

# Leverage from the EU for **Entrepreneurship**

**Structural Fund period 2007–2013**



European Union  
European Regional Development Fund  
European Social Fund

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# Leverage from the EU for Entrepreneurship

EU funding improves Finnish know-how, employment and competitiveness. The aim is to ensure that Finland is a country with jobs, skilled people, a favourable atmosphere for new ideas and successful companies as well as a good environment in which to make a home, to live and to work. Assistance for the establishment and development of small and medium-sized companies plays a key role in the effort to reach these objectives. The objective of EU funding is to provide the best possible preconditions for entrepreneurship everywhere in Finland.

EU funding promotes the competitiveness and growth of companies and thereby boosts employment. The funding is intended especially to speed up the establishment, development, know-how and growth of SMEs. The intention is to direct funding particularly towards innovative new companies and growth companies, as well as companies at a watershed in their operations, such as companies preparing for a business succession. Service sector companies which are rapidly increasing in number and creating new jobs constitute a new area of focus. New businesses are sought after particularly in the creative sectors, the welfare sector and women's entrepreneurship.

Funding is targeted at high-quality projects that promote business activity and improve the long term competitiveness of companies. Funding will concentrate especially on production and service sectors that are central to economic growth, employment, competitiveness and the improvement of productivity.

In addition to the development of individual companies, EU funding can also be granted to increase networking and improve the operating environment of companies. EU funding also makes education, development programmes and experts available to the entrepreneur. The skills of the management and personnel of companies boost competitiveness and productivity.

# Support for developing Entrepreneurship

## from the EU's Structural Funds

Support for the development of businesses is available from the European Regional Development Fund (ERDF) and the European Social Fund (ESF).

**The European Regional Development Fund** supports both the development of individual companies and the operating environment of companies. The assistance is targeted both at existing companies and start-up companies. The intention of the development of the operating environment is to offer companies the services they need and create the basis for cooperation networks that support business.

From the point of view of businesses, the funding of the **European Social Fund** can be used, for example, to train the personnel and management of the company, develop the operations of a companies or groups of companies or seek advice and expertise on business activities.

## An individual company can develop its products and operations, train its staff and receive aid for growth from the leverage of Structural Funds

**In the 1990s**, Allu Finland Oy, a start-up based in Hollola, started to receive support from the ERDF for its ambitious plans for expanding abroad. Today, 85 per cent of the net sales of Allu, which manufactures devices for soil cultivation and the environmental sector, come from abroad.

**Nordlift Oy**, based in Sodankylä, has received funding from the ESF and ERDF to develop its heavy-duty cranes into a top international product.

**Kuljetus M. Kovalainