How to improve regional and local governance of SME and entrepreneurship policy
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Catalogue number: QG-04-17-366-EN-N
doi:10.2863/212223

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1. Executive Summary

The aim of this study is to analyse and compare the various governance systems of SME and entrepreneurship policy in Europe.

As the first layer of analysis, the roles and competences of regional and local authorities in the governance of SME and entrepreneurship policy are analysed - based on bibliographical research and analytical work. The creation of a multi-level governance system is a constant process and is considered regarding the general governance characteristics as well as in light of the various possible stages of power transfer, i.e. de-concentration (transfer of administrative functions via relocation of executive bodies), delegation (transfer of managerial and regulatory functions to other agencies) and devolution (actual transfer of powers, rights, resources and assets to local governments), see (Rondinelli, 2007).

Building on this background, 13 regions and cities that have been awarded the European Entrepreneurial Region (EER) award were analysed, covering their objectives, success factors, obstacles, actors and their degree of ownership, transferability and integration into the European multi-level system. These 13 regions include: Murcia Region (EER 2011), Brandenburg (EER 2011), Helsinki-Uusimaa (EER 2012), Southern Denmark (EER 2013), Styria (EER 2013), North Brabant (EER 2014), Flanders (EER 2014), Lisbon (EER 2015), Northern Ireland (EER 2015), Małopolska (EER 2016), Extremadura (EER 2017), Lower Austria (EER 2017) and Western Greece (EER 2017).

Additionally four cases in non-EER regions and cities are investigated (Copenhagen, Lyon, Tel Aviv, Vojvodina). These cases were selected based on their governance models’ specific characteristics and proactive approach promoting SMEs and entrepreneurship.

The analysis came to the following findings.

Most of the EER regions and cities have strong decision-making powers and a **high degree of ownership** regarding SME and entrepreneurship policy. This high degree of ownership is linked to successful cooperation between the regional and local bodies and to the establishment of a common vision for the region or city. This is further strengthened by the EER application process and provision of the award.
The regional departments of economy, regional development and education, as well as regional business agencies equipped with the competence of policy implementation, services provision, guidance and providing business networks, are some of the main actors.

In some regions, the coordination and management of financial support is delegated to regional funding agencies. These often not only handle grants, but also other forms of financial aid, such as, guarantees, silent partnerships or venture capital to SMEs and entrepreneurs. In regions without these institutions, this task is either allocated within the competence of the regional authority or is shared with the regional business development agency.

Some regions and cities have established **regional education agencies**, which have the task of raising the entrepreneurship culture as a pre-requisite for start-ups and scale-ups of businesses. Here, the targeted groups are students from schools, colleges or even young or elderly (50+) unemployed people.

**Universities** are often an important regional institution broadcasting entrepreneurial skills. However, their target groups are often strictly university students or alumni. Universities are further integrated into the design process for regional SME and entrepreneurship strategies, especially when it comes advise regional authorities about future markets and high tech products. They further play an important role as think tanks for spin-offs and start-ups. Finally, they certainly play a role within the clusters and official networks.

The main obstacles undermining the governance of SME and entrepreneurship policy encompass the numbers, fluctuation and skills of stakeholders, the rigidity of existing governance structures, scarce access to funding and the reporting requirements for funding. Additional hurdles identified, although less commonly, are a poor entrepreneurial culture, a re-design of policies temporarily hindering governance structures and an insufficiently supportive environment.

Conversely, the **main success factors** for efficient governance are a favourable economic environment for new and established SMEs and entrepreneurs characterized by the creation of networks and inter-regional clusters, structures and initiatives enhancing entrepreneurial culture as well
as the streamlining of administrative services (such as providing timely support, advice and financial aid).

The **three most essential governance aspects** to ensure effective governance processes are cooperation between public and private stakeholders, targeted strategies creating a common vision between actors and a strong reflection on economic needs.

The study concludes with the following recommendations:

It is essential to create a favourable economic development system that enables businesses to succeed through relying on, and developing, their own strengths. This system should include:

- the creation of clusters and network organisations which connect the relevant stakeholders of the region,
- the establishment of an entrepreneurial culture in the region or city through the provision of entrepreneurial skills, awards promoting innovative business plans, as well as initiatives in schools and universities,
- the creation of clear-cut administrative structures that are transparent and where communication is fluent, thereby allowing for timely processes for business support.

At the regional level, it has been proven helpful to identify and support those start-ups which want to grow, as well as to encourage start-ups that do not yet see their growth potential.

Further, the active promotion of the EU single market at all levels of governance is of utmost importance for regional and local economies. Indeed, the European Union, or even the global market, is the economic target group of numerous SMEs and entrepreneurs. Given the expansion of web-shops and services, this is not only true for high-tech enterprises, but can also apply to SMEs in traditional sectors that engage in cross-border sales of goods and services.
2. Roles and competences of regions and cities in the governance of SME and entrepreneurship policy

The issues that have led to a focus on support structures, governance models and mechanisms shaping SME and entrepreneurship policy within this study include:

- The increasing awareness of the role of SMEs in general economic development, and regional development in particular.
- The reality of the concrete challenges of business creation.
- Documented research on the importance of flanking measures for SME development.

Therefore, public authorities have heavily contributed to the development of governance structures and models in the aim of transforming territories into entrepreneurial regions or cities.

In order to form a solid foundation for the discussions and arguments presented in this report, several definitions tailored to the study’s subject matter must be presented. First and foremost, the literature presents a large array of definitions SMEs. The chosen definition, as presented in the EU recommendation 2003/361, takes into account two main determining factors: staff headcounts and either turnover or balance sheet totals[^1]. It should be noted that since policies often address SMEs, start-ups and scale-ups together, they are all indistinctively examined in this report.

In the context of this study, “territories” are understood as regions and cities supporting SMEs and entrepreneurship. They can represent an administrative region, a municipality, an agglomeration or a compound of administrative entities, depending on the legal, institutional and informal framework at hand. In the context of this study, the term “region” might be simultaneously used for regions and cities as a synonym for “territory”.

Accordingly, territories are comprehended as particular forms of organisation, economic and societal constructions framed by a logic of

[^1]: Staff headcounts: 10-49 persons employed (small enterprises) 50-249 persons employed (medium enterprises) and respectively ≤ € 10 million turnover or ≤ € 10 million balance sheet Total; ≤ € 50 million or ≤ € 43 million.
multi-stakeholders collaboration. Likewise, the elements of such large and compound ecosystems interact, are influenced to a varying degree by, and evolve within and between levels of governance.

The term ecosystem is likewise a central concept to be examined within the context of this study. It can be defined as a set of interconnecting entrepreneurial actors, entrepreneurial organisations such as firms, venture capitalists, business angels and banks, institutions such as public authorities, agencies and universities, and entrepreneurial processes (e.g. business birth rate, number of high growth firms, number of serial entrepreneurs etc.), which formally and informally coalesce to connect, mediate and govern activities within the local entrepreneurial environment². An entrepreneurial ecosystem thus encompasses all actors that have an impact on the development entrepreneurship within a region or city: these actors have also been conceptualized as the Triple Helix of government, research and industry³. If well established, the ecosystem facilitates collaboration and sustainably develops an adaptive capacity allowing businesses to perform well.

Along those lines, a distinction between an ecosystem and the related concept of cluster shall be highlighted. The European Cluster Panorama 2016 defines clusters as "regional concentrations of activities in groups of related industries [that] emerge naturally in market processes, because local spill-overs among such activities enhance performance at the firm and regional level"⁴. Clusters can thus enhance synergies and cooperative efforts between small and large companies and knowledge institutions within a given sector (e.g. high-tech or health) and territory.

Understanding the interplay between diverse types of actors, their role, respective agendas and degree of engagement, at different levels of governance is a complex enterprise, as illustrated by the previous concept definitions. The aim of this section is to methodically disentangle and outline the main roles, competences and scope of action of regional and local authorities in the governance of SME and entrepreneurship policy.

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It must be emphasized that the focus of this study is on public governance. Institutions, thereby, compose the core of the research, rather than corporate governance.

2.1 Characteristics of multi-level governance

First, a succinct presentation of the main underlying concepts is undertaken. This shall be carried out bearing in mind the study’s subject matter in order to better pinpoint the main modes of governance and their respective characteristics and, ultimately, develop an analysis grid.

Public governance in the EU stems from various EU cultures of institutional management. As Bisio aptly argued, “the relationships between the governance of public bodies and stakeholders are of essential importance, independently of the different administration systems existing in Europe” (Bisio, 2004). Following the ratification of various primary treaties, an intricate integration process, thereby evolving towards a sui generis status, the EU public governance adopted a unique type of steering policy mode (i.e. the Multi-level Governance).

Multi-Level Governance (MLG) in the EU is an essential construct to define. Discussions around MLG in the EU have emerged in concomitance with a large array of developments in European polity, notably following the subsidiarity principle, which stipulates that decisions shall be taken as openly and as closely as possible to citizens. In addition, MLG requires that the level of decision-making differs based on the policy fields and decision-making power division.

In conformity with this development, the Committee of the Regions (CoR) understands MLG to be “based on coordinated action by the European Union, the Member States and regional and local authorities according to the principles of subsidiarity, proportionality and partnership, taking the form of operational and institutional cooperation in the drawing up and implementation of the European Union’s policies”. (CoR, 2014). In the course of this study we will follow the above definition.

Coming back to our focus on SME and entrepreneurship policy, the governance mechanisms and structure applied shall also be considered in light of the various possible stages of power transfer (Rondinelli, 2007):
• **deconcentration** (transfer of administrative functions via relocation of executive bodies),
• **delegation** (transfer of managerial and regulatory functions to other agencies),
• **devolution** (actual transfer of powers, rights, resources and assets to local governments).

Contemporary approaches of the MLG theory (so called, “New Modes of Governance”) refer to the development of **network-like structures** of EU policy-making. More precisely, informal and “soft” (this is to say non-binding) structures of governance are reportedly used to foster collaborative processes among a wide range of actors, in multiple jurisdictions of which heterogeneity supposedly better reflects the range of involved actors (Conzelmann, 2008).

Participation of stakeholders in the decision-making is one of the underpinning rationales of the MLG processes. Nonetheless, the increasing number of stakeholders and their varying degree of contribution to the policy cycle are elements to be considered when selecting the most relevant actors throughout the levels of governance. Indeed, trade-offs may appear between the number of stakeholders and the efficiency of the process, which could, in turn, weaken the governance model and mechanism (Spatial Foresight, 2015). A high number of stakeholders could in fact entail risks associated with diffuse support structures, mechanisms and services throughout a given territory. A high number of actors ultimately may only result in an increased complexity in the ecosystem if the coordination, roles and competences are not well defined.

**Factors facilitating good MLG processes**

The above discussed aspects of governance ultimately lead to reflecting on the question - which factors are most likely to facilitate good MLG processes. This evaluation similarly echoes the main research topic of the study “How to improve regional and local governance of SME and entrepreneurship policies”. At first glance, different variables can be specified, and allocated to two main categories:

• tangible factors (e.g. formal arrangements of cooperation such as contractual agreements);
• informal elements (e.g. the use of bilateral communication channels, a culture of consensus and compromise to foster constructive dialogues,
treatment on an equal footing, agreed objectives based on a common vision).

An intrinsic determinant of good MLG also lies on stakeholders’ perceived legitimacy. The legitimacy of the actions and decisions taken within governance structures (and importantly, the sources of this legitimacy at various levels) is critical to comprehend the success factors of different modes of governance. As a prerequisite and indicator for legitimacy, trust in institutions and governance structures is according an essential, although ambiguous, element. Trust can be considered very much like the oil ensuring the smooth running of all of the gears and hinges of the governance machinery.

Similarly, transparency and fairness of the decision-making procedures as well as openness and inclusiveness are other important democratic indicators, and quintessential features of good governance practices. Moreover, the ability of a certain mode of governance to generate trust also plays a fundamental role in fostering commitment and a sense of ownership amongst stakeholders who may feel empowered and driven to achieve a set objectives.

Keeping in mind the interdependence of all government tiers and the collective aim of increasing efficiency the CoR promotes a “Multi-Actorship” model, embracing not only governmental institutions, but also private partners such as social partners, research institutions, NGOs and representatives of civil society groups. This is relevant, because effective and efficient MLG is seen in the coordination of different actors (public and private), at best resulting in a joint commitment (CoR, 2014) to the policies designed and measures implemented.

In line with the aspects discussed above, the aim of the Committee of the Regions (CoR, 2014) is to shape MLG practices in Europe by:

- developing a transparent, open and inclusive policy-making process;
- promoting participation and partnership involving relevant public and private stakeholders throughout the policy-making process, including through appropriate digital tools, whilst respecting the rights of all institutional partners;
- fostering policy efficiency, policy coherence and promoting budget synergies between all levels of governance;
- respecting subsidiarity and proportionality in policy making;
• ensuring maximum **fundamental rights protection** at all levels of governance.

Given the complexity of the issues discussed above, ensuring an optimal and effective development of governance practices will thus necessitate more than just resources and the collaboration of a myriad of stakeholders. A fundamental requirement is also the “careful and inclusive political positioning at, and the enticement of, every relevant tier of governance (public and private) throughout the European Union” (De Man, Munters, & Marx, 2016).

### 2.2 Regional SME and entrepreneurship policies

Now that a wider conceptual framework on MLG has been scrutinised, a closer look is to be drawn at the regional level of SME and entrepreneurship policies, the focus of the study. Consequently, the literature review investigates the role of regions for SME and entrepreneurship policy. The European approach to SME policy is also examined due to its relevance for SME and entrepreneurship support at the regional level. Relevant policy documents and initiatives at EU level include, notably, the Small Business Act for Europe (SBA) of 2008. In recent years, the policy support towards SMEs was diversified as entrepreneurship, start-ups and scale-ups emerged into a stronger focus of EU policies, with the Entrepreneurship Action Plan 2020 (2013), the Single Market Strategy (2015) and the Start-Up and Scale-Up Initiative (2016) markedly the most relevant. Further, the CoR’s European Entrepreneurial Region (EER) scheme is analysed, which promotes implementation of the SBA at regional and local level.

First and foremost, some of the reasons why SME and entrepreneurship are an important policy field considered together include:

• SMEs constitute the largest contingency of all businesses, the change process is inevitably significant in these companies.
• SMEs hold a special importance, including the dynamics of their interaction with other SMEs as well as other bodies.
• Within the conglomerate of new companies, SMEs present the most important source of new employment in the European Union.
• And last but not least, entrepreneurship is a prerequisite of economic growth and job creation.

Start-ups and scale-ups, important to understanding SMEs and entrepreneurship, are slightly more complicated to define. Whereas start-ups are defined as “temporary organisation designed to search for a repeatable and scalable business model” (Blank, 2012), Scale-ups are defined as a “development-stage business, specific to high-technology markets, that is looking to grow in terms of market access, revenues, number of employees and added value by identifying and realizing win-win opportunities for collaboration with established companies” (Onetti, 2014). However, both start-ups and scale-ups are generally seen as a subset of SMEs, defined as a company with less than 250 persons employed, a turnover below 50 M EUR or a balance sheet total of less than 43 M EUR. Furthermore, regional and local strategies often tend to combine SMEs, entrepreneurship as well as Start-up and Scale-up initiatives. Consequently, the report at hand discusses these aspects under the umbrella of “regional and local SME and entrepreneurship policies”.

For all the above mentioned reasons, a genuine political willingness, notably at the EU level, to recognise and fully endorse the central role of regions and cities, together with SMEs and entrepreneurship, has resulted in the development of several initiatives, programmes, principles and frameworks supporting (regional) SME and entrepreneurship policies.

The Small Business Act (SBA) adopted in 2008 (COM/2008/394 final) is an overarching framework for EU policy on SMEs, which intends to improve the approach to entrepreneurship in Europe, to simplify the regulatory and policy environment for SMEs, and to remove the remaining barriers to their development (Hermannek, 2014). The SBA governance mechanism comprises of the SME Performance Review and the Network of SME Envoys (one per MS), which are used to provide a platform for best practice exchange among Member States on support for SMEs. Enshrined in the SBA, the “Think Small First” principle similarly aims at placing SMEs at the very first stages of the policy cycle, incentivising policy makers to consider SMEs as being their “prime customers” as far as

5 From year 2000 to 2010, SMEs had the double employment growth rate (1% annually) than large enterprises (0.5% a year) (DG REGIO, 2014).
business regulation is concerned (European Commission Enterprise and Industry Directorate General, 2009).

The **SBA review in 2011** (COM, 2011) emphasises four priorities in order to re-direct the SBA: 1) promoting entrepreneurship, 2) reducing regulatory burden, 3) facilitating SME’s access to finance and 4) easing SME access to markets and internalisation. The third priority, access to finance, was considered the main Achilles’ heel of SME policy, as highlighted by the CoR. Further, the CoR pointed out that it is necessary to make the SBA politically more binding, to ensure better implementation of its principles (CoR, 2011).

The importance of an entrepreneurial culture is recognised, and at the EU level, driven by the **Entrepreneurship 2020 Action Plan (2013)** “a blueprint for decisive action to unleash Europe’s entrepreneurial potential and boost entrepreneurship and innovation culture in Europe”. The Action Plan proposes three main areas of intervention aiming at enhancing entrepreneurial education and supporting to business creation: (1) Strengthening the framework conditions for entrepreneurs by removing existing structural barriers; (2) Supporting entrepreneurs in the crucial phases of the business lifecycle (3) Spreading the culture of entrepreneurship in Europe in order to nurture a new generation of entrepreneurs.

Discussions on the importance of creating supportive operational environments for SMEs and entrepreneurship, continued, and contributed to the publishing of the **Single Market Strategy** (COM, 2015) with the aim of creating opportunities for consumers and businesses (e.g. within a collaborative economy), to encourage modernisation and innovation as well as to create a culture of compliance. One main action within the Single Market Strategy is to simplify VAT rules and company law (e.g. in case of business insolvencies). The CoR advocates for further appropriate VAT simplification measures for SMEs in order to limit compliance costs and reduce the complexity and fragmentation of the VAT system (for SMEs involved in cross-border trade) (CoR, 2016).

The most recent discussions put start-ups and scale-ups into the focus of policy making. In 2016, the **Start-up and Scale-up Initiative** (COM, 2016) was published, placing special emphasis on the specific needs of businesses during their starting and growth stage. The initiative addresses three issues: the removal of (administrative and regulatory) barriers, the
creation of opportunities (connecting partners, recruiting skilled workforce and accessing procurement) as well as facilitating access to finance. Especially when it comes to creating opportunities like networks, platforms or one-stop shops for start-ups, regions and cities can play a major role.

At the regional and local level, the implementation of SBA principles is promoted through the label of the **European Entrepreneurial Region (EER)**. Since 2011, each year, the EER label is awarded to three regions, territories or cities, which commit themselves to implementing a cutting-edge strategy, a credible action plan as well as a political vision to boost SMEs and entrepreneurship. One of the main aims of the EER label is to “encourage better cooperation between policy makers and relevant stakeholders within a territory through the creation of territorial SBA partnerships, promote a multilevel governance approach to the delivery of SME-friendly policies and stimulate the exchange of good practice and the development of specific cooperation initiatives between EER regions” (CoR, 2014 p. 3).

Within the present study, examining the characteristics of the EER regions, notably the arrangements of their governance models, shall help better demonstrate the details of the coordination of stakeholders, their roles and possible synergies, which have led those territories to be designated as hotspots for SME and entrepreneurship development.

The efficient implementation of the EU policies and strategies presented above, calls for a **profound knowledge of the needs of SMEs and entrepreneurs**. This quality is reportedly obtained most accurately at the regional and local level through constant contact with SMEs and entrepreneurs, bearing in mind the general strengths and weaknesses of the region. In particular the (public) actors at the regional and local level are in demand when it comes to adjusting the business environment to the regional needs of SMEs and entrepreneurs, to ensure a responsive public administration, to facilitate the exploitation of Single Market opportunities, to foster innovation and to find regional answers to environmental challenges.

Building on the examined potentials of territories and the flagship policy initiatives for SME and entrepreneurship, some key requirements for good regional governance practices in SME and entrepreneurship policies are now presented.
A 2012 study for the Committee of the Regions comes to the conclusion that, “without a clear ex-ante understanding of the impact of administrative/regulative legislation on SMEs, the implementation of policy measures is less likely to be effective even at regional level”. Further, it is argued that, “state aid and public procurement are the two main tools available to local and regional authorities to foster local and regional development” (CoR, 2012 p. 32). With regard to governance, those comments underscore the complementarity and interdependency of the actors involved at different levels. Coordinating institutional actions of different types of authorities in the best possible way so that their roles, within their respective scope of action, reflect the necessary competencies to achieve the goals of SME and entrepreneurship policies is precisely where lies the key for an effective MLG.

Concluding in view of the findings above, the roles of regions and cities for supporting SME and entrepreneurship policy is most fundamentally seen in:

- Harnessing their internal potential for development, i.e. developing an attractive and business-friendly ecosystem tailor-made to the territory’s strengths;
- Designing strategic approaches to SME and entrepreneurship policy thanks to their sound understanding of the needs of SMEs, e.g. in terms of access funding, one of the main obstacles to growth for SMEs;
- Strengthening and supporting the policy implementation process by involving regional partners;
- Developing more effectively mentoring and supporting measures assigned to specific target groups of potential entrepreneurs (women and migrants for instance).

### 2.3 Relevant forms of governance and characteristics – setting up of an analysis grid

Reflecting on the two previous sub-sections, various key aspects emerge in terms of governance for SME and entrepreneurship policies, which may also depend on the power structures’ specificities in different countries. Nonetheless, it shall be noted that regions can play an active role regardless of the centralised or decentralised state structure (Hermannek, 2014). Their role is tightly linked to the national
constitutional framework of the country, and the kind of relationship the regions have with the central state. As such, it is argued that the constitutional status and powers of regional tiers do not represent a factor fully constraining the capacity of regions to proactively undertake initiatives, develop and implement tailor-made regional policies. Indeed, where there is no national legislation in place, as long as the legal framework does not directly prohibit the activity, regions have enough room for manoeuvre to cultivate, harvest and harness the unrealised creative and innovative potential of individuals and communities eager to engage in the life of the region. Such endeavour ultimately corresponds to endorsing the authentic meaning of entrepreneurship.

Along those lines, it must be mentioned that establishing any classification of governance models cannot be a definite exercise due to the large array of approaches, often driven by context-specific factors. Nonetheless, several general governance patterns can be highlighted in the literature, characterized by the summarizing “concepts” of governance by authority, governance by enabling, self-governance and governance by provision. These are explained in more detail in the following paragraphs.

**Governance by authority**

A first mode of governance can be derived from the most traditional understandings of authority, i.e. following a top-down approach. Accordingly, the decision-making process mainly lies in the higher spheres of power. To some extent, such modes of governance may also imply that policy goals are efficiently set and consistent since they are based on decisions taken by a minimum number of actors (Elezi, 2013). Regulations and directives or other compulsory means are considered to be direct methods for policy implementation. Likewise, national governments can be seen as directly interfering in regional and local affairs. All in all, a governance mode by authority steers and controls stakeholders in a very unilateral way.

