

PILOT PROJECT 1:

Institutional Agreements for Capitalization of Innovation Strategies

**The strategy and priorities of Region of Attica for 2014-
2020 within the National Strategic Reference Framework
: «ATTICA 2020+»**

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1. Region of Attica within the national, European and international environment

The competitiveness of Greece is best depicted within the Region of Attica in terms of entrepreneurship, infrastructure, transfers, financial and commercial activities, production and innovation and technology investments.

Traditionally the Region of Attica contributes significantly to the formation of the country's GDP. During the period 2003-2004 it reached the percentage of 49,7% and during the period 2008-2009 the percentage of 43%. However due to the crisis this contribution has been reduced.

The contribution of the Region of Attica is significant in terms of the GPV formation of the secondary sector of the economy (approximately 33,0%) and the services (approximately 50%) while is weak in terms of the primary sector of economy (approximately 4,5%). However it must be noted that the development of the primary sector in Attica shows increased dynamism – compared to the primary sector development at a national level- due to the increased productivity of work, the proximity of the strong consuming centre, the use of modern production methods etc. The last two years there has been an increase in employment in agricultural sectors.

Regarding the sector of tourism Region of Attica, especially Athens and the region's islands, are renowned touristic destinations mainly due to the historical monuments. Despite the

international recognition as a touristic destination Athens tends to lose part of its touristic competitiveness resulting to the reduction of the incoming tourism.

The Region of Attica holds a dynamic presence in the entrepreneurship sector. However it faces several problems which lead Athens at the bottom of the list of the most attractive places in terms of business activities. The quality of life is low while the problematic entrepreneurship environment hinders investments. Some of the important problems are mentioned below:

- The 35% of the small medium businesses of Greece is concentrated in the Region of Attica which obtains respectively 35% of the turnover in national level
- The incorporation level of innovation to the small medium businesses equals only to 12,8% of the new entrepreneurship
- Surveys have showed that almost 80% of the businesses are family businesses
- The work permit and the monitoring of professions such as craftsmen of every kind and machine operators – which exceed 280.000 in the Region of Attica- etc are considered to be obsolete

The financial crisis has seriously afflicted the economic development and the social coherence of the Region of Attica. Signs of the impact of the financial crisis are the deterioration of the unemployment and the appearance of phenomena endangering the social coherence.

2. The consequences of the financial crisis at the Region of Attica

In general the Region of Attica is characterized by dynamism and extroversion. However this combination makes its economy vulnerable to external dangers. Hence the financial crisis has affected not only the economic but also the social environment.

The last few years the financial state of Greece has been severely deteriorated. Despite the fact that the crisis is global Greece seems to have been affected the most; as a result the public debt as GDP percentage exceeded 120%.

The Greek crisis is basically caused by the low competitiveness, the inadequate organization, the external debt, the budget deficit etc.

Among the factors that affect the competitiveness and prosperity and development of a country are the entrepreneurship environment (27th position of Greece), the Digital Agenda (25th position of Greece), innovation (23th position of Greece), education and training (24th position of Greece), the labour market and employment (26th position of Greece), the social accession (22th position of Greece), the environmental sustainability (22th position of Greece). Another weakness of Greece has been proven to be its inability to take advantage of the technological infrastructure that it has and to incorporate technology mainly to businesses and to the state. As a result many businesses (small and medium) fail to incorporate research and technology to the production procedure.

As an outcome of the financial crisis the unemployment rate has risen to 22,6% the first trimester of 2012, the small medium businesses face cash flow problems, poverty is being expanded etc

3. Development priorities of the Region of Attica

3.1. Attica 2021: The new Strategic plan for Athens

The new regulatory plan "Athens 2021" approaches the business and investment activities in a different way than the old one. The adopted policy and strategy for sustainable development of Attica are determined by the following notions: multicentric actions, complementarity, networking, competitiveness, environmental sustainability, balanced development and social coherence.

The plan for Attica is based on the principles of multicentric activities and cohesive city along with the reduction of natural resources, land and energy consumption and the adoption of ecological policies.

