



THESSALONIKI | GREECE

# ACTION PLAN

'How to use Financial Instruments  
to enhance regional development'

  
**Innova-FI**  
Interreg Europe

Business and Cultural  
Development Centre

# INNOVA-FI ACTION PLAN

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# EXECUTIVE SUMMARY

This document is the Innova-FI Action Plan for the Region of Central Macedonia. The Action Plan is the means to transfer the best practices and the lessons learnt through exchanging experience in Phase 1 to the second Phase of the project. The aim of this regional action plan is to affect an Investment for Growth and Jobs programme and more specifically, two policy instruments: Operational Programme of Central Macedonia 2014–2020 and Operational Programme Competitiveness, Entrepreneurship, and Innovation 2014-2020 (EPAnEK).

The region of Central Macedonia faces various challenges in regard to entrepreneurship and innovation, as low competitiveness and lack of innovation in several sectors of the regional economy make their growth vulnerable to global competition and macro-economic shocks. In this regard, the current Action Plan focuses on supporting and strengthening the regional start-ups through selecting the most relevant financial instrument depending on their development stage.

Taking into consideration the lessons learnt from the exchange process and the interaction with stakeholders (good practices identified by project partners, feedback from LSGs, etc.) two set of actions are proposed within this Action Plan. The aim of the first set of actions is to support innovative start-ups to find relative funding instruments depending on their stage of development through offering specific services and implementing dissemination activities. The second set of actions focuses on promoting the «Business angels» concept in the Region of Central Macedonia that will strengthen and support the early stages of development and shaping of sustainable business plans and thus contribute to the creation of a sustainable start-up ecosystem that is already developing in our country. An additional objective of these actions is the improvement of the effectiveness of the operation of the new business angels' fund that is going to operate the coming months.

The Action Plan also specifies the nature of the actions to be implemented, their timeframe, and the players involved, the costs and funding sources and finally offers a specific guide on monitoring and implement it successfully. More specifically, a monitoring process is prepared to make sure the action plan is implemented according to the goals and values of the project and the new mechanism. The Business and Cultural Development Centre (KEPA) will be responsible for monitoring the implementation of the refereed actions in the context of this Action Plan to watch the progress and define the impact.

# POLICY CONTEXT

The Region of Central Macedonia (RCM) is the second most populous region in Greece after Attica. The main vision of the Region is the promotion of a sustainable development model, based on competitiveness, extroversion, and innovative entrepreneurship.

In general, the main challenges of the Innovation and Entrepreneurship Ecosystem in the region of Central Macedonia, based on several sources <sup>[1]</sup> from recent research, are the following:

- Links between R&D centers and SMEs have huge potential;
- Regional SMEs since they are quite small, they lack R&D infrastructure, capacity and staff;
- Funding innovative ideas and projects (both SMEs and R&D centers);
- Need for supporting SMEs with innovative orientation.

In more detail, the main weaknesses in regard to the entrepreneurship and innovation in the region recognized during the development of RIS3 Strategy <sup>[2]</sup> in RCM include among others:

- Technology Transfer from R&D centers is characterized quite low and has high perspectives;
- Low competitiveness of the regional economy at European level in technological readiness and labor market indicators (according to RCI Report);
- there is a lower intensity of ICT investments by companies in the region of Central Macedonia compared to other geographical regions.

In further analysis, low competitiveness and lack of innovation in several sectors of the regional economy make their growth vulnerable to global competition and macro-economic shocks.

Despite that, we are witnessing positive results from a number of innovations' supporting policies, resulting in the production of innovative products and services beyond the geographical boundaries of the Region.

Additionally, according to a comparative analysis regarding innovation, conducted by the **One Stop Liaison Office** (O.S.L.O.) <sup>[1]</sup>, RCM ranks poorly compared to 15 selected regions with similar GDP, both in terms of technological readiness and innovation, while in terms of the ability of SMEs to collaborate and deliver value (business sophistication) is slightly below the average of these regions.

According to 2014-2020 RIS3 Strategic document, the **vision** of RCM for 2025 is to become an Innovation Hub for the wider region of Southern-Eastern Europe through the maintenance and strengthening of its important Human Capital with competent qualifications in research and technological development, the deepening of the cooperation of the area of Knowledge with Entrepreneurship and the development of innovative environment overcoming the crisis and creating new jobs, based on innovation, competitiveness and extroversion.