**Governance by provision**

In the light of key actors’ roles and competences shaping the governance structures and mechanisms for SME and entrepreneurship policies, interactions are of primordial importance, especially when considering exchanges of resources and services. Funding flows are for instance integral, essential and substantial elements to support good and efficient
governance. Such mode of governance by provision is therefore more practically inclined, performance or results oriented and based on a service or resource exchange against the achievement of specified objectives. Similarly, a greater political ownership is encouraged, together with a deeper consideration of factors influencing efficiency, effective policy integration and transparency in the delivery of provisions.

**Governance by enabling**

Conversely, moving down the hierarchical ladder to a “flatter” organisational conception, a more participative, agency-driven and collaborative mode of governance is of interest. Such mode would dovetail the newest approaches of MLG as succinctly described in the above section. The role of different stakeholders is much more dominant and their engagement, at all stages of the policy cycle is favoured. Exchanges, interactions, multi-sided conversations are held on a frequent basis. Likewise, consensuses along with compromises are preferred communication and decision-making practices. Governance through enabling fosters constructive forms of collaboration aims at developing stakeholders’ sense of ownership. Correspondingly, this mode of governance features so-called bottom up practices.

**Self-Governance**

In the opposite side from the governance mode by authority, self-governance may occur if mandatory national legislation is limited or non-existent (Bulkeley & Kristine, 2006). Such governance mode concerns for instance, a local government governing its own activities. It is characterised by self-motivated action and may take place in cities and regions. Local self-governance is exerted directly by citizens or via local authorities, providing them the right to independently solve local issues within the boundaries of the law (Council of Europe, 1985).

These governance characteristics will play an important role in the analysis of the case studies and setting up a typology.
3. Case study methodology

Within the scope of this study, 13 EER regions and cities as well as four non-EER awarded regions, were analysed to assess their governance structure and to identify the relevant regional and local actors in the field of SME and entrepreneurship policy. Table 1: Overview of the regions and cities examined and the interviewee selected provides an overview of the regions and cities examined in the course of the study.

The analysis focused on identifying the specific governance structures created for working with SME and entrepreneurship policy, determining the kinds of stakeholder participation that was present in these structures and exploring the interaction between the different relevant governance levels. Each case study analysis was based on three steps:

(1) A **desk analysis of (EER) documents**, such as:

   (a) EER applications, factsheets and evaluation reports (if available; for EER awarded regions only).
   (b) Websites of the regions and cities; especially the bodies participating in the SME and entrepreneurship policy.
   (c) Important documents, e.g. economic strategies.

(2) **Telephone interviews with the representatives of the relevant regional bodies**.

(3) In order to depict the governance structure of the region and to facilitate the interview, the interviewees were asked to prepare a handwritten **sketch of the governance structure** of their region. The sketches are internal working documents used by the core team to better comprehend the regions/cities’ governance structures and the interconnections between key actors (see a reproduction of one sketch in Figure 1).

Table 1: Overview of the regions and cities examined and the interviewee selected

<table>
<thead>
<tr>
<th>Region</th>
<th>Name of the person(s)</th>
<th>Institution</th>
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<tbody>
<tr>
<td>EER regions and cities</td>
<td></td>
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<tr>
<td>Murcia Region (EER 2011)</td>
<td>Rafael Ataz Gomez</td>
<td>Dpto. Iniciativas Europeas – Instituto de Fomento Región de Murcia – Consejería de Desarrollo Económico, Turismo y Empleo</td>
</tr>
<tr>
<td>Brandenburg (EER 2011)</td>
<td>Reiner Kneifel-Haverkamp</td>
<td>Ministerium für Justiz und für Europa und für Verbraucherschutz</td>
</tr>
<tr>
<td>Region</td>
<td>Name of the person(s)</td>
<td>Institution</td>
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</tr>
<tr>
<td>Helsinki-Uusimaa</td>
<td>Anja Rogalla</td>
<td>Ministerium für Justiz und für Europa und für Verbraucherschutz</td>
</tr>
<tr>
<td>(EER 2012)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southern Denmark</td>
<td>Christine Chang</td>
<td>Head of iEER project, Helsinki-Uusimaa Regional Council</td>
</tr>
<tr>
<td>(EER 2013)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Styria</td>
<td>Gerd Gratzer</td>
<td>Amt der Stmk. Landesregierung Abteilung 12 Wirtschaft, Tourismus, Sport</td>
</tr>
<tr>
<td>(EER 2013)</td>
<td></td>
<td>Wirtschaft und Innovation</td>
</tr>
<tr>
<td>North Brabant</td>
<td>Tue Larsen</td>
<td>Growth Forum of Southern Denmark</td>
</tr>
<tr>
<td>(EER 2014)</td>
<td></td>
<td></td>
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<tr>
<td>Flanders</td>
<td>Bart Candaele</td>
<td>Flanders’ agency innovation and entrepreneurship (VLAIO)</td>
</tr>
<tr>
<td>(EER 2014)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lisbon</td>
<td>Margarida Figueiredo</td>
<td>Directora</td>
</tr>
<tr>
<td>(EER 2015)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>Derek McCallan</td>
<td>Northern Ireland Local Government Association (NILGA)</td>
</tr>
<tr>
<td>(EER 2015)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Małopolska</td>
<td>Malgorzata Kwiecien</td>
<td>Urząd Marszałkowski Województwa Małopolskiego (UMWM)</td>
</tr>
<tr>
<td>(EER 2016)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extremadura</td>
<td>Annabelle Favreau</td>
<td>DG Enterprise and Competitiveness</td>
</tr>
<tr>
<td>(EER 2017)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Austria</td>
<td>Georg Bartmann</td>
<td>NÖ, Department of Economy, Sport und Tourismus</td>
</tr>
<tr>
<td>(EER 2017)</td>
<td>Manuela Hofer</td>
<td>RIZ, the Start-up Agency of Lower Austria</td>
</tr>
<tr>
<td>Western Greece</td>
<td>Lykourgos Stamatelatos</td>
<td>Development planning directorate</td>
</tr>
<tr>
<td>(EER 2017)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-EER Regions and Cities</td>
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<td></td>
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<tr>
<td>Copenhagen</td>
<td>Liselotte Hohwy</td>
<td>Vaksthus Greater Copenhagen</td>
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<td></td>
<td>Stockholm</td>
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<tr>
<td>Lyon Metropolis</td>
<td>Raddouane Ouama</td>
<td>Métropole de Lyon</td>
</tr>
<tr>
<td>Tel Aviv</td>
<td>Inbal Safir</td>
<td>Tel Aviv Global</td>
</tr>
<tr>
<td>Autonomous Province of</td>
<td>Maja Sokic Heeger</td>
<td>Regional Development Agency of Vojvodina</td>
</tr>
<tr>
<td>Vojvodina</td>
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</table>

The analytical framework for each case study in the EER territories was completed with the findings from the desk research and complemented by an interview covering the following aspects:

- **Context**: Short regional profile and results of the SWOT analysis (mainly EER regions and cities).
- **The EER process** shaping governance (EER regions and cities only).
- **Objectives** of the SME and entrepreneurship policy.
- **Competences** at the different geographical levels.
- **Governance structure**: role and competences of public authorities and private partners.
• **Actions and tools** used to create an attractive and supportive environment for SMEs in the region.

• **Good practices and obstacles** in the field of governance of SME/entrepreneurship policy.

• **Concluding questions** on the most **essential aspects** to ensure **effective** governance processes.

The case studies on the non-EER regions and cities encompassed in the study likewise follow the same analytical process. However, only succinct desktop research was conducted and the answers provided are therefore mainly stemming from the interviews.

The main findings of the case studies are displayed in sections 4 and 5. The findings are analysed and classified along the key features of the final typology, which is itself presented in section 6.

A detailed analysis of the governance structures is contained in the Annex.
4. Case studies of the EER awarded regions

4.1 Analysis of the EER application process shaping governance

All regions stated that the SWOT analysis\(^6\) used for the application procedure helped them to develop their EER strategy. For five regions and cities it was reported to be highly important. In these regions, SWOT analysis are performed on a regular basis in order to identify necessary adaptations of the strategies and to evaluate the performance of the region. For eight territories it was somewhat important, mostly because they use other or complementary tools (e.g. balanced scorecard, horizon scanning). These eight territories stated that it was one of several requirements. For example, the SWOT analysis was helpful in developing a sense of the overall picture, although targets were set based on other processes, e.g. the special focus areas as RIS3.

Figure 2: Extent to which the SWOT analysis helped to further develop and better target the policy

<table>
<thead>
<tr>
<th>To what extent the SWOT help you further develop and better target your policy?</th>
<th>Number of respondents; n = 13 EER regions and cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly</td>
<td>5</td>
</tr>
<tr>
<td>somewhat</td>
<td>8</td>
</tr>
</tbody>
</table>

However, the majority of respondents declared that they continue to use the SWOT analysis for other strategies also - like the Smart Specialization Strategy (Extremadura), internal strategy processes (e.g. Lower Austria, Styria, Malopolska) and programmes (Lisbon, Northern Ireland) as well as communication towards the national level (Flanders). Other similar tools used are over-arching policy documents from the national government (Flanders), strategic plans, monitoring systems and horizon scanning.

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\(^6\) SWOT analyses are an analytical tool to assess the efficiency of policies or economic strategies to get an overview highlighting positive and negative aspects for different possible options. A SWOT-analysis provides a formal way of identifying strengths and weaknesses, and of examining the opportunities and threats that arise from them. The SWOT analysis is a basic, straightforward model that supports decision making processes by a structured discussion of potential pros and cons of a decision.
(Lisbon, Lower Austria, Styria), public consultation of regional strategies, monitoring of the innovativeness and entrepreneurship (Małopolska) or quantitative micro/macro-economic analysis (Western Greece). Southern Denmark created the “Danish growth model”, which they deem more appropriate (than a more general SWOT analysis) for addressing SME needs when it comes to up-scaling, as it covers four critical elements in business development: ensuring access to finance and venture capital, stimulating intelligent public demand, promoting access to world class research and education, and developing strong trans-regional clusters with international outreach and export potential. (Southern Denmark, EER application, p.4)

For the building of the EER community the majority of respondents used existing structures. Only two regions created a new body: Lisbon built up the “City Entrepreneurial Ecosystem” and Western Greece is currently developing enterprise incubators, an entrepreneurship barometer, and an “Alliance for the Region’s Entrepreneurship and Development”.

Although most of the regions built upon existing structures, the EER process and the EER community brought about lasting changes through fostering a strong relationship with stakeholders. Most of the respondents reported better governance processes and, not only, better relationships between partners, but also towards SMEs and private institutions. However, the inclusion of enterprises and entrepreneurs into the strategic process has also led to negative experiences. In Southern Denmark, it
became obvious that particular enterprises were not able to understand the holistic aspects discussed at the regional level. Further, not all enterprises have the same scope as the Growth Forum established in Denmark.

4.2 Main objectives of SME and entrepreneurship policies

First, it is of interest to review the process of SME and entrepreneurship policy development, in particular, with a focus on the setting of objectives. Indeed, the scope of the policy goals (i.e. how inclusive or targeted they are) has a significant impact on the subsequent development of governance structures and mechanisms. The regions examined have designed targeted strategies underpinning their SME and entrepreneurship policies. However, the degree of specialisation can also be a double-edged sword. Striking the right balance between a specific and a holistic approach (i.e. between a targeted, thereby relatively restricted policy approach and an inclusive one) has to be pondered in the light of the pervasive constrains (financing for example) and challenges (impact of exogenous factors).

Error! Reference source not found. Figure 6 illustrates and ranks the main objectives of the SME and entrepreneurship policy in the regions. Internationalisation is clearly the most important goal. Nearly all (10 out of 13) regions and cities aim at enlarging the economic market for their domestic businesses. Fostering modernisation and innovation of the ecosystem (e.g. the productive capacities in SMEs, fostering the specialisation of SMEs or start-ups in certain innovative themes, integrating more SMEs into the innovation process by designing lighthouse projects) is equally important. Good government structures and cooperation, as well as support of SMEs, together with the establishment of an entrepreneurial culture are further within the top themes on the agenda of the regions and cities analysed. Start-ups as a particular group of SMEs are explicitly and pre-dominantly targeted in three of the regions. The
objectives of these policies mentioned are employment (availability of skilled and qualified workforce) as well as the environment and the green economy.

Support to SMEs in general, i.e. not restricted to a certain group like start-ups or SMEs in specific sectors is explicitly important in 6 of the 13 regions while the other regions focus on certain thematic groupings or technologies. The increased emphasis, in the regional strategies for economic development, of support targeting all types of SMEs, regardless of their sectors of activity (craftsmen for instance) is reported to a relatively new trend.

Figure 6: Main objectives of the SME and entrepreneurship policy

4.3 The governance structure in EER regions and cities and main actors

This section intends to cross-examine the findings of the case studies particularly regarding the main governance structures and actors identified. Closer attention is drawn at the three main forms of decentralisation to better understand the evolution of the governance structure. Similarly, the case studies will be examined in the light of the types of governance described in section 2.
As a side note, it is essential to mention that the selection and allocation of the case study findings into these classifications is a rather restrictive exercise, which does not entirely reflect the diversity and complexity of the situations present. While overlaps between categories are fully acknowledged, the aim of this exercise remains to narrow down the findings, identifying and highlighting patterns and key features in order to ultimately develop a typology.

4.3.1 Analysis of the modes of governance

This part of the analysis intends to deduce the mode of governance present, taking into consideration the actors participating in the governance towards SMEs and entrepreneurship. Attention will be paid on the roles and responsibilities of the individual actors as well their interactions. The complexity and diversity of the regions in the study make it difficult to allocate each territory one single category, and overlaps between categories exist. Therefore, the typology developed below shall help explain the governance tendencies of the regions considered in the study, although it is not meant to fully correspond to the actual complexity of governance structures in the territory.

In general national authorities have a great impact on SMEs and entrepreneurship by setting the regulations for taxation, labour market, labour rights and business regulations. In the following, the focus is drawn on the role of regions and cities towards SMEs and entrepreneurs where they have general competence for the exercise of their functions.

**Governance by authority**

**Western Greece** would be an example where legislative powers are centralised at the national level, thus regions could be considered “governed by authority”. In this mode of governance the central level constrains the scope of action of the region. Therefore, the region is not considered as the key agent, but rather as a supporting actor. The design of strategies and funding functions are mainly the competences of the national level. The responsibility of regional and local levels of governance in SMEs and entrepreneurship policy is, to a large extent, related to a representative role and in consulting activities. Nonetheless, they do have some competences in several relevant areas such as in ERDF planning and programming, employment, social policies etc. Most often, regional and
local institutions are consulted by the national authorities during the development phase of the strategy.

Interestingly, in the region of Western Greece, the incubators and R&I institutes seem fully involved in the development of SMEs and entrepreneurship policy because of their direct participation in related projects.

**Governance by provision**

The governance mode of the region of Helsinki-Uusimaa very much relies on regular interactions and is highlighting through the importance of resources and services exchanges. The reciprocity of the funding exchanges is notably put forward. Furthermore, ownership of the initiatives and tools used is encouraged in order to optimise the efficient and effective achievement of the policy goals. As a result of the Finnish deconcentrated state administration, the region is given administrative competences and duties. Municipalities also have regulatory powers.

In Murcia Region the provision of the regulatory and legal framework lies in the hands of the Region, i.e. the Regional Ministry of Education, Training and Employment and the Regional Ministry of University, Enterprise and Research. Further, the regional confederation of Murcian Enterprises (CROEM), a body representing and helping enterprises and employees in the region, has a competence of decision making when it comes to the implementation of entrepreneurial policies. However, local start-up communities also have a pro-active role in implementing entrepreneurial policies.

Although the overwhelming majority of legislative acts are carried out at federal level, the region or Land of Styria is responsible for the administration of certain federal laws and areas of legislations. Styria has strong actors at the regional level, including the funding agency responsible for funding and the implementation of measures. Additionally, the locally called “Standortdialog” with relevant institutions (chamber of commerce, chamber of industries employment services, chamber of labour) has enabled better quality discussions between the regional/local and central level. Further, the universities of Graz and Leoben as well as a private research institute named Joanneum Research are important actors participating actively in different actions in the development. Given the
high importance of the clusters, Styria shows some aspects of enabling governance (discussed later), as well.

Although the federal and regional powers sometimes overlap in areas such as labour law and economic law, the German Länder like Brandenburg, play a major role in SME and entrepreneurship policy. At the regional level, funds are received, distributed, decisions are taken and implemented and strategies are discussed and decided on with the input implemented and strategies are discussed and decided on with the input of some local actors.. The local level receives support and is sometimes consulted in regards to development of strategies on the regional level. Notwithstanding, the latest strategy strongly builds on enabling by setting up an inter-regional cluster strategy.

**Governance by enabling**

In Northern Ireland the latest development of the New Programme of Government (Box 3) counts on enabling the eleven councils in implementing the SME and entrepreneurial policy (set out by the association of local govern- ments, NILGA). Further, the strategy’s focus is strong on entrepreneurial skills within the society. A particular regional education agency (Young Enterprise NI) that is implementing entrepreneurial programmes in schools, takes the same line of enabling. Of relevance, in the UK, there is no complete and absolute transfer of powers, but there are specified exceptions within both reserved and devolved powers.

The region of Flanders, which has legislative and executive organs (one parliament and one government) has a high autonomy in designing and implementing its entrepreneurial policy. The agency of Innovation & Entrepreneurship (VLAIO) is the central player acting as the director of the wider network. Their core competences are the implementation of the policy by guiding entrepreneurs through the government landscape and providing funding. Provinces and municipalities in Flanders support the implementation of the policy by VLAIO and act as support points for entrepreneurs in their areas.

The regional authority in the Autonomous Community of Extremadura is bestowed with powers extended to all matter not allocated to the State, such as the promotion of economic development. A collaborative approach towards SME and entrepreneurship policies is adopted in Extremadura.
Bottom up and top down initiatives are seemingly in a relative state of balance. Nonetheless, the analysis suggests that the regional ministry still retains control over the main decision-making powers. The creation of networks is central to the region’s strategy and a myriad of actors of all kinds are collaborating to support and provide services and resources to entrepreneurs and SMEs.

Box 1: Network of MIREE (Mapa Integral de Recursos para la Empresa y el Empleo en Extremadura) entities

All the entities, i.e. public, semi-public and private bodies forming the core of the MIREE initiative are closely interacting. MIREE is a regional network for employment and enterprises, which notably provides innovative and hands-on tools in its online platform (a map of the key regional stakeholders). Created in 2015, it gathers all the relevant entities working at the regional level to foster entrepreneurship as well as business competitiveness. A hurdle associated with this type of governance also echoes the findings of the analysis, i.e. the risks and issues associated with the coordination of such a large group of stakeholders.

Similarly, the case of Lisbon presents features of governance by enabling, notably as highlighted by the significance of partnerships, jointly designed strategies and initiatives and the resulting high level of interaction between the various levels of governance. The interactions between the local level (Lisbon City) and the EU level are also reported as very well developed, in particular thanks to the “Made of Lisboa” initiative and the diverse EER activities. It is noteworthy to mention that Lisbon could have also been considered under the “governance by authority” category due to the very limited division of powers from the national to the regional and local level. Yet, based on the findings and above mentioned characteristics, the governance by enabling category was favoured.

North Brabant enjoys autonomy and may act within the national framework. At the regional level, with regards to employment policies, the province establishes investment banks and is responsible for cooperation between public authorities and business. North Brabant appears to favour support systems or elements such as the development of various off the shelf financial instruments to support good and efficient governance for SME and entrepreneurship policy. Innovativeness and pro-activity are also expected from the main involved actors in line with the region’s result-oriented strategy. The province is an active financer; it facilitates, initiates and supports its partners.
Lower Austria follows a strongly agency-driven approach with its 4-pillar model. Three agencies and the authorities at regional level provide the strategic setting, financial aid as well as consultancy, and other services to the businesses and municipalities in the region. Political ownership is allocated through the autonomy of each regional body within its field of competence. The local municipalities are represented by an own-body and can raise their concerns. The level of cooperation is high and a common understanding of the aims and targets of the strategies observed.

Self-governance

In Southern Denmark, all stakeholders involved, i.e. regional and local authorities as well as research institutions and universities, and most outstandingly, businesses themselves form one single body. The “Growth Forum” is responsible for SME and entrepreneurial policy through initiatives within enterprise policy, education and employment (see, Box 5). This is presently the most prominent example of self-government available in Europe.

The findings on the Polish region of Malopolska reveal several characteristics, which may echo the definition of self-governance. Regional authorities work closely with local authorities on the development of strategies and coordination of key actors, with a relatively limited control or involvement of the national authorities.

Several noteworthy remarks on this section can be outlined. The general division of powers (between the central, regional and local levels) is very country-specific. Interestingly, it appears that the case studies classified under each of the four modes of governance do not share the same power division structures. This is to say, one mode of governance may include both: countries where legislative powers are granted at the sub-national level and cases where the delegation of powers is much more limited. Regions featuring a relatively more concentrated division of power (at the central level) are not necessarily the ones less proactive in developing and promoting SME and entrepreneurship interventions.

4.3.2 Analysis of the governance development

Coming back to the governance mechanisms and structure, in light of the various possible stages of power transfer (Rondinelli, 2007), the EER
regions and cities are analysed and show different development characteristics. The main stages of power transfer, and the regions which most closely demonstrate them, are described below.

**Deconcentration (transfer of administrative functions via relocation of executive bodies)**

- Brandenburg: The Ministry of Economic and European Affairs was divided in two: Ministry of Justice, European Affairs and Consumer Protection and Ministry for Economy and Energy

**Delegation (transfer of managerial and regulatory functions to other agencies)** which is included in almost every region and city through the introduction of Business Development Agencies

Lower Austria: by re-shaping the governance structure according to market demand needs and the installation of a body representing local municipalities (NÖ.Regional – a body jointly owned by the government of Lower Austria and the municipalities). It combines all relevant levels for regional development and ensures that the interests of the region and the municipalities (represented by different associations) are integrated best. It is a single contact point – One-Stop-Shop – for mayors regarding regional development, incl. economic issues]. Lower Austria is gradually developing their governance structure in terms of efficiency and effectiveness: the 4-pillar model and creation of a new body representing the local level. (}
• Box 2).

• Extremadura: due to the dissemination of powers to a large array of semi-public entities to further develop activities in their sectors.

• Helsinki-Uusimaa’s: the type of power transfers is characterised by an increased number of empowered actors, also actively participating in different actions (such as the representatives of local start up communities) sharing the roles of implementing SME and entrepreneurship policies.
Devolution (actual transfer of powers, rights, resources and assets to local governments)

• Northern Ireland: with its New Government Programme (Box 3).
• South Denmark: Creation of the Growth Forum (Box 5).
• Malopolska: very strong local governance structure based on bottom up approaches where the local administrations work hand in hand with the business and start-up community to develop the tools used to create a supportive environment for SMEs.
• Lisbon: worked piously on setting up a “City Entrepreneurial Ecosystem”, an alliance of various stakeholders strongly connected with the aim of creating knowledge spill-overs. Involved partners are cooperating to establish all the conditions, not only spaces, but also financing, tools, networking activities, acceleration initiatives, entrepreneurship-related events. This process has improved the connections between SMEs and public and private institutions, as well as between SMEs and Universities.