3.2. The operational Planning of Region of Attica for the period 2011-2014

Region of Attica can participate more actively in the development initiatives undertaking. More specifically the recent vision of the 1st Operational Planning of the Region focuses on the designation of the Region of Attica as a European metropolis at the area of North East Europe and Mediterranean through the creation and function of a strong self-administrative organization with fortified presence at all sectors that the region of Attica is activated through attracting investment and operational activities and offering substantial and quality work to the citizens."

The basic political directions for the period 2011-2014 are the following:

- The establishment and fortification of the new institution of the elected regional administration and its organization and function as a modern administrative and development actor
- the organization and cultivation of the extroversy of the services of the Region of Attica for the fastest and effective service of the citizens, the businesses , the investors etc through the utilization of the human resource and the use of new technologies for digital services
- the cooperation with the State and the Self-administration of the first degree for matters related to upgrade of the public urban infrastructures and the improvement of the life quality of the citizens of Athens
- the promotion of regional European cooperation through experiences and knowledge exchange, cooperation agreements at administrative and financial level
- the undertaking specific initiatives for cooperation and common actions with actors, professional organizations etc in order to face the negative consequences of the financial crisis and to upgrade and broaden tourism toward the Region of Attica.

4. The new strategy of the Region of Attica: ATTICA 2020

4.1. The European framework

Due to the recession the European Commission proposes a new approach adjusted to the needs of the new era. In order to enhance competitiveness, attract new investments and create new jobs the European Commission proposes a new multiannual financial framework 2014-2020, which limits expenditure over a fixed period and defines the maximum amounts available for each major category of spending. It therefore provides a political as well as budgetary framework for focusing resources and investments where needed. According to this Framework the attraction and implementation of the investments will be achieved through a realistic objective: to provide expenditure for investments equivalent to the recession.

For the regions to be competitive they must satisfy the demands of the international markets securing in the long-term high levels of income and employment.

The new programming period is all about integrated interventions and specialized and innovative tools such as the spatial investments, the innovative project bonds and the common action plans. At the same time the adopted regional smart specialization strategies are focused on the development of the urban centers or already developed regions and the research on innovation and technological development.

Although the Region of Attica has been inflicted the most by the crisis and the financial and social problems are more intense

there it is believed that this new approach favors the Region of Attica which has the advantage of quicker recovery and can optimize the positive results of the new structural reforms.

4.2. The national framework

One of most crucial targets of the Region of Attica is to maximize the expenditures of the structural funds through the attraction of capitals and investments, the exploitation of the funds of the Common Strategic Framework 2014-2020 and the Partnership Contact.

The investment attractions presupposes the establishment of a more favorable business environment, the simplification of the businesses start-ups and the bureaucratic procedures, the reduction of administrative function costs, stabilization of the tax system and the reorganization of the export administrative mechanism.

Regarding the entrepreneurship development the state should ensure collective support, provide funding and redirect and assist the small-medium sized businesses, in order to become innovative, excellent and extrovert.

The creation of a new entrepreneurship is connected to notions like investments, cash flow, technological innovation, research and development.

The Region of Attica using the experiences from the funding tool JESSICA, in cooperation with services, actors and professional unions plans to attract actively foreign investments.

The Region of Attica will proceed in the creation of thematic development Funds at public infrastructure sectors and activities with dynamism like the energy markets, the environmental waste management, the sea tourism, the biological products etc.

5. The strategy of Region of Attica for the programming period 2014-2020

The strategy of Region of Attica for the programming period 2014-2020 is focused on the deepening, expansion and establishment and creation of new sustainable competitive advantages for all sectors of regional economy with ultimate purpose to diffuse the outputs of the development procedure even after 2020 (ATTICA 2020+).

The development framework is based on Multiple Equilibrium Development Strategies – MEDS and aims at the restructure of the financial, administrative, productive and social environment of Greece. ATTICA 2020+ is a mixture of strategic choices characterized by extroversy and adjustment to the new conditions aiming at designating Attica as the Mediterranean capital.

