

EURADA-NEWS
Périodique Mensuel
Bureau de Dépôt
B – 1040 Bruxelles 4
Numéro d'agrément: P904017
Période couverte: Septembre 2009
Editeur Responsable : Christian SAUBLENS

E

Rebuilding Regional Economy

The Contribution of Regional Development Agencies and their Tools

Document of the
Round Table of Practitioners in Economic Development

Meeting of 18 June 2009

FOREWORD

The global crisis forces regions and their intermediary organisations to balance their activities and their budgets between the need to find immediate solutions and to invest in strategic assets which will ensure growth at a longer term.

This paper looks how RDAs act in this context. This means facing the three waves of the crisis: the credit crunch, the economic slow down and the raise of unemployment, whilst still having to maintain a reasonable flow of investment in fields such as: human capital, entrepreneurship, skills, innovation, access to finance, infrastructure, business support,...

RDAs are semi-public organisations involved in regional economic development. This concept encompasses a wide range of activities, starting with planning infrastructure to managing sophisticated projects in the field of innovation or financial engineering.

Eurada is the European Association of Development Agencies. Its Round Table of Practitioners in Economic Development was created in 2004 to strengthen the dialogue between Eurada members and non-members, sharing common views on topics to put at the EU agenda.

PART 1 : THE CONTEXT

INTRODUCTION

All regional competitiveness improvement strategies rest on a number of intermediary organisations and tools.

At a time when many national and local stakeholders are considering the best ways of mitigating the effects of the current economic crisis, there is more than ever a need to think about the synergies and concerted actions that can be implemented to maximise the financial resources injected into the economy.

It is worth recalling that while all organisations and tools are necessary and useful, their potential is not always fully leveraged due to a lack of appropriate governance, integrated approaches and a critical mass of finance or recipients.

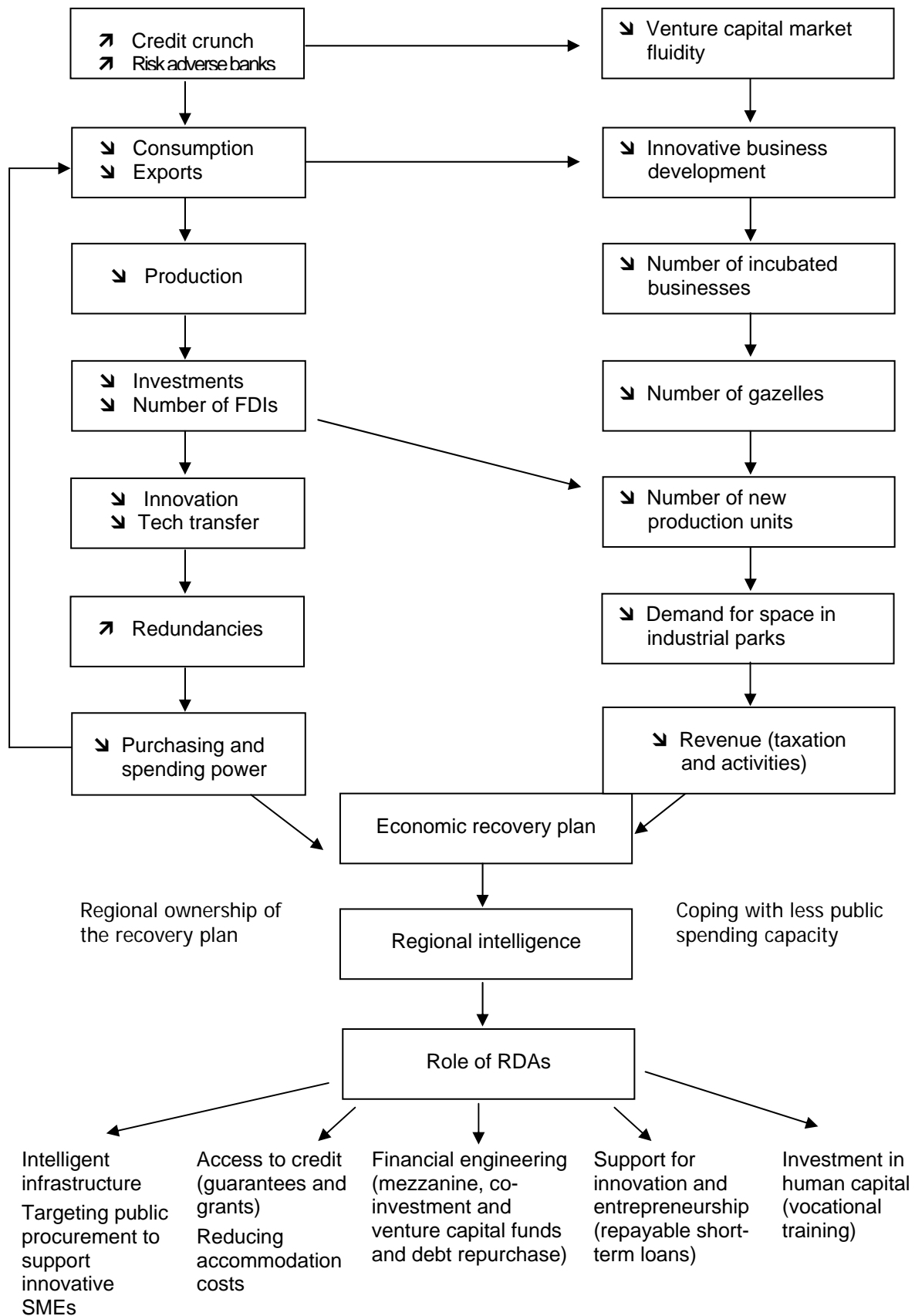
The tables in Part 2 recall why organisations and tools are useful, how they are affected by the crisis and how they could contribute to overcoming the crisis if they were properly resourced.

