

PROGRAMME: Regional Aid Scheme for Competitiveness, Aosta Valley Italy
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1. SUMMARY OF GOOD PRACTICE

▪ Overview & Aims

Operated under the framework of the Regional Operational Programme for Competitiveness and co-financed by the European Regional Development Fund (ERDF) the **Regional Aid Scheme** is managed and implemented by Region Aosta Valley. The aims of the scheme are to:

- Support innovative enterprises with financial incentives for investments e.g. machinery, equipment and software in order to grow and compete more effectively in the global market;
- Provide companies with incentives for technology transfer, internationalisation programmes, marketing strategies and business plans.

▪ Key Resources

– Programme Partners

Finaosta SpA - the regional public bank, chosen operational partners for the scheme.
 Commercial banks/mutual guarantee association participating combined loan element.

Funding: Funding Body & SME Contribution

Operating with a total programme budget of €3M, the budget is made up of three funds; ERDF (40%), State Funds (42%) and Regional Funds i.e. Aosta Valley (18%) providing a good demonstration of how to leverage money using limited regional funds from the State and European environment, enabling the region to provide business grants and gain maximum impact for their regional funds.

SMEs accessing loans to top up grants benefit from reduced interest rates.

▪ Eligibility Criteria

Innovative SMEs in industrial/manufacturing sectors operating in the Aosta Valley, with a particular emphasis on key strategic sectors; smart energies, intelligent mobility, mechatronic i.e. ICT, Biotech. reflecting the 'smart specialisation' of the region.

▪ Terms and Condition

The Regional Aid Scheme is a grant instrument with no repayment terms.

Grants used for investments in tangible assets e.g. machinery, equipment, hardware/software range from €80K for a small company to €150K for a medium sized company with grants of up to €20K available for investment in marketing research, business plans, and innovation studies.

2. IMPLEMENTATION

With one person overseeing the scheme, operational management is subcontracted to the regional public bank, Finaosta S.p.A, who manages the funds and day to day activities on behalf of the region.

▪ Key Steps – How it Works.

The financial incentives available through the scheme are aimed at providing the right conditions for investment, encouraging innovation through investment in technology and/or processes that will help businesses realise additional profit. Eligible businesses can apply to the Regional Aid Scheme for two different types of grants:

- (i) Grants for innovative investments in new machinery, equipment, hardware and software: up to 40% of the eligible expenditure;
- (ii) Grants for the realisation of marketing research, business planning, development, submission and international extension of patents, technological ‘check-ups’ and technology transfer, (i.e. advisory, consultancy support, intangible assets). Examples include consultancy support to improve production processes and export/ internationalisation potential: up to 50% of the eligible expenditures.

Businesses can also use the opportunity to combine grant and non-grant instruments and leverage additional investment.

For **innovative tangible investments** a company can combine the grant received by the Region Aosta Valley (on average 40% of the investment cost) with a subsidised loan* organised by another department, from a commercial bank at lower than normal interest rates enabling the SME to raise up 75% of the investment. These loans can be combined with a guarantee available from the mutual guarantee fund. * Provided by public subsidy this can result in interest rates as low as 1%.

Encouraging synergies with other business support measures, businesses also benefit from access to a range of support such as incubators and technology transfer.

- **Key Stats** Running from June 2009 to December 2015, results in 2011/12 were as follows:

KEY MEASURE	TOTAL
Applications Submitted	20
Applications Accepted	18
Funding Granted (to successful SMEs) 2012	€800K
Funding Granted since the start of the scheme (June 2009)	€1.7M
SME Investment 2012	
Machinery, equipment, other tangible assets	€1.75M
Marketing research, business plans, patents and technology transfer (intangible assets)	€250K
New Enterprises Started 2011-12	2
SME Investment To Date	
Machinery, equipment, other tangible assets	€3.3M
Marketing research, business plans, patents and technology transfer (intangible assets)	€700K

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Although the scheme is not directly linked to the creation of new jobs, incentives granted to businesses have helped them retain employees in the current economic conditions. Given the size of the region (the smallest region in Italy) the total funds invested to date represent a significant sum, making an important contribution to the regional economy.

The application process is considered simple with decisions taking a maximum of 90 days. Application costs incurred by SMEs are estimated at 1 working day for preparation and submission of project proposals. Partner administrative costs are 5 working days for evaluation of grant applications for investments and 2 days for grant applications for marketing research and business plans.

3. KEY LEARNING POINTS & OPPORTUNITIES

The Regional Aid Scheme has helped to stimulate the consolidation and development of companies operating in Aosta Valley. The financial incentives available have enabled SMEs to:

- address the highly topical problem of access to credit;
- realise innovative investment plans for the development of new products, processes or services, or the significant improvement of already existing goods and services;
- Introduce/implement changes and innovation to their production processes, management, logistics, knowledge acquisition and transfer, as well as internationalisation strategies.

– What worked well

A focus on innovation and on high value added activities;

Availability of financial resources needed to satisfy SME demand;

Simple application process

Co-financing i.e. using ERDF to leverage state/regional funds with consequent savings for the regional public budget, particularly important during times of scarce resources.

– Challenges/Weaknesses

Fewer applications than expected, considered a result of uncertain economic conditions discouraging investment.

Bureaucratic ERDF reporting procedures: simplification of the reporting mechanisms, especially for grants under a certain threshold would help to reduce administration.

▪ Transferability

– Opportunities:

Considered highly transferable to other regional authorities/public equivalent bodies able to benefit from ERDF funds.

Has enabled a focus on key strategic sectors and specific/clear types of expenditures, easily tailored to other regions.

– Threats:

Availability and nature of EU funds in the next programming period 2014-2020

FURTHER INFORMATION:

You Tube: <http://www.youtube.com/watch?v=VJZHpfUOL04>

Finaosta SpA: <http://www.finaosta.com/finaosta/index.php>