furniture manufacturing), with about 17.3% of the entire added value created, is the second largest processing sector after the food industry.

The sector of mechanical engineering and metalworking has achieved an enviable average year-on-year growth rate of nearly 23% since 1999. This is remarkable, considering the prevailing global economic and industrial recession, but also because the sector has more than doubled its output with around one-third of the labour force it had during the 1990s.

The output of the textile and clothing sector is accounted for approximately 5.5% of the total value of goods produced by Latvian industry.



Lithuania

Lithuania is a North-eastern European country which combines what is regarded as Scandinavian - clean, orderly, progressive, natural and attractive, as well as what is regarded as Eastern European - new, rapidly developing, on the rise, and as yet undiscovered. Sometimes called a Northern, and sometimes an Eastern European country, Lithuania is an authentic combination of Northern and Eastern features.

Lithuania, with the largest, most diversified and highly competitive industries in the Baltics, is an attractive place for locating production facilities.

Lithuania has many very attractive business sectors, which is why such companies as Barclays, IBM, Western Union, VOLVO, SAAB, VOLKSWAGEN, SIEMENS, RENAULT, PHILIPS, SAMSUNG, IKEA, ADIDAS and many others have already taken advantage of the opportunities that Lithuania has to offer.

PARTNER REGIONS

Lithuania has many attractive and competitive sectors, e.g.:

- Biotech
- ICT
- Lasers
- Metal Processing, Machinery and Electric Equipment
- Plastics
- Furniture, Wood processing & Paper Industry
- Textile & Clothing
- Food & Food processing
- Real Estate & Construction
- Shared services and business process outsourcing (BPO)
- Tourism
- Transport & Logistics

Furthermore, Lithuania can offer a very well educated multilingual labour pool. With around 30% of the population having finished higher education, Lithuania has one of the best-educated workforces in Central and Eastern Europe. Additionally, around 9 out of 10 Lithuanians speak at least one foreign language and every second Lithuanian speaks two foreign languages. There are in Lithuania around

23 universities and 23 colleges and every year more than 40,000 people graduate university or college.

Lithuania has a very advanced ICT infrastructure, with one of the highest fiber penetration (18%) of the world, the world's fastest upload Internet and 4th by broadband quality score. Lithuania has the highest GSM penetration in the European Union (147%) and is a global leader in the number of mobile telephone subscribers per 100 inhabitants. Additionally there are in Lithuania around four thousand wireless Internet zones.

Besides being a great country to do business, Lithuania is a very attractive place to live or visit. Lithuania has to offer:

- unique costal area of almost 100 km
- Rich natural resources (22,000 rivers and rivulets, about 3,000 lakes)
- 4 Lithuanian sights and 2 cultural traditions are on the UNESCO World Heritage Lists
- Several modern up-to date SPA resorts in an ecological environment



Estonia

Geographically, Estonia is on the north-eastern edge of the European Union, bordering Russia and Latvia. To the north and to the west, it is bordered by the Baltic Sea, having over 1500 islands. It is a country described by political and economic stability, accessibility, ease and low cost of doing business and investor equality.

Since joining the European Union and NATO in 2004, Estonia has experienced phenomenal economic growth. Today, Estonia's government debt is among the lowest in Europe and the economy has shown considerable endurance to the global economic crisis. Estonia is accessible, both from a logistical and social point of view – the capital Tallinn is within 3 hours flight from major European capitals and the power distance is very low.

Green thinking is held in high regard in Estonia. The use of renewable sources of energy and ideas for sustainable consumption come naturally to Estonians as they are a people surrounded by nature: almost 50% of Estonian land is covered by forests. At the same

time, it's in the vanguard of technological development. Estonia is one of the world's leading countries in terms of innovative internet-based infrastructure development, therefore often referred to as the e-Country. The explosive development and coverage of electronic media sparked by the national computerisation project "Tiigrihüpe" (Tiger-leap) has made Estonia a computer-dependent paradise.

Estonia is ranked among the top 25 out of all countries in the Ease of Doing Business index by The World Bank Group. The Estonian cost level is gradually converging with the surrounding European Union, but still there are meaningful differences. Estonian taxes are low and simple, and labour costs are third of those in Sweden or Finland. Foreign investors have played a decisive role in building the Estonian economy. Estonia has not based its attraction of FDI on specially designed support schemes but it is its favourable business environment that makes the difference. This is a country with an exceptional business environment that has allowed highly successful companies like SKYPE, Playtech, Swedbank, Ericsson, Tallink Group, ABB, Elcoteq and others to flourish.