It is also worth reminding that the crisis is impacting the volume of public money available due to a reduction of the tax basis. This means that RDAs and other regional stakeholders will have to do more with less, this means to concentrate their efforts, or to develop new approaches to deliver support services without new money and to reinforce their intermediation and enabling functions in order to leverage private funding.

RDAs are directly affected by the crisis as their budgets are reducing whilst a growing number of regional enterprises face new problems. RDAs can do a lot to contribute to rebuild the regional economy. Amongst other things they have put in place actions such as:

- Strengthening the link with businesses to help them through the crisis.
- Intensifying regional intelligence efforts to enhance territorial strengths (human, RTDI, infrastructure, social, financial, entrepreneurial and other capital).
- Ensuring that part of the resources earmarked for national reconversion plans is invested in strategic regional projects and is accessible to local businesses.
- Strengthening the financial instruments that are accessible to SMEs.
- Confirming the feasibility of temporarily converting SME debt into bonds or shares. This would be done according to the model used by Member States to “quasi-nationalise” banks. Regions would be allowed to “quasi-nationalise” SMEs that are strategic for their development.
- Inventorying missing strategic infrastructure and support schemes to list them among priority areas for recovery plan investment.
- Deploying mediation services with banks and other investors.
- Assisting with the implementation of training plans in SMEs affected by part-time unemployment.
- Adapting the regional marketing campaigns.

1. RDAs AND THE DOMINO EFFECT OF THE CRISIS



Based on the chart above, the crisis can be seen to have three consequences: a slowdown in business finance provision, reduced activity and lower investment. Thus, there are six main areas of intervention for public authorities and intermediary bodies. The rationale behind those five areas is:

- Business support: enterprises are the engine of regional growth, employment and added value;
- Access to finance: enterprises have been affected by the credit crunch. It will take time before the stability at global level will produce effects at the level of local banks and enterprises;
- Market access and internationalisation: local enterprises must be able to take advantage of new opportunities at sectorial and geographical levels;
- Regional intelligence, research activities, support to innovation: even in crisis time, long term vision is needed;
- Employment and training: human capital is one of the most important assets of any regional eco-system.
- Regional marketing: mobile investors and talent remain important factors for the creation of employment and added value.

All this has to be seen in a wider context aiming at:

- Re-energizing all investment flows including those related to equity capital;
- Developing regional strengths;
- Prioritizing the actions to be undertaken and focusing their resources to sectors bringing future growth. Indeed, the rebound plans will increase public deficit and thus lead to future spending cuts.

Tentative priority actions in these areas include:

1. Business support

- Informing enterprises about available support schemes.
- Supporting and advising would be entrepreneurs, including those people who see entrepreneurship as an alternative to unemployment.
- Putting in place a portfolio approach to keep close contacts with strategic enterprises (backing winners).
- Offering support for product / service / geographical diversification.
- Opening new markets for SMEs (sectorial diversification).
- Providing intermediation services in order to facilitate change in behaviour both from private and public stakeholders.
- Offering "health checks" to SMEs as well as innovation vouchers.
- Improving the public procurement procedure for SMEs, including faster payments.
- Helping entrepreneurs to overcome red tapes burden.
- Developing social enterprises.