Box 2: Best practice example of clear division of task and competences: 4-pillar model Lower Austria

A group of regional actors has been active and co-operating in a four pillar model, managed by the regional department of Economic Affairs managing the process.
- Ecoplus, the regional Business Agency,
- N.vest, the regional provider of financial instruments
- The Tourism branch, representing the touristic regions,
- NÖ.Regional a body owned by the regional government and the region’s municipalities, giving the local partners a voice in the regional development

Box 3: Best practice example New Government Programme Northern Ireland

New Programme of Government as the central strategy re-designing the governance and government structure in Northern Ireland: the 11 councils are presently being given new economic development and planning powers with statutory responsibilities in order to legally and structurally enshrine communities into the development of services and opportunities for all businesses (traditionally, high-tech and creative industry). Further, NILGA (Northern Ireland Local Government Association) was installed as a bridge organisation between the regional and the local level. It provides policy guidance for the 11 councils and is also owned by them. The councils report back information from the local level (e.g. needs of SMEs, reflection on programmes and regulations) to NILGA who reflects this information to the relevant actors at the regional level.
**Organic development**

Some cases are difficult to fit into the above categories, especially as they are characterised by an organic development and not by a strategic re-setting of structures.

- **Murcia**: with its Youth Entrepreneurship Society (AJE Murcia) gave the power over implementation of certain entrepreneurial policies into the hands of the AJE Murcia. However, the general competences of SME and entrepreneurial policy lie in the hands of the regional bodies. In general Murcia is aiming at enabling a more entrepreneurial oriented regulation in the region and re-forming the coordination of the bodies.

- **North Brabant**: builds strongly on existing structures but stated that the development of the governance structure is organic and often demand driven. According to authorities in North Brabant, the public actors aim at facilitating businesses, and therefore listen to them.

- **Flanders**: likewise builds on existing structures and pronounced the organic development in cooperation with change of focus with the new government in 2014 supporting administrative simplification.

- **Western Greece**: currently re-designing the governance structure and the strategy towards SME and entrepreneurship. The national level, which holds the strategic competences, manages the funding flows as well as the National Centre for Planning and Economic research currently develop an enterprise incubator, an entrepreneurship barometer and an “Alliance for Entrepreneurship and Development in the Region of Western Greece”.

**4.4 Good practices, success factors and obstacles in the governance of SME and entrepreneurship policy at local and regional level**

For the following, each region and city named local examples of good practice, described (future) regulatory or administrative aspects, as well as obstacles and exogenous factors hampering the governance of SME and entrepreneurship policy in their region or city.
4.4.1 Good practices and success factors

Setting up official networks and cluster initiatives
Out of the variety of tools and actions introduced, most regions and cities claim that **setting up official networks and cluster initiatives** connecting enterprises, research institutions and administrative bodies brought about the best results towards SME and entrepreneurial creation and development.

Box 4: Best practice example Małopolska– focusing on key sectors by the smart specialisation strategy

Developing tailor-made, targeted and specific strategies shaping the main goals of the SME and entrepreneurship policies is the approach selected by the Małopolska region in its **smart specialisation strategy**. This allows the adaptation and focus of the governance mechanism and structures. For example, several new advisory bodies have been developed and workshops frequently organised to strengthen and ensure the targeting of key areas of excellence in the region.

Within many territories the strategic development builds on **official networks and cluster initiatives**, concentrating on regionally and locally important branches and sunrise industries. These territories are quite broad in their support to SMEs and start-ups as most of them do not exclusively focus on a limited number of branches. Nonetheless, those regions and cities have clearly identified sectors in which innovative development and prospects are strongly targeted. This is generally demonstrated through cluster policies (e.g. Murcia, Southern Denmark, Styria, North Brabant, Lisbon, Western Greece, Lower Austria, Brandenburg).

Creation of a central body representing all stakeholders

Only Southern Denmark went as far as creating one particular body representing all stakeholders involved in the economic development of the region. This is an outstanding example, not (yet) replicated in any other region (Box 5).

Actions raising entrepreneurial culture

Further, **actions raising entrepreneurial culture** (initiatives at universities and schools, workshops and awards) are named as well as the provision of efficient structures and processes supporting start-ups (incubators, start-up programmes, co-working spaces, tailor-made advisory services). Again,
Southern Denmark has a leading role, as it promotes entrepreneurship not only at the university level, but starts its programme already in toddler age – “from kindergarten to PhD”. (Concerned cases: Murcia Region, Helsinki-Uusimaa, Southern Denmark, Styria, Lisbon).

Box 5: Best practice example Growth Forum of Southern Denmark

The Growth Forum of Southern Denmark, a body of 20 members appointed by the regional Council. It includes representatives from the Regional Council, the municipalities, academic institutions, the business community and professional associations. It aims at developing the region’s economy through initiatives within enterprise policy, education and employment. The Growth Forum also translates policy into concrete actions by recommending the use of regional and EU Structural funds.

Support contributing to a good eco-system

The provision of structures, institutions and office space supporting start-ups according to their needs by tailor-made counselling, incubators, accelerators, and tailor made start-up services is seen as an important field of action. Efficient governance structures and partnership within the regional institutions as well as towards SMEs and entrepreneurs are important enablers and catalysts for the development of a good ecosystem. (Murcia Region, Helsinki-Uusimaa, Lisbon, Lower Austria, Northern Ireland).

Box 6: Best practice example Kraków technology Park

The Kraków Technology Park is a joint venture of the State Treasury of Kraków municipality, Małopolska region, three regional universities and Mittal Steel Poland S.A. The Park supports technological development of the Małopolska Region and the development of entrepreneurship. The park also promotes innovativeness and new technologies. Among the numerous diverse opportunities and resources, the Kraków Technology Park supports the development of a business friendly environment by providing consultancy services, training and support for the development of innovative firms. The Park also displays a high degree of entrepreneurial potential and a business climate attracting creative persons from other regions.

A focus on the inclusion of start-ups to the ecosystem creates a favourable environment for new companies to establish themselves and to grow. For example, Helsinki-Uusimaa changed its eco-system from a rather monocentric structure around Nokia, to a polycentric structure, with a particular focus on start-ups (Box 7).
Box 7: Best practice example change of eco-system Helsinki-Uusimaa

In the past, Helsinki-Uusimaa’s business ecosystem was characterised by big companies, like Nokia, receiving a large proportion of the available funding. Nowadays, the ecosystem functions well if large companies are surrounded by numerous start-ups. Such evolution also contributed to foster entrepreneurship education, e.g. universities are obliged participate in regional development and to instruct on entrepreneurship concepts, such as entrepreneurial thinking has to start from young age.

Communication

While designing and creating structures, institutions and services is undeniably essential, ensuring the visibility of the available tools and resources is likewise critical. The stakeholder network and comprehensive online resources map, namely MIREE from Extremadura is one of the best practice examples for good communication (Box 1). Another good example is “Made of Lisboa”, an online platform connecting and promoting the local community of innovators (Box 8).

Box 8: Best practice example Made of Lisboa

Made of Lisboa is a platform proactively involved in the development of SME and entrepreneurship policies that gathers together a community of innovators. The platform is very successful and now has a well-developed community of vibrant entrepreneurs. Its success has recently begun crossing national borders. Cooperative initiatives are being developed with Denmark, Helsinki and Flanders.

Close exchange between actors and the merger of public agencies

Similarly, the close exchange between actors and the merger of public agencies is seen as an important pre-requisite for the effectiveness of measures in Lower Austria and Flanders, and is explicitly stated as a best practice example. Again, the Growth Forum of Southern Denmark might also fit into this category (although more specifically including businesses). Further, other regions like Northern Ireland recently streamlined their administration and introduced new communication processes, but did not mention that along with this question.

Please also refer to the chapter on the three most essential aspects to ensure effective governance processes for additional details.

7 https://extremaduraempresarial.es/mire/mapa-de-recursos/
8 https://madeoflisboa.com/
4.4.2 Main obstacles in the governance of SME and entrepreneurship policy at the local and regional level

A number of obstacles in the governance of SME and entrepreneurship policy have been addressed by the persons interviewed. The following sections give an overview on the main arguments raised.

**Numbers, fluctuation and skills of the stakeholders involved**

Extremadura claims that **too many agents** are actively involved in the governance processes due to the extension of the region of Extremadura. Bureaucracy and administrative burdens and costs are therefore a potential critical hurdle.

Lower Austria pointed out **the importance of stability and continuity of the administrative structures** (and persons involved) for efficient governance and claimed that, for example, political changes in neighbouring countries hampered co-operation, especially when it came to developing a common understanding of the aims and target groups behind SME and entrepreneurship strategies.
North Brabant named a similar obstacle in guaranteeing a **continuous coordination between government levels** and when ensuring the monitoring of the enterprises’ needs.

Western Greece observes obstacles in the area of **little know-how in attracting alternative financial sources** (apart from the banking state sector) as well as the ongoing recession.

**Rigidity of the existing governance structure**

Małopolska highlights limitations associated with the still too restricted decentralisation of decision-making powers, especially with regards to tax policies. Such fiscal autonomy would help make the region even more attractive and competitive.

**Scarce access to funding and reporting requirements for funding**

Here again, Murcia and Lower Austria pointed out the **budget restrictions of the regions** – given the needs of SMEs and start-ups in terms of access to funding.

Southern Demark accuses the **rigidity of the ESIF as one of the most important influencing factors**. The change from “What is needed?” to “What can be achieved?” leaves little flexibility in channelling funding to where it is needed. Brandenburg similarly claims that the **regulatory framework of ESIF funds** is a **limited factor for SME and entrepreneurial support** due to reporting and the fear of audits and penalties by the entrepreneurs.

**Poor entrepreneurial culture**

Three regions, Western Greece, Brandenburg and Styria claimed the **lack of entrepreneurial culture** in the region, rooted in the citizens’ behaviour of not taking risks. Brandenburg further argues that the strict labour regulations discouraged enterprises to grow, as personnel flexibility is limited as soon as the number of employees bypasses a certain threshold.
Re-designing the policies towards (new) target groups

Flanders stated that initially all efforts have targeted start-ups. At present the need to support SMEs and let start-ups grow and scale-up has matured and a re-consideration of target groups is necessary.

Limited supportive environment

The rurality of the region of Extremadura is also perceived as a shortcoming due to the limited provision of public goods and services such as a lack of transport infrastructures.

4.4.3 Exogenous factors influencing the growth and the development of SMEs

This chapter on exogenous factors is related to the obstacles faced by the stakeholders supporting SME and entrepreneurial development. However, here we focus explicitly on the factors that require particular action at the national and EU levels of Multi-Level-Governance.

Dynamically changing business environment

Start-ups, and SMEs in particular, have to face and adapt to the dynamic changes of the economy, if they want to persist. While several successful start-ups and SMEs are in general very aware of these processes and see their small structure as advantageous for adapting to change, their counterparts on the administrative side, and linked agencies, have to evolve their strategies, measures and action at a similar speed in order to support start-ups and SMEs. Several of the stakeholders interviewed thus pointed out that changing market demand and changes of the political situations influencing the free exchange of goods and people (Brexit or elections) significantly influence SMEs and entrepreneurs as well as the work of the other stakeholders (Northern Ireland, North Brabant, Małopolska, Flanders, Extremadura).

Positive incentives due to new market fields

The change of market demand can also bring positive aspects. For example, the emergence of the new sector in industry 4.0 creates new business opportunities in the region of Southern Denmark as an increasing number
of firms engaging in this sector slowly create a specialisation (e.g. in robotics).

Other new market fields are seen in social, health and green entrepreneurship.

**Limited access to finance**

The financial crises and the related limited access to finance for SMEs, entrepreneurs and start-ups are two of the main hindrances in development. This is seen as an obstacle for governance given the limited regional budget, as well as an exogenous factor since these macro changes are not within the scope or control of the regional powers.

**4.4.4 Innovative (future) regulatory or administrative aspects at regional and local level to foster SME creation and development**

At this point, eleven regions and cities took the same line of argumentation when asked to name the regulatory and administrative aspects important for fostering SMEs: **advocating for a reduction of regulations for SMEs and entrepreneurs.** In particular the issues concerned:

- the bureaucratic burdens for scaling-up to the European and international levels (Helsinki-Uusimaa),
- the bureaucratic burdens of reporting related to ESIF funding (Lower Austria),
- the overregulation of the financial sector and the linked scarce access to (venture) capital from the private sector for SMEs and entrepreneurs (Lower Austria, Murcia, Lisbon),
- bureaucratic regulations in establishing and running companies (Styria),
- legal regulations being decided on national level (Małopolska),
- actively observing the potential bureaucratic simplification in general (Extremadura, Western Greece),
- Setting up of more experimental areas which support ‘learning by doing’ for all actors including public actors in order to support the re-design of the regulatory framework especially in alignment with new technologies, e.g. drones (North Brabant).
• Limited rule zones for specific sectors (e.g. renewable energy),
  experiments with crowd funding and experimenting with de-regulation
  (Flanders).

Brandenburg and Southern Denmark claimed that they could not give an
answer here, as these are aspects of the national government and beyond
their scope of competence.

4.5 Most essential aspects to ensure effective
governance processes and future prospects

Above all, good co-operation between public (and private) stakeholders
is the pre-requisite for effective governance processes. This includes
particularly:

• inclusion of the relevant stakeholders from all government tiers
  (Malopolska and all others during several stages of the interview);
• a clear definition of competences and sharing of tasks (Extremadura,
  Northern Ireland, Lower Austria, Malopolska),
• trust and co-operation at equal footing (Lower Austria),
• the organisation of the relevant procedures (Flanders),
• the connectedness and networks between the relevant stakeholders
  (Lisbon, Western Greece).

Further targeted strategies should be developed which:

• create a clear common vision, shared objectives for all stakeholders of
  an economy-friendly environment to streamline the policies at all
  levels (Brandenburg, Extremadura, Lisbon, Lower Austria, Malopolska,
  Northern Ireland, Helsinki-Uusimaa, Southern Denmark, Styria),
• are easy to understand and to be communicated to all target groups
  (explicitly stated in Northern Ireland and Helsinki-Uusimaa)
• reflect the economy’s needs and governance structures that allow the
  actors involved with the implementation of measures to reflect on the
  economy’s needs in reasonable time (Brandenburg, Helsinki-Uusimaa,
  Malopolska, North Bradant, Northern Ireland)

Additionally some regions and cities pointed out the importance of
supporting all businesses at all times in the life cycle (North Brabant,
Flanders) as well as traditional and high-tech or creative industries that think globally but act locally (Northern Ireland, Styria, Lower Austria). However, other regions are explicit about specialising in a few selected industries, e.g. by the RIS3 strategies instead of wider diversification (Southern Denmark).

Moreover, the necessity of having **budgetary sovereignty** (Lower Austria) ensuring **efficient funding to implement the policies**, i.e. unclear or overlapping competences (Northern Ireland) was stated as a prerequisite for efficient governance.

Figure 8: Most essential aspects to ensure effective governance in regional and local SME and entrepreneurship policy

![Bar chart showing the most essential aspects to ensure effective governance in regional and local SME and entrepreneurship policy. The aspects are: Good cooperation between public (and private) stakeholders, Targeted strategies creating a common vision, Reflection on economy's needs, Support to business at all times in the life cycle (SMEs, Start-ups, Scale-Ups), Easy to understand communication to businesses and potential entrepreneurs, Ensure efficient funding to implement the policies. The chart shows the number of respondents for each aspect.]

**4.6 Transfer potential**

This section looks into the types of initiatives developed in one region, which may have been inspired from other examples. A set of regional flagship initiatives is presented, which may have a high transfer potential for other regions, based on the results of the case studies findings.

However, this is not an exhaustive list, as each of the EER regions has introduced several initiatives, measures and structural changes responding to the needs of the region. Thus, a selection of innovative initiatives presented above as good practice examples and as examples for changes in the governance structure is also listed here. For more information on each
particular case, please refer to the boxes in chapter 4.4.1 Good practices and success factors and 4.3.2 Analysis of the governance development.

- Made of Lisboa: Platform of the local community of innovators (Box 8).
- Lower Austria: 4-pillar model dividing the competences and funding budgets clearly among three partner organisations (Box 2).
- Growth Forum of Southern Denmark creating a joint body of all government tiers and private partners like enterprises, research organisations, etc. (Box 5).
- New Government Programme Northern Ireland reducing the number of local actors and creation of a new regional body having strategic competences linking the regional and local government tiers (Box 3).
- Extremadura’s online platform and network “MIREE” (Box 1).
- Małopolska’s technology park in Kraków (Box 6).
- Helsinki-Uusimaa’s change of eco-system (Box 7).

Additionally, Murcia Regions´ pioneer initiative “Municipio Emprendedor" (Entrepreneurial Municipality) can be considered as having a high transfer potential. The project is based on the idea that municipalities are the natural environment for the development of entrepreneurs and businesses. It recognizes the capacity of municipalities to promote economic activities in their territories. The entrepreneurial municipalities in Murcia Region stimulate the creation and consolidation of SMEs through measures of administrative burden reduction, actions of support and reactivation of commercial activity, reduction of municipal taxes on entrepreneurial projects, promotion of entrepreneurial culture and the provision of infrastructures.

Further, benchmarking good practices as well as key features can positively contribute to a vibrant and dynamic economic fabric (enterprise birth rate, survival rate of new businesses, number of students, etc.) between regions and cites. This can also contribute to spreading initiatives and fostering a spirit of “healthy” competition.

Małopolska is an example where exchanges with other regions in the country have led to the replication and transference of ideas. Joint projects between regions are also contributing to the modification of governance structures.

Further, several regions and cities looked to the systems and initiatives of other European territories before they actually changed or adapted their
own structures and strategies. (Brandenburg, Copenhagen, Lyon, Lisbon, Lower Austria, Flanders, Malopolska, Murcia, Northern Ireland, Western Greece, as well as the non-EER cities Copenhagen and the Non-EU territories Tel Aviv and Vojvodina).

4.7 Regional integration into the multi-level system

The integration of the regions into the European multi-level system is scrutinized, in particular, the collaborative initiatives and interaction that may result from the exchange or transfer of good practices.

When directly asked about the interaction between the EU level and the regional or local level, several regions pointed out that the provision of funding (ESIF, H2020, COSME, etc.) was the main source of interaction. In line with this argument, for example, the Austrian regions claimed that contact with EU institutions declined sharply in the period 2014-2020 as these regions no longer have managing authorities for ERDF. Concluding, one could say that for better integration into the multi-level system in the EU, it is important that regions are given authority and capacity to manage the EU funding programmes relevant for their level of locality.

Further, the EER regions feel very well integrated into the European system by implementing the SBA principles and the Entrepreneurship 2020 Action Plan. Moreover the regional smart specialisation strategy is seen as a good means of integration. An increased regional integration at the EU level is stated in Murcia Region, Styria and Lower Austria. Moreover, the need for a strengthened trans-border, inter-regional cooperation was highlighted, notably in Northern Island, in the light of the upcoming Brexit negotiations.

Additionally, the EU level serves as an exchange platform of practices; examples mentioned are the Vanguard initiative and Interreg Europe (particularly Interreg Europe Project iEER).

Several regions also run an EU office in Brussels that works on developing interactions with the EU level.
5. Case studies from other successful entrepreneurial ecosystems within the EU and beyond

Outside the EER award winning regions, there are several examples of successful multi-level governance initiatives and entrepreneurial ecosystems fostering the development of SMEs and entrepreneurs.

By way of example, four regions and cities (Copenhagen, Lyon, Tel Aviv and the Vojvodina) are analysed in order to pinpoint their best practise approaches for strengthening the regional and local governance levels and responding to the needs of SMEs and entrepreneurs.

While Copenhagen applies a “soft touch” approach to governance of the entrepreneurial ecosystem, with involvement of public authorities only when and where it is needed, Lyon built up a comprehensive and successful business support system involving a wide range of stakeholders in the “Lyon Ville de l’Entrepreneuriat” initiative. Vojvodina is included as an example region of the candidate country Serbia, where the Enterprise Europe Network established a network of SMEs and entrepreneurs to exchange information, especially for business cooperation between Serbian and EU SMEs.

Tel Aviv on the other hand is known as one of the world’s best performing entrepreneurial ecosystems (highest ranked outside of the US) with a coherent set of measures aiming at maintain its position.

The following chapters summarize the main findings of the case studies and present “inspirations” or discuss “lessons learned” that have a transfer potential for EU regions and cities.

5.1 Copenhagen

Summary

The National Ministry of Business Authority defines the policies for SMEs and determines preferred conditions for growth. The regions are responsible for the provision of EU funding and they are the regional
policy makers. The regional level ensures attractive terms for companies, but they are not in direct contact with companies.

Further players at the national level are the Ministry of Foreign Affairs and the Trade Council, both of which are addressed by the local level and Væksthus when advice and services for a particular business case are needed.

The most important player is the Væksthus Copenhagen (Regional Business Development Agency). It is owned by the municipalities and offers advice and assistance to SMEs with ambitions towards growth and reaching new heights of success. It develops the strategy outlined by the municipality and has a high degree of ownership in the policy process.

At the local level the municipality of Copenhagen has developed a strategy for SMEs and start-ups – as well as other municipalities.

There is an SME and entrepreneurship policy developed by the municipality of Copenhagen and an accorded policy of the Regional Business Development Agency Væksthus Copenhagen. Directed toward SMEs and entrepreneurs, there are tailor-made tools that are specifically designed, case by case (making use of a variety of in-house and external experts, e.g. banks, financial institutions, investors, accountants and law firms, The Trade Council of Denmark and a number of other providers of public service to businesses), for which Væksthus and the municipality are responsible.

There are some joint initiatives and co-operation of the municipality of Copenhagen with other levels, especially the Væksthus. Regular meetings help ensure that the different levels have a coherent but not overlapping strategy.

The municipality of Copenhagen assists SMEs in their ability to take the appropriate decisions to start their business. ‘We focus on start-ups that have an idea and can be clear about their business, then can take decisions and execute them. We do that by gathering authorities, also tax authorities etc. to help them, but we also offer one to one advice.’ (municipality of Copenhagen).
Lessons learned and replication potential

Having a network of in-house and external experts enables Væksthus Copenhagen to provide timely, tailor-made support to start-ups and other businesses.

5.2 Tel Aviv

Summary

The analysis focused strongly on the initiative “Tel Aviv Global” which clearly concentrates on innovative, (high-tech) start-ups and scale-ups. In Tel Aviv and Israel the actions at the local, but also national level of administration, are strongly related to promoting the region towards young (potential) entrepreneurs, particularly from other countries. As Tel Aviv’s economy faces a higher demand for young engineers than is available at the local market, the joint initiatives of local and national institutions aim at:

- attracting (young) foreign people with skills and entrepreneurial potential,
- promotion of the favourable economic environment to delegations from Europe and US in Europe and US (e.g. in the embassies),
- provision of affordable living conditions (taxes, office space),
- provision of the legal requirements to work in Israel (Start-up Visa),
- connection of entrepreneurs with the relevant local and administrative stakeholders needed to start and run the business,
- connection of entrepreneurs (hackathons, platforms).