PARTNER ORGANISATIONS

LIAA

The Investment and Development Agency of Latvia (LIAA) is a state institution subordinated to the Ministry of Economics of the Republic of Latvia. Operating since 1993 as the Latvian Development Agency, it was reorganised into the Investment and Development Agency of Latvia in 2003. Having more than 15 years experience in the attraction of foreign direct investment to Latvia and promotion of foreign trade, the Agency has worked constantly to improve the business environment and provide services appropriate to the needs of business. LIAA has recently been announced as one of the top 10 performing national Investment Promotion Intermediaries (IPI's) in the World according to the Global Investment Promotion Benchmarking published by the World Bank. The main priorities of the LIAA are to

increase the competitiveness of entrepreneurs and promote further foreign investment. LIAA has offices in 10 countries and information on export markets is systematically collected, ensuring reliable partners and establishing contacts. LIAA organises trade missions, business forums, matchmaking, bilateral meetings, participation in exhibitions and informal events to promote Latvian business success in foreign markets.

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LIC

The Lithuanian Innovation Centre (LIC), founded in 1996, is now acting as a public private partnership of the Ministry of Economy of the Republic of Lithuania, the Ministry of Education and Science of the Republic of Lithuania, and the Lithuanian Confederation of Industrialists. The aim is to increase Lithuanian international competitiveness by stimulating innovation in business.

LIC provides specialised services to companies, research institutions, business support organisations and state institutions. In particular, LIC specialises in helping companies to introduce and develop innovation in high-tech and traditional companies. Each year, LIC serves more than 1500 clients (business enterprises and research institutions). The organisation has built up expert knowledge on specific innovation support activities, and it has worked with

the public sector in assisting innovating businesses for more than 15 years. An important feature of operational practices within LIC is partnership working. LIC is regularly involved in a number of partnerships, including Europe-wide and national projects. The Centre enjoys membership of the "European Association for the Transfer of Technology, Innovation and Industrial Information (T.I.I.)". In Lithuania, regular joint activity with other Lithuanian innovation and business support institutions, in particular business associations, contributes to create a favourable environment for business innovation.

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INVEGA

JLC, Investment and Business Guarantees (INVEGA), is a guarantee institution established by the Lithuanian state. The principal activity of INVEGA is implementation of measures of financial assistance aimed at small and medium-sized enterprises (SME).

The principal activities of INVEGA are as follows: issuance of guarantees to credit institutions for SME loans; granting of micro-credits to SME or administration of micro-crediting; investments of venture capital in SME; administration of partial refunding of interest on loans granted to SME. In addition, INVEGA has the right to engage in other business directly related to its principal activities. Over the

PARTNER ORGANISATIONS

past two years INVEGA has provided guarantees to credit institutions for multi-dwelling building owners' implementing projects of modernisation of multi-dwelling buildings. The limit of LTL 70 million was established for the issuance of such guarantees for 2009–2010. INVEGA implements three instruments promoting the crediting of SME: granting of small credits (stage I, LTL 16 685 million, national funds); granting of small credits (stage II, up to LTL 100 million, EU funds), and Open Credit Fund (up to LTL 100 million, EU funds). The purpose of these instruments is to create favourable conditions for

SME to borrow from credit institutions (lower interest, charges, bank margin, etc.), facilitating SME access to business financing sources.

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Tallinn Science Park Tehnopol

Formerly known as Tallinn Technology Park Tehnopol Development Foundation, the Tallinn Science Park Tehnopol is combining both science and business environment for knowledge based companies. Today, 150 companies, Tallinn's University of Technology and the IT College are based in Tehnopol. The science park provides a unique set of value adding business development services, convenient infrastructure and international cooperation opportunities for companies. Its mission is to increase the competitiveness of innovative companies. Tehnopol's vision is to be internationally attractive business environment and 1st choice for high-tech companies among the parks

in the Baltic region. Along with the universities and companies operating in the science park, Tehnopol has 160 business development agencies; 9.5 hectares of territory to develop the park; about 32,000 m² of office and leisure space; more than 12,000 students and over 1,300 researchers nearby; 5 active science R&D centers.