2. Access to financial support

- Increasing the resources available to existing financial engineering instruments or promoting the development of such instruments. Bringing new business angels to become active. Focusing attention on co-investment funds set up by business angels.
- Innovating, e.g. by converting SME debt into (quasi-)venture capital. Exploring the possibility of setting up a regional stock exchange specialising in regional SME development (possibly drawing on the experience of Advantage West Midlands in the UK).
- Providing services to match banks and SMEs, including the offer of guarantees to help SMEs find working capital.

- Developing financial instruments specialising in support for specific industries such as eco-innovation and alternative energy sources or SME support (see the Caisse d'Epargne en Wallonie (B)).
- Encouraging relations between incubators and investors.
- Boosting guarantee and micro-credit schemes.
- Leveraging the opportunities created by EU programme JEREMIE and the inflow of funds announced by the European Investment Bank.
- Cocooning start-ups and gazelles.

3. Market access and internationalisation

- Leveraging public procurement procedures to invest in innovative projects.
- Promoting SME syndication to bid under calls for tenders launched as part of economic recovery plans.
- Setting up a network of business hotels to help regional SMEs assess the potential of foreign markets.
- Strengthening internationalisation support instruments (export-credit, recruitment of junior executives, organising meet-the-buyer fairs, etc.). Industries and markets are not all hit in the same way. Market niches may hold opportunities for SMEs, in terms both of exports and a reorganisation of their supply chain – with resulting productivity gains and cost reductions.

4 Regional Intelligence, support to innovation et research activities

- Strengthening the role of clusters in the fields of market and technological intelligence in order to understand and anticipate future needs and adjust support services accordingly.
- Helping businesses draw maximum benefit from any and all available support schemes. Setting up first advisory stop shops and no-wrong-door schemes.
- Developing business retention services to deliver regional competitiveness and attractiveness reinforcement schemes in fields including infrastructure, corporate real estate and human capital training taking into account the expressed needs of the local business community.
- Leveraging the eco-innovation strand of recovery plans to develop eco-innovation clusters and multi-sectoral platforms as well as energy consumption and waste generation reduction projects.
- Boosting schemes supporting innovation and the exploitation of SMEs' intangible assets.
- Confirming the feasibility of having local businesses manage and leverage (i.e. buy & sell) non strategic patents owned by multinational corporations and research centres operating in the region (drawing from the experience of Delaware, US).
- Checking the sturdiness of the different links of the values chains of the different strategic industries.
- Monitoring the health or resistance capability of local enterprises in crisis time.
- Reinforcing the relationships between regional stakeholders in order to cross-check available information and to launch coordinated actions.
- Setting the sectorial agenda for a new regional economy by focussing the resources on sectors and enterprises which are likely to lead growth within the region after the crisis.

5. Employment and training

- Strengthening the resources and intervention of occupational training centres.
- Setting up an observatory to study the short to medium term occupational training requirements of regional businesses.
- Strengthening the offer of university/business partnerships when it comes to the provision of (even temporary) talent.
- Implementing vocational reintegration schemes for the unemployed.

6. Regional marketing

- Extending the marketing targets to all mobile actors: enterprises, tourism, capital, events
- Offering more segmented and competitive offers in order to present unique solutions which are differentiated and attractive.
- Develop a regional brand.

Public authorities and intermediary bodies will need to be able to assess deployed schemes against the three test questions below: –

- ✓ Do beneficiaries try to survive the crisis? (access to markets and credit)
 - ✓ Will beneficiaries be stronger when they emerge from the crisis? (access to medium term finance)
 - ✓ Are beneficiaries business developers who foresee the opportunities arising from the crisis or unemployed people looking for a way to reintegrate the labour market?
- in order to adjust them to achieve the desired effects and so act as efficiently as possible according to the specific requirements of local businesses (an approach base on demand rather than supply).

2. TIPS TO KEEP THE ROAD

2.1 What's to be learned from advices to entrepreneurs ?

The table below tries to draw a parallel between the advice given by great consultancy companies to enterprises so that they can keep the road in these crisis times and the action which can be developed by RDAs.