## Aim of the Action Plan

**The Action Plan aims to impact:**

√ Investment for Growth and Jobs programme

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<sup>1</sup> “Study of Strategic Operation and Objectives of One Stop Liaison Office” (Del.4.1.1), under Innovation and Entrepreneurship Support Mechanism of RCM

<sup>2</sup> [http://www.pepkm.gr/uploads/pdf/RIS3\\_PKM\\_20161205.pdf](http://www.pepkm.gr/uploads/pdf/RIS3_PKM_20161205.pdf)

- European Territorial Cooperation programme
- Other regional development policy instrument

**Name of the policy instruments addressed:**

1. Regional Operational Programme of Central Macedonia 2014–2020
  2. Operational Programme Competitiveness, Entrepreneurship, and Innovation 2014-2020 (EPAnEK)
- 

## Policy Instruments

The Innova-FI project aims to impact **two specific Policy Instruments**.

More specifically, the Innova-FI Action Plan intends to influence the Policy Instruments under the Regional Operational Programme (ROP) of Central Macedonia (CM) 2014-2020 and encompasses **Thematic Priority Axis 1** dealing with strengthening research, technological development, and innovation and under Operational Programme Competitiveness, Entrepreneurship, and Innovation 2014-2020 (EPAnEK), **Priority Axis 1** intending in enhancing entrepreneurship with sectoral priorities.

The abovementioned Policy Instruments are the techniques used by the Region of Central Macedonia to promote certain policies to enhance the strengths and opportunities and reduce and overcome weaknesses and threats regarding the innovation ecosystem.

### Regional Operational Programme of Central Macedonia 2014–2020

The Regional Operational Programme of Central Macedonia 2014-2020 aims to boost economic development and create job opportunities in the region. It contributes to achieving the EU2020 targets for smart, sustainable and inclusive growth, also in line with the smart specialisation strategy. It should create jobs and help SMEs to become more competitive and innovation-driven. EU funding will also contribute to meeting the requirements of the Union's acquis, in particular as regards greenhouse gas reduction in and increase energy efficiency.

The ROP will substantially contribute to promoting the following **3 key EU and national development priorities** regarding **SMEs and innovation**:

1. Strengthening research, technological development and innovation (ERDF 2.38% of EU allocation).
2. Enhancing access to, and use and quality of ICT (ERDF 1.16% of EU allocation).
3. Enhancing competitiveness of SMEs (ERDF 10.79% of EU allocation).

The total value of investment in the priority axis dedicated to SME competitiveness is €138m to provide financial and nonfinancial support SMEs. The Implementation mechanisms that the Region is considering to include are:

- Grants
- Vouchers (Innovation, Technology)
- Incubators, accelerators and relevant mechanisms to support entrepreneurship, clusters' support.

The first instrument that this Action Plan intends to influence is under **Axis 01** thematic goal dealing with strengthening research, technological development and innovation and specifically encompasses the whole **1b investment priority**, a priority that is promoting private R&D&I investments, developing links and synergies between enterprises, research centers and tertiary education sectors, particularly through: (a) investments in new product and services, (b) technology

transfer, (c) social and ecological innovation, (d) public service applications, (e) encourage demand, (f) networking, (g) cluster formation, (h) support technological and applied research, (i) pilot projects, (j) early ratification, (k) advanced production capacity, especially in key technologies, and (l) dissemination of general technologies applications.

This priority has been drafted to deal with the following goals:

- Support local SMEs to invest in R&D infrastructures and research staff
- Increase private R&D&I spending to reach EU & country averages
- Develop more funding mechanisms and tools
- Increase research and Market linkages
- Focus more on the commercial exploitation of results
- Focus more on RIS3 strategies, and actions mainly in the priority areas.
- Better support of new startups
- It is aligned with the Commission's Pact with Greece and
- It is also aligned with the national operational goals and programs.

Although the ROP CM highlights the financial needs of the SMEs and that the funds of the ROP are limited, however there are not measures foreseen for the exploitation of the use of Financial Instruments.

Under investment Priority 1b, the Region's Innovation and Entrepreneurship Support Mechanism and mainly the **One Stop Liaison Office** which is a part of the Mechanism were established. This mechanism has been launched with the aim of monitoring the interventions of the Smart Specialization Strategy (RIS3). More specifically, the **One Stop Liaison Office** that is the peak intervention of the Mechanism, acts as a point of mediation between the academic community and the final beneficiaries of the Smart Specialization Strategy (SMEs).

The aim of "Mechanism for the support of the Innovation and Entrepreneurship EcoSystem" is to utilize and disseminate the experience for technology transfer issues that has already been developed in some of the academic and research institutions (AUTH, CERTH) and to achieve economies of scale in the systematic exchange of knowledge between the research sector of the region and the productive sector at supra-regional scale.