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KredEx

The Credit and Export Guarantee Fund (KredEx) was founded in 2001 by the Estonian Ministry of Economic Affairs and Communications with a purpose to improve the financing opportunities of enterprises, manage credit risks connected with export, enable people to build or renovate a home and develop energy-saving way of thinking. KredEx is an independent organisation acting as a provider of financing services and services decreasing financial risks, as well as administrator of information regarding energy saving for buildings. It was created to decrease market failures regarding the services that organisations active in the private market do not wish to offer yet due to small market share or low profitability, but which are still necessary, considering the development of Estonian enterprises. In its activity KredEx relies on two main principles – state guarantee

and the principle of self-profitability. KredEx acts on the principles of a credit insurance provider, earning profit on guarantee fees and insurance premiums, interest and investment, from which the arising guarantee or insurance losses and administration expenses are covered. If in spite of conservative risk management and existence of sufficient capital, KredEx cannot fulfil the obligations based on guarantees, the state shall fulfil the relevant obligations according to the legislation.

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Wielkopolskie | Dalarna | Zachodniopomorskie | **Latwija** | Oslo | Brandenburg | **Eesti** | Dolnośląskie | **Lietuva** | Berlin | Sverige | Mecklenburg-Vorpommern | Lubuskie

PROJECT PRESENTATIONS

JOSEFIN introduced to officials and entrepreneurs in partner region Lubuskie

On 10th December 2010, senior officials and entrepreneurs from Lubuskie became acquainted with JOSEFIN during a seminar addressing the regional business funding opportunities offered by the Lubuski Loan Fund, which has been established within the structures JOSEFIN partner ARR – Regional Development Agency JSC.

The meeting took place in Zielona Gora and hosted the Vice Marshal – Mr. Jarosław Sokółowski as well as representatives of the City Council, the Labour and Marshal Offices, accounting companies and the commercial sector.

The Regional Development Agency introduced itself emphasising on its current projects such as JOSEFIN, the Regional Consultation Point and Lubuski Loan Fund.



JOSEFIN at the Partner Meeting of the German – Polish network EUNOP

EUNOP stands for EU-Net Oderpartnership, a network of business development organizations from the German capital region Berlin-Brandenburg as well as the Western Polish regions Dolnośląskie, Lubuskie, Wielkopolskie and Zachodniopomorskie. It aims at strengthening economic co-operation between its member regions and supports especially SME in quickly finding the right information for their cross-boarder activities.

Project Manager Thomas Hüttich presented JOSEFIN at the EUNOP partner meeting at 1 December 2010 in Berlin. He focussed on the JOSEFIN service model and explained the financial instrument planned for Berlin. As all EUNOP regions are also partner regions of JOSEFIN, there are very good conditions for co-operation. On the one hand, JOSEFIN will be able to provide coaching and financing for innovative and cross boarder projects in all EUNOP regions. On the other hand, EUNOP will distribute information about JOSEFIN to its more than 140 partner organizations and via them to regional SME interested in innovating and internationalizing their business.



JOSEFIN at the POLEKO Fair in Poland

The Fair for environmental protection and clean energy POLEKO in Poznan/Poland is the largest fair of its kind in Central and Eastern Europe. In 2010, nearly 700 enterprises from 20 countries presented their products and services. The JOSEFIN partner Brandenburg Economic Development Board – ZAB as an exhibitor on the stand of the German Ministry for Education and Science used this occasion to introduce JOSEFIN to enterprises from the industrial sectors addressed by the trade fair.

In cooperation with the Wielkopolska Agency for Enterprise Development (WARP) and the Promotion and Development Fund of Wielkopolska Voivodship (FRIPWW), a workshop for entrepreneurs and business service providers was organised on the 24th November. At the beginning, Rolf Banisch from the ZAB introduced JOSEFIN briefly. The workshop focused on the finance instruments being under development for the German JOSEFIN regions. JOSEFIN





PROJECT PRESENTATIONS

project manager Thomas Hüttich from the Investitionsbank Berlin gave an overview on what has already been done in Germany and what has been agreed with the European Investment Fund EIF. He also described how the guarantee fund might be working in Berlin. In Wielkopolska, the JEREMIE initiative (Joint European Resources for Micro to Medium Enterprises) has to be adapted in order to meet JOSEFIN needs, which was addressed by Jaroslaw Nowak, the head of WARP. Monika Lagodzinska from FRIPWW provided also insights into the JOSEFIN approach, revealing the benefits of developing international cooperation especially for small and medium sized enterprises. Addressing the speakers eagerly, the participants demonstrated their large interest in this kind of supporting instruments.