Recommendations Deloitte – KPMG – Ernst & Young	Businesses	Regional authorities
1. Situational analysis	Analysing strengths and weaknesses and the industries and products that push business results up or down. Reckoning with industrial and geographical interdependences.	Analysing the issues and opportunities of strategic businesses. Developing territorial intelligence.
2. Acting decisively and quickly	Two strategies stand out: • less for less; • specialisation in niche markets.	Developing an approach based on strategic portfolios.
3. Flexibility	Adjusting as best as possible to a changing environment.	Developing scenarios.
4. Procuring cash	The crisis favours businesses with liquid assets.	Strengthening financial engineering instruments.
5. Customer is king	Privileging the client-based approach as well as relations with suppliers.	See the portfolio-based approach.
6. Controlling costs	Maintaining investment to develop a mid to long-term strategy.	Taking action without additional budget implications. Intermediation, PPPs.
7. Communicating	Controlling information is both a strong position and an absolute must to make decisions.	Campaigns, hotlines, etc.
8. Updating information	Checking that indicators are still relevant.	Strengthening regional economic intelligence.
9. Retaining talents	It is a key issue.	Developing vocational training programmes.
10. Leveraging the opportunities and being creative	All industries and businesses will be radically transformed as a result of the crisis.	Investing for the future: infrastructure, education, training, innovation.

2.2 Results of a survey by "Booz & Company" with enterprises of the Silicon Valley¹

Across industries, the Booz experts have found that most Bay Area companies are responding with a mix of defensive and offensive strategies.

The 9 key elements of recession response are divided into three components:

- I. Consolidate the foundation
 1. Plan and communicate
 2. Downsize organization
 3. Reduce costs and conserve cash
- II. Pursue external opportunities
 4. Hire talent
 5. Scan for acquisitions
 6. Leverage declining prices
- III. Position for growth
 7. Focus the business
 8. Transform operations
 9. Invest in innovation

2.3 The 10 "Barcelona Principles"²

Within the framework of its LEED Programme (Local Economic and Employment Development), OECD has drawn up a list of advices and behaviours to be adopted by public authorities in order to manage the crisis. This list has inspired i.a. Scottish Enterprise to define its anticrisis strategy.

- I. Don't waste the crisis, but respond with leadership and purpose
- II. Make the case for investment
- III. Build a robust long term strategy
- IV. Purposeful short term action is needed
- V. Address investment attraction and readiness
- VI. Relationships matter and need increased attention
- VII. Ensure effective public works and major investments
- VIII. Stay close to the people
- IX. Stay open to the World
- X. Build National-city alliances

¹ Source : Strategically Navigating the Economic Downturn

² Source: Debra Mountford (OCDE), Agorada 2009

PART 2 : PANORAMA OF TOOLS AND ACTIONS UNDERTAKEN BY RDAs

The following pages describe what are the contributions of RDAs to support and sustain economic development in their regions, as well as how some of them have answered to the crisis in order to help the regional socio-economic fabric to resist and to prepare for further growth.

OVERALL SUPPORT TO BUSINESSES

<p>How they contribute to economic development</p>	<p>They provide business support</p>
<p>How the crisis affects them</p>	<p>Higher specific demand to overcome the different impacts of the crisis: credit crunch, declining sales, staff reduction.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Offering tailored solutions. Testing the strengths of enterprises. Advising to find new market opportunities (sector / geography). Intermediating with other stakeholders, service providers. Designing new types of PPPs. Supporting enterprise creation. Focussing on growth potential.</p>
<p>Examples of RDA actions</p>	<p>Brussels Enterprise Agency (B)</p> <ul style="list-style-type: none"> • Task force of public and associative "solution finders" • Toll free Number (telephone + e-mail) <p>CEEVO Val d'Oise (F)</p> <ul style="list-style-type: none"> • Economic and social balance of Val d'Oise • Employment watch system <p>Scottish Enterprise (UK)</p> <ul style="list-style-type: none"> • Key account approach with 2000 strategic SMEs • Campaign "Now is the time to ask" <p>Yorkshire Forward (UK)</p> <ul style="list-style-type: none"> • Health checks <p>ACC1Ó CIDEM COPCA (E)</p> <ul style="list-style-type: none"> • Crisis Round Table • ACC1Ó Strategic Plan 2009-2013

INNOVATION

<p>How they contribute to economic development</p>	<p>They develop and deliver regional innovation strategies. They provide advisory services to innovative regional businesses.</p>
<p>How the crisis affects them</p>	<p>Lower RTDI budgets among businesses.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Strengthening awareness campaigns showing that the crisis generates opportunities for innovative businesses. Increasing the financial resources available for investment in innovative projects. Redefining strategic industries or market niches for regional businesses. Strengthening the link between businesses and universities and research centres. Developing a strategy to attract into the region the funding earmarked in recovery plans for the Green Agenda and the eco-innovation potential. Helping enterprises develop the creativity potential of their workforce. Strengthening lobbying activities aimed at improving the opportunities presented by public procurement to innovative businesses and ensuring that specific public procurement procedures are launched for innovative products and services (cf. eco-innovation, intelligent infrastructure, etc.).</p>
<p>Examples of RDA actions</p>	<p>Stuttgart RDA (D) • Providing access to innovation and research programmes ACCÍO CIDEM COPCA (E) • Providing access to innovation and research programmes Scottish Enterprise (UK) • Awareness raising: "Winning through innovation" events, followed by "Product development workshops" and "Innovation master classes" Trentino Sviluppo (I) • Seed money grants (max. €150,000) for innovative and high tech start-ups.</p>