The governance structure was shaped by introducing “Tel Aviv Global” a municipally owned agency in 2009, which is tasked with bringing support of entrepreneurship and the promotion of Tel Aviv as an entrepreneurial region in the field of ICT and innovation on the agenda of all public actors involved. These actors include the National Ministry of Economics, the Ministry of Foreign Affairs as well as all relevant units at the municipal level and the office of the mayor itself.

Lessons learned and replication potential

Having an agency explicitly engaged with the promotion of entrepreneurship, start-ups in the field of ICT and innovation led to
significant rise of popularity of Tel Aviv’s economic environment and a bundle of joint supporting actions. Several tasks of the agencies (e.g. the provision of affordable office space, advisory to start-ups) could be delegated to other municipal units in the course of the development.

5.3 Lyon

Summary

For over 10 years, Metropolitan Lyon, “Grand Lyon” (i.e. Greater Lyon) has fostered and established a strategy for SME and entrepreneurship development based on two key principles: economic intelligence and collective action. First and foremost, it is noteworthy to mention to the metropolis is an urban community with a unique status in France resulting from the adjunction of competencies from the departmental council. In other words, Grand Lyon endorses the competences and fulfils both the roles of a metropolis and of a departmental council.

Correspondingly, the objectives of Lyon Metropolis’ SME and entrepreneurship policy are to be distinguished from the region’s (Rhône-Alpes) for their singularity in terms of actors, interactions, and entrepreneurial culture. The SME and entrepreneurship policy’s objectives are principally articulated around a unique cooperation approach framed by institutional actors, namely “Grand Lyon, L’esprit enterprise”. This approach aims at creating short circuits between different institutions involved in framing the metropolis’ SME and entrepreneurship policy. Moreover, “Grand Lyon, L’esprit enterprise” aims at fostering efficient decision making procedures (based on consensus and compromises) to ultimately ensure the coherence of the action plan, and moreover, establish a sound image of coherence vis à vis the exterior.

The key strategic orientations are established by a panel of cross-sectoral actors, which steers, for instance, programmes of support for SMEs such as “Lyon, Ville de l’entrepreneuriat”. The programmes concretely provide coaching services, and accompany start-ups to foster the strength of the Lyon Metropolis’ socio-economic fabric. Along those lines, more specific objectives focus on stimulating innovation (encouraging the circulation of information and competences), increasing the concentration of different actors in the territory (attractiveness), and increasing competitiveness to put the brakes on business delocalisation (strategy of territorial anchoring).
Lessons learned and replication potential

Grand Lyon combines optimal SME and entrepreneurship development forces underpinned by a strong network of collaborative industries, universities and research centres. Clusters composed of a large range of complementary stakeholders play a central role in shaping, formalising and organising the economic development of the territory and region as a whole (not to mention its significant national, European and international reach). Institutional cooperation with regards to designing and implementing tailor-made SME and entrepreneurship policies is a fundamental success factor. Furthermore, the proactive, sustained and genuine engagement of local authorities to support SMEs and entrepreneurs as closely as possible is an undeniable game changer. All in all, Lyon Metropolis has a relatively old, well-established tradition of entrepreneurship, which is still constantly evolving and reinventing itself. The outcome is a ubiquitous favourable and attractive governance frame ensuring the availability of resources and tools to the key actors targeted by the SME and entrepreneurship policies.

5.4 Vojvodina

Summary

Under the wide-policy-encompassing umbrella of the European Partnership with Serbia, notably through the implementation of the European Charter for Small Enterprises, Serbian autonomous provinces such as Vojvodina are strengthening the business environment, developing the private sector and supporting employment, fostering competitiveness as well as establishing regional and local business support structures and governance mechanisms.

Strategic plans and documents are prominently used by the regional authority to advance the SME and entrepreneurship policy objectives, namely, 1) the establishment of the coordination mechanisms for programing, project identification, formulation, implementation and evaluation of the development projects; 2) a better coordination, planning and execution of the budget designated for development projects, especially those that are being financed through EU programs; 3) the development of the institutional framework in order to reduce the regional discrepancies.
Ministries (Economy and Finance), the Chamber of Commerce as well as the national and regional development agencies are considered the main key stakeholders designing, shaping and implementing SME and entrepreneurship policies. Overall, the provincial secretariat for economy and tourism is deemed to be the leading institution in Vojvodina for SME and entrepreneurship policies.

The governance underpinning SME and entrepreneurship policies along with the above mentioned actors has evolved and required, inter alia, the creation of a coordination body due to a need for better coordination of all institutions responsible for implementing measures and actions stated in the Action plan for implementation of the Development Programme (both on regional and local level). The interaction between the Coordination for Implementation of the Development Programme of the AP Vojvodina, and Provincial Secretariats, especially Provincial Secretariat for Economy and Tourism, as well as with other implementation bodies is on regular basis.

**Lessons learned and replication potential**

Challenges to developing a proper SME and entrepreneurship friendly regulatory environment are still substantial. Serbia has been conducting public administration reform since 2007 intensively with regard to European multi-level systems. The plan is for Serbia to reach EU standards in governance by the year 2020.

Several aspects are considered essential steps to ensuring an effective governance structure. One example is increased cooperation on a strategic level when developing strategic plans for development of SMEs and entrepreneurship. It is necessary for decision makers, both on national and AP Vojvodina level, to consult with local self-governments so to ensure that those who implement polices took part in their drafting. Furthermore, a better coordination of budgetary planning, especially for implementation of financial instruments that require participation of public funds is essential. Finally, the establishment of socio-economic councils on the regional level will help promote cohesive and well targeted SME and entrepreneurship policies.
6. Typology of governance mechanisms and measures implemented in different regions

6.1 Methodology

The whole task of analysis was streamlined in order to develop a typology of governance structures and mechanisms within the EER regions and cities. Based on the desk based bibliographical analysis and the case studies, a typology of the key elements of governance models is set up covering the following aspects and research questions:

- Modes of governance and development of the governance system.
- Degree of ownership.
- Actors involved.
- Success factors.
- Transfer potential.

6.2 Typology of the government structure

The following table, Table 2, provides information on the most prevalent modes of governance identified in the regions, their latest development (evolution over the last three years) as well as the degree of ownership over SME and entrepreneurship initiatives and interventions by regional actors.

6.2.1 Modes of governance

Based on the analysis in chapter 4 “Case studies of the EER awarded regions” a conclusive typology is represented.

Out of the 16 EER regions analysed,

- two regions can be characterized “self-governing”, i.e. Southern Denmark and Małopolska;
- five regions and cities are dominantly regions governing by enabling (Flanders, Lisbon, Northern Ireland, Extremadura, Lower Austria) and
- five regions are **governing by provision** (Murcia, Brandenburg, Helsinki-Uusimaa, Styria, North Brabant);
- While Western Greece is considered **governed by authority**, given the strong influence of the national level.

### 6.2.2 Development of the governance system

With regards to the development of the governance system, the following observations and categorizations were made:

- Five regions are **developing organically** rather than by active policy intervention in the most recent past (Murcia Region, North Brabant, Flanders and Western Greece). However, this does not imply that no active interventions have been undertaken in the previous periods.
- Four regions are characterized by **devolution**, i.e. actual transfer of powers, rights, resources and assets to local governments. These regions are Southern Denmark, Lisbon, Northern Ireland and Małopolska.
- Two regions report a **deconcentration** of their structures (Brandenburg, Styria), i.e. a transfer of administrative functions via relocation of executive bodies.
- **Delegation**, i.e. a transfer of managerial and regulatory functions to other agencies is reported in three regions (Helsinki-Uusimaa, Extremadura and Lower Austria)

### 6.2.3 Degree of Ownership

The degree of ownership, i.e. the identification with the strategy as well as the degree of autonomy, is considered very high in the regions with the self-governance structures of Southern Denmark and Małopolska. In all other regions and cities actors have established a high degree of ownership. Cooperation among the stakeholders was notably intensified through the EER application process, which created, inter alia, a common vision regarding the objectives for future development. The only region where the degree of ownership is not considered very pronounced is Western Greece, where the processes initiated by the EER award are only about to start and the competences of the regional level are still rather limited.
Table 2: Typology of the government structure

<table>
<thead>
<tr>
<th>MS</th>
<th>Region/City</th>
<th>Mode of Governance</th>
<th>Development of the governance system</th>
<th>Degree of ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>ES</td>
<td>Murcia Region (EER 2011)</td>
<td>Governance by provision</td>
<td>Organic development</td>
<td>++</td>
</tr>
<tr>
<td>DE</td>
<td>Brandenburg (EER 2011)</td>
<td>Governance by provision</td>
<td>Deconcentration</td>
<td>++</td>
</tr>
<tr>
<td>FI</td>
<td>Helsinki-Uusimaa, (EER 2012)</td>
<td>Governance by provision</td>
<td>Delegation</td>
<td>++</td>
</tr>
<tr>
<td>DK</td>
<td>Southern Denmark, (EER 2013)</td>
<td>Self-Government</td>
<td>Devolution</td>
<td>+++</td>
</tr>
<tr>
<td>AT</td>
<td>Styria, (EER 2013)</td>
<td>Governance by provision</td>
<td>Deconcentration</td>
<td>++</td>
</tr>
<tr>
<td>NL</td>
<td>North Brabant (EER 2014)</td>
<td>Governance by provision</td>
<td>Organic development</td>
<td>++</td>
</tr>
<tr>
<td>BE</td>
<td>Flanders, (EER 2014)</td>
<td>Governance by enabling</td>
<td>Organic development</td>
<td>++</td>
</tr>
<tr>
<td>PT</td>
<td>Lisbon, (EER 2015)</td>
<td>Governance by enabling</td>
<td>Devolution</td>
<td>++</td>
</tr>
<tr>
<td>UK</td>
<td>Northern Ireland (EER 2015)</td>
<td>Governance by enabling</td>
<td>Devolution</td>
<td>++</td>
</tr>
<tr>
<td>PL</td>
<td>Małopolska, (EER 2016)</td>
<td>Self-governance</td>
<td>Devolution</td>
<td>+++</td>
</tr>
<tr>
<td>ES</td>
<td>Extremadura (EER 2017)</td>
<td>Governance by enabling</td>
<td>Delegation</td>
<td>++</td>
</tr>
<tr>
<td>AT</td>
<td>Lower Austria (EER 2017)</td>
<td>Governance by enabling</td>
<td>Delegation</td>
<td>++</td>
</tr>
<tr>
<td>EL</td>
<td>Western Greece (EER 2017)</td>
<td>Governance by Authority</td>
<td>Organic development</td>
<td>~</td>
</tr>
</tbody>
</table>

Note: Degree of ownership: +++ very high; ++ high; ~ low but region in development.

6.2.4 Actors involved

In order to give a better overview of the complex governance structures and actors involved in the different regions and cities, all of the actors named during the interviews were grouped and categorised as a specific type of actor. Table 3 provides an overview of the types of actors (public and private) involved in each region or city.

Regional Authorities

In nearly all regions and cities analysed, the regional authorities, e.g. the departments of economy, regional development or education, have the competence in developing strategies, which is undertaken in collaboration with other local authorities. For example, they set out the framework of SME and entrepreneurship policy, are often engaged in funding, and in the establishment of networks. In most of the cases, the strategies are set up in close cooperation with other bodies or agencies (see below). Only in Western Greece, are these competences located at the national level.

Regional business agencies/regional development agencies

In general the role of a **regional business agency** or **regional development agency** is very pronounced. Several competences were
delegated from the regional authorities to these players. Frequently they hold important powers and competences of co-designing the SME and entrepreneurship policy and in general they are responsible for policy implementation. These regional business agencies notably offer business support services (e.g. advisory, mentoring, consulting, seminars, events, start-up centres) and further build up and manage networks and clusters in the region.

**Regional funding agencies**

In more than a half of the cases, a regional funding agency or institution is responsible for dealing particularly with the management of funding flows, which is again a delegation of competences from regional authorities to a regional body. Some regions (e.g. Lower Austria) installed a holding of several agencies with different funding aims (grants, guaranties, silent partnership and venture capital for high-tech businesses).

**Regional chambers of commerce**

Chambers of commerce mostly endorse the role of implementing SME and entrepreneurship policies. Likewise, they have an active participation in the development of initiatives and interventions fostering entrepreneurship in a given region or city. In Lower Austria in particular, the chamber of commerce (Wirtschaftskammer Niederösterreich, WKNÖ) is said to play a crucial role.

**Business associations**

Business associations are very active especially in terms of providing training services, mentoring to entrepreneurs, for example, on how to develop an export-oriented strategy (Northern Island). Their lobbying role is also significant, notably when advocating for the simplification of administrative procedures borne by SMEs.

**Regional education agencies**

Quite interestingly, some regions and cities introduced regional education agencies who are actively promoting and implementing entrepreneurial skills (Murcia, Southern Denmark, Flanders, Northern Ireland). This is most noticeable in regions and cities prominently addressing educational
training in elementary schools, while nearly all regions involve their university and research institutions into their strategies.

**Universities**

Many regions and cities involve their universities as important partners into their SME and entrepreneurship policy. Often, universities are engaged in imparting entrepreneurial skills. They are also involved in bringing forward innovative ideas (including business ideas for start-ups) and training a qualified workforce.

**Incubators**

Science and technology parks, start-up centres, business centres providing affordable office space, infrastructure, services and often networks, are other important actors in the governance of SME and entrepreneurship policy.

**Civil society**

The role of the civil society may be limited to a consultative role (in Extremadura for instance). Yet, NGOs and other bodies representative of the civil society also play an active lobbying role, on matters for instance related to gender equality in the work place (Flanders). Other issues such as the inclusion and employment in SMEs of specific target groups (E.g. refugees, people with disabilities and other disadvantaged groups), which goes hand in hand with the promotion of social business models, are noteworthy areas of actions (Lisbon, Western Greece).

Table 3: Actors involved in the MLG of SME and entrepreneurship policy (I: Important bodies (grey), x: other actors involved)

<table>
<thead>
<tr>
<th>Actors</th>
<th>Murcia Region</th>
<th>Brandenburg</th>
<th>Helsinki-Uusimaa</th>
<th>Southern Denmark</th>
<th>Styria</th>
<th>North Brabant</th>
<th>Flanders</th>
<th>Lisbon</th>
<th>Northern Ireland</th>
<th>Malopolska</th>
<th>Extremadura</th>
<th>Lower Austria</th>
<th>Western Greece</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Authorities</td>
<td>1</td>
<td>x</td>
<td>1</td>
<td>1</td>
<td>x</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Regional Authorities</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>x</td>
<td>1</td>
<td>1</td>
<td>x</td>
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<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Regional Business Development agency</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>x</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>x</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Development agency</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>x</td>
<td>1</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional funding institution</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>x</td>
<td>x</td>
<td>1</td>
<td>1</td>
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</tr>
</tbody>
</table>
Table 4 shows the types of interactions identified between the different governance levels in the regions and cities analysed. The types of interactions taken into consideration are solely between public authorities at various governance levels. The most frequent types of interactions are marked in grey, and the most important observations are:

- **From the national to the regional level** interactions are most frequently determined by **funding flows**, but also by the meeting of bodies and other forms of **information exchange**.

- From the **regional level to the national level**, **information** flows predominantly characterize the interactions.

- Between regional bodies, institutions and stakeholders several joint actions (joint decision making on strategies, joint actions and initiatives implementing the policies) are to be reported. Similarly, this is in line with frequent meetings of relevant bodies.

- **From regional to local bodies**, several joint actions and initiatives take place. In many cases, funding flows are important from the regional to

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### Table 4: Types of Interactions

<table>
<thead>
<tr>
<th>Type of Interaction</th>
<th>Regional start-up agency</th>
<th>Regional education agency</th>
<th>Local Authorities</th>
<th>Businesses and entrepreneurs</th>
<th>Trade associations</th>
<th>Chambers of commerce</th>
<th>Other social partners &amp; civil society org.</th>
<th>Representatives of a local “start-up community”</th>
<th>Schools and colleges</th>
<th>Universities</th>
<th>Other research and knowledge institutions</th>
<th>Incubators</th>
<th>Clusters and similar platforms</th>
<th>Media and marketing</th>
<th>Private funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>From the national to the regional level</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>From the regional level to the national level</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Between regional bodies, institutions and stakeholders</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From regional to local bodies</td>
<td></td>
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<td></td>
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<td></td>
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</tr>
</tbody>
</table>
local governance levels (these account for the 3 cases labelled “funding flows” and the two cases labelled as “several”).

- **From the local to the regional level**, information sharing and consultations take place in written form and through the daily work of implementing policies, as well as being institutionalised in the form of physical meetings.

Table 4: Type of interactions between the different governance levels

<table>
<thead>
<tr>
<th>Type of interaction</th>
<th>Direction of interactions: from bodies at level x to bodies at level y</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>from national to regional from regional to national from regional to regional from regional to local from local to regional</td>
</tr>
<tr>
<td>joint decision making</td>
<td>0 1 1 0 1</td>
</tr>
<tr>
<td>joint bodies</td>
<td>0 0 1 0 0</td>
</tr>
<tr>
<td>joint strategies</td>
<td>0 0 1 3 1</td>
</tr>
<tr>
<td>joint initiatives</td>
<td>1 1 2 1 0</td>
</tr>
<tr>
<td>several joint actions</td>
<td>0 1 3 3 0</td>
</tr>
<tr>
<td>meetings of bodies</td>
<td>2 2 2 0 3</td>
</tr>
<tr>
<td>funding flows</td>
<td>4 0 1 3 0</td>
</tr>
<tr>
<td>information</td>
<td>3 4 1 1 3</td>
</tr>
<tr>
<td>consultation</td>
<td>0 2 0 0 3</td>
</tr>
<tr>
<td>several</td>
<td>2 1 0 2 2</td>
</tr>
<tr>
<td>n.a.</td>
<td>1 1 1 0 0</td>
</tr>
<tr>
<td>No of regions/Total</td>
<td>13 13 13 13 13</td>
</tr>
</tbody>
</table>

6.2.6 Success factors

The typology of success factors is linked to the self-assessment of the regions, and accordingly their representatives interviewed. In general terms, these factors have been analysed in chapter 4.4.1 Good practices and success factors. Chapter 4.3.2 Analysis of the governance development gives additional information on which region or city reported a particular factor as being relevant for the region’s or city’s success.
The official networks and clusters introduced are deemed successful in many regions. Actions to foster entrepreneurship are also mentioned among the most successful initiatives. However, some regions and cities have only started these initiatives, which naturally require time to deliver their positive impacts. Further, entrepreneurship actions are not (yet) as prevalent or, in some cases, are not given the same emphasis as their more popular counterparts - clusters and network development. This is envisaged to change in the near future as on the one hand many regions are experiencing a lack of entrepreneurial culture nowadays and, on the other hand, political initiatives, e.g. the Entrepreneurship 2020 Action Plan give new emphasis to this topic.

### 6.2.7 Transfer potential

The replication potential of governance structures is quite difficult to deduce even from the in-depth analyses performed in this study. The results of the analyses are stated in chapter 4.6 Transfer potential.

Given the complexity and historic development of governance structures in the regions and cities, a typology can hardly be drawn. A replication is rather probable in terms of efficient and successful measures and initiatives implemented (see best practice examples and success factors).
It shall be highlighted that several regions and cities looked at the systems and initiatives of other European territories before actually re-designing their structures. Thus, initiatives, programmes and awards at the European level are an important catalyst for spreading successful policy approaches between regions, cities, and Member States.
7. Policy recommendations

Enabling regions to pursue, to a greater extent, their own SME and entrepreneurship policy is a proven effective strategy for harnessing the territories’ internal development potential. More precisely, regions and cities can better use their opportunities to develop an attractive and business-friendly ecosystem, structured around innovative clusters for example, and tailor-made to the territory’s strengths.

Furthermore, regions and cities are deemed better equipped to design strategic approaches to SME and entrepreneurship policy thanks to their sound understanding of the needs of SMEs, as they are more closely in contact with the enterprises. Similarly, regions and cities, in collaboration with local and national authorities, can effectively develop mentoring and supporting measures contributing to specific target groups of potential entrepreneurs (women and migrants for instance) and should work together to overcome the obstacles of SME development, e.g. in terms of access to funding and reduction of administrative burdens.

Last, but certainly not least, while unemployment has become a ubiquitous and rampant stumbling block across the EU, regions and cities are undeniably considered as allies, promoting entrepreneurship, and turning job seekers into job creators.

In the following section, we present tailor-made recommendations for three different target groups: the EER regions analysed, EU local and regional authorities as well as EU Member States and EU institutions.

Of note, several recommendations made for a specific target group can also be relevant for the other groups. Correspondingly, any recommendation made at the EU or the national level has consequences on the management, and implementation efforts, of policies and interventions, at the other levels of governance.
7.1 Recommendations for the EER regions analysed in the case studies in view of further improving the governance of their SME and entrepreneurship policy

Continue to lead the way

EER regions take a leading role towards SME and entrepreneurship policy. They have identified their strengths and weaknesses and deduced respective measures and adaptations in their government structure. When applying for the EER awards, all regions and cities are very much engaged into thickening their ties within the region and in creating a common vision among all stakeholders. This is an ongoing process that needs to be followed closely, as the economic situations change dynamically and new opportunities, but also obstacles, need to be addressed as soon as they appear.

Promote new forms of governance

Especially due to their leading role, EER regions should regularly report on the evolution of their regions. Promoting new innovative concepts not only within the EER community and the other EER regions, but also to the other non-EER regions is important in order to foster the transfer potential. This should not be linked to further administrative burdens, but by using the multiple networks of the regions and by integration into the region’s public relation strategies.

7.2 Recommendations for EU local and regional authorities aiming to improve the governance of their own SME policies by transferring and adapting good practices identified in the report

Integration of foresight / horizon scanning tools

Based on the experiences of the regions and cities analysed, the introduction of foresight/horizon scanning tools, such as SWOT analyses, seem to improve the regional policy planning process, as they enable self-reflection, communication and target setting. However, these tools need to
be revised and updated on a frequent basis according to the changes of the economic and political environment. For instance, balanced score cards are used in Lower Austria. Southern Denmark preferred developing its own Growth Model, i.e. a commercial-political infrastructure that makes it possible to target input at areas where the challenges are the greatest and offer the broadest perspective for the individual business area.

**Develop an open data strategy**

Local and Regional Authorities (LRAs) are also recommended to develop an open data strategy (or widen its scope if already in place). Notably, this can help through sharing non-sensitive market data information and contact points of supporting institutions (business agencies, business angels, incubators, etc.) to support entrepreneurs creating and scaling-up their business. One example is the MIREE online map of Extremadura, mapping the ecosystem of SMEs.