During the second session of this workshop, entrepreneurs from Germany and Poland presented their own offers, which led to first individual talks and contacts. Joint follow-up activities may obtain support from JOSEFIN.



JOSEFIN and New Energy Strategies for SMEs

On 28th October 2010, JOSEFIN Partner – Brandenburg Economic Development Board – ZAB – organised a seminar in Frankfurt (Oder) focusing on new Energy strategies for SME. One of the main aims was to promote the JOSEFIN approach in general and also

the forthcoming JOSEFIN brokerage event on 24th November 2010 during the POLEKO Fair in Poznan (Poland). The JOSEFIN concept was introduced to about 40 participants – entrepreneurs and regional stakeholders in the German-Polish border region.

POLICY MAKING

Meeting between Director General Dirk Ahner (DG Regio) and senior officials from the German Capital Region

Traditionally, the German Federal States Berlin and Brandenburg are synchronising their European policies. Constituting the German Capital Region, they have an especially congruent target in terms of the European Regional Policy. In this regard, their representative offices in Brussels work closely together. In addition, a joint working group in charge of cohesion policy has been established, holding its meetings alternately in Berlin and Potsdam.

However, to lend weight to the interests of the German Capital Region, personal meetings on political level at the epicentre of the EU decision-making are indispensable. In this context, the Brandenburg minister for Economy and European affairs, Mr. Ralf Christoffers, and the Head of Department for Economic and Technology policy at the Senate Department for Economics, Technology and Women's

Issues, Mr. Hans-Georg Kauert, held a meeting with the Director General of DG REGIO at the EU Commission, Mr. Dirk Ahner, on the 13th October 2010.

The occasion for the meeting was the EU- wide heavily debated future of the cohesion policy, which is to be affected by the budget review and the 5th cohesion report.

A lot is at stake for the German Capital Region. Berlin advocates the retention of the regional competitiveness and employment objective beyond 2013. Brandenburg – like all other Eastern German Federal States - asks for a regulated transition for regions which are to be excluded from the maximum funding in future because of exceedance of the 75%-GDP-Limit. Along with these issues, the discussion with Director General Ahner included the role of the urban dimension in the funding period beyond 2013, the impact of the demographic change, the macro-region policy beyond 2013, the reduction of bureaucracy hampering cooperation beyond national borders.



Regional Officials and JOSEFIN Partners discuss new financial instruments: review of the 1st Policy Maker Seminar

The first of a three-part series of JOSEFIN Policy Maker Seminars was held on 22nd and 23rd September in Zielona Gora, Poland. Representatives from ministries, regional authorities, banks, business development agencies, loan and guarantee funds from 7 Baltic countries came together in Zielona Gora.

Invited by the Regional Development Agency JSC in Zielona Gora on behalf of the Lubuskie Voivodship, the participants discussed the opportunities and challenges in the development and implementation of innovative financial instruments. Among the 50 participants were officials from the Berlin Senate Department for Economics, Technology and Women's Issues, the Ministry for Economics and European Affairs of Brandenburg, the Marshal Offices of the Provinces Lower Silesia, Lubuskie, Wielkopolskie and West Pomerania, the region of Dalarna as well as the Norwegian, Estonian, Lithu-

anian and Latvian Ministries of Economy. The focus of the event was the exchange between the JOSEFIN partners and regional policy makers. The cooperation will play an important role in the implementation of innovative, regional financial instruments, which will facilitate bank financing for innovative projects and internationalisation activities of SMEs in the Baltic Sea Region.

The officials expressed a supportive attitude towards JOSEFIN and discussed with the consortium how these instruments could be integrated into existing regional strategies for innovation and internationalisation in the Baltic Sea Region.

Introducing the "green region" Lubuskie

After having been warmly welcomed by Mrs Hanna Nowicka, Chairman of the Board of Regional Development Agency JSC (ARR) the participants became acquainted with the "green region", introduced by Mr Arseniusz Wozny from the Marschal Office of Lubuskie.