ENTREPRENEURSHIP

<p>How they contribute to economic development</p>	<p>For many years, most of the jobs created in regions are the fact of new enterprises.</p>
<p>How the crisis affects them</p>	<p>The crisis can have three effects:</p> <ul style="list-style-type: none"> • People might consider entrepreneurship or self-employment as an opportunity; • Would be entrepreneurs might delay their projects because they are afraid of the downturn in markets; • Development of alternative forms of enterprises.
<p>What could be done to help or prepare for the rebound?</p>	<p>Providing more advice for specific would be entrepreneur target groups.</p> <p>Putting specific financial tools in place for strat-ups.</p> <p>Developing supports for alternative types of enterprises (co-operatives, social enterprises, ...),</p>
<p>Examples of RDA actions</p>	<p>Murcia RDA (E)</p> <ul style="list-style-type: none"> • Erasmus for young entrepreneurs <p>ACC1Ó CIDEM/COPCA (E)</p> <ul style="list-style-type: none"> • Support to technological based enterprises

EXPORT (INTERNATIONALISATION)

<p>How they contribute to economic development</p>	<p>Geographical diversification as a factor of business growth.</p>
<p>How the crisis affects them</p>	<p>Reduced demand. Protectionist reflexes among States. Higher barriers against imports.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Increasing economic intelligence in foreign markets. Increasing the presence in fairs to support marketing. Strengthening export credit and guarantee schemes. Promoting participation in sectoral meet-the-buyer fairs to help match subcontractors with principal contractors. Implementing “Ambassador” projects to ensure regional SME representation in target foreign markets. Developing the concept of “business hotels” to enable regional companies to clearly understand foreign markets and validate their commercial strategy. Offering commercial canvassing grants to businesses that hire young graduates or trainees.</p>
<p>Examples of RDA actions</p>	<p>Scottish Development International (UK)</p> <ul style="list-style-type: none"> • "Sell Now Pay Later" : support to exhibition costs • Export credit finance workshops <p>CEEVO Val d'Oise (F)</p> <ul style="list-style-type: none"> • Support to geographical diversification <p>Castilla y Leòn RDA (E)</p> <ul style="list-style-type: none"> • Partnership for innovation development <p>ACC1Ó CIDEM/COPCA (E)</p> <ul style="list-style-type: none"> • Programs to support the first steps of the export process and to consolidate the international presence. • Enhancing Centers of business promotion (CPN)

FDI PROMOTION

<p>How they contribute to economic development</p>	<p>They attract and receive foreign investors in the region. They develop a regional brand.</p>
<p>How the crisis affects them</p>	<p>Lower number of FDI projects. Scheduled investment operations are delayed. Business closures.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Investing in marketing to maintain or to change the regional image. Segmenting potential clients. Developing business retention schemes.</p>
<p>Examples of RDA actions</p>	<p>Scottish Enterprise (UK) • Adjusting the marketing and information follow-up services. ACC1Ó CIDEM COPCA (E) • Invest in Catalonia project</p>

INCUBATORS

<p>How they contribute to economic development</p>	<p>They support businesses upon development and during their early years by providing accommodation and preferential advisory services.</p>
<p>How the crisis affects them</p>	<p>Slower start-up growth. Smaller number of business development projects.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Extending preferential conditions of access to incubator services. Investing in improved incubator service provision. Building partnerships with public and private financial organisations. Deploying tools promoting accelerated growth among incubated businesses. Influencing public procurement policies in favour of innovative SMEs. Specialising incubators (ICT, bio-tech, ...) to focus efforts to help the creation of start-ups in sectors of high potential future growth.</p>