**Create a favourable economic environment**

Start-ups, SMEs and scale-ups need an economic environment where they can thrive and play out their strengths. The creation of clusters proved to have substantial benefits in some EER regions. Further, initiatives providing entrepreneurial skills and encouraging entrepreneurship are important to creating an entrepreneurial culture in the region.

**Develop a cluster strategy**

The development of a cluster-based economic development strategy along with underlying governance mechanisms is, depending on the maturity of the ecosystem, recommended. For instance, Lyon Metropolis, which has a long policy tradition of supporting clusters, offers the following recommendations:

- The use of participatory diagnostic analyses, which draw opinion from key players, helps determining if a cluster approach is right. Mobilising media attention is also substantial to communicate on any initiative undertaken.

- Tapping into a large variety of stakeholders helps deploy all necessary resources, especially when public funding sources are becoming scarcer. However, regional and local authorities need to
have a sound strategy ensuring an adequate allocation of resources (e.g. to cluster initiatives).

- Regional authorities’ leadership is also said to be vital as well as at the same time endorsing the role of civic entrepreneurs. They should support communities in developing and organising their economic assets as well as in building productive, resilient interconnections across public, private, and civil sectors. Along those lines, the development of public private partnerships is emphasised as a good practice officialising collaboration between actors.

- Choosing the right geographic level of focus is also stated as a key point to consider and should involve the mapping of economic linkages and factors of physical proximity.

**Creation and promotion of a common vision**

All regional and local institutions should share the same objectives and vision about the development of SMEs, start-ups and scale-ups, in order to communicate a clear and succinct message to all other stakeholders involved. This requires regular coordination, reporting and adjustments of the initiatives and measures. Ideally, this common vision is also promoted to the citizens and entrepreneurs of the region.

Given the differences of the regions and cities in Europe, there certainly is no “standard” solution for “the” effective governance structure or “the” most effective tool. However, regions might face similar problems and some EER regions have proven that experiences from others can help to better shape one’s strategy. In the following paragraphs two examples are presented.

**Southern Denmark’s example for self-governance**

The involvement of all stakeholders including businesses into a strategic body of the Growth Forum of Southern Denmark has introduced a lasting change in the interactions of the stakeholders. Whereas this was on some occasions perceived as a very positive outcome (active involvement in the bi-annual development of the Action Plans), there were also some disenchancing experiences (i.e. the enterprises were not able to understand the holistic aspects discussed on regional level), since not all enterprises have the same scope as the Growth Forum.
Reduction of the points of contact towards SMEs, start-ups and potential entrepreneurs

A certain degree of simplification and merger of local bodies in contact with the “final recipient”, e.g. “one-stop-shops” increases the transparency for people seeking support. These contact points however need to be very well connected with all relevant stakeholders in order to enable the development of timely tailor-made solutions.

7.3 Recommendations to Member States and EU institutions with a view to strengthening the regional and local dimension within governance mechanism at national and EU level

Engage in entrepreneurial education

Include entrepreneurship classes into the curricula as early as possible.

Additionally, there is a need for a better integration of migrants as entrepreneurs into the EU economy from educational schemes (trainings on how to become an entrepreneur) to a reduction of market entry barriers. Inspiration can be found in Denmark following the 2009 establishment of the Danish Foundation for entrepreneurship, which results from the creation of a partnership between four Ministries (Ministry of Higher Education and Science, Ministry of Culture, Ministry of Education, Ministry of Business and Growth). To ensure implementation and monitoring of Denmark’s strategy for entrepreneurship education, the committee meets annually (also involving other stakeholders) and publishes a monitoring report. In Portugal, Guidelines for Entrepreneurship Education, serve as a teaching tool that can be used by schools and teaching staff.

The national SME envoys (supported by the regional envoys⁹) should likewise contribute to sharing practices and presenting the large variety of approaches to entrepreneurship education as well as the challenges faced.

⁹ See further at the end of the section for more information on the role of regional SME envoys.
Support and foster wide encompassing research projects

Support and foster wide encompassing research projects, examining a complex set of potential tradeoffs and dependencies impacting the development of sound regional and local policies for SMEs and entrepreneurship. Providing new perspectives to shape the future EU cohesion policy, with particular attention to governance capacities, territorial democracy, inter-territorial equity and the overall geographical dynamics of economic development within a region appears essential to enabling better tailored policies. Implementing and monitoring SME and entrepreneurship policies, and the parallel development governance structures and mechanisms, relies on a progressive learning process, which should be further scrutinised. Such support at the EU level would allow a better comparability across regions.

Facilitating access to finance and “cut the red tape”

While the most traditional sources of financing may be relatively available, off-the-shelf instruments as well as hybrid forms of financing are to be further developed. For example, venture capital, microfinancing schemes to support the smallest projects as well as financing support options associated with close due diligence follow up are needed. Additionally, the simplification of the financing procedures is deemed essential. In setting up financial instruments, the reporting requirements linked to accessing funding and other supports for SMEs and entrepreneurs at the national and EU level should be simplified. Reducing unnecessary administrative costs and burdens borne by final recipients is key, especially at two crucial phases of SME development: business creation and scale up stage (e.g. simplification of the expenses justification reporting process).

Active promotion of the EU internal market

It is necessary that both the Member States and the EU institutions actively promote and pronounce the advantages of the EU internal market - the free movement of goods and services for each single enterprise acting in Europe. Many companies and employees in Europe’s regions and cities economically rely on the European Market. This is true for the open economies in (Western) Europe as well as the economies more severely hit by the economic crises, who rely on the demand of external markets to generate (new) economic growth. The introduction of an EU-wide visa for start-ups (see the case of Tel Aviv, who actively promotes the regions to
potential entrepreneurs and start-ups) could facilitate the mobility and development of SMEs. A European Start-up visa scheme would create the necessary synergies to make up for the variety of competing national legal status and programmes. By fostering a pan-European start up scene, an EU branded start-up visa would attract skilled and innovative global entrepreneurs drawn by the access to mentoring and resources already existing across the EU. Indeed, what is of interest and attractive to entrepreneurs is not the schemes per se but the ecosystem and supportive governance structures.

**Promote SME access to public procurement markets**

Public procurement bodies should be encouraged to be more SME-friendly based on the EU directives on public procurement\(^\text{10}\). Experience sharing between MS and awarding authorities should be set up in order to identify successful approaches. This can also help the comprehension of the different mechanisms used, their applicability, potential for transferability and promote the development of cross-border procurement options. When possible, tendering processes and mechanisms should take into consideration the specific measures of SMEs and micro enterprises. A share of the tender price could be mandatorily subcontracted to SMEs. In Greece, awarding tenders to SMEs is a well-developed practice, whereas in Portugal, the practice is not as well developed.

**Reinforce visibility of SMEs**

The organisation of events and campaign such as the European SME Week are reported to be useful in providing visibility to SMEs, in particular from mayor and politicians. The official support of the EU is a key element which helps attracting support and attention from (political) key stakeholders.

**Design the role of SMEs regional envoys**

Apart from the role played by the national SME envoy, regional SME envoys could improve the integration of regions into the European multi-

\(^{10}\) Directive 2014/24/EU on public procurement.
level system. More precisely, the role of those regional representatives could be two-fold:

- Organised in clusters along the most important economic sectors of the region (e.g. health, energy, ICT), regional envoys could promote cross-border activities in these thematic fields. By acting as intermediaries or facilitators for regional business development agencies, interregional partnerships could more easily be developed. Thereby, regional SME envoys could help to form a critical mass of effectively interconnected EU-wide clusters, as well as a network of SME and entrepreneurship supportive ecosystems.

- Further, the role of the national envoy can be complemented by transmitting information from the regions to a central national point, which can then be reported at the EU level. Practically speaking, regular consultations could take place between the national envoy and the regional envoys, and decisions collectively taken on the most relevant aspects to be reported.
8. Annex I: Presentation of main findings and recommendations/policy options

How to improve regional and local governance of SME and entrepreneurship policy

Commissioned by: Committee of the Regions

Bernd Schuh, Stephanie Kirchmayr-Novak, Helene Gorny, Jiannis Kaucic
ÖIR GmbH

Aim of the project

- Identify the role, competences and scope of action of regional and local authorities
- 13 case studies in EER regions and cities: Murcia Region (EER 2011), Brandenburg (EER 2011), Helsinki-Uusimaa (EER 2012), Southern Denmark (EER 2013), Styria (EER 2013), North Brabant (EER 2014), Flanders (EER 2014), Lisbon (EER 2015), Northern Ireland (EER 2015), Malopolska (EER 2016), Extremadura (EER 2017), Lower Austria (EER 2017), Western Greece (EER 2017)
- 4 case studies in non-EER regions: Copenhagen, Lyon, Tel Aviv, Vojvodina
- Establish a typology of the key elements of governance models and mechanisms
Most frequent actors involved

- Regional departments of economy, regional development and education (design of the strategy)
- Regional business agencies or regional development agencies (implementation of policies, provision of services, funding, networks)
- Regional funding agencies (funding and financial instruments)
- Regional education agencies (entrepreneurial culture)
- Universities (entrepreneurial skills, think tank, networks)
- Incubators (office space, advice, networks)

Success factors for governing start-up and scale-up policy

- Favourable economic environment (“eco-system”) → help entrepreneurs to “play out their strength”
  1. Creation and implementation of networks and (inter-)regional clusters
  2. Structures and initiatives enhancing the entrepreneurial culture
  3. Streamlining the administrative services (timely support, advice, financial aid)

- ad 2. Building-up of an entrepreneurial culture
  - Provide entrepreneurial skills and encourage entrepreneurship
    - at schools (incl. initiatives for underrepresented target groups)
    - at “further education” colleges
    - at universities
The three most essential governance aspects to ensure effective governance processes

- Good cooperation between public (and private) stakeholders
- Targeted strategies creating a common vision
- Reflection on economy’s needs
- Support to business at all times in the life cycle (SMEs, Start-ups, Scale-Ups)
- Easy to understand communication to businesses and potential entrepreneurs
- Ensure efficient funding to implement the policies

n = 13 EER regions and cities

Recommendations

- Create a favourable economic environment
  - Create clusters and networks within regions and throughout Europe
  - Establish an entrepreneurship culture
  - Overcome the lack of financing / financial instruments, e.g., by establishing own bodies
  - Create clear-cut administrative structures (transparency) and timely processes for business support (quick decisions / advice)

- Active promotion
  - at the regional level: identify and support those businesses which want to grow and encourage businesses who do not see their growth potential yet
  - Promote actively the EU single market at all levels of governance
    - for many start-ups and scale-ups work for an EU or even global market
9. Annex II: Case study reports

Annex II contains the complete set of case study reports. Each report consists of two parts: a short summary of the key elements required for the typology and a summary of the governance structure in the region.

9.1 Murcia (EER 2011)

| CASE STUDY SUMMARY |
|-------------------|---------------------------------------------------------------|
| **Objectives of the SME and entrepreneurship policy** | Modernise, diversify (into high value sectors) and increase Murcia’s productive capacity; Increase innovation, cooperation and internationalisation of the region; Guarantee sustainable development |
| **Success factors** | Some specific measures/initiatives have been particularly important in supporting SME creation and development: joint awareness raising campaigns, entrepreneurial municipalities, entrepreneur of the month, networking opportunities, incubation of firms at the early stages |
| **Potential obstacles** | Main obstacles in the governance of SME and entrepreneurship policy at the local and regional level are related to the scarce access of funding for not consolidated firms |
| **Actors involved** | Regional Ministry of Education, Training and Employment and the Regional Ministry of University, Enterprise and Research; Regional Confederation of Murcian Enterprises (CROEM); Murcian Youth Entrepreneurship Society (AJE Murcia); Trade unions; universities, science and technology parks and business centres; Murcia’s Business Angels Network, Chamber of Commerce |
| **Degree of ownership** | Regional Ministry of Education, Training and Employment provides regulatory framework while CROEM and AJE Murcia are mainly involved in the implementation of the policies. Universities establish the networks and private institutions (e.g. Murcia’s Business Angels Network) provide funding and investments. |
| **Transfer potential** | Some good practices have been replicated in the region coming from CoR net, EURADA, Spanish RDAs net, EBAN, EBN, etc. Murcia’s is seen as a Best practice example across Spain and EU when it comes to integrate SBA principles to the legal framework. |
| **Integration into the European multi-level system** | A better interaction between local and EU levels should be implemented to improve the integration of Murcia within the European level. |
### SUMMARY OF THE GOVERNANCE MODEL

<table>
<thead>
<tr>
<th>National Level</th>
<th>Regional Level</th>
<th>Local Level</th>
<th>Types of participating actors at regional level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regional Ministry of Education, Training and Employment and the Regional Ministry of University, Enterprise and Research. Regional Confederation of Murcian Enterprises (CROEM), Murcian Youth Entrepreneurship Society (AJE Murcia), Science and technology parks and business centres, Universities, Murcia’s Business Angels Network and Murcia Emprende Capital Venture.</td>
<td>Local start-up communities</td>
<td>The involvement of the regional authorities in the development of SME and entrepreneurship policy is complex and very effective. Their involvement is structured and varies from the implementation of the policies to the offer of services and the establishment of networks. Regional authorities are key actors in involving the local level and their level of interaction is very intensive.</td>
</tr>
</tbody>
</table>

#### Tools used

Several tools are used to create an attractive environment for SMEs. First of all a new legislative framework (strategic plans and documents) accompanied with different concrete financial implementation tools (soft loans, business angels, guarantees) and the creation of networks (EBN, network of local incubators).

Secondly, coaching, learning and mentoring practices with national supporters, e.g. EOI (Escuela de la Organización Industrial – “School of Industrial Organisation”) or Red.es, an public corporate entity attached to the Ministry of Industry, Energy and Tourism which is responsible for promoting the development of the Information Society in Spain, have been other fundamental actions to share the new practices.

In order to ensure that the needs of the region and cities are taken into account in shaping EU SME policy it becomes fundamental to improve the interactions among the administration concerned by the policies, to develop joint regional policies and SBA at local/regional level.

#### Interaction between different governance levels

The four important interactions in the field of SME and entrepreneurship policy are:
- Joint design of strategies and initiatives between the regional and the local level.
- Transfer of funding (from national and EU sources to the region).
- Strategy concentration.
- Cooperative approach including all relevant partners.
### CASE STUDY SUMMARY

| Objectives of the SME and entrepreneurship policy | 1) Brandenburg encourages and supports all relevant forms of entrepreneurial activity and responsibility.  
2) Brandenburg supports regions and companies to ensure adequate workforce despite the decreasing number of graduates leaving schools and universities.  
3) Brandenburg improves its attractiveness for national and international companies and employees.  
4) Brandenburg supports innovation and creativity, as these are the key factors for a successful economic development in the German capital region. |
|---|---|
| Success factors | The following targets proved to have helped quite substantially in order to foster SME creation and further SME development:  
– introducing entrepreneurship in schools and training programmes (b),  
– Guaranteeing support at each critical level of the business growth cycle (c),  
– development of a (inter)regional cluster policy (d)  
– and making optimal use of public funding (e)  
The development of an (inter)regional cluster policy’ in cooperation with the Land Berlin (d), however, proved to have had the most important effect. Interestingly, this is the tool where the creation of informal networks was actively promoted. |
| Potential obstacles | – Establish an entrepreneurial culture in Brandenburg which has no SME or entrepreneurial culture. This is more deeply rooted in the citizens’ behaviour of not taking risks.  
– Regarding the provision of funding, the regulatory framework of EU funding is a limiting factor. The experiences from the field have shown that before beneficiaries make use of EU means, they use regional and federal funds first because of the fear of audits and “unnecessary” penalties. Key words armour-plating or gold-plating. |
| Actors involved | – Ministry of Economy and Energy and Ministry of Labour, Social Affairs, Health, Women and Families  
– Ministry of Justice, Europe and consumer protection (rather contact point for EER, no real capacity)  
– Brandenburg Economic Development Board (ZAB)  
– Investitionsbank des Landes Brandenburg (ILB)  
– Gründungsnetz Brandenburg  
– Several other actors, as the labour agency (LASA – dissolved/integrated into the Brandenburg Economic Development Board), the chambers of commerce and the medienboard Berlin-Brandenburg i.e. |
| Degree of ownership | The ownership of the SME governance lies clearly at the regional level on behalf of the public functions. SME governance is one of the main concerns of the responsible ministries. |
Transfer potential
The underlying is possible because of the broad competences in SME governance on the regional level. Transferability could only be guaranteed where there are comparable know-how and decision-making capacities are situated on the regional level, thus in a federally organised state.

Integration into the European multi-level system
With the exception of funding (and the implied requirements) and exchanges in regards to inputs from other equal-level expertise, the regional level does not rely on either national or EU level inputs. In terms of shared management, the system thus has a strong competence on the regional level; the competence on the local level lacks in significance and the EU level is not really relevant except for the provision of funding.

**Division of competences within the multi-level governance model**

<table>
<thead>
<tr>
<th>National Level</th>
<th>The national level plays only a minor role in the SME Governance of the region Brandenburg. Its function is the exchange of regional actors with other actors of all levels on the specific issues.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Level</td>
<td>The regional level plays the major role in regards to the SME Governance in the region. At the regional level, funds are received, distributed, decisions are taken and implemented, and strategies are discussed and decided with the input of some local actors.</td>
</tr>
<tr>
<td>Local Level</td>
<td>The local level is the targeted level by the SME Governance structure. It receives support and is sometimes consulted in regards to development of strategies on the regional level.</td>
</tr>
</tbody>
</table>

**Types of participating actors at regional level**

In terms of EER, there are two main actors at the regional level: i) the Ministry of Economy and Energy (they were the same ministry in 2011) and the Ministry of Labour, Social Affairs, Health, Women and Families. The ministry of Justice, European Affairs and consumer protection functions as a contact point in regards to the EER strategy. In cooperation with the Investment bank of Brandenburg (ILB) and the Brandenburg Economic Development Board (ZAB), they are in charge of strategic and applied decision-making regarding EER strategy and implementation. There are several subsidiaries, responsible for implementing specific components, i.e. the Brandenburg’s Agency for Structure and Workforce (LASA) (dissolved in 2016 as it was integrated in the ZAB), the medienboard Berlin-Brandenburg or the “Gründungsnetz Brandenburg”. Sub-regional actors in the form of NGOs play a limited role whereas they are heard in the “Gründungsnetz Brandenburg”.

The most important aspects to consider in successful SME governance are continuous needs assessments, evaluation and the involvement of SME-relevant institutions, as i.e. chambers of commerce or incubators.

**Tools used**

**Establishment of networks:**

- Building up a cost efficient form of partnerships between public and private sectors. This collaboration should work across different levels, sectors, countries and Länder.
- Prospective measures to introduce and encourage entrepreneurship in school curricula.
prospective measures to introduce and encourage entrepreneurship in training programmes;  
Also combat early school leavers more effectively to increase the school leavers, featuring a degree.

– establish broad support networks and services to SMEs in order to avoid SME failure and in 
order to create a fruitful business environment. These supports shall connect at each level of 
the development stage of SMEs, Information, Establishing, Growing, Innovating and Struggling.

Strategic plans and documents:

– **Regional economic strategy**: mainstreaming the EU’s 10 Small Business Act principles at 
the regional level. The strategy is split into different priorities: Start-up support, SME 
support, Support for internationalisation, Innovation support, Ecological modernisation. 
Creating an environment to foster the development of the entrepreneurial spirit is the 
objective of all measures that have been set up within the framework of the region’s policy.

– **Joint business cluster policy with the Land Berlin “innoBB”**. The main requirements of 
the cluster policy are strong cross-regional and cross-national orientation of enterprises, 
close collaboration with research institutions, and a higher-than-average degree of linkage 
within the line of business, a high added value and particular economic growth. In 2011, 9 
economic clusters were thus created, five of which include Berlin: the transnational 
constructed Clusters Energy Technology, Healthcare Industries, ICT/Media and Creative 
Industries, Transport/Mobility and Logistics and Photonics. Three additional clusters 
comprise the Brandenburg state Clusters Food Industry, Plastics and Chemistry and Metal 
and the Cluster Tourism Industry.

**Funding, financial instruments**: Improve the use of EU structural funds and other public 
funding opportunities in Brandenburg. The funds in Brandenburg are made available more by 
loans and guarantees instead of lost grants.

**Interaction between different governance levels**

The four most important interactions in the SME Governance structure of Brandenburg are;

(1) From regional actors to other regional actors; they interact sometimes (based on the info 
from the interviewee) whereas the desk analysis proposes that they interact more 
frequently, especially regarding the “setting up” of the strategy. Furthermore, the regional 
level represents the primary level of decision-making in the SME Governance, meaning 
that cooperation between the different institutions and functions (i.e. ZAB, Ministry of 
Economy and Energy, Ministry of Labour, Social Affairs, Health, Women and Families, 
ILB) is vital for SME Governance.

(2) From regional public functions to local stakeholders and actors; the interaction here can be 
described as regular. There is a clear exchange of information from regional to local level, 
whereas the decision-making processes of the upper level do affect the local level. In 
addition, there is a bottom-up exchange, which was described as being of high quality in 
the form of meetings with bodies of regional scale.

(3) From EU level to regional authorities; even though these levels do interact seldom, the 
quality of this relation is described as being good. The main interactions are limited to the 
acquisition of funding on the regional level through authorities from the EU level and to 
bottom-up and equal-level exchanges in the forms of jury-visits, meetings with other EER 
regions and to the representation of the region Brandenburg at the EU functions in
(4) From EU level to local level; the quality is described as good whilst the interaction happens sometimes, as indicated by the contact persons. The type of relation is in some occasions rather direct, i.e. regarding the M4 Directive or the EU support for internationalisation for SMEs, and the provision of funding (through the regional authorities) whereas it is not entirely clear how far the regional level was involved in the two former.