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

The Operational Program "Competitiveness, Entrepreneurship & Innovation" (EPAnEK) is one of the seven Sectoral and thirteen Regional Operational Programs of the Partnership and Cooperation Agreement (NSRF) for the period 2014-2020, which was approved by the C (2014) 10162 final EU Decision of 18/12/2014.

The pivotal strategic objective of EPAnEK is to enhance the competitiveness and extroversion of enterprises, to facilitate transition to quality entrepreneurship, while at the same time advancing innovation and growth of domestic added value. The Operational Programme Competitiveness, Entrepreneurship & Innovation occupies a central position in the country's efforts to create a new production model that will lead to development and will strengthen the competitiveness of the Greek economy by leveraging private financing.

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

EPA<sub>n</sub>EK is structured around the following **main Priority Axes**:

- “*Enhancing entrepreneurship with sectoral priorities*” (ERDF –50,79% of EU allocation)
- “*Adaptability of workers, enterprises and the entrepreneurial environment to the new development requirements*” (ESF –18,18% of EU allocation)
- “*Development of mechanisms to support entrepreneurship*” (ERDF –29,19 % of EU allocation)
- “*Technical Assistance*” (ERDF - 1.50% and ESF 0.34% of EU allocation respectively)

More specifically, the **Priority Axis 1** aims at increasing research potential and private investments in research and development, promoting innovation and outturn of SMEs, particularly in sectors with a competitive advantage (agri-food, energy, supply chain, cultural and creative industries, environment, tourism/culture, ICT, health, Material/Constructions). Additionally, Investment Priority 1b promotes the strengthening of new business initiatives to exploit the knowledge gained from research and the support of start-ups and initial business development projects in cooperation with financial institutions, such as banks, venture capital and Business Angels.

## ACTION 1 – Support Startups to find alternative funding sources.

Small and medium-sized enterprises (enterprises employing fewer than 250 persons) are the backbone of the EU economy and play an important role in the Greek non-financial business economy as well. SMEs in Greece represent 99,96% of the total private sector for the year 2018 and 63.5% of total value added (EU average 56.4%) and an employment share of 87.9% (EU average 66.6%)<sup>[3]</sup>.

In particular, the Greek start-up ecosystem has developed rapidly over the past five years. According to the “EU Startup Monitor”<sup>[4]</sup> for 2018, one third of start-ups in Greece are in the traditional software (as-a-service sector) (36.6 %), although they are also active in other sectors, such as biotech (7.3 %, compared to the 6.5 % EU average). Greek start-ups currently employ 9.0 people. They are known especially for their open and entrepreneurial culture. Greek start-ups generate their revenues mostly through business-to-business (72.7 %) and within the Eurozone (78.0 %). Most Greek start-ups obtained either all or some (82.1 %) of their financing from EU investors. The geographic start-up hub for Greece is Athens, with some start-ups also in Thessaloniki. The share of Greek firms that have successfully scaled up their operations in recent years is lower than the EU average.

On the policy side, promoting entrepreneurship has been a priority for the Greek government for the last decade<sup>[5]</sup>. Some of the most relevant measures have focused on simplifying the procedures to start a new business and on specific groups (e.g. female and youth entrepreneurship). Since 2012, over 500 startups have been established with the support of approximately 20 incubators and accelerators and 10 venture funds. However, one of the main challenges the SMEs and specifically start-ups are facing is the exploitation of new financial instruments for investment and working capital funding. The support for start-ups and scale-ups is increasingly a national policy priority. For instance, setting up the ‘Equifund’ fund-of-funds, that created to provide SMEs with the private equity and venture capital ecosystem they need in order to thrive, will make approximately EUR 320 million available to start-ups and scale-ups through intermediary funds (technology transfer, accelerator, early stage/seed and growth stage private equity funds),

In this regard, financial instruments are essential in addressing the diverse financing needs for start-ups. Financial instruments mobilize combined public and private resources and contribute to the financing of SMEs by means of loan financing, but also by equity capital through co-investment with participating financial institutions (banks or specialized investment schemes). Funding comes from national and European public funds through a series of programs.

The main financial Instruments used to fund start-ups are equity, debt, grants, and convertibles. The selection of the most relevant instrument is depending mostly on the type of funding needed, the development stage of the company, the need of additional support. Consequently, the need for supporting start-ups to find alternative funding sources is growing rapidly.