SECTORAL-TECHNICAL ADVICE, DESIGN, PROTOTYPING, QUALITY, MANUFACTURING AND LEAN

<p>How they contribute to economic development</p>	<p>They help businesses strengthen their competitiveness by improving their intangible assets – including the quality of their products/services.</p>
<p>How the crisis affects them</p>	<p>Smaller budgets.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Increasing business support schemes that help enterprises improve the quality of their production process/ services/products.</p>
<p>Examples of RDA actions</p>	<p>South-West of England RDA (UK) / Scottish Enterprise (UK) / Yorkshire Forward (UK)</p> <ul style="list-style-type: none"> • Manufacturing review services in order to provide feedback on the current state and improvement opportunities (workplace, plant, machinery, quality, continuous improvement activity, etc) <p>ACC1Ó CIDEM COPCA (E)</p> <ul style="list-style-type: none"> • Support to Catalan Clusters

UNIVERSITY/BUSINESS INTERFACES

<p>How they contribute to economic development</p>	<p>They facilitate transfers of knowledge and know-how between businesses and universities as part either of a technological excellence process or of an effort to help solve the issues facing local businesses.</p>
<p>How the crisis affects them</p>	<p>Loss of local business competitiveness. Smaller investment budgets.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Awarding grants to SMEs to help them understand and prepare for the strategic challenges of the post-crisis years. Increasing the number of incentives for cooperation between businesses and universities (vouchers, repayable short-term loans, collaborative projects, etc.) in order to innovate through the resolution of issues facing SMEs.</p>
<p>Examples of RDA actions</p>	<p>BOM (NL) • Increased financial means of the "spin off" fund ACC1Ó CIDEM COPCA (E) • TECNIO: Catalan technological network</p>

TECHNOLOGY TRANSFER, IP RIGHTS PROTECTION

<p>How they contribute to economic development</p>	<p>They facilitate and expedite the research project outcome exploitation process.</p>
<p>How the crisis affects them</p>	<p>Fewer investment projects and resulting lower demand.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Helping to reduce the cost of acquiring IP to maintain an adequate level of investment into innovation among SMEs.</p> <p>Improving awareness of spin-off development.</p> <p>Developing an instrument to acquire and leverage patents that are not used by rights holders to make them available to local businesses.</p>
<p>Examples of RDA actions</p>	<p>ACC1Ó CIDEM COPCA (E)</p> <ul style="list-style-type: none"> • TECNIO: Catalan technological network

PRIVATE-PUBLIC PARTNERSHIPS

<p>How they contribute to economic development</p>	<p>PPPs provide public authorities with extra funding means as well as with risk sharing for project implementation</p>
<p>How the crisis affects them</p>	<p>Reluctance of investors to take risks Credit crunch limiting the volume of funding available both for the public and private sectors</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Increasing the risk taken by the public sector Developing new forms of public-private partnerships Rethinking the capacity of public authorities to facilitate the process Building new PPPs to ensure an increased volume of investment</p>
<p>Examples of RDA actions</p>	<p>POM Vlaams-Brabant (B) Rehabilitation of brown fields ACC1Ó CIDEM COPCA (E) • Technology Centers Trentino Sviluppo (I) • Infrastructure building projects, e.g. cableway link in tourism areas.</p>

BUSINESS HOTELS

<p>How they contribute to economic development</p>	<p>They organise temporary accommodation for SMEs looking to test their localisation on the regional/national market.</p>
<p>How the crisis affects them</p>	<p>Reluctance when it comes to executing geographical expansion projects.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Extending the maximum period during which businesses are accommodated and enjoy cheaper or free access to advisory and intelligence services.</p> <p>Providing specialised services according to the sector of the activity.</p>
<p>Examples of RDAs' actions</p>	<p>ACC1Ó CIDEM COPCA (E)</p> <ul style="list-style-type: none"> • International Promotion Program (MIPRO,CERIT and MIPRO) • International Soft Landing Facilities <p>Brussels Enterprise Agency (B)</p> <ul style="list-style-type: none"> • International Soft Landing Facilities

VOCATIONAL TRAINING

<p>How they contribute to economic development</p>	<p>They improve labour skills either at business or regional level.</p>
<p>How the crisis affects them</p>	<p>Reduced business budgets. Higher numbers of unemployed staff.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Enhancing training provision for the unemployed. Helping businesses using part-time unemployment to implement training plans or leverage existing opportunities in this field. Setting up an observatory of future occupational skills requirements in partnership with local businesses. Investing in vocational training centres.</p>
<p>Examples of RDA actions</p>	<p>Scottish Enterprise (UK)</p> <ul style="list-style-type: none"> • Attraction of talent • Focus on skills needs <p>CEEVO Val d'Oise (F)</p> <ul style="list-style-type: none"> • Regional employment conference <p>IGRETEC (B)</p> <ul style="list-style-type: none"> • Building new training centres in the region <p>ACC1Ó CIDEM COPCA (E)</p> <ul style="list-style-type: none"> • Managment of Talent