### 9.3 Helsinki-Uusimaa (EER 2012)

<table>
<thead>
<tr>
<th>CASE STUDY SUMMARY</th>
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</thead>
<tbody>
<tr>
<td><strong>Objectives of the SME and entrepreneurship policy</strong></td>
</tr>
<tr>
<td>The region's strategic choices are the same as expressed in the EER application, namely:</td>
</tr>
<tr>
<td>(1) Helsinki Uusima Region to become the most significant innovation concentration in the Baltic Sea Region</td>
</tr>
<tr>
<td>(2) Sustainable development promoted with innovation</td>
</tr>
<tr>
<td>(3) By a decision taken in its Regional Council, Helsinki-Uusima Region is assuming a role as the first Finnish carbon-neutral province and forerunner in response to climate change.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Success factors</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>It is in general the start-up ecosystem that is built. Earlier, there were big companies, like Nokia, getting a lot of funding. Nowadays, this works if companies have a lot of start-ups with them. This also improved the entrepreneurship education, e.g. universities are obliged to do regional development, to create and entrepreneurship concept – start to think as such when you are young.</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th><strong>Potential obstacles</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>With regard to the obstacles in the governance system, there haven't been any, the cooperation runs smoothly. We have been doing pretty well with ELY and TEKES, drafting the regional plan together. However, under the exogenous growth factors, lie: The financing and taxation would be the first obstacles for the SMEs/start-ups. As well as the sanctions to Russia. Also in general market crisis.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Actors involved</strong></th>
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<tbody>
<tr>
<td>The actors involved cover different governance levels and can be summarised as follows:</td>
</tr>
<tr>
<td>At the national level, there is the Ministry of Economic Affairs &amp; Employment. It is a public body and is responsible for providing regulatory and legal frameworks, for the decision making and for issuing instructions.</td>
</tr>
<tr>
<td>At national level functions also TEKES (Finnish Innovation Funding Agency), a public body, responsible for the provision of funding, investment, national, innovation funding for SMEs and consultation and support to EU H2020 funding.</td>
</tr>
<tr>
<td>At the regional and local levels, the following actors are, inter alia, also considered as essential players: Cities and municipalities, chambers of commerce, Universities start-up centres, Private incubators, accelerators, banks, angel networks.</td>
</tr>
</tbody>
</table>
### Degree of ownership

Information about the actors and their involvement is given in the previous question. Regarding the ownership, this lies among different actors, mainly national and regional (expert’s judgement). It is important to mention that universities play an important role here. They help with developing an entrepreneurship mind-set already at a young age of students, so that they can begin with their own start-up after university.

### Transfer potential

The region was not inspired by governance structures of other regions. In general, it was the region’s own idea to help young entrepreneurs. Nevertheless, when the region was awarded the EER award in 2012, Catalonia, Spain, was also one of the winners. Thus, the region listened to what other regions did, but did not really use or adapt anything of it.

### Integration into the European multi-level system

Looking at the governance sketch, it seems that the region follows a rather multi-level approach. The general strategies and guidelines are provided by the national and regional level, however both the regional and local level play a role in consultation process. Definitely there is potential so that the ‘voice of the people’ can be heard more.

### Division of competences within the multi-level governance model

<table>
<thead>
<tr>
<th>National Level</th>
<th>Ministry of Economic Affairs and Employment</th>
</tr>
</thead>
</table>
| Regional Level | The Centres for Economic Development, Transport and the Environment (ELY Centres)  
Helsinki-Uusimaa Regional Council  
And universities in the region, such as universities, start-up centres |
| Local Level    | Cities and municipalities (Helsinki, Espoo, Vantaa…etc.) and their development companies or chamber of commerce (EEN for instance). |

### Types of participating actors at regional level

At the regional level, there are the **Centres for Economic Development, Transport and the Environment**, also called as ELY Centres. Another public body, responsible for the implementation of entrepreneurial policies, for the decision on funding and different licences.

**Helsinki-Uusimaa Regional Council**, is another public institution at regional level. It is responsible for the development of strategies and regional development funding (ERDF and regional development fund, not directly to SMES).

**Cities and municipalities**, such as Helsinki, Espoo, Vantaa…etc. **and their development companies or chambers of commerce** (EEN for instance) function at the local level. Among their responsibilities lie the offering of services, e.g. advisory, mentoring, consulting, seminars, events, start-up centres, local, development of city strategies, implementation of strategies, as well as providing business support services.

**Universities start-up centres** are a semi-public body, which offers services, e.g. advisory, mentoring, consulting, seminars, events, start-up centres at a regional level. They are service providers offering working space, seminars, for building networks and business development.

**Private incubators, accelerators, banks, angel networks** are private actors, offering services, e.g. advisory, mentoring, consulting, seminars, events, start-up centres at local level.
They are service providers offering working space, seminars, for building networks and business development.

In addition to these main actors, there are more actors on the field. Namely:

- **Businesses.** They have active participation in different actions in the development, offering services, e.g. mentoring, consulting, seminars, events, start-up centres, lobbying for changes without empowerment.
- **Entrepreneurs.** They have active participation in different actions in development, funding, investment.
- Trade associations. Responsible for lobbying for changes without empowerment, mere consultation of stakeholders.
- **Chambers of commerce.** They have active participation in different actions in the development and lobbying for changes without empowerment.
- Other social partners & civil society organisations.
- **Representatives of local "start-up community",** which have active participation in different actions in the development.
- **Schools, universities & other research and knowledge institutions.** They have active participation in different actions in the development, offering of services, e.g. mentoring, consulting, seminars, events, start-up centres, lobbying for changes without empowerment.
- **Incubators.** Mainly responsible for offering of services, e.g. mentoring, consulting, seminars, events, start-up centres.

### Tools used

A number of tools are used to create an attractive and supportive environment for SMEs in the region of Helsinki-Uusima. For all tools, the owners worked together with the actors in developing the content. It lies on the respective institutions to manage the toll, but they encourage actors to implement it. Tools and actors are briefly presented below.

1. **Strategic plans and documents.**
   - These include, the Ministerial strategy. This is the governmental plan from the Ministry of Economic Affairs & Employment for businesses and SMEs.
   - ELY develops its own strategy on the same topic. There is a regional development plan, from the Regional Council.
   - The RIS3 strategy (responsibility of the regional bodies, as stated in the figure) and the cities’ own strategy.

2. **Funding, financial instruments**
   - TEKES, funds companies directly;
   - FINVERA, provides loans for companies
   - ELY, provides business support
   - ERDF and ESF who are supporting actors.

3. **Business driven partnerships**
   - Mainly by development agencies, such as HBH, Novago and Posintra.
   - University of Applied Sciences and Chambers of commerce.

4. **Bottom-up approaches**
   - Entrepreneurship societies, e.g. Aalto, the Helsinki Think Company (University of Helsinki ES), the Applied Science University ES and the famous in Finland ‘slash event’ (www.slush.org). The latter is a two-day international start-up and investor event gathering more than 70 000 participants, be that start-ups, investors, journalists etc.
What would be necessary to ensure that the needs of regions and cities are taken into account in shaping EU SME policy, can be summarised as follows:

– less regulations for the SMEs will be necessary. Keep things as simple as possible.
– also, the people are far away from the decision making. Taking into account the voice of the people at that stage will be helpful.
– The SME envoys can be useful.

Last but not least, as regards the ‘regional SBA factsheets’: At the moment, the SBA factsheets are at a national level. It is a difficult exercise to collect data for making policy and also have the same level of data for all. In general it is difficult to design an SME policy for all regions in Europe, there are rich VS poor regions, and also different funding gaps.

<table>
<thead>
<tr>
<th>Interactions between different governance levels</th>
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</thead>
<tbody>
<tr>
<td>(1) Regional Development Programme and AIKO funding. There is a regular interaction. This interaction partially serves the purpose of fostering SME and entrepreneurship policy.</td>
</tr>
<tr>
<td>(2) ELY funding and TEKES with AIKO funding. There is a regular interaction. This interaction partially serves the purpose of fostering SME and entrepreneurship policy.</td>
</tr>
<tr>
<td>(3) ERDF funding. There is a regular interaction. This interaction partially serves the purpose of fostering SME and entrepreneurship policy. According to the figure, the interactions between EU and the national authority regard the provision of funding, as well as some advisory role. Then the national authority has the role of reporting back to the EU responsible authorities. All these changes in the structure are due to an ‘organic’ development of the ecosystem.</td>
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9.4 Southern Denmark

<table>
<thead>
<tr>
<th>CASE STUDY SUMMARY</th>
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<tbody>
<tr>
<td><strong>Objectives of the SME and entrepreneurship policy</strong></td>
</tr>
<tr>
<td><strong>Success factors</strong></td>
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<tr>
<td><strong>Potential obstacles</strong></td>
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<tr>
<td><strong>Actors involved</strong></td>
</tr>
<tr>
<td><strong>Degree of ownership</strong></td>
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</table>
regions’ SME governance structure, the degree of ownership is very high.

The structure was built from scratch, meaning no external influences were used to create the current system. The system is to a certain part transferable only; most likely it would be to create a similar structure based on the municipal interests and similarities “up scaling” the very locally rooted interests to a broader strategic vision. However, one must remember that the participating municipalities are quite large, meaning more strategic competences are already situated at the local level. The municipalities have therefore the capacity to identify and to contribute to strategic initiatives, which is questionable in smaller municipal structures.

With the Growth Forum taking over a leading role in shaping the SME governance in the region, the structure fits quite well into a multi-level governance system. Especially the broad consideration of the local interests through this intermediary makes the shared management and implementation based on the level of local knowledge quite “democratic”.

<table>
<thead>
<tr>
<th>Division of competences within the multi-level governance model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National Level</strong></td>
</tr>
<tr>
<td>Danish Business Authority</td>
</tr>
<tr>
<td>Danfoss (foundation of an international engineering holding)</td>
</tr>
<tr>
<td><strong>Regional Level</strong></td>
</tr>
<tr>
<td>Regional Council</td>
</tr>
<tr>
<td>Growth Forum of Southern Denmark</td>
</tr>
<tr>
<td>South Danish Regional Business Development Centre (Vaeksthus</td>
</tr>
<tr>
<td>Syddanmark)</td>
</tr>
<tr>
<td>Young Enterprise Region South Jutland (YERS)</td>
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<tr>
<td><strong>Local Level</strong></td>
</tr>
<tr>
<td>Municipalities</td>
</tr>
</tbody>
</table>

**Types of participating actors at regional level**

The national level plays quite a substantial role in the orientation of the application of the SME governance scheme. Since the Danish Business Authority, which is the MA for the ESF, has to approve the proposals for projects of the Growth Forum, it has a strong influence on the actions on the subordinate levels. A small influence of the Growth Forum on the Danish Business Authority is present (through a Monitoring Committee). In the application of ESIF, there are also occurrences of gold-plating due to more restrictive possibilities in the application of SME policy through the Growth Forum. This is due to the tighter framework imposed by the Danish Business Authority.

The regional level (with the Growth Forum) represents the most important level in terms of SME Governance. The Growth Forum is held by the 21 municipalities in the region of Southern Denmark and is in charge of long-term policy orientation. It thus connects the needs and inputs from the local level to the regional and national level SME policies by bringing together different sectoral interests.

The local level is situated at the receiving end. It is targeted by the SME governance policy in the region. Beyond the fact that the 21 municipalities hold the Growth Forum, the municipalities, businesses and NGOs are involved in the elaboration of the bi-annual Action
Plans, which are necessary to monitor and to thrive the 10 y strategy.

### Tools used (to implement the EER strategy)

1. **Implement the Small Business Act (SBA) and important SME EU policy in the region** with the core targets of i) ensuring access to finance, ii) using smart regulation, iii) internationalisation and iv) fostering education.

2. **Creation of an entrepreneurial culture through consultancy and education** with the concrete objectives of i) consultancy on local and regional level, ii) entrepreneurship lessons in public institutions (see programme “from kindergarten to PhD”) and iii) other initiatives (incubators, spin-off support).

3. **Increase of regional integration through** i) (cross-border) cooperation, ii) the development of an interregional cluster policy and iii) promoting growth in remote areas.

4. **Enhance the use and development of sustainable energies** (also in terms of specialised enterprises) and create a favourable environment for the successful implementation of the above.

The Growth Forum of Southern Denmark is solely responsible for the content and the implementation of the actions mentioned in the EER. For the concrete implementation of each action, the Growth Forum funds projects for which different kinds of partners come together.

To ensure that the interests and experiences in SME governance are being considered in the development of EU policy, there should be more direct monitoring from local to EU level. There’s already an INTERREG project that brings together former EER regions (project name; iEER) where experiences are exchanged and lobbying towards changing EU policies becomes more effective.

In the specific case, the NE thinks that the inclusion of a regional dimension in the SME performance review would do justice to the unique SME governance structure implemented in the region. SME policy implementation is executed mostly from regional levels down with the national level playing a less important role. Adding a regional dimension could shift the focus from a simple result evaluation to the examination of the underlying governance structures.

### Interaction between different governance levels

The three most influential governance levels are;

1. From the Danish Business Authority (MA for Structural Funds) to the Growth Forum of Southern Denmark; the interaction I quite important for the SME governance as the Growth Forum recommends projects to the MA to fund, whilst the MA is in charge of the decision-making. Whether an entrepreneur receives funding for a project or not i.e. is decided at the interaction between these two functions on the regional and national level. The interaction is good but the for the Growth Forum, the recommendations of the Business Authority are not always comprehensible.

2. From the Growth Forum of Southern Denmark to the Cluster Organisations; the Growth Forum holds close relations with the four cluster organisations (from all levels). In this interaction, the Growth Forum communicates to members and receives input on business interests.

3. From the Growth Forum of Southern Denmark to the Municipalities; as the Growth Forum is held by the municipalities, the interaction is very important. The interaction occurs regularly and the municipalities have a real influence on the work of the Growth Forum.
The Growth Forum and its function in the SME governance of the region itself represents already a good practice. It helps levelling up the local interests of the private and public actors to the regional and thus to the national level in regards to SME policy.

In addition, the most effective measure that has helped promoting an SME culture and to foster the development of SMEs was 1) the interregional cluster policy that has built upon synergies and similarities between different areas and 2) the capacity building towards an entrepreneurial culture in the region.

The largest obstacle towards successful SME governance is the rigidity of ESIF in the current funding period. The focus on allocating funding has shifted from “Where is support needed?” to “Where is support possible?” according to the Growth Forum. This hampers a successful SME support.

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9.5 Styria (EER 2013)

### CASE STUDY SUMMARY

| Objectives of the SME and entrepreneurship policy | The objectives are formulated in the strategic plan WIST 2025 (Economic Strategy Styria 2025) with the title “Growth through Innovation”. Following strategic objectives have been defined:
|                                                   | – aligning the location of Styria according to three sustainable guiding markets (Mobility, Green-Tech and Health-Tech)
|                                                   | – integrating more Styrian companies in innovation processes
|                                                   | – designing lighthouse projects
|                                                   | – creating excellent framework conditions for young companies and company foundations
|                                                   | – preparing companies and the location for demographic developments
|                                                   | – Internationalising Styria and creating an open climate
|                                                   | – aligning promotional and financing offers according to the growth phase of companies and future investments |
| Success factors                                  | The locally called “Standortdialog” with relevant institutions (chamber of commerce, chamber of industries employment services, chamber of labour) have enabled a better discussion quality. Creating an entrepreneurial spirit in schools is seen as an important success factor to fostering SME creation and development, but this is not actively pursued at present. |
| Potential obstacles                              | bureaucratic regulations in establishing and running companies. |
|   state of Styria’s department for “Economy, tourism and sport”, the two regional funding bodies SFG (“Styrian Economic funding”) and the state of Styria’s department for “Regional development”, chamber of commerce, chamber of industries employment services, chamber of labour, Technical University of Graz, Montanuniversität Leoben, Joanneum Research. |
| Degree of ownership                              | The degree of ownership of SME related policies, projects or programmes tend particularly high at the region’s level, namely the state of Styria’s department for “Economy, tourism and sport” with its strategic competence and the two regional funding bodies SFG |
| Transfer potential | (“Styrian Economic funding”) with its operative competence as well as the state of Styria’s department for “Regional development”. The SFG also conducts semi-strategic measures (action plans and demonstration projects) for the Styrian key cluster strategies. On the behalf of the economic strategy, the SFG has at least a significant voice when it comes to outlining the strategies for the key clusters. Further social partners and chambers as well as the Association of the Cities, Towns and Municipalities take also an important role in the governance process. |
| Integration into the European multi-level system | The good working clusters and their networks are certainly something worth replicating in other regions. Another good example is the Competence Center for Excellent Technologies (COMET) as a programme supporting projects building joint research competences by cooperation of economic and research partners. |
| | With the actions and tools used on local and regional level Styria has a well created structure for entrepreneurship. They range from a clear strategic plan and regular evaluations to establishment of networks. Unfortunately the interaction between the EU level on the one side and the regional and local level on the other is very limited because the department of regional development is not a managing authority in the programming period 2014-2020. |

| SUMMARY OF THE GOVERNANCE MODEL |
| National Level | Strategic governance: General legislative framework, state aide, taxation, funding, recommendations |
| Regional Level | Strategic governance: policy implementation & funding |
| Local Level | Operational governance: local actors coordination & policy implementation |

**Types of participating actors at regional level**

Important public institutions for SME entrepreneurship policy at the regional level are the state of Styria’s department for “Economy, tourism and sport” with its strategic competence and the two regional funding bodies SFG (“Styrian Economic funding”) as well as the state of Styria’s department for “Regional development”. Besides the general funding for enterprises, the SFG conducts semi-strategic measures (action plans and demonstration projects) for the Styrian key cluster strategies, currently mobility, green-tech and health tech. On the behalf of the economic strategy, the SFG has at least a significant voice when it comes to outlining the strategies for the key clusters. Further social partners and chambers (chamber of commerce, chamber of industries, employment services and chamber of labour) as well as the Association of the Cities, Towns and Municipalities take also an important role in the governance process. Within the research community the Styrian universities Technical University of Graz and Montanuniversität Leoben participate actively in different actions in the development. These universities promote projects stronger than enterprises because primarily they integrate the enterprises into projects than vice versa.
Tools used

The strategic plan **WIST 2025** (Economic Strategy Styria 2025) is an adaption of the WIST 2020, which was amended in order to respond to changing framework conditions (e.g. demographic and climate change, structural changes due the financial crisis, new forms of innovation) during the first half of its period. In addition to the WIST 2025 there is a **master paper** as an internal document for the political and economic authorities, the SFG and the Styrian department for Economy, tourism and sport. It contains the five core strategies of the WIST 2025 including concrete measures and their budgets. Regarding both strategic documents, the WIST 2025 and the master paper, the department for Economy, tourism and sport is responsible for the content whereas the SFG is responsible for the implementation.

Furthermore there is an annual **evaluation** where at least one core theme (cluster) is analysed per year. The department for Economy, tourism and sport is responsible for developing the content and the implementation of evaluation. In combination with the evaluation **studies on “scanning horizons”** are also conducted. Similar to a SWOT analysis these studies try to identify trends and deduct strengths and required improvements and rearrangements. Both, the department for Economy, tourism and sport as well as the SFG, are responsible for the content and implementation. The **establishment of networks** is also a tool to accomplish the objectives set with the SFG as the contributor of the content and implementation.

Establishing regular contacts to relevant interest groups (e.g. the Standortdialog with regional partners and institutions) is seen as essential to foster innovative governance ideas for SME and entrepreneurship policy.

**Interaction between different governance levels**

An important interaction on the local level exists between the Department for “Economy, tourism and sport and the two regional funding bodies SFG and the department for regional development. They interchange regarding strategic support for SMEs and coordination of funding and actions.

In the course of the “Standortdialog”, which takes place 2-3 times per year, regional partners and institutions (chamber of commerce, chamber of industries, employment services, chamber of labour and the Association of the Cities, Towns and Municipal) are involved in a discussion of current developments and economic strategies.

All in all, the information and funding are the crucial drivers for interactions. The most pivotal factor for SME is that the clusters and networks work well (e.g.: Internationalization centre ICS with its consulting service in new markets or the Green Tech Cluster).

Important for interactions: information and money are crucial elements. Unfortunately the interaction between the EU level on the one side and the regional and local level on the other is very limited because the department of regional development is not a managing authority in the programming period 2014-2020.

An example of good practice is the competence centre programme COMET. Although most of the corporate partners are larger enterprises, SMEs are also involved in these projects. Further, good practice examples are the “Fast Forward Award” (official economic award of Styria) and the “EPU Erfolgstag” (formerly the enterprise founder exhibition). Both of them have an awareness-raising impact. Although an important success factor to foster SME creation and development is to create entrepreneurial spirit already in schools, this is not actively pursued at present. The main obstacle in the governance of SME and entrepreneurship are bureaucratic regulations in establishing and running companies.
## 9.6 North Brabant (EER 2014)

<table>
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<th>CASE STUDY SUMMARY</th>
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<tr>
<td><strong>Objectives of the SME and entrepreneurship policy</strong></td>
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<td><strong>Integration into the European multi-level system</strong></td>
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</tbody>
</table>

### Division of competences within the multi-level governance model

| **National Level** | Ministry of Economic Affairs  
| RVO – Netherlands Enterprise Agency |
| **Regional Level** | Province of Brabant  
| Brabant Development Agency (BOM) |
| **Local Level** | Municipalities. |
Actors involved

The Ministry of Economic Affairs sets out the main framework for policy and RVO – Netherlands Enterprise Agency providing advice and finance to more innovative enterprises. Province of Brabant acting more on a strategic level and the Brabant Development Agency (BOM) mostly implementing the policy and providing soft and financial support. Clusters implement the triple helix approach and joint initiatives between municipalities.

Tools used

At lower levels a triple helix approach has been adopted in clusters with different levels of maturity, ensuring partnerships between government, enterprises and knowledge providers and to support the start, growth and development of (innovative) enterprises from the first idea to start-up and the transfer of the knowledge, to becoming mature. These clusters are sector or content specific allowing the provision of targeted support. Content specific exchange could also be the focus of European support to enterprises.

Inside these clusters enterprises are encouraged by BOM to share experiences and knowledge. Furthermore they receive financial support from national and regional authorities. In the other direction these clusters provide insights on the needs of the entrepreneurs enabling adjustment to the overall strategy, e.g. creation of experimental areas or find new partners.

Interaction between different governance levels

The interaction between the different actors is intensive and happens both formally and informally at political and administrative levels. This frequent exchange allows the policy to be flexible and demand-driven, the policy adheres to the wishes of the enterprises and the regions and tries to support them in all their phases of development, from idea in knowledge institutes, to start-up, to growth and development. Open and transparent cooperation and coordination between the state and non-state actors as well as large and small firms are therefore important.

9.7 Flanders (EER 2014)

CASE STUDY SUMMARY

<table>
<thead>
<tr>
<th>Objectives of the governance set-up for SME and entrepreneurship policy</th>
<th>Building strong structural partnerships with key actors who are forming together with central body (VLAIO) an ecosystem, which stimulates and supports entrepreneurship in all life cycles of enterprises.</th>
</tr>
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<tbody>
<tr>
<td>Success factors</td>
<td>The merger of government agencies responsible for entrepreneurship policy led to better coordination and better tools for the implementation of the policy.</td>
</tr>
<tr>
<td>Potential obstacles</td>
<td>Possible strong focus on start-ups and early stage of entrepreneurship rather than full-life cycle focus including more stakeholders.</td>
</tr>
<tr>
<td>Actors involved</td>
<td>Flanders agency for innovation &amp; entrepreneurship (VLAIO) with other regional agencies as well non-state actors such as employers’</td>
</tr>
</tbody>
</table>
organisations, universities & other research and knowledge institutions and cluster organisations.

### Degree of ownership

The state and non-state actors follow the main policy and strategy and all actors take their part of responsibility to support entrepreneurs in all stage of their life cycle. VLAIO guides, steers and coordinated to implement this successfully.

### Transfer potential

Other regions inspire Flanders more on the content for their SME and entrepreneur policy than on the governance of the policy. Nevertheless, some of the more concrete governance and coordination ideas could be transferred to other European regions.