The development strategy is being formed, implemented and evaluated at five levels:

- At the first level the regional development strategy is based on policies and intervention of development resistance, the consequences of the financial and social crisis and the minimization of the negative effects through the integration of transfer and social infrastructures, focused policies, fast track investment attraction, utilization of the public property etc. The strategy also includes the preparation of the human resource for the implementation and function of investments and the improvement of the business environment, the reduction of the administrative production costs and the

disposition of rural products as well as the simplification-improvement of the business environment within the region's tasks. The Region of Attica also plans to confront the phenomena of poverty and social discriminations.

The "Risk Sharing Instrument" is the mechanism that will be applied at this level for the evaluation of the candidates for the funding of big NSRF projects.

- The second level refers to the retrieval of the regional competitiveness which aims at the utilization and creation of comparative advantages. The improvement of the regional economy and competitiveness will be achieved through the exploitation of the existent investment plans, the attraction of direct foreign investments, the utilization of the public property and the focus on specified dynamic production sectors of the Region (tourism, energy, constructions, trade) and intersectoral connections (tourism- restaurants, food-beverages etc)

The retrieval of the regional competitiveness and the improvement of productivity demand the implementation of the focused interventions, the improvement of the business environment, the improvement of the public Administration efficiency and the structural changes of the public administration.

- The development renewal of the existent model at the Region of Attica is part of the third level and is focused on the environmental and energy infrastructures, emergent

markets and sectors (for example: sea tourism, generic drugs, medical tourism, waste management, new food and beverages categories etc) and the encouragement of cooperation between public and private sector that will attract investment capitals. Within this framework the experience from the funding tool JESSICA will be used in specified actions for urban refreshment and big estates will be collectively exploited through business agreements. Moreover the strategy will give priority at the creation of clusters for the achievement of extroversy and the promotion, production and incorporation of innovation.

- At the fourth level the main target is the development re-orientation of the region's productive structures through the rational and controlled expansion of the industrial and productive infrastructures, the support of the export orientation of the small – medium businesses, the promotion of the local products, the environment upgrade, the specialized investments (for example for the energy field, the environmental domain, the promotion of innovation and research and development in edge sectors etc)
- The fifth and last level actually entails the enhancement, evaluation and planning of the complete adjustment and harmonization of the Region of Attica with the new international and European allocation of the competitiveness as this is foreseen by Europe 2020. The desired structural and administrative changes and the achievement of improved and sustainable competitiveness will result to the

establishment of a new development model for the region of Attica until the year 2020.

Within the framework of the achievement of sustainable competitive advantages other actions that are going to be implemented are the following: the modernization of the education systems and the successful linkage with the market, the improvement of the local and regional governance, dissemination of the outputs of the reforms and interventions, the touristic promotion of Attica for specified sectors (such as the conference tourism, sea tourism, mega events etc).

6. Actors suggestions within the framework of the strategy

'ATTICA 2020+

Within the framework of the enhancement of competitiveness and promotion of innovation the Region of Attica announced open call for the formation of an experts network for the outline of the Regional Smart Specialization Strategy at the Region of Attica.

Innovation will play a huge role for the recovery of the economy recession, the promotion of competition and the confrontation with crucial social issues. Innovation is a procedure that converts knowledge into economic and social values accelerating development, employment and prosperity. Innovation must be achieved by focusing on the human factor and businesses that have the ability to create new jobs and values.

The regional smart specialization strategy is focused on basic direction like the following:

- The assurance of the cooperation among institutions, businesses and other partners
- The contribution to the development and the employment focusing on the utilization of the research outputs and the market evolution
- The enhancement of capabilities needed for the innovation and entrepreneurship development through the correct education and training
- The creation of an innovation system with defines priorities taking into consideration the needs and the available resources.

The smart specialization entails the promotion of innovation, the encouragement of the investments in the research or manufacture sector, the strengthening of competitiveness through social innovation and innovation services, new business models. The smart specialization demands a constant collective process and mobilization of the endogenous development dynamic of the Region of Attica.

The expert network that has been defined aims at the establishment of a strategy for the smart specialization at the Region of Attica. During the meetings the actors discuss about the planning of a strategy on innovation enhancement, detect the competitive advantages of the economy of Attica at certain areas or market departments, try to promote the cooperation between public and private actors and design a monitor and evaluation mechanism at the region of Attica.