BANKS

<p>How they contribute to economic development</p>	<p>They supply businesses with debt to face their investment and cash flow needs.</p>
<p>How the crisis affects them</p>	<p>Reduced amounts and tougher loan allocation conditions.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Increasing guarantees. Providing intermediary or intelligence services regarding the types of businesses that are still popular with the different banks operating in the region.</p>
<p>Examples of RDAs' actions</p>	<p>Brussels Enterprise Agency (B) Intermediation in the field of:</p> <ul style="list-style-type: none"> • Short term credit • Express guarantee <p>IGRETEC (B)</p> <ul style="list-style-type: none"> • Providing investment readiness advice <p>ACC1Ó CIDEM COPCA (E)</p> <ul style="list-style-type: none"> • Reshaping the approach: Financial Guidance, Financing Services, Private Investor Network

BUSINESS ANGELS AND SEED, VENTURE CAPITAL AND UNIVERSITY SPIN-OFF FUNDS

<p>How they contribute to economic development</p>	<p>They supply businesses with venture capital enabling them to steadily grow fast.</p> <p>Business angel networks provide mentoring to entrepreneurs.</p>
<p>How the crisis affects them</p>	<p>Investors need to extend investment duration and invest more significant amounts. New businesses may not be able to gain access to this category of funding sources.</p> <p>The value of equity participations and of investees falls. This leads both to reduced investment portfolio value and fewer investment opportunities due to the comparatively low value of proposed investment deals.</p> <p>Number of deals presented to business angels increased, though they are not all fit for angel funding (displacement effect).</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Awareness raising regarding investor expectation.</p> <p>Investors' readiness.</p> <p>Setting up co-investment funds investing alongside or substituting investors looking to cash in on their investment and invest in other projects.</p> <p>Developing investment readiness projects and deploying mezzanine-type instruments for entrepreneurial growth companies facing temporary cash-flow difficulties.</p> <p>Developing mediation services to intercede between investors.</p> <p>Re-shaping the financial value chain in order to support exit strategies.</p>
<p>Examples of RDA action</p>	<p>BOM (NL) / LIOF (NL) Increased financial means of their regional seed and venture fund.</p> <p>LIOF (NL) Bridging financing schemes to help SMEs overcome crisis time.</p> <p>Scottish Enterprise (UK) Acceleration of the development of a Jeremie programme for Scotland.</p> <p>Trentino Sviluppo (I) Equity investment in local strategic enterprises as well as seed capital for future innovative enterprises.</p> <p>ACC1Ó CIDEM COPCA (E) • Private investors network, GENESI Program.</p>

SUBSIDIES AND FINANCIAL ENGINEERING

<p>How they contribute to economic development</p>	<p>They support business growth.</p>
<p>How the crisis affects them</p>	<p>Higher number of failing businesses.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Increasing the resources of business support schemes while avoiding distortions of competitions caused by providing support to businesses that are not sustainable in the long term.</p> <p>Developing new financial engineering formats – e.g. mezzanine funds – combining venture capital and (un)subsidised convertible loans.</p> <p>Setting up a fund to convert SME debt into venture capital.</p>
<p>Examples of RDA actions</p>	<p>Trentino Sviluppo (I) Purchase and lease back of enterprises real estate</p> <p>ACC1Ó CIDEM COPCA (E) Fund to co invest with business angels and venture capital firms</p>

MICRO-CREDIT, LOANS ON TRUST

How they contribute to economic development	They enable the development and growth of micro-businesses and social enterprises.
How the crisis affects them	Uncertain project success. Number of people tempted to develop a business as an alternative to surging unemployment.
What could be done to help or prepare for the rebound?	Increasing the amount of available funding. Linking funding decisions to the provision of advice and mentoring.

(MUTUAL) GUARANTEE FUNDS

How they contribute to economic development	They help SMEs secure bank loans.
How the crisis affects them	Growing number of businesses facing difficulties when it comes to securing bank loans.
What could be done to help or prepare for the rebound?	Increasing fund resources.
Examples of RDAs' actions	ACC1Ó CIDEM COPCA (E) <ul style="list-style-type: none"> • Guarantees (50%) for enterprises having liquidity problems