### Integration into the European multi-level system

The Flemish policy is well integrated in the European system as it supports the SBA as well as follows and implements the main policy objectives at European level. Furthermore, representatives from the Flemish agency exchange ideas to support SME and entrepreneurs with other regions in Europe, mostly in Ireland, the Nordic countries and Netherlands.

### Division of competences within the multi-level governance model

<table>
<thead>
<tr>
<th>National Level</th>
<th>Regional Level</th>
<th>Local Level</th>
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<tbody>
<tr>
<td>The agency of Innovation &amp; Entrepreneurship (VLAIO)</td>
<td>Flemish Government Department of Economy, Science &amp; Innovation (EWI)</td>
<td>Provinces and municipalities in Flanders</td>
</tr>
<tr>
<td>Syntra Vlaanderen (Flemish Agency for Entrepreneurial Training)</td>
<td>FIT (Flanders investment and trade)</td>
<td></td>
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<tr>
<td>PMV (financial participation, guarantees and loans)</td>
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### Types of participating actors at regional level

The region of Flanders has a high degree of autonomy in designing and implementing its entrepreneurial policy. The agency of Innovation & Entrepreneurship (VLAIO) is the central player acting as director of the wider network. Their core competences are the implementation of the policy by guiding entrepreneurs through the government landscape and providing funding.

Provinces and municipalities in Flanders support the implementation of the policy by VLAIO and act as support points for entrepreneurs in their areas.

Besides VLAIO and other regional agencies the main actors in Flanders entrepreneurial policy can be divided in three main groups:

- **Employers’ organisations** – main responsible actors for entrepreneurial support.
- **Research and education providers** – main responsible for valorisation of knowledge and promoting the entrepreneurial spirit.
- **Clusters** – main responsible for matching innovations, business ideas and funding.

At European and Federal levels the main agenda points are defined capturing the most relevant issues for development.
Interaction between different actors

VLAIO coaches, guides and finances all actors in the three abovementioned groups. They set-up collaborations, act as matchmaker between the “groups”, and provide information and advice supporting the main actors per group in their task of entrepreneurial development and growth. These interactions have become easier due to the merger of some government agencies, putting VLAIO more in the captains’ seat. Furthermore, VLAIO finances the “groups” and entrepreneurs, and supports easy access to finance.

A successful element of the Flemish policy is the support to enterprises in all stages of their life cycle. The policy focused previously strongly on supporting start-ups, while now the full lifecycle, including growing mature, is included. The policy further enables them to provide support at the right time due to flexibility in the system, where VLAIO steers and guides in the back, while the actors more engaged with entrepreneurs implement the policy.

9.8 Lisbon (EER 2015)

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<td><strong>Regional Level</strong></td>
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Local Level

Public stakeholder: Lisbon City Council
Semi-public stakeholders: Start-up Lisboa, Invest Lisboa

**Types of participating actors at regional level**

There is a strong involvement of the local authorities for the development of SMEs and entrepreneurship policy. Indeed, Lisbon City Council is jointly developing the strategy together with semi-public structures through a consulting process of Startup Lisboa and Invest Lisboa for example. Moreover, the city council provides services to SMEs and contributes to the establishment of networks while Startup Lisboa is providing the necessary funding.

This local involvement has been boosted recently in 2011 with the creation of a municipal board for economics and innovation that confer to Lisbon council the implementation responsibility to implement the entrepreneurial strategy. Moreover, Made of Lisboa is an official platform that gathers innovators of the territory.

Finally, in 2016, the collaboration with national level has been strengthened with the creation of Startup Portugal responsible for the implementation of the Portuguese strategy for entrepreneurship.

**Tools used**

One important tool drawn by Lisbon City Council corresponds to “Lisbon Economy and Innovation” strategy. The city council was responsible for the content of the strategy while the entrepreneurial ecosystem (businesses, association, incubators, networks and innovators) takes in charge the implementation of the strategy.

The following approaches are complementing the strategy: establishment of networks, bottom up approaches, SWOT analysis. These actions are also designed by Lisbon city council and implemented by the entrepreneurial ecosystem.

**Interaction between different governance levels**

Four important interactions in the field of SME and entrepreneurship policy can be highlighted. Indeed, Horizon 2020, Startup Portugal and EU Small Business Act and Made of Lisboa are the most important interactions at local, national and European levels. The latter demonstrates a strong involvement of the local level to develop SME and entrepreneurship sectors. In fact, Made of Lisboa is a digital collaborative platform on innovation events, stakeholders and projects. The main strength of this platform is the community participation to update the information and create networks.

**9.9 Northern Ireland (EER 2015)**

**CASE STUDY SUMMARY**

Objectives of the SME and entrepreneurship policy

- Create more sustainable jobs in the private sector (from 65% of the employees in the public sector to 50% by 2030.
- Equal emphasis on traditional economy (family owned, local businesses) as well as high tech start-ups and creative industry (more globally oriented). This is a change in the policy, as formerly the
high-tech and creative industry was highly supported while other sectors were not.
– Skills and entrepreneurial education: apprenticeship, vocational training as well as the university degrees.

A new government structure was just introduced in April 2016. Its main success has been the decrease in the number of local councils (being responsible for enterprise support at the local level) from 26 to 11 and the installation of NILGA a “bridge” organisation between the Regional departments (Ministers) and the local authorities. From the tools the go-for-it campaign (one-stop-shop for start up businesses with services from business plan, marketing to access to finance to depth covering)

Ineffective communication of the services provided to entrepreneurs, start-ups, unemployed seeking the opportunity to start a business. There are many excellent measures but up to date the majority of the people does not believe they are easy to access or effective. Further the low entrepreneurial culture.

The Regional Department of Economy, Regional Department of Education, Department of trade and invest, Invest NI (funding), Northern Ireland Local Government Association (NILGA) as a bridge organisation between regional and local level, 11 new councils with competence of enterprise support implementing the policies, Young enterprise NI (NGO) supporting young entrepreneurs and unemployed with programmes, private business parks, Catalyst Inc. as think tank and accelerator.

High degree of ownership initiated by the new Programme of Government giving the local councils competences for statutory services (e.g. economic development, budget for advice starting a business) and discretionary services (local campaigns). There is a statutory exchange of information from the local level to the regional level managed by NILGA (needs of local SMEs, policy demand, reflection on policies etc.)

The reduction of contact points at the local level together with the allocation of the respective competences is a good example of how to raise the efficacy and efficiency of administration. The new organisation is further aimed at reducing redundancies of funding between different bodies.

Good relationships to other regions (Nord-Pas-de-Calais); High importance seen in the implementation of the Start-up/Scale-Up Initiative; Brexit vote brings cross-border ties of economic development more into focus (e.g. Northern Ireland and Ireland).

### Division of competences within the multi-level governance model

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<tr>
<th>National Level</th>
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<tr>
<td></td>
<td>Department for Economy, Department for Education, Department for trade and invest, Invest NI, NILGA, Young enterprise, University of Ulster, 6 colleges</td>
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</table>

| Local Level | 11 councils, 32 local enterprise agencies, private partners (Catalyst Inc.) |
Types of participating actors at regional level

The Regional Department of Economy is responsible for the policy framework regarding macro budget for economic development (covering among others FDI, tourism). Invest Northern Ireland is an agency working for this department implementing the policies and directing the funding flows but also producing a policy around the provision of apprenticeship (consultation for programme/processes, appoint agencies with tendering, determining the budgets).

The Regional Department of Education is responsible for the policy framework of education, including entrepreneurship in schools, for young unemployed and unemployed individuals above 50 years of age. It co-finances the NGO “Young enterprise”, which is a regional body directly going into schools, implementing entrepreneurship programmes. Young enterprises are also privately financed by private businesses.

At the local level eleven councils (since April 2016) are directly addressing and supporting SMEs and entrepreneurs by statutory services (implementation of the economic development strategy, budget for advice for starting a business) and discretionary services. The run small business parks and provide as well as commission advisory services. NILGA (Northern Ireland Local Government Association) is a bridge organisation between the regional and the local level. It provides policy guidance for the 11 councils and is owned by them. The councils play back information from the local level (e.g. needs of SMEs, reflection on programmes and regulations) to NILGA who brings this information to the regional level.

Further important partners are the University of Ulster with its Business school as well as the six Further Education Colleges (providing entrepreneurial and basic education to young unemployed people and individuals 50 years +). Further there are several private partners, providing office space and advisory services, partly for high tech and creative industry (e.g. Catalyst Inc., Northern Ireland Business Park)

Tools used

New Programme of Government as central strategy re-designing the governance and government structure in Northern Ireland: the 11 councils are being given new economic development and planning powers with statutory responsibilities in order to legally and structurally enshrine communities into the development of services and opportunities for all businesses (traditionally, high-tech and creative industry).

Go-for-it Campaign is a start-up business campaign, universal for NI for thinking of starting a business. There is a local one-stop-shop (from marketing, clarify business idea, set out goals, access to finance, covering of depths, measure progress, spot potential problem) for start-ups supporting about 30,000 new businesses a year (>66% survival rate 3 years plus).

Implementation of the Start-up/Scale-up Initiative provides access to financial instruments (EIB, municipal loans, business angels, equity finance; innovative financial instruments: for entrepreneurs with motivations and potential)

Interaction between different governance levels

Close co-operation and reconciliation is ensured by the new institutional setting of the New Government programme. NILGA as a bridge organisation and a joint organisation of the councils designs policies for the 11 councils with statutory reconciliation with the local councils. It reports the requests and concerns of the councils to the Regional Departments. Several agencies with close ties to the local level or target groups implement the policies of the Regional departments (Young Enterprise NI, Local Enterprise Agencies).
## 9.10 Małopolska (EER 2016)

### CASE STUDY SUMMARY

| Objectives of the SME and entrepreneurship policy | 1. Implementing the principles of the Small Business Act; 2. Supporting enterprise development; 3. Development of entrepreneurship with strong intersectoral partnership; 4. Exploiting the region’s potential in the area of smart specialisations and development of technology-related entrepreneurship, including start-ups. |
| Success factors | - |
| Potential obstacles | Legal regulations are decided on national level (e.g. taxes) |
| Actors involved | Kraków Technology Park, Małopolska Regional Development Agency, Kraków Chamber of Commerce, National Government, European Commission, Committee of the Regions, Małopolska Regional Assembly and Board of the Małopolska Region, businesses, entrepreneurs, trade associations, chambers of commerce, other social partners & civil society organisations, representatives of local “start-up community”, schools, universities & other research and knowledge institutions, cluster organisations |
| Degree of ownership | Strong involvement of the local level and regional level. Quadruple helix model to develop a favourable SME environment is developed in Małopolska. |
| Transfer potential | Improvement made thanks to the development of joint projects with other regions. |
| Integration into the European multi-level system | Sharing of information thanks to the involvement of the region in EU organisations (CoR). |

### Division of competences within the multi-level governance model

| National Level | National government |
| Regional Level | Semi-public: Kraków Technology Park, Małopolska Regional Development Agency  
Public: Małopolska Regional Assembly and Board of the Małopolska Region Kraków  
Private: Chamber of Commerce |
| Local Level | |

### Types of participating actors at regional level

The decision making and the design of strategic plans and documents are the responsibility of the regional authorities mentioned above. The strong involvement of the different types of authorities is also noticed in consulting, information and joint initiative activities.

Aside from the public engagement, private sector is also involved in the development of a favourable SMEs environment. Stakeholders such as businesses, entrepreneurs, chambers of commerce, universities, R&I institutions and cluster organisations are participating actively.
in the development of the policy.

To strengthen the development of the policy, in the last five years, advisory bodies have been established (e.g. working groups for Małopolska’s smart specialisations).

**Tools used**

The region of Małopolska is creating a friendly environment for business development thanks to a holistic and comprehensive approach, and to linking different instruments. Indeed, four activities are undertaken: establishment of networks, business driven partnership, bottom up approaches and the design of strategic plans and documents. These actions have been designed and are implemented by a quadruple helix model of cooperation between public-private sectors at local and regional levels.

The local and regional needs can be considered to design EU SME policy thanks to an important share of information from local to EU level and vice versa.

**Interaction between different governance levels**

The interactions of the regional bodies with national authorities and EU level are less frequent and participate to a less extent to the SMEs and entrepreneurship policy. Indeed, the regional bodies are represented in the Committee of the Regions, regional offices in Brussels to support their interest at EU level. Besides, the regional and local interactions are more developed within the region as well as with adjacent regions to develop joint projects.

The future development of the SME policy will have to consider the risk related to the national decision on legal regulations (e.g. taxes) and be aware of favourable changes in market demand, financial crisis, access to knowledge and finance, political situation and EU regulations.

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**CASE STUDY SUMMARY**

| Objectives of the SME and entrepreneurship policy | – Enhance economic and social growth  
– Stimulating the consumption  
– Contribute to the creation of quality employment  
– Minimize or eliminate obstacles to economic growth  
– Develop measures to encourage the activities generation  
– Progress in reducing productive imbalances |
| Success factors | PAE network and tailor-made services |
| Potential obstacles | Too many agents due to the extension of Extremadura  
Size of companies |
| Actors involved | Junta de Extremadura (other regional Ministries), MIREE entities, education centres, Regional EER17 Ambassadors and Entrepreneurs, ADR, EU partner projects |
| Degree of ownership | Important role of Junta de Extremadura in decision making process. Other regional actors are involved in the development of the policy |

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**9.11 Extremadura (EER 2017)**
| Transfer potential | - |
| Integration into the European multi-level system | The Extremadura office in Brussels represent the region at EU level. |

### Division of competences within the multi-level governance model

| National Level | Public: ADR (Regional Development Agencies) |
| Regional Level | Public: Junta de Extremadura (other regional Ministries)  
Semi-public: MIREE entities  
Private: Regional EER17 Ambassadors, Regional EER17 Entrepreneurs |
| Local Level | Public: Education centres |

### Types of participating actors at regional level

The decision-making activities are attributed to Junta de Extremadura. This body is a key stakeholder in the development of the strategy, the dissemination of information and the strengthening of networks at local, national and European levels.

This public entity is closely working with the local and regional stakeholders from the semi-public and private sectors. Indeed, they are collaborating to develop activities related to their sector (entrepreneurs, education).

### Tools used

Three tools/actions are developed in Extremadura region to support SMEs and entrepreneurs:

- Financial instruments, funding: aids for competitiveness, microcredits for women, crowdfunding programmes, new funding tools through JEREMIE2, financial guarantees for working capital and internationalization, SME initiative, refundable loans, risk capital, etc. Also specific events with investors.


- Bottom-up approaches: participation of relevant agents in designing new strategies; assessment of services/tools by users.

These three actions are designed and implemented by the regional government authorities and the local partners (Chamber of commerce, public companies, banks, businesses and entrepreneurs…)

### Interaction between different governance levels

The interactions between regional and local levels are the most regular interactions concerning entrepreneurship and SMEs policy. These interactions equate to the establishment of networks and tailor-made services such as MIREE (Regional Integral Network for Employment and Enterprise) for example. The MIREE was created in 2015. It gathers all the relevant entities working at regional level to foster entrepreneurship as well as business competitiveness.
The future development of the policy will focus on bureaucracy simplifications because one of the risk related to the development of the strategy is linked to the number of agents present. Moreover, the region will have to consider the rurality of the territory, the high unemployment rate, the low internal demand for the policy and the lack of transport infrastructures to develop its policy.

9.12 Lower Austria (EER 2017)

### CASE STUDY SUMMARY

| Objectives of the SME and entrepreneurship policy | General Objectives are:  
1) Sustainable business success and internationalization;  
2) Research, Development and market implementation;  
3) Provision of attractive business sites;  
4) Start-ups with growth dynamics.  
Governance Objectives are to provide long-term support to businesses from the start-up process to scaling-up, including financing. Target groups are not only seen in high-tech and technology enterprises, but also in craftsmen. |
<table>
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<tbody>
<tr>
<td>Success factors</td>
<td>The close cooperation of all regional bodies involved in the support of SMEs and entrepreneurs is seen as a prerequisite for efficient support. In particular the <a href="#">cluster initiative</a> and the process of the <a href="#">start-up pyramid with the clear division of roles and competences</a>, makes it easy for the SMEs and entrepreneurs to find the right contact/institution for the particular problem at hand.</td>
</tr>
</tbody>
</table>
| Potential obstacles | 1) Budget restrictions of the region for SME and entrepreneurship support given the financial obstacles SMEs and start-ups face;  
2) Discontinuity in administrative structures leads to time intensive processes for policy making; finding a common understanding. Thus a continuity of the acting persons and institutions and a common understanding of the aims, target groups, etc. is crucial. |
| Actors involved | A bunch of regional actors is active and co-operating in a four pillar model. The Lower Austrian Ministry of Economic Affairs managing the process.  
– Ecoplus, the regional Business Agency,  
– N.vest, the regional provider of financial instruments  
– The Tourism branch, representing the touristic regions  
– NÖ.Regional a body owned by the regional government and the region’s municipalities, giving the local partners a voice in the regional development. |
| Degree of ownership | Each of the four regional bodies can act autonomous within its competence, thus the degree of ownership is very high. The overall strategy is designed in co-operation of all bodies and streamlined by the Ministry of Economic Affairs. Regular meetings of all bodies ensure a common understanding of the aims and targets of the strategy and monitor the achievements. |
| Transfer potential | Lower Austria profited from co-operations with other regions in the course of different initiatives and investigated the governance structure |
of several EU regions, before re-organizing their structure 6-7 years ago. The design of having self-governing bodies working closely together and meeting regularly is a best-practice example as well as the streamlined administrative process for start-ups “Start-up-Pyramid”.

The region is integrated into the EU multilevel system at the basis of EU-projects and co-financing of regional projects. Having a regional representative at the EU-level would however improve the possibility to interact.

<table>
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<tr>
<th>Integration into the European multi-level system</th>
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<tr>
<th>Types of participating actors at regional level</th>
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<tbody>
<tr>
<td>The Lower Austrian Ministry of Economy, Tourism and Technology (WST3) is responsible for the development of strategies and scenarios as well as the development of concrete support measures. It works closely together with the 4 pillar institutions at the regional level, which have the budget and decision making competence in their field of action:</td>
</tr>
</tbody>
</table>

- Ecoplus, the Business Agency of Lower Austria provides support for start-ups for development of business plans, help with financing and funding. Ecoplus owns business sites as well as start-up centres and provides individual consulting, seminars or events.

- N.Vest is responsible for tailor made financing solutions: Individual consulting, finance, including a venture capital fund for investing in innovative, high-tech start-up companies with the potential for significant growth. It also runs tecnet equity, a high-tech incubator for technology and innovation driven start-ups.

- Lower Austria Tourismus promotion represents the tourism branch and its enterprises.

- The body is owned by the government of Lower Austria (51%) and the municipalities. It combines all relevant levels for regional development and ensures that the interests of the region and the municipalities (represented by different associations) are integrated well. It is the contact point (One-Stop-Shop) for mayors regarding regional development, incl. economic issues.

The four pillar organisations and the regional ministry meet several times a year to report on their achievements, streamline their strategies and create a common understanding of the aims for the future development.

Regional universities and the regional chamber of commerce are also important player providing networks and offering services (consulting, mentoring, seminars, events).
Tools used

The strategic backbone is the **Regional Economic Strategy** with the 4 core strategies: Sustainable business success and internationalization; R&D and market implementation; attractive business sites; start-ups with growth dynamics. Further, the concept of **Balanced Scorecards** is used to monitor and evaluate the progress each regional body made in the respective field of competence.

To actively assist SMEs and start-ups, several **business sites** were established, providing space and services. Ecoplus further sets up platforms through their **cluster management** and through co-operation projects.

A broad **range of financing instruments** including venture capital (tecnet), financing for start-ups (accent start-up service), guarantees and (financial) partnerships.

With the **“Start-up Pyramid”** Lower Austria created a streamlined process exclusively supporting start-ups. All start-ups are supported in the beginning and experts identify support those start-ups which want to grow and encourages start-ups who do not see their growth potential yet.

**Interaction between different governance levels**

The regional bodies responsible for SME support meet twice a year with the Regional Ministry of Economy, Tourism and Technology and all institutions report on their achievements (using BSC). The meetings are used to inform each other about the work done, but also to ensure a common understanding of the tasks and aims regarding SME and entrepreneurship policy. These meetings build strongly on a co-operative atmosphere and trust between the partners.

### 9.13 Western Greece (EER 2017)

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<td>Degree of ownership</td>
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<tr>
<td>Transfer potential</td>
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</table>
| Integration into the European multi-level system | - Obtaining input from stakeholders who form think tanks to deliberate issues, and consulting academic and other experts invited on the implementation of SBA principles and priorities of related policy initiatives.  
- Consulting with local business representatives and other stakeholders and experts for regional policy-making.  
- Engaging in actions intended to help SMEs advance.  
- Building a culture that relies on cooperation, sharing ideas and experiences, learning-mentoring.  
- Creating a mechanism through which the territorial EER objectives are embedded in the regional development strategy and contribute to achieving the Europe 2020 goals. |

| Division of competences within the multi-level governance model |
|------------------|----------------------------------------------------------------------------------------------------------------------------------|
| **National Level** | General Secretariat of Industry (public), Centre for Planning and Economic Research (KEPE) (semi-public) |
| **Regional Level** | Federation of Enterprises & Industries of the Peloponnese and Western Greece (private), University of Patras (public) |
| **Local Level** | Sub-regional Chambers (semi-public) |

<table>
<thead>
<tr>
<th>Types of participating actors at regional level</th>
</tr>
</thead>
<tbody>
<tr>
<td>The responsibility of regional and local levels of governance in SMEs and entrepreneurship policy is related to a representative role and consulting activities. Indeed, they are consulted by the national authorities during the development phase of the strategy and in a second phase they are diffusing the mere information to their members.</td>
</tr>
<tr>
<td>Otherwise, the region of Western Greece, the incubators and R&amp;I institutes seem fully involved in the development of SMEs and entrepreneurship policy because of their participation in related projects.</td>
</tr>
<tr>
<td>Moreover, the design of the strategy and the funding functions are the competences of the national level.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tools used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Several actions are undertaken to develop and support the SMEs environment which are: establishment of networks, monitoring system, business driven partnerships and “soft touch” approaches (consultancies, dialogue, think tanks).</td>
</tr>
<tr>
<td>Furthermore, the network “Alliance for Business Enterprise and Development in Western Greece” will carry out the design, implementation and monitoring of the EER strategy. This</td>
</tr>
</tbody>
</table>
network was created thanks to the involvement of multiple actors from different levels and different sectors.

Moreover, the local issues on SMEs can be included into the policy thanks to the involvement of the local actors deliberating on economic issues and arguing their expertise during sharing meetings in order to create a mechanism through which the EER objectives are included in the development of strategy.

**Interaction between different governance levels**

The main interactions between the stakeholders of the SMEs and entrepreneurship governance are related to regulatory and legal framework, consultation process, diffusion of information and funding flows. These interactions are regularly maintained to fully answer to the SMEs purposes.

The last changes made to strengthen the interactions mainly concern the legal framework and future measures are planned to consider the Small Business Act principles. These planned changes will have to integrate a new type of finance support other than bank and state sources because of the recession. However, the future development of the strategy can be boosted by the presence of the university and technological institutes of the territory to innovate in RIS sectors.