Some of the actors that participate in that network are the following:

- The General Secretariat of Research and Technology
- The National Research Council
- The General Secretariat of Industry
- The Managing Authority of the Operational Program "Competitiveness and Entrepreneurship"
- The Development Directorate of the Region of Attica
- Universities (for example: the University of Athens, Athens University of Economics and Business, University of Piraeus, Athens School of Fine Arts etc)

- Research Centers (for example: National Center for Scientific Research Demokritos, National Center for Social Research, National Hellenic Research Foundation, Biomedical Sciences Research Center Alexander Fleming, Centre for Renewable Energy Sources and Saving etc)
- CORALLIA – Hellenic Technology Clusters Initiative
- Chambers (of Commerce and Industry, of Hotels, economic chamber, technical chamber etc)
- Hellenic Federation of Enterprises
- Hellenic Bank Association
- Traders Association
- Lavrion Technological and Cultural Park
- EC Business Innovation Centre of Attika (BIC of Attika)
- Attica and Argosaronic Hotel Association
- Schisto Industrial Park
- The Federation of Hellenic Information Technology & Communications Enterprises
- Evaluation Consultant of THE Regional Operational Program

To sum up the development adjustment of the Region of Attica for the period 2014-2020 is being analyzed as follows:

- the development resistance of the Region of Attica aiming at the secure and direct solution of the consequences of the financial and social crisis

- the recuperation of the regional competitiveness and enhancement of the regional economy and the inclusion of Attica in the European and international development and investment map
- the development renewal - change of the development model of Attica
- the development re-orientation of the productive structure through structural, export and innovative interventions
- the gradual adjustment of the region of Attica to the new conditions and demands of Europe 2020 for the establishment of competitive advantages

The general targets of the Region of Attica are the following:

- The management of the consequences of the financial and social crisis, the development of productive structures, utilization of structural changes, improvement of the attractiveness and the attraction of foreign investments
- Renewal and adjustment of the production model and enhancement of the businesses' extroversy
- Development of sustainable competitive advantages - re-orientation - enhancement of the competitiveness of the region of Attica
- Improvement of the quality of life and the environment management
- Promotion of the sustainable urban development through business cooperation

- Enhancement of employment, expansion on life long education, mobilization of human resource
- Confrontation of poverty and promotion of the social inclusion

7. National Reforms Program 2011-2014

Along with the aforementioned targets the National Reform Program has set some targets on national level based on the strategy Europe 2020.

The objectives briefly are the following:

- To pursue increase of the 70% of employed women and men of age 20-64 with bigger participation of young people, older employed people and unskilled workers as well as to better incorporate legal immigrants to the labour market.

To achieve the above the labour market must become more flexible, the undeclared work must be confronted and the life long education must be enhanced

- Special emphasis must be given to research and development. Regarding the sustainable financial development the following five strategic sectors are considered to be national priorities:

- ✓ Information and Communication Technologies
- ✓ Chemical substances
- ✓ Energy- Environment
- ✓ Health/Biomedicine

Moreover the applied financial and social research and the research regarding the cultural heritage are also considered as national issues and hence will be supported.

- The environmental objective is focused on the participation of the renewable resources at the energy balance by 20%, on the reduction of energy consumption by 15%.

- Improvement of the level of education especially through the reduction of the early school leaving and the increase of the percentage of people aged 30-34 that complete the third grade education
- Promotion of the social inclusion through the reduction of poverty, the improvement of the efficiency of social programs, the access to the labour market, the improvement of the social services
 - o The satisfaction of the needs for health issues is implemented through major reforms of the national health system, the connectivity between health units, the monitoring of the supplies and the prices, the improvement of the quality of services and the improvement of the access to the health system.

8. Funding opportunities for SMEs

8.1. Hellenic Fund for Entrepreneurship and Development (ETEAN SA)

The Hellenic Fund for Entrepreneurship and Development is an innovative State-backed corporate structure geared to cover the financing gap in the domestic micro, small and medium size entrepreneurship (MSMEs). ETEAN actually functions as an intermediary actor for the small medium enterprises undertaking part of the business risk, offering viable means with long term-perspective, upgrading the offered services, redistributing the capitals and designing new attractive actions and products in order to facilitate MSME business units to cover the financing needs throughout the implementation of their business plans/start-ups. To support these companies ETEAN establishes long –term working relations with all its stakeholders, namely the Greek State Authorities, the European Union Structural funds administration, representatives of the business sector (mostly chambers of commerce) and associations of similar business objectives.