CLUSTERS, COMPETITIVENESS POLES, INDUSTRIAL DISTRICTS, ENTERPRISE CLUBS

<p>How they contribute to economic development</p>	<p>They provide – generally high value-added – shared services to member businesses in order to increase their competitiveness.</p>
<p>How the crisis affects them</p>	<p>Divestment in RTDI projects. Mistrust among competitors leading to reluctance when it comes to cooperating.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Acting jointly to access public investment. Repositioning the cluster in the global supply chain. Internationalising cluster members. Considering innovation and key action for the future of the cluster.</p>
<p>Examples of RDA actions</p>	<p>South West of England RDA (UK) Refocusing resources on key growth clusters which are likely to lead future growth.</p> <p>IGRETEC (B) Supporting associations of enterprises facing the same problem.</p> <p>County Council of Southern Savo (FIN) Support to enterprises to refocus their productions through innovative interclusters and international networks.</p>

PROOF OF CONCEPT

<p>How they contribute to economic development</p>	<p>They help validate the market, technology and management team aspects of business development projects.</p>
<p>How the crisis affects them</p>	<p>Longer time to market due to uncertainty about (i) demand, (ii) delayed investment among potential customers and (iii) secured funding.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Strengthening service provision, notably to evaluate market potential and innovation arguments in the marketing plan. Extending the period during which assistance is provided.</p>
<p>Examples of RDA actions</p>	<p>Trentino Sviluppo (I) Grants and seed money provided to future innovative enterprises.</p> <p>Scottish Enterprise (UK) / South East Finance (UK) Managing proof of concept schemes.</p> <p>ACC1Ó CIDEM COPCA (E) • Observatory of External Markets</p>

GAZELLES

<p>How they contribute to economic development</p>	<p>This category of businesses makes a substantial contribution to the creation of regional jobs and added value.</p>
<p>How the crisis affects them</p>	<p>Contraction of demand for their products and services, especially where they operate exclusively in a specific market niche.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Supplying equity to help them through the crisis. Helping them access public procurement. Providing bank loan guarantees.</p>
<p>Examples of RDA actions</p>	<p>Scottish Enterprise (UK) Integrated Portfolio approach – Backing the winners ACC1Ó CIDEM COPCA (E) • International Public Procurement Service</p>

INDUSTRIAL PARKS

<p>How they contribute to economic development</p>	<p>They supply corporate real estate for both domestic businesses and foreign investors.</p>
<p>How the crisis affects them</p>	<p>Fewer investment projects. Closure of production units. Delayed project execution. In the long run, increased number of brown fields.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Developing business retention programmes. Building up marketing. Investing in park modernisation. Providing new/better services. Reducing red tape to speed up the establishment of enterprises.</p>
<p>Examples of RDA actions</p>	<p>CEEVO Val d'Oise (F) Continued effort to requalify existing parks in order to make them more attractive.</p> <p>County Council of Southern Savo (FIN) Help to enterprises located in the Rantasalmi Eco Industrial Park to use materials and energy more efficiently by better cooperation between tenants.</p>

SCIENCE AND TECHNOLOGICAL PARKS

<p>How they contribute to economic development</p>	<p>They supply corporate real estate near university campuses and research centres.</p> <p>They facilitate the relationship between scientists and business developers.</p>
<p>How the crisis affects them</p>	<p>Reduced RTDI budgets and investment.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Increasing RTDI project finance.</p> <p>Introducing more flexible conditions for accommodation in parks.</p>
<p>Examples of RDA actions</p>	<p>IGRETEC (B)</p> <p>Provision of research relay buildings (payment of rent costs based on future success of RDTI activities).</p>

BUSINESS RETENTION PROJECTS

<p>How they contribute to economic development</p>	<p>They aim to prevent relocation of strategic regional businesses.</p>
<p>How the crisis affects them</p>	<p>Growing number of businesses hit by the crisis.</p>
<p>What could be done to help or prepare for the rebound?</p>	<p>Increasing the portfolio of businesses included in such a scheme.</p> <p>Constantly confirming the continued existence of the regional advantages that prevailed at the time of investment.</p> <p>Defining new needs in terms of competitive advantages that the region can develop with the aim of retaining businesses.</p> <p>Attempting to enable businesses to benefit from the positive effect of recovery plans.</p> <p>Accompanying enterprise representatives to high level national authorities.</p>
<p>Examples of RDA actions</p>	<p>South West of England RDA (UK) Support to Honda to develop new skills for the workforce. Support to Honda to fund the development of a low carbon vehicle.</p> <p>IGRETEC (B) Support to Alsthom to advocate their case to national and regional ministers.</p> <p>Trentino Sviluppo (I) Weekly information of the Regional Council about the difficulty of certain businesses.</p> <p>County Council of Southern Savo (FIN) Launching of the Eastwood Growth and Development Programme for the wood processing industry faced with severe difficulties.</p>