### 9.14 Copenhagen

<table>
<thead>
<tr>
<th><strong>CASE STUDY SUMMARY</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives of the SME and entrepreneurship policy</strong></td>
<td>To improve growth, production and competition of the SMEs. Secure the gaps and development of SMEs. This is supported by the Vaeksthus organisation and the local government, which works best for SMEs, from coaching to helping in taking the right decision.</td>
</tr>
<tr>
<td><strong>Success factors</strong></td>
<td>We believe that it is valuable to have a free of charge system, open to new ideas, to support SMEs and start-ups, making sure that they do not start to fail.</td>
</tr>
<tr>
<td><strong>Potential obstacles</strong></td>
<td>From an external perspective, it might be confusing for entrepreneurs or start-ups to choose whom to approach, as different units (local-regional) offer more or less the same services. There is always a discussion regarding services from the municipality and the Væksthuset services.</td>
</tr>
<tr>
<td><strong>Actors involved</strong></td>
<td>Southern Denmark Vaeksthus (Regional Business Development Agency), Region, Municipality of Copenhagen, Trade Council, Ministry of Foreign Affairs, Ministry of Business Authority.</td>
</tr>
<tr>
<td><strong>Degree of ownership</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Transfer potential</strong></td>
<td>We were inspired by other DK regions, such as the Midtjylland region, as it has strong services how to encourage growth of SMEs.</td>
</tr>
<tr>
<td><strong>Integration into the European multi-level system</strong></td>
<td>The regions are responsible for the provision of EU funding, they are the regional policy makers, without direct contact to the businesses.</td>
</tr>
</tbody>
</table>
## Division of competences within the multi-level governance model

<table>
<thead>
<tr>
<th>National Level</th>
<th>Regional Level</th>
<th>Local Level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Southern Denmark Væksthus (Regional Business Development Agency), Region, Trade Council, Ministry of Foreign Affairs, Ministry of Business Authority.</td>
<td>Municipality of Copenhagen</td>
</tr>
</tbody>
</table>

### Types of participating actors at regional level

The National Ministry of Business Authority defines policies for SMEs and the right conditions for growth. The regions are responsible for the provision of EU funding; they are the regional policy makers, but not in contact with the companies. They ensure attractive terms for companies.

Further players at the national level are the Ministry of Foreign Affairs and the Trade Council, which both are addressed by the local level and Vaeksthus when advice and services for a particular business case are needed.

The most important player is the Southern Denmark Vaeksthus (Regional Business Development Agency). It is owned by the municipalities and offers advice and help to SMEs. It develops the strategy outlined by the municipality.

At the local level the municipality of Copenhagen has developed a strategy for SME and start-ups – as well as other municipalities.

### Tools used

There is a SME and entrepreneurship policy by the municipality of Copenhagen and a accorded policy of the Regional Business Development Agency Vaeksthus.

Towards the SMEs and entrepreneurs, there are tailor-made tools that are specifically designed case by case (making use of a variety of in-house and external experts), for which Vaeksthus and the municipality are responsible.

### Interaction between different governance levels

There are some joint initiatives and co-operations of the municipality of Copenhagen with other levels, especially the Væksthus. Regular meetings help ensuring that different levels have a coherent but not overlapping strategy.

The municipality of Copenhagen makes SMEs able to take the appropriate decisions to start their business. We focus on start-ups that have an idea and can be clear about their business, then can take decisions and execute them. We do that by gathering authorities, also tax authorities etc. to help them, but we also offer one to one advice.
### CASE STUDY SUMMARY

**Objectives of the SME and entrepreneurship policy**

The key strategic orientations are established by a panel of cross-sectoral actors, which steers for instance programmes of support for SME such as “Lyon, Ville de l’entrepreneuriat”. The programmes concretely provides coaching services, accompany start-ups to foster the strength of Lyon Metropolis’ socio-economic fabric. Along those lines, more specific objectives focus on stimulating innovation (encouraging the circulation of information and competences), increasing the concentration of different actors in the territory (attractiveness), and increasing competitiveness to put the brakes on business delocalisation (strategy of territorial anchoring).

**Success factors**

- Implement a common strategy of economic development in agreement with the sector development strategy
- Create large partnerships between diverse actors enabling the creation of added value.
- Focus on technologies (ITC) and high growth potential markets.
- Reach a group significant enough to acquire and develop a visibility at the international level.

**Potential obstacles**

- Reduction of public support, notably funding.
- On the short term, the changing role of the regions in France (more direct engagement) will create difficulties.

**Actors involved**

The main actors stated are the city hall of Lyon (Lyon Metropolis), the Chamber of Commerce and industry, trade association (Medef) the region Rhône-Alpes.

**Degree of ownership**

Recently, the degree of ownership of SME related policies, projects or programmes tend to be particularly high at the region’s level. Indeed, whereas the responsibilities (in particular direct support to entrepreneurs) were more generally delegated to local authorities, these now remain in the hands of the MA. At the local level, the increased involvement of a wider range of actors, who are not only consulted but also have a say in the decision making (from the formulation of strategic approaches to the implementation of SME policies for instance). The role offered to those actors and the transparency of the governance structure have without a doubt contributed to the increase in the sense of ownership of the actors (semi-public and private) at the local level.

**Transfer potential**

Transferability has been deemed particularly relevant at the level of the EU, where case studies of other EU cities’ initiatives (on SME and entrepreneurship support via the development of clusters for e.g.) showed great potential for collaboration and exchange.

**Integration into the European multi-level system**

Cities have become key actors of change, transforming and expanding governance models and structure, thereby becoming entrepreneurial cities. Lyon Metropolis has for long gone down this path. Lyon Metropolis is a pioneer of entrepreneurship at the local level as demonstrated by its outstanding forward-looking entrepreneurial vision.
<table>
<thead>
<tr>
<th>Summary of the Governance Model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National Level</strong></td>
</tr>
<tr>
<td><strong>Regional Level</strong></td>
</tr>
<tr>
<td><strong>Local Level</strong></td>
</tr>
</tbody>
</table>

**Types of participating actors at regional level**

Lyon’s territorial governance for SME and entrepreneurship policy was initially elaborated by a relatively limited number of institutional actors, which resulted in the creation of a sound governance framework, namely the Grand Lyon, l’Esprit d’entreprise (which also integrate the SME support programme Lyon, Ville de l’Entrepreneuriat). This approach aims at creating short circuits between different institutions involved in framing the metropolis’ SME and entrepreneurship policy. Moreover, “Grand Lyon, L’esprit entreprise” aims at fostering efficient decision-making procedures (based on consensus and compromises) to ultimately ensure the coherence of the action plan, and beyond, establish a sound image of coherence vis à vis the exterior. “Grand Lyon, L’esprit entreprise” is an institutional governance approach but does not have a decision power.

A large number of actors are now involved in the shaping of SME support related projects, institutional ones such the regional managing authority, Lyon Metropolis but also technical committees and NGOs supporting entrepreneurs.

**Tools used**

Various instruments have been used to assess the needs and opportunities of the agglomeration of Lyon, SWOT analyses are for instance commonly used. Benchmarking techniques are also used to see how the city performs with regards to the entrepreneurial dynamism and attractiveness of the city Vs. other leading EU cities and at the international level. “Benchmarking policy integration” is also a tool for improving the integration of policies with the specific governance structure of the city.

Lyon Metropolis is responsible for the content development and implementation of all tools. However, during all stages of the tool development and implementation, all actors of the Grand Lyon, l’Esprit d’entreprise are actively contributing.

The sharing of experiences and best practices between EU cities appears essential to foster innovative governance ideas for SME and entrepreneurship policy. Likewise, the factors hindering the governance models and structures need to be reported. The outcome of such gathering shall be transmitted to higher EU authorities, which is turn, ought to comment and reflect on the issues at stake as well as opportunities.

According to the interviewee, the integration of cities within the SME and entrepreneurship policy cycle should be mainstreamed. A regional representation in the annual SME performance review could be a good opportunity.

**Interaction between different governance levels**

Since the case study focuses on Lyon, the most significant interactions are reported to be occurring within various actors at the local level. The governance approach for SME and entrepreneurship policy adopted and developed in Lyon actively engages with actors from the public and private spheres.
The role redistribution from national to regional is currently challenging but represents a positive evolution, a new window of opportunities, once all the necessary adjustment are implemented and accepted.

“PACTE PME” was launched in October 2015 and aims at strengthening relations between SMEs and different actors (Chamber of commerce, trade associations). Additionally, coaching is providing and numerous start-ups, entrepreneurs can have the opportunity to be connected to business angels for instance. Indeed, finding new sources of funding is a key obstacle, hindering any governance model development.

### 9.16 Tel Aviv

<table>
<thead>
<tr>
<th>CASE STUDY SUMMARY</th>
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</thead>
<tbody>
<tr>
<td><strong>Objectives of the SME and entrepreneurship policy</strong></td>
</tr>
</tbody>
</table>
| Strong focus on innovation and start-ups:  
(a) to promote the local eco-system: ensure that people know how strong Tel Aviv ecosystem is (Tel Aviv on the radar), especially young people and entrepreneurs.  
(b) to support the local ecosystem by making local living and local office space more affordable (housing, business offices, taxes)  
(c) to internationalize Tel Aviv’s start up ecosystem, although the competences for Visa and immigration fall into the competences of the national government. Policy and lobby at national institutions and encourage international players and entrepreneurs to spend time in Tel Aviv. Offer for local start-up business to scale up abroad. |
| **Success factors** |
| All in all the entrepreneurial culture in Tel Aviv seems to be the key asset towards start-up development. Everything that happens in Tel Aviv happens as a result of the good economy system. The administrative processes were however streamlined so that start-ups have a contact point in the municipality, helping them according to their needs. Further the obstacle of affordable office space was met with the creation of several co-workings spaces. There is not a lack of capital (also venture capital and FDI) due to the links to Silicon Valley and Israel. |
| **Potential obstacles** |
| The demand for skilled workforce is higher than the supply in the region, although the skills of the residents educated in Israel is very high. The innovative start-ups of Tel Aviv work for a global marked, thus outsourcing and leaving the city when scaling up is a problem faced. |
| **Actors involved** |
| Municipality of Tel Aviv – Jaffo  
Tel Aviv Global an agency promoting the economic-system for start-ups  
Chief Knowledge Officer, Chief Finance Officer of the City  
National Ministry of Economy (Start-up Visa for entrepreneurial visitors)  
National Import/Export Institute  
Ministry of foreign affairs |
| **Degree of ownership** |
| The degree of ownership is very high. The importance of innovative start-ups for Tel Aviv is anticipated by all actors and the city is promoted by national and local institutions. |
Transfer potential

Tel Aviv learned from other regions in Europe and the US when setting up the agency Tel Aviv Global to promote the city as innovative start-up region. The high commitment of several actors and the business-like attitude (quick, targeted actions towards their “clients”) promoted also by important actors in the municipality helps to meet the needs of start-ups.

Integration into the European multi-level system

n.a.

<table>
<thead>
<tr>
<th>Division of competences within the multi-level governance model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National Level</strong></td>
</tr>
<tr>
<td>Office of the Chief Scientist (SME development as well as entrepreneurship and innovation) Israel Small and Medium Enterprises Authority (ISMEA)</td>
</tr>
<tr>
<td>Ministry of Economics</td>
</tr>
<tr>
<td>Import/Export Institute</td>
</tr>
<tr>
<td>Ministry of Foreign Affairs</td>
</tr>
<tr>
<td><strong>Regional Level</strong></td>
</tr>
<tr>
<td>-</td>
</tr>
<tr>
<td><strong>Local Level</strong></td>
</tr>
<tr>
<td>Tel Aviv-Yafo Municipality</td>
</tr>
<tr>
<td>Office of the Mayor</td>
</tr>
<tr>
<td>Tel Aviv Global (entrepreneurship &amp; innovation)</td>
</tr>
<tr>
<td>Tel Aviv-Yafo Economic Development Authority (SME)</td>
</tr>
<tr>
<td>Chief Knowledge Officer, Chief financial Officer</td>
</tr>
</tbody>
</table>

Types of participating actors at local level

In Israel there is no regional governance level, but National and local (municipal) authorities. Support of SMEs is in the competence of different institutions than entrepreneurship and innovation. In the course of the case study, we focus on entrepreneurship and innovation, which is driven by the municipal-owned institution Tel Aviv Global, the office of the mayor, the local chief knowledge officer and the chief financial officer.

The support of SMEs in Israel lies in the hands of the Israel Small and Medium Enterprises Authority (ISMEA), which established Small Business Development Centers (MATI Centers) in several cities, acting as a one-stop-shop for the entrepreneur or business owner (professional advice, training and referral to sources of finance).

In Tel Aviv strong focus lies on the attraction and support of innovative start-ups. Tel Aviv Global is an agency set up to promote Tel Aviv’s economic system globally, especially to young people and entrepreneurs. Tel Aviv Global is aiming at internationalizing Tel Aviv’s start up ecosystem, although the competences for Visa and immigration fall into the competences of the national government (Ministry of Economy). Its lobbies at local and national institutions and encourage international players and entrepreneurs to spend time in Tel Aviv and offers services for local start-up business to scale up abroad.

The municipality supports the local ecosystem by making local living and local office space more affordable (housing, business offices, taxes). A local contact point is available for questions of start-ups and links entrepreneurs with the respective administrative units.
**Tools used**

The latest strategic plan is “Tel Aviv Global Work Plan 2015-2016”. It is published by Tel Aviv Global and sets baselines and targets for the developments as well as measures to reach these targets.

Specific tools towards start-up support, all in the responsibility of the municipality are:

The city provides **tax discounts for start-ups that engage in R&D** in order to attract start-ups to Tel Aviv. Further there are subsidies for costs of working space.

Very important is further the **“International Promotion of the Economic System”**: hosting of press delegations by the city as well as the National Ministry of Foreign affairs and the Israeli embassies in Europe and the US. The aim is to put Tel Aviv’s success on the map of a global audience.

**Streamlining of administrative processes**: enabling start-ups to work closely with the municipality, e.g. using start-up knowledge to solve municipal problems (with open data; hackathons) Responsibilities for content and implementation.

**Interaction between different governance levels**

The agency Tel Aviv Global works strongly together with all actors and lobbies for the objectives set in the innovative start-up strategy. In its daily routines it is in contact with the relevant national and local bodies.

Several actions are also taken to connect entrepreneurs; however they are hosting their own networks using latest networking applications.

The city makes use of new start-ups to provide new services (e.g. Smart City Services) to their citizens.
## 10. Annex III: Questionnaire

### A) Economy: GDP – Euro per capita

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Answer categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Employment: % Self-employment on employment</td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Unemployment: % of active population</td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>Business demography: Number of enterprises latest year</td>
<td></td>
</tr>
<tr>
<td>1.4</td>
<td>Business demography: Enterprise growth rate in %</td>
<td></td>
</tr>
<tr>
<td>1.5</td>
<td>Business demography: Enterprises surviving a 5-year period</td>
<td></td>
</tr>
<tr>
<td>1.6</td>
<td>Education: % ISCED 5-8 on all 30-34 year olds</td>
<td></td>
</tr>
<tr>
<td>1.7</td>
<td>Innovation: Patent applications</td>
<td></td>
</tr>
<tr>
<td>1.8</td>
<td>Gross domestic investment in research in % per GDP (NUTS2)</td>
<td></td>
</tr>
</tbody>
</table>

### B) Results of SWOT analysis (for EER regions only)

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Answer categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Strengths</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Weaknesses</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Opportunities</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Threats</td>
<td></td>
</tr>
</tbody>
</table>

### C. Objectives of the SME and entrepreneurship policy (for all regions)

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Answer categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>According to the desk research, the main objectives of the SME and entrepreneurship policy regarding governance are: Do you agree?</td>
<td></td>
</tr>
</tbody>
</table>

### 1. EER process shaping governance (for EER regions only)

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Answer categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>For the EER application you used a SWOT analysis to develop your EER strategy. To what extent did this help you further develop and better target your entrepreneurship policy?</td>
<td>highly/somewhat/not at all</td>
</tr>
<tr>
<td>12</td>
<td>Did you use the SWOT analysis exclusively for your EER application, or do you continue to use this or similar tools in your policy development?</td>
<td>exclusively/continue to use it</td>
</tr>
<tr>
<td>12,1</td>
<td>At which occasions do you use the SWOT?</td>
<td></td>
</tr>
<tr>
<td>12,2</td>
<td>Which other tools are used?</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>How did you build your “EER communities”?</td>
<td>With which partners/institutions?</td>
</tr>
<tr>
<td>13,2</td>
<td>With which partners, what were the roles of these partners?</td>
<td>What were the roles of these partners?</td>
</tr>
<tr>
<td>13,3</td>
<td>What were the roles of these partners?</td>
<td></td>
</tr>
<tr>
<td>13,4</td>
<td>Did you build mostly on existing structures or did you develop something new?</td>
<td>existing structures/something new</td>
</tr>
<tr>
<td>13,5</td>
<td>if relevant: What was new?</td>
<td>if relevant: What was new?</td>
</tr>
<tr>
<td>No.</td>
<td>Question</td>
<td>Answer categories</td>
</tr>
<tr>
<td>-----</td>
<td>---------------------------------------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>14</td>
<td>Did the EER process and the setting up of an EER community bring about lasting changes in your relationships with stakeholders and between government levels?</td>
<td>yes/no</td>
</tr>
</tbody>
</table>

2. Governance structure, role and competences of public authorities, interactions (for all regions) – In parallel, reflect on and discuss the elements of the sketch

<p>| 21  | Please identify the most important institutions at each governance level (local, regional national) with regard to SME and entrepreneurship policy. What are their roles/competences? Please select: – providing regulatory and legal frameworks – implementation of entrepreneurial policies – development of strategies – legal body, representation of its members – offering of services, e.g. advisory, mentoring, consulting, seminars, events, start-up centres – establishment of networks – provision of funding, investment – mere consultation without decision making – active participation in different actions in the development – others, please specify | Name of institution |
| 22  | What are the most important interactions existing between the different governance levels (local, regional macro-regional, national, EU-Level)? Please specify information on the relations in the comment section Please select: joint initiatives | from level/to level |
|     | joint strategies | joint bodies | joint decision making | funding flows | meetings of bodies | mere consultation | mere information | several joint actions | others, please specify in comment | none |
| 23  | Please select and name the four (4) most important/influential interactions in question 23 e.g. from national ministry to regional authority |  |
| 23,1| How intensely do these selected governance levels interact? regularly/sometimes/seldom/never |
| 23,2| Assess the quality of these four interactions (is it serving the purpose of fostering SME and entrepreneurship policy?) totally/partially/not at all |
| 23,3| Please describe in particular interaction between the EU level and regional and local levels. |
| 24  | Were there the changes in the governance structure in the last 5 years? What changed and why? |
| 25,1| Were these changes in the structure the result of an active policy intervention (e.g. creation of a new network or body) by the local or regional authorities, or rather due to an “organic” development of the ecosystem? creation of new network, body/organic development |</p>
<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Answer categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Roles and actions of other actors (for all regions) – – In parallel, reflect on and discuss the elements of the sketch</td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>What other actors contribute? What are their roles?</td>
<td>actors/role</td>
</tr>
<tr>
<td></td>
<td>– implementation of entrepreneurial policies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– legal body, representation of its members</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– offering of services, e.g. mentoring, consulting, seminars, events, start-up centres</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– funding, investment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– mere consultation of stakeholders</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– active participation of different actions in the development</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– lobbying for changes without empowerment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– Receiver (being informed only)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– others, please specify</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– not relevant</td>
<td></td>
</tr>
<tr>
<td></td>
<td>– no role</td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>What is the importance of informal networks, personal relationships, local business clusters, etc.?</td>
<td>very important/important/not at all important/unknown</td>
</tr>
<tr>
<td>4</td>
<td>Actions and tools used to create an attractive and supportive environment for SMEs in the region (for all regions)</td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>Which tools/actions are used to create an attractive and supportive environment for SMEs?</td>
<td>Multiple answers possible: Strategic plans and documents/funding, financial instruments/establishment of networks/impact assessments/monitoring/evaluation/planning methods such as strategic foresight/SWOT analysis/horizon scanning/trend extrapolation/bottom up approaches/business driven partnerships/“soft touch” approaches/Other: …</td>
</tr>
<tr>
<td>41,1</td>
<td>Please describe each of the tools above in short</td>
<td></td>
</tr>
<tr>
<td>41,2</td>
<td>Which institutions and actors are responsible for the content of these tools?</td>
<td>Please state the actors responsible for the above tool</td>
</tr>
<tr>
<td>41,3</td>
<td>Which institutions and actors are responsible for the implementation of these tools?</td>
<td>Please state the actors responsible for the above tool</td>
</tr>
<tr>
<td>41,4</td>
<td>Which steps would you see as necessary to ensure that the needs of regions and cities are taken into account in shaping EU SME policy?</td>
<td>e.g. Regional SME envoys; regional SBA fact sheets</td>
</tr>
<tr>
<td>No.</td>
<td>Question</td>
<td>Answer categories</td>
</tr>
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<td>-----</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>5.</td>
<td><strong>Good practices and obstacles in the field of governance of SME/entrepreneurship policy</strong> <em>(for all regions)</em></td>
<td></td>
</tr>
<tr>
<td>51</td>
<td>What specific SME support measures targeting issues of governance, partnership, cooperation among different stakeholders have supported an increase in SME creation and development? How?</td>
<td>mentoring schemes, financial support, joint raising awareness campaigns, entrepreneurial municipalities, assistance in Canvas model, supporting creation of legal firms, transfer of businesses, entrepreneurial days, speedup initiatives, entrepreneur of the month, networking opportunities, incubation of firms at the early stages, …</td>
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<td>52</td>
<td>Did you get inspired by the governance structures from other regions in the past? <em>(specify the region in the comment section)</em> Did this initiate a change in your governance structure?</td>
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<tr>
<td>53</td>
<td>Can you name possible <em>(future)</em> innovative regulatory or administrative aspects at regional and local level <em>(such as voluntary regulation, sunset clauses, limited rules zones etc.)</em> to foster SME creation and development?</td>
<td></td>
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<tr>
<td>54</td>
<td>What are the main obstacles in the governance of SME and entrepreneurship policy at local and regional level?</td>
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<td>55</td>
<td>Can you identify exogenous growth factors for SME creation influencing the growth and development of SMEs? <em>(e.g. changes in market demand, financial crisis)</em></td>
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<td>6.</td>
<td><strong>Concluding question</strong> <em>(for all regions)</em></td>
<td></td>
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<tr>
<td>61</td>
<td>What are the three most essential aspects to ensure effective governance processes in regional/local SME policy?</td>
<td></td>
</tr>
</tbody>
</table>
11. References


Bulkeley, H., & Kristine, K. (2006). *Local government and the governing of climate change in Germany and the UK.*


Hooghe, L., & Marks, G. (2001). *Types of Multi-Level Governance.* EloP.