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<sup>3</sup> [file:///C:/Users/user/Downloads/Greece%20-%20SBA%20Fact%20Sheet%202019%20\(1\).pdf](file:///C:/Users/user/Downloads/Greece%20-%20SBA%20Fact%20Sheet%202019%20(1).pdf)

<sup>4</sup> <http://www.startupmonitor.eu/press.html>

<sup>5</sup> <file:///C:/Users/user/Downloads/Greece%20-%202018%20Fact%20Sheet.pdf>

According to a study conducted by Marathon Venture Capital <sup>[6]</sup>, the total amount invested in Greek start-ups, increased 11 times between 2010 and 2018, from 48 to 540 million dollars. In general, there is a large increase in the volume of investments at all stages (Seed, Series A, Growth). However, the more mature companies absorb the largest amounts of total funding. Indicatively, in 2018, a total of \$ 43 million was invested in Seed, \$ 152 million in Series A and \$ 345 million in Growth.

The objective of action 1 is to support innovative start-ups to find relative funding instruments depending on their stage of development through offering specific services and implementing dissemination activities. The implementation of action 1 will contribute to the increase of technology transfer and enhancement of competitiveness of the regional economy at European level in technological readiness and labor market indicator.

## 1. THE BACKGROUND

The project aims at improving the design and implementation of Financial Instruments as a delivery mode of Structural Fund so that they best meet and serve the financing needs of innovative and RTDI (Research, Technology Development and Innovation)-driven businesses in all the stages of their start-up and growth. This Action Plan is based on the lessons learned from the Innova-FI project and the good practices identified by the project partners and shared by its stakeholders.

In the context of the Innova-FI project, KEPA has organized five Local Stakeholders Groups where the proposed actions were discussed, so that KEPA takes feedback and suggestions from the participants coming from the public sector, the Academic and Research Institutions and other relative stakeholders. Additionally, two Policy Booklets were developed by all partners in regard to the Equity type of instruments and the Financial instruments for innovation in European regions (Figure 1). In these Booklets various case studies were presented. More lessons learnt from six Exchanges of Experience that have been taken place in the context of this project where the experience of each partner regarding the application of financial instruments in their region was presented. (Table 1).

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<sup>6</sup> [https://marathon.vc/blog/greek-startup-industry-el?utm\\_source=GR+Tech-Journalists&utm\\_campaign=4df3818c9f-EMAIL\\_CAMPAIGN\\_2019\\_01\\_30\\_07\\_36&utm\\_medium=email&utm\\_term=0\\_f5f720de9d-4df3818c9f-63573771](https://marathon.vc/blog/greek-startup-industry-el?utm_source=GR+Tech-Journalists&utm_campaign=4df3818c9f-EMAIL_CAMPAIGN_2019_01_30_07_36&utm_medium=email&utm_term=0_f5f720de9d-4df3818c9f-63573771)



Figure 1 – Policy Booklets developed in the context of Innova-FI project

Table 1 – Development of the Innova-FI Action Plan

<b>Event/Activity</b>	<b>Date</b>	<b>Theme</b>
1 <sup>st</sup> Exchange of Experience	06-07/11/2018	Financial Instruments for Innovation
2 <sup>nd</sup> Exchange of Experience	12-15/02/2019	How important are Equity-type Instruments?
3 <sup>rd</sup> Exchange of Experience	15-17/07/2019	Equity-type Instruments & Funding sources - Cross-border collaborations
4 <sup>th</sup> Exchange of Experience	18-20/09/2019	Guarantee-type instruments
5 <sup>th</sup> Exchange of Experience	13-15/01/2020	Highly Innovative ways of financing
6 <sup>th</sup> Exchange of Experience	15-16/09/2020	Funding sources – Attracting and working with international private investors
1 <sup>st</sup> LSG	06/02/2019	Funding crossroads
2 <sup>nd</sup> LSG	24/10/2019	2nd meeting with stakeholders
3 <sup>rd</sup> LSG	26/05/2020	Supporting the exchange of experience process and Preparation of the Action Plan
4 <sup>th</sup> LSG	10/09/2020	Good Practices and Regional Action Plan
5 <sup>th</sup> LSG	25/11/2020	Regional Action Plan for the utilization of financial tools in the implementation of the Structural Funds
Policy Booklet I		Equity type of instruments: Case studies I
Policy Booklet II		Financial instruments for Innovation in European regions

KEPA has also developed a deliverable within Innova-FI project where an inventory of good practices related to application of financial instruments carried out. Within this deliverable, various sources of good practices were exploited, including the Exchanges of experience, the Policy booklets and the Innova-FI Interreg Europe website.