POLICY MAKING

Subsequently, project director Mrs. Irene Schucht, gave an overview on the barriers for innovation and internationalisation finance and the objectives of JOSEFIN.

✦ The Policy Framework for the Baltic Sea Region

Mr Björne Hegefheldt from the Swedish Agency for Economic and Regional Growth introduced the EU Strategy for the Baltic Sea Region with its integrated approach towards the major challenges faced by the macro-region: environmental threats, economic development, accessibility and safety. To tackle these challenges, common efforts, better coordination and joint action at the regional level are required.

The strategy was adopted by the European Council in October 2009, following the release of the original Action Plan by the European Commission. In 2010, the Action Plan was updated, comprising new flagship projects and 15 priority areas.

Mr. Hegefheldt also addressed the added value of an EU macro-regional strategy having a stimulating impact on the cross-border and cross-sector mobility of projects, the transnational cooperation mechanisms, regional development and the efficiency of existing funding instruments.

✦ Regional Strategies for Innovation and Internationalisation

Officials from Berlin, Lubuskie and Lower Silesia shared insights into the regional strategies related to innovation, internationalisation and economic development.

Dr. Jürgen Varnhorn from Berlin's Senate Department for Economics, Technology and Women's Issues described the current approach towards the promotion of innovation in Berlin. The aim is to establish Berlin as one of the two leading innovative hubs in Germany by developing internationally competitive economic clusters. Berlin's fields of excellence "Biotechnology", "Medical technology", "Optics and Microsystems", "ICT and Media" as well as "Transport System Technology" constitute three major economic clusters "Life Science", "ICT/Media" and "Transport". "Energy Technology" – currently a field of excellence – is to be developed into a fourth cluster. The financial aspects of the strategy and the role of the regional and macro-

regional cooperation were also addressed. Mr. Varnhorn referred to JOSEFIN as "important for Berlin", because of the sustainability of its instrument, the combination of financial and non-financial support and the new perspectives for transregional networking.

The Centre for Enterprise and Technology Transfer at the University of Zielona Góra stimulates the innovative environment in Lubuskie by interlinking the academic and the commercial sector. The centre initiates and monitors cooperations and offers consulting services. Mr Michał Ostorowski introduced its activities and several recent projects such as the Operational Programme Human Capital, the Operational Programme Innovative Economy, the European Social Fund, the Lubuski Regional Operational Programme, the Integrated Operational Programme of Regional Development, the Competitiveness and Innovation Framework Programme, PHARE, ITERREG III A.

The Lower Silesian Innovation Strategy, which was introduced by the local parliament in 2005, is pursuing eight primary objectives: strengthening regional competence blocks; activating research circles; construction of innovative infrastructure; financing innovations; decreasing barriers for the innovators' activities; education for innovation; propagating pro-innovative attitudes; accumulation of social capital. Ms Alicja Lindert-Zyznarska exemplified the implementation of the strategy with several concrete projects and measures arranged according to their objective affiliation. Along with JEREMIE, JOSEFIN was listed as a part of Objective IV "Financing Innovations".

✦ Results from Regional Market Studies

The basis for the development and implementation of the JOSEFIN Service Model are the regional market studies conducted within the framework of the project. The analysis concerned demand and supply. Main focused aspects were e.g. the main drivers and obstacles for internationalisation, the financial needs and market gaps of innovative SMEs in the JOSEFIN regions.

Mr. Michael Unterberg from EVERS&JUNG presented the results. „The identified key drivers and obstacles for SME internationalisation are very similar in all the surveyed regions. A lack of know-how, strategic approach and resources (time, finance, personnel) are blocking the search for business partners abroad.”

POLICY MAKING

✦ Innovative Financial Instruments for Innovative SMEs

Project Manager Thomas Hüttich outlined the profile of the Lead Partner within JOSEFIN - Investitionsbank Berlin. It is a regional bank of development offering financial instruments for developing enterprises and R&D. By using its own and EU (ERDF) funds 4 types of Loan Funds are offered to SMEs: Microcredits with a limit of 25 000 EUR, Berlin Start with a limit of 100 000 EUR, Expansion Loan to 250 000 EUR and Syndicate Loan to 10 000 000 EUR.

