

FinNetSM€
Network for Regional SME Finance

Network for Regional SME Finance

Promoted by

North East South West
INTERREG III C



**PROJECT PART-FINANCED
BY THE EUROPEAN UNION**

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The Network for Regional SME Finance FinNetSME 2004-2007

The Network for Regional SME Finance, FinNetSME, is a network project designed to encourage an intensive exchange between regional public financiers on how to improve access to finance for Small and Medium Size Enterprises (SMEs). To this end, 20 partners from nine EU Member States will discuss current problems of SME finance, compare the situation in their respective regions and will suggest practical ways to bridge the market gap in SME finance, with or without public funding.

In order to create the broadest possible basis for the discussion the range of participants in the network's events will also include actors who are not formal Project Partners. They will be able to take part in the network as Associated Partners. The project will contribute to a greater awareness of the value of regional access to finance in the partners' regions. Through the establishment of enhanced co-operation among partners and other stakeholders, the project will make it easier for regional governments to gain expertise in facilitating access to finance through their specialised institutions.

The regions represented by partners in the project cover all parts of the EU from Spain in the West to Lithuania in the East, from Greece in the South to Finland in the North. FinNetSME was initiated by the State Development Bank of the Free State of Saxony (SAB), the Investitionsbank Schleswig-Holstein (IB-SH), the European Association of Public Banks (EAPB) and the European Association of Development Agencies (EURADA). It is cofinanced with Interreg III C means and led by SAB as lead partner. FinNetSME is designed for an initial period of three years (July 2004 to June 2007).

Starting Point

As emphasised by the EU Lisbon Strategy and mirrored in the Third Cohesion Report, SMEs play a key role in regional development. They ensure economic and social cohesion as well as sustainable development. However, they depend on adequate access to finance. Currently, the market does not respond sufficiently to the finance needs of SMEs, particularly in the economically less dynamic regions. These market gaps will become even greater with the effects of the Basel II Accord, especially the increased capital requirements for banks which will be felt keenly by SMEs, especially in the new Member States.

The issue of insufficient access to finance for SMEs is of particular relevance to the regional specialised funding institutions, owned and run by their respective governments and specialised in SME finance, as they hold key responsibilities in creating favourable conditions for the regional economy. There is a strong need for an inventory of existing good practices in SME finance to help improve the situation by exploiting the given financial sources in an innovative way. Policy makers and financiers need this reliable source of regional know-how to find the best solutions for the development of their region.

Typically though, regional actors are compartmentalised, and information of use to public financiers, entrepreneurs and potential investors is not shared. Despite the efforts to establish European and national networks for interaction on the issue of regional SME finance over the past years, the exchange of know-how between regional financiers on successful ways of employing public support structures for SMEs is still weak, and transparency is lacking.



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Project Objectives

FinNetSME seeks to build a platform for public regional financiers to help them develop common regional tools and strategies promoting SME access to finance. To this end, FinNetSME seeks to establish a sustainable exchange of know-how between public SME financiers and to transfer the best practices gathered from the regional to the European level. The problems in accessing finance faced by SMEs will be identified and the practices from partner regions will be assessed, resulting in both in a best practice guide and a database i.e. useful instruments in order to make this knowledge more easily accessible for financial operators and beneficiaries (SMEs) in EU regions. FinNetSME will collect data on regional financing instruments and contact points; it will also describe and compare public financing structures in different regions, as well as providing support services and grant schemes. Another aim is to raise awareness and disseminate information on the subject of SME support by public institutions.

On the practical level, models of regional SME finance (including the design of instruments funded through ERDF mainstream, ESF, EIF etc.) will be elaborated. They will form the essence of the network's activities and will provide easily available advice on the development of i.a. financial instruments, with EU support in the form of guiding models. The partners of the network will accumulate their experience in setting up financial instruments, co-operation strategies etc. and will develop them into templates that can be used in other regions to start corresponding initiatives and establish similar means.