## Good Practices Identified

The Interreg Europe programme supports the exchange of expertise and good practices as a base for developing regional action plans. In this regard, good practices were selected during the inventory that was carried out because they are closer to the objectives and needs of the region of Central Macedonia and the objectives of the current Action Plan. The focus of the examples under search was the application of Financial Instruments targeting innovation. More specifically, the following **good practices** were closer to the investment priorities of the Operational Programme of Central

Macedonia 2014-2020 regarding SMEs and innovation, and more specifically the enhancement of SMEs competitiveness, were further exploited for the development of this Action Plan.

Table 2 – Selected Good Practices close to the objectives of Action 1.

Name of Good Practice	Short Description
Equity investment for Innovation - TechnoBIT Venture and Beskid Technology Accelerator	TechnoBIT Venture and Beskid Technology Accelerator provided equity instruments investments combined with non-financial and advisory support This practice shows a successful implementation of public-funded financial instruments that raise private investment, with a high potential for transfer to regions or countries

## Lessons Learnt

The main **lessons learnt** from the exchange process and the interaction with stakeholders are:

- there is need for supporting start-ups to select the most relevant financial instrument taking into account the type of funding needed and their development stage.
- finding the proper funding source/tool is one of the biggest challenges with which a start-up is confronted and probably the most frequent reason why groundbreaking and ambitious ideas do not advance.
- there is need for promoting financial instruments at regional level and monitoring and supporting start-ups as well, especially in regions such as Central Macedonia with a strong education and research base.
- Develop actions to improve the collaboration of public and private initiatives both inside and outside the region to enhance regional systemic funding capacity.
- Link national and regional OP calls, with other type of funding (equity, debt etc.) to ensure continues funding and increased leverage.
- Training and supporting actions should be incorporated in the long-term regional planning for increasing SMEs’ maturity in regard to innovation.
- There is a multitude of Financial Instruments targeted to all development stages of start-ups that are used in European countries. Following the example of **TechnoBIT** that offers funding and non-financial and advisory support to SMEs in combination with the fact that the number of FIs used in Greece is increasing as well, it is concluded that there is need of providing such services to start-ups of the region.
- We have analysed and understood the way the whole project started and still operates. It is quite interesting that **TechnoBIT** has been transformed from a grant type tool to a co-investment scheme that emphasizes on innovative projects. Their methodology of analysing a business plan, review it through a pitch process and support it in the accelerator, was an eye opener as to how support organizations should offer services to innovative companies and especially to start-ups. Specific type of product, specific market, specific capital needs,

require specific funding and support, otherwise the risk increases sharply. These steps and methodology inspired us to apply similar methodology through the development of the new start-up service/tool.

KEPA has already communicated with the Region of Central Macedonia about the new start-up service. Both parties have agreed in its exploitation by the **One-Stop-Liaison-Office**, that was established under investment Priority 1b of the OP of Central Macedonia. O.S.L.O. implements actions within WP4, focused on supporting innovation ecosystem and start-ups. As a result, WP4 with a budget of 391.065 €, has already been affected to some extent by the Innova-FI project. So, the influence of the Policy Instrument has already started as OSLO is part of the OP of Central Macedonia.

In response to the lessons learnt, we have defined the following **objectives** that we want to further realize in the second place of Innova-FI project:

- Support innovative start-ups in understanding their stage of development and select the appropriate financial instrument.
- Disseminate the supporting services to both the stakeholders and the start-ups of the region.

## 2. ACTIONS

KEPA will implement the following **activities** in order to achieve the goals of action 1:

**1.1** Design and develop a **specific service/tool**: supporting innovative start-ups in aligning their stage of development with the most suitable funding instruments.

**1.2 Inform stakeholders** that support start-ups about the new service / tool. Develop a short brochure and disseminate it regionally and nationally.

**1.3 Train and support** at least one stakeholder to include this service in their service portfolio. KEPA has already communicated and discussed with regional authority the possibility of integrating this new service/tool in One Stop Liaison Office service mix.

**1.4** Develop a **policy recommendations paper** for the MA of ROP and other funding authorities when including new FIs for start-ups for the next period to also enhance supporting activities, focusing on fully aligning development stages with suitable funding.

## 3. PLAYERS INVOLVED

The actions will be implemented by KEPA. Many stakeholders will play a supportive role to all of the abovementioned actions. More specifically, a list of **potential stakeholders** that provide services to start-ups will be carried out. These stakeholders may include public authorities, research centres and universities, incubators, accelerators, etc.