Mr. Audrius Zobotka from the INVEGA (Investments and Business Guarantees Ltd, Lithuania) introduced the financial instruments for SMEs operating in Lithuania prior to and after 2007. He also revealed the pace of progressive development in this area during the past eight years considering the number of loans granted. The fragile market during the global financial and economic crisis, however, appears to have affected the development since 2008.

✦ Integrated Support Packages

The second day started with solutions for the analysed needs of innovative SMEs and practical experiences that have already been gained. The regional market revealed a significant need for integrated schemes of non-financial and financial support, that also attracts SME into using non-financial support offers. Often innovative SMEs with investment/internationalisation plans do not even realize their need for support until it is too late. In fact there are financial instruments supporting SMEs, but still their approach is too general and without international competences, which is very important for expanding abroad successfully. Therefore, the combination of a financial with specialized international non-financial support for reducing the propability of default is a risk-minimizing instrument for both the financing institution and the SME, as Mr Michael Unterberg and the expert Ms Monika Lagodzinska underlined by outlining the JOSEFIN Service Model.

✦ Practical Experiences of JOSEFIN Partners

Representatives of two JOSEFIN partner organisations from Lithuania and Sweden shared their practical experiences in terms of the needs of SMEs for implementing innovative projects or expanding beyond national borders. Mr Sander van der Molen from the Lith-

uanian Innovation Centre made the audience familiar with the results of a survey conducted with 50 Lithuanian SMEs. The survey revealed the major obstacles for innovative products or services, the main export destinations as well as the main driving forces for implementing innovative projects. The reasons for taking loans and the ways of financing innovation activities, revealed by a regional market study, have also been addressed. Mr van der Molen also shared practical experience gained during the JOSEFIN coaching of a company in the loan application phase.

Mr Bengt Fahlgren from Teknikdalen Foundation outlined a set of requirements that need to be met by SMEs in order to expand internationally. Entrepreneurs with international intentions need an interesting product or idea, market studies, source of financing, business coaching and knowledge about international regulations. Mr Fahlgren also referred to practical experiences made within JOSEFIN describing the case of the Swedish company Spintso with its intentions to launch its product on the German market.

✦ Policy Recommendations

Project director Irene Schucht summarised the main aspects and closed the session with following main policy recommendations on behalf of the JOSEFIN project:

- *Make the direct support of innovative SME a clear priority in your regional innovation strategies.*
- *Use EU structural funds to pioneer revolving financial instruments in your region that allow a higher outreach to under-collateralized SMEs.*
- *Facilitate the integration of financial and non-financial instruments into one-stop support packages for innovative SMEs in your regions.*

✦ 2nd Policy Maker Seminar in Berlin

Organised by Berlin's Senate Department for Economics, Technology and Women's Issues and JOSEFIN's lead partner – the Investitionsbank Berlin – the 2nd Policy Maker Seminar will focus on the regional funding resources for JOSEFIN's solutions.



PROJECT MEETINGS

Joint activities with partner project BaSIC

On 9th november 2010, a JOSEFIN partner and steering committee meeting took place in Stockholm, Sweden addressing the status quo in individual work packages. Along with the JOSEFIN partners, the meeting was attended by Mrs Karin Hallerby, Head of Division International Affairs of the Swedish Agency for Economic and Regional Growth, who introduced the Baltic Sea Strategy to the JOSEFIN partners. Furthermore, Mrs Hallerby gave an overview on the EU Agenda 2020. The JOSEFIN partners used the opportunity to address innovative SMEs from the proliferating mobile telecommunications sector in a series of follow-up events on the 10th and 11th November, alongside with representatives of partner project BaSIC. The occa-

sion for joint activities addressing innovative SMEs gave the annual conference "Mobile Future 2011". BaSIC partner Kista organised a "Network Session" for company presentations, which was attended by all BaSIC partners, JOSEFIN partners and invited companies. During the subsequent BaSIC "Cluster Seminar on ICT & Mobile, JOSEFIN project director Mrs Irene Schucht gave an overview on the JOSEFINs partner structure, its financial support services and its coaching services that are offered to companies. The evening gave further occasions to address SMEs in terms of regional support opportunities for expansion beyond national borders. During the MobileFuture trade-fair on the 11th November, both JOSEFIN and BaSIC continued their joint activities towards SMEs with a presentation desk.