Project Tools

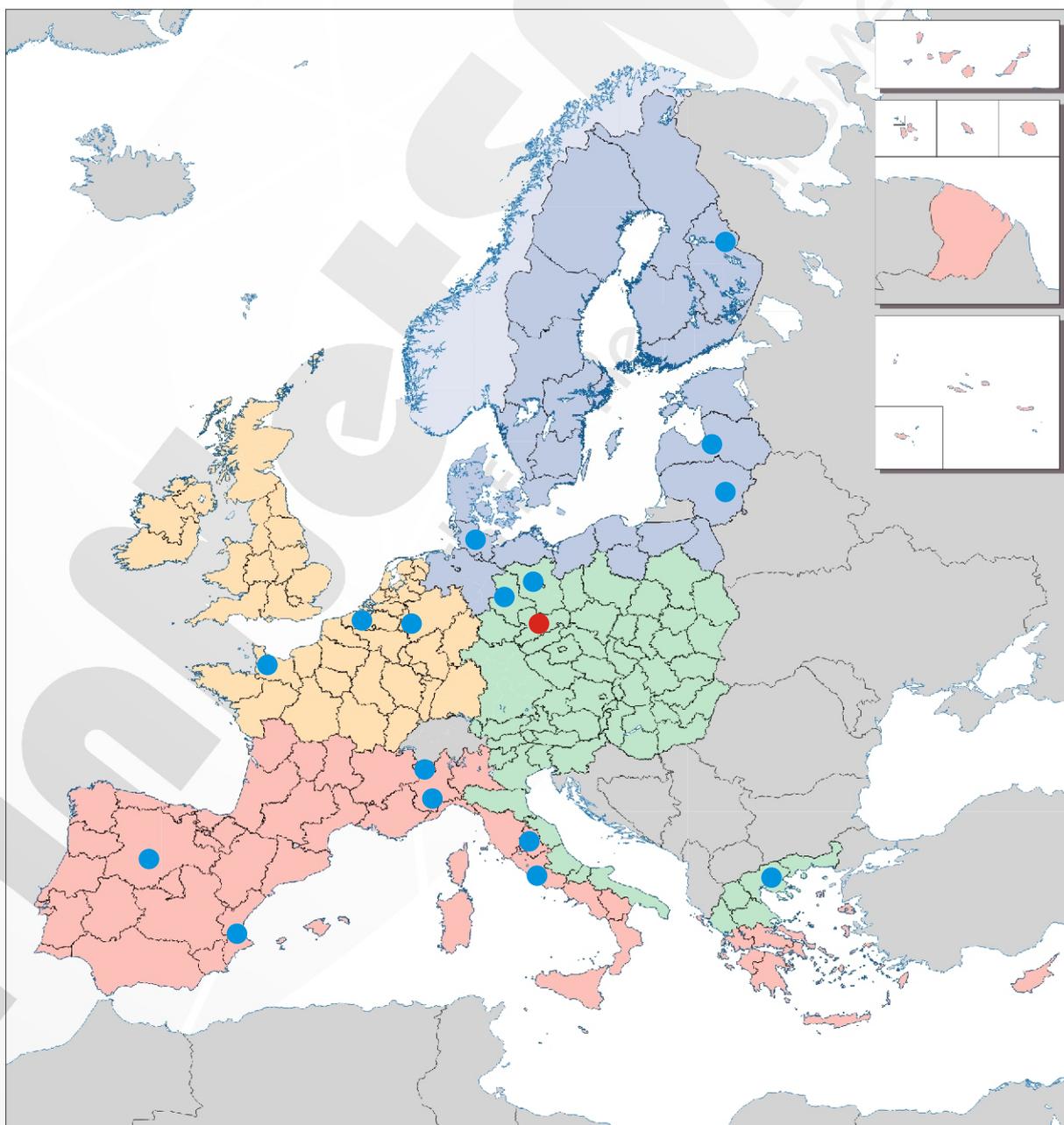
A database comprising publicly supported regional financial instruments will be set up, and a "Best Practice Guide on regional supply chains and public regional finance" will be produced as well as a "Who is Who of public regional finance" and electronic newsletters. In addition, a project web-site will provide access to the database and online information on public regional finance. These tools will jointly serve for future guidance of developers of financial schemes and regional supply chains. Thus, a Centre of Competence of regional finance centralising existing regional knowledge and contacts will emerge.

There will be four seminars to discuss core issues with regards to regional SME financing: "The Role of Regional Financiers in the EU", "The Regional Supply Chain", "Challenges for Regional Finance" and "Financial Engineering". These events will be hosted by the network partners and take place all over Europe. Three conferences will be organised and be open to all interested parties, reaching national and regional financial players, incubators, regional development agencies, business associations, public authorities and EU institutions. While the first conference in Brussels in November 2004 will have the character of the official project kick-off, the second conference in Rome (in early 2006) will provide the occasion for a mid-term review. The last conference, again in Brussels in May 2007, will provide the opportunity to take stock of the results achieved.



The Network for Regional SME Finance FinNetSME 2004-2007

FinNetSME will contribute to regional development in the EU by improving regional access to finance for SMEs and the quality of new financial instruments, therefore fostering enterprise creation and stimulating a culture of entrepreneurship that will reduce unemployment. Linking regional specialised funding institutions to develop common approaches towards EU institutions and the EIF, FinNetSME will shape future EU regional policies and instruments.





The Network for Regional SME Finance FinNetSME 2004-2007

Additional information on the project can be obtained from the Lead Partner:

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