## 4. TIMEFRAME, COSTS and FUNDING SOURCES

All the aforementioned actions will be implemented during the **first three semesters of the second phase of the project**. More specifically, the tool will be developed during the 2<sup>nd</sup> semester of 2021 (1<sup>st</sup> semester of the 2<sup>nd</sup> phase). The short brochure and the training actions will be implemented during the first semester of 2022 and the policy recommendation paper will be developed during the second semester of 2022.

The actions are all going to be funded by KEPA own resources. These costs mainly include staff costs.

Table 3 – Budget per activity of Action 1

<b>Activity</b>	<b>Cost</b>	<b>Funding resources</b>
1.1 Design and develop a specific service/tool	1920€	KEPA's own sources
1.2 Development of a short brochure and its dissemination	384€	KEPA's own sources
1.3 Train and support at least one stakeholder	1152€	KEPA's own sources
1.4 Development of a policy recommendations paper	1920€	KEPA's own sources

## 5. RISK ANALYSIS and MITIGATION

Two **main risks** have been identified regarding the implementation of Action 1 as it is presented in the table below.

Table 4 – Risks identified and Mitigation measures for Action 1.

<b>Risk</b>	<b>Mitigation measures</b>
<i>The service will not be able to be incorporated to the portfolio of relative stakeholders</i>	<ul style="list-style-type: none"> <li>✓ More informing and training actions for the relative stakeholders</li> <li>✓ If practicable, the tool will be adjusted</li> </ul>
<i>Difficulties in communication and application of informing and training actions due to COVID-19</i>	<ul style="list-style-type: none"> <li>✓ Various digital tools will be exploited in responding to COVID-19</li> </ul>

## 6. OUTLOOK

It is expected that further impetus to the start-ups of the region of Central Macedonia should come from the implementation of the abovementioned actions. Particularly, the applied service will ensure better efficiency in the development of the start-ups in innovation management and funding. The development of the start-ups will lead to enhancement of their competitiveness at regional, national and European level.

## ACTION 2 – Promote the concept of Business Angels

«Business Angels» (BA) play a vital role in the initial step of start-ups development lifecycle, as they are one of the most important source of venture capital financing in the early stages. BA are those who fill the gap that lies between the start-up and seed capital stage and the point at which formal venture capital funds will take an interest. The objective of the business angels is, on the one hand, to obtain a benefit from their investment, and, to help entrepreneurs successfully bring their business idea to the market. the role of these investors has become a determining factor in the case of many business projects, given that by being involved, they not only contribute money, but also experience, advice, a network of contacts and business vision, which can make the difference between a mere idea and a real, viable company.

This financial instrument is experiencing significant growth in the European Union, having managed to emerge in the forefront of alternative ways of financing and to create its own separate market, as the benefits they offer are a great advantage for the entrepreneurs. More specifically, these benefits among others include that angel investors provide “social capital”, invest their own money as compared to the venture capitalists that have a legal duty of care for how they invest, they make quick investment decisions, they require less specialist financial and legal due carefulness, as a result they incur low costs for investments etc.

### 7. THE BACKGROUND

The last years, “Business Angels” in Greece have started playing an increasingly important role in financing new and young businesses as well as supporting them through their hands-on involvement.

One important step for their enforcement was made with the Law 4712/20 that introduces a new article (70A) in Greek Income Tax Code aimed at providing tax incentives to “angel investors” i.e. individuals who contribute capital to duly registered start-up company. Additionally, it seems that the time has come to be introduced in Greece as the first steps have already done as a Business Angels co-investment fund will be implemented through which start-ups will be supported at an extremely early stage for them to mature into business plans that will then attract the interest of other institutional investors. A call for expression of Interest was launched in September 2020 and the operation of the new fund is expected to start within the first half of the new year. The aim is to allocate funds of at least 20 million euros to support companies, so that they mature and can seek additional funds from Venture Capital funds and other institutional investors.

Within the Innova-FI project experiences and good practices were exchanged regarding the promotion of the concept of “Business Angels”.

#### Good Practices Identified

The most relevant **good practices** collected during this project are presented in the table below.

Table 5 – Selected Good Practices close to the objectives of Action 2.