JOSEFIN perspectives in Poland

On 2nd and 3rd December 2010, JOSEFIN partners from Poland met in Szczecin (Poland) to discuss the perspectives for JOSEFIN

in their regions. Organised by the Polish Entrepreneurs Foundation, the meeting resulted in a fruitful exchange concerning the project's promotion, the development of regional financial instruments and coaching approaches.



Blueprint on JOSEFIN's Coaching Approach

A JOSEFIN working group meeting within the Work Package "Transnational innovation projects of SMEs and individual coaching" was held on 18th and 19th October 2010 in Berlin, focussing on the Blueprint on JOSEFIN's coaching approach, the overall regulations for the international coaching as well as the development of JOSEFIN

coaching services into "a product" for SMEs' after 2011. The presentation of the Blueprint on JOSEFIN's coaching approach served as a final agreement on the regional coaching implementation. Furthermore, the future of the JOSEFIN combined tool (financing and coaching) was discussed in workshop groups. The idea behind this was to work together as a think tank in order to secure the continuity of the project beyond 2011.



First "JOSEFIN case"

A JOSEFIN meeting within the Work Package "Financial Support Instruments for Innovative SMEs" was held on 13th September 2010 in Tallinn, Estonia, focussing on the Baltic states, Sweden and Norway. Project director Irene Schucht from Investitionsbank Berlin started the meeting with a good news: Investitionsbank Berlin and Investitionsbank des Landes Brandenburg are preparing a joint

application for a CIP counter-guarantee of the EIF. Subsequently, Mr Michael Unterberg from EVERS & JUNG presented the status quo in each JOSEFIN region regarding the implementation of the JOSEFIN service model. An emphasis was put on the situation in Lithuania where the first SME was coached and financed cooperatively by the Lithuanian partners – the Investments and Business Guarantees Ltd. and the Lithuanian Innovation Centre. The participants agreed that this is the first "JOSEFIN case".



Wielkopolskie | Dalarna | Zachodniopomorskie | **Latvija** | Oslo | Brandenburg | **Eesti** | Dolnośląskie | **Lietuva** | Berlin | Sverige | Mecklenburg-Vorpommern | Lubuskie

PHOTO CONTEST

The winner of the third round of our JOSEFIN photo contest has been captured on the Latvian Baltic Sea coast by our colleague Anete Vitola from the the Investment and Development Agency of Latvia. Congratulations, Anete!

We would like to thank all participants for their submissions and are excited to share the talent of our JOSEFIN colleagues who impres-

sively reveal the beauty of JOSEFIN's regions on our website. Submissions for the next issue covering Norway can be e-mailed to photo-contest@josefin-org.eu until 15th July 2011. Please mention in which country the photograph has been captured. If you intend to submit your own work, please include your name as well. Any other photos must be royalty-free. We look forward to receiving new submissions.

Rainbow over the Baltic Sea by Anete Vitola



CALENDAR

Event		Further information at
1st - 5th March 2011 CeBIT, Hannover - Germany		www.cebit.de
2nd - 3rd March 2011 JOSEFIN Meeting in Wroclaw - Poland Work Package 3 "Financial instruments for innovative SMEs"		www.josefin-org.eu
2nd - 3rd March 2011 Conference Innovative R&D for Efficient Business Solutions, Brussels - Belgium		http://cor.europa.eu
16th March 2011 ACHIEVE MORE Final Event - Accelerating Growth of Knowledge-Intensive Service SMEs in the ICT sector, Brussels - Belgium		www.ukbi.co.uk
18th - 20th March 2011 BUD-GRYF & ENERGIA Brokerage Event for Construction and Energy Sector, Szczecin - Poland		www.enterprise-europe-network.ec.europa.eu
21st March 2011 Lille Innovation Conference (LINC), Lille - France		www.jinnove.net/News/News/Lille-Innovation-Conference
28th - 29th March 2011 2nd JOSEFIN Policy Maker Seminar, Berlin - Germany		www.josefin-org.eu
14th - 15th April 2011 Brokerage Event: CHEMIKA 2011, Szczecin - Poland		www.enterprise-europe-network.ec.europa.eu
14th - 15th April 2011 INNO-Grips workshops: Open innovation and other new form of collaboration, Brussels - Belgium		www.proinno-europe.eu