ETEAN offers its support services among others through:

- Credit Guarantee Programs: they represent they basic activity of ETEAN and they enable the SMEs to have access to the financial institutions
- Entrepreneurship Fund: It supports all kind (economically viable) of small medium enterprises whether they are existent, new or undergoing. It co-invests and co-funds new financial tools which

enable the businesses to have access to funding and hence develop their innovative and dynamic activities. Overall the Entrepreneurship Fund enhance the entrepreneurship, implement the investments and cover the need for cash flow, the founding and development of businesses, the creation of new and competitive products and services through means like guarantees, small loans, venture capitals, seed capitals, start-up capitals etc.

- The participation in European Programs and Networks and the cooperation with actors for the enhancement of entrepreneurship and the planning, management and implementation of funding programs toward the small medium businesses.

8.2. Investment Incentives Law

The Investment Incentives Law (3908/2011) aims at the promotion of the economic development of Greece, the enhancement of investments and hence the improvement of entrepreneurship, of the technological development, the business competitiveness and the regional coherence, the promotion of green economy, the effective operation of the infrastructures and the utilization of the human resources of the country. The Investment Incentives Law is going to be amended and approved for the year 2013 within April 2013.

General entrepreneurship status of the Investment Law includes the following Investment categories: a) General Entrepreneurship, b) Regional Cohesion, c) Technological

Development, d) Youth Entrepreneurship, e) Large Investment Plans, f) Integrated, Multi-Annual Business Plans, g) Partnerships and Networking

The types of aim are the following:

- a) Tax relief—Tax relief comprising exemption from payment of income tax on pre-tax profits which result, according to tax law, from any and all of the enterprise's activities.
- b) Subsidy—Gratis payment by the State of a sum of money to cover part of the subsidised expenditure of the investment.
- c) Leasing subsidy—Includes payment by the State of a portion of the installments paid under a leasing agreement executed to acquire new machinery and/or other equipment.
- d) Soft loans by ETEAN (National Fund for Entrepreneurship and Development). The amount to be covered by a bank loan may be funded by soft loans from credit institutions that cooperate with ETEAN enterprises.

Regional Cohesion includes all kinds of aim and investment plans, which are addressed to productive activities that utilize local competitive advantages, face problems with environmental viable technological applications and introduce new technologies. For the existent businesses the offered fund reaches up to 70% and for new businesses the amount reaches up to 80% of the budget.

Regarding the procedure the applicants must proceed with an online registration submitting all required supporting documents, technical, and financial data. Finally the applications are being reviewed and assessed by a committee.

8.3. Partnership Agreement

The Partnership Agreement (the new NSRF) is being implemented within the framework of the new Programming Period 2014-2020. The programming period 2014-2020 is being defined by the European commitments of Greece deriving from the Strategy Europe 2020, the National Reform Program, the Common Strategic Framework and the Memorandum of Economic Policies, which define the development, and financial objectives of Greece.

The Partnership Agreement will be defined by the first semester of 2013. One of the main axes of the development plan will be the enhancement of the competitiveness and extrovert character of businesses, the transition to qualitative entrepreneurship through the promotion of innovation and the increase of the domestic added value.

For this end there will be given priority to:

- the promotion of the development of new or better products and procedures, the reduction of the production costs and the reduction of the environmental effects of the activities
- the development of the entrepreneurship cooperation among actors of productive systems (businesses, employees, researchers, public actors, consumers union, environmental organizations)
- Smart specialization development through the effective use of the public investments for innovation enhancement, upgrade of human resources and creation of competitive advantages

- Formation and effective implementation of regional research and innovation strategies for the smart specialization
- Support to investments for infrastructures
- Support to new and existent businesses
- Facilitation of the business for access to funds
- Implementation of research, technological development and innovation actions for the enhancement of competitiveness
- Introduction of information and communication technology tools to the business environment