Name of Good Practice	Short Description
CCDR Lisboa SME Financial Instruments Equity Type	An approach of the national program in regard to Financial Instruments for SMEs support was presented by the managing authority of COMPETE 2020. Within Portugal 2020 there are currently three types of instruments for SMEs financed by Compete 2020 and the Regional Operational Programs of the Continent: Venture Capital Funds, Business Angels and the 200M Co-investment Fund.
Venture Capital Investments & Business Angels in Slovenia	<p>«Business Angels» of Slovenia club is one of the most active VC networks in Slovenia and their focus is:</p> <ul style="list-style-type: none"> <li>✓ start-ups with high added value,</li> <li>✓ high tech start-ups,</li> <li>✓ ICT,</li> <li>✓ fintech and</li> <li>✓ insurtech</li> </ul> <p>and its activities include:</p> <ul style="list-style-type: none"> <li>✓ Connect startups and investors</li> <li>✓ check team structure and go to market strategies of startups</li> <li>✓ help them become investment-ready</li> <li>✓ organize events, where startups pitch to investors</li> </ul>

## Lessons Learnt

The main **lessons learnt** from the exchange of experience in various events held within the project and the inventory of good practices carried out regarding the concept of Business Angels are the following:

- Development of a strategy to raise awareness and build BA clubs or networks should be the focus of the proposed Action Plan.
- Promotion of actions for raise awareness of existing Business angels aiming to build BA clubs or networks and to support networking opportunities. We have seen in many cases in Innova-FI and specifically in Portugal and Slovenia, not only the importance of BAs in the whole ecosystem and early stages funding, but they maximize this tool, in co-investing mechanisms. As stated earlier, BAs bring in to the system their experiences and market knowledge, minimizing thus risks and increasing potential. Adding more funding to that through co-funding schemes we have seen that a spillover effect, since strategic mass and maturity is built. This is an important lesson that we are looking to bring to RCM/Greece as well.
- More specifically both good practices (CCDR Lisboa, Venture Capital Investments & Business Angels in Slovenia) have shown us the importance of co-investment, since collaborations are critical in early-stage funding and the crucial role of a BA as a front runner. In both cases we have seen the relative entities boost the role of BAs and empower them as much as possible, due to the added value in identifying, screening, and supporting new ventures. As such we are planning to boost the role of BAs in the area, support individuals that are prospect Angels to form clubs and spread the word around the region, to increase the future deal flow.

Taking into account the lessons learnt within the Innova-FI project, the **objectives** of the second action of the current Action Plan are the following:

- Promotion of «Business Angels» concept in the Region of Central Macedonia that will strengthen and support the early stages of development and shaping of sustainable business

plans and thus contribute to the creation of a sustainable start-up ecosystem that is already developing in our country.

- Improvement of the effectiveness of the operation of the new business angels' fund that is going to operate the coming months.

## 8. ACTIONS

The **main activities** that KEPA is going to implement to promote the concept of "Business Angels" in the region of Central Macedonia include the following:

**2.1 Organize one workshop** to discuss regional BAs status and prospects.

- Co-organize with relative national - local stakeholders, to assess the status and the future of BA in the region.

**2.2 Based on the results develop a short strategy** to raise awareness.

- Co-develop a short awareness strategy aiming to build BA clubs or networks.
- Co-organize one Training activity to potential interesting BAs. Identify an expert to offer the training on BAs. Support networking opportunities.

**2.3 Promote the new fund** that will be ready during the next period. The new fund is in cooperation with EIF and will focus on: Business Angels' co-investment ventures.

- Promote the concept to boost investments.

## 9. PLAYERS INVOLVED

The **main players** involved in the implementation of the aforementioned actions include:

- ✓ potential "Business Angels" from the Region of Central Macedonia;
- ✓ potential fundings;
- ✓ the successful tenderer of the call for the implementation of a Business Angels co-investment fund.

## 10. TIMEFRAME, COSTS and FUNDING SOURCES

All the aforementioned actions will be implemented during the **first three semesters of the second phase of the project**. More specifically, the workshop will be organized during the 2<sup>nd</sup> semester of 2021 (1<sup>st</sup> semester of the 2<sup>nd</sup> phase). The strategy for raising awareness will be developed the 1<sup>st</sup> semester of 2022 and the promotion action will have been implemented by the end of 2022.

The actions are all going to be funded by KEPA own resources. These costs mainly include staff costs.

*Table 6 – Budget per activity of Action 2.*

<b>Activity</b>	<b>Cost</b>	<b>Funding resources</b>
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2.1 Organization of a Workshop	1920€	KEPA's own sources
2.2 Development of a short strategy to raise awareness	2496€	KEPA's own sources
2.3 Promotion the new fund	960€	KEPA's own sources

## 11. RISK ANALYSIS AND MITIGATION

The only **risk identified** in regard to the implementation of Action 2 is related to the response attracted by the “Business Angels” (Table 7).

Table 7 – Risks identified and mitigation measures for Action 2.

<b>Risk</b>	<b>Mitigation measure</b>
<i>There will not be attracted the expected response from “Business Angels” from the region of Central Macedonia</i>	✓ More informing actions will be implemented in order for them to get familiar with the objectives of the Action Plan

## 12. OUTLOOK

The implementation of Action 2 of the current Action plan, it is expected to lead to increase the co-investment activity in innovative start-ups of the region and the number of potential “Business Angels” in the region. It is expected that more “Business Angels” will express interest for co-investments in start-ups in the region.

# COMMUNICATION PLAN

A communication plan is vital to expose the importance, purpose and impact of the implemented actions, using a variety of tools and methods in delivering specific messages to the identified key audiences, which are start-ups and SMEs being at all stages of development and potential investors

During the whole 2<sup>nd</sup> phase of Innova-FI project, various communication actions will take place, after identifying the project target audiences and selecting the most appropriate tools for reaching the dissemination activities, with the objective of:

- Raise general awareness about the actions and their outputs and getting the necessary feedback;
- Building understanding and facilitating adoption of project results by the different stakeholder groups that can directly benefit from the actions;
- reaching as much of the target audience as possible;
- communicating the actions results to specific target groups;
- inform/make announcements to specific target groups about upcoming events, workshops, actions etc.

The channels that KEPA will exploit for successfully implementing the communication activities will be:

- announcements/posts through KEPA's website
- press releases distribution
- KEPA's social media accounts' posts
- KEPA's network and relative stakeholders (i.e. One Stop Liaison Office, Chambers etc.) will be also engaged in the communication activities.

# MONITORING AND IMPACT OF ACTION PLAN

We will try to prepare a monitoring process to make sure the action plan is implemented according to the goals and values of Innova-FI project. KEPA will be responsible for monitoring the implementation of the refereed actions in the context of this Action Plan to watch the progress and define the impact. Also, KEPA will make sure to check how the actions presented are implemented and what are the results coming from these actions.

## Methodology – Monitoring Actions

KEPA will perform the following actions during the monitoring phase:

1. Biannual check of all actions.
2. Based on the internal control values KEPA will be very close to everyone involved to make sure everything is well understood and run accordingly.
3. Based on the following actions any changes that must be done will be altering the initial plan.
4. Based on the biannual checks, the staff will run a 1-2 pages evaluation reports, regarding actions performed, challenges, deliverables and results.
5. Every year KEPA will also develop a yearly report, compiled by the two biannual ones.
6. By the end of Phase 2, a final monitoring report will be delivered on the same issues, plus an analysis of future recommendations.
7. During Phase 2 activities KEPA's staff will be participating in various project workshops and exchange knowledge regarding the action plan implementation and monitoring.

## Indicators

To efficiently monitor the implementation of the actions defined and analyzed in previous paragraphs of this report, a number of output and result indicators have been decided for each action:

Table 8- Indicators for Monitoring the Innova-FI Action Plan.

<b>Action Number</b>	<b>Action Name</b>	<b>Output Indicator</b>	<b>Result Indicator</b>	<b>Long term result Indicator</b> <i>'Number of evidence-based summary reports to ROP MA'</i> <b>(Target=2)</b>
1.1	Design and develop a specific service/tool	Development of 1 service/tool	Present the service/tool and get feedback from 3 start-ups in aligning their stage of development with the most suitable funding instruments	1 summary report informing MA on the whole procedure results
1.2	Development of a short brochure and its dissemination	1 short brochure	Dissemination of this brochure to 5 stakeholders that support start-ups	
1.3	Train and support stakeholder	Train and support 1 stakeholder	1 stakeholder will include this service in its service portfolio	
1.4	Development of a policy recommendations paper	1 policy recommendations paper	2 funding/managing authorities will be informed about the recommendations paper on how to enhance supporting activities	
2.1	Organization of a Workshop	One Workshop will be organized in order to discuss and assess the status and the future of BA in the region.	Mapping of the Business Angels Ecosystem in the region	1 summary report informing MA on the whole procedure results
2.2	Development of a short strategy to raise awareness	1 short awareness strategy. 1 Training activity to potential interesting BAs.	Train at least 5 potential Business Angels	
2.3	Promotion of the new fund	- 1 event promotion through 3 communication channels	Communicate the new fund to at least 5 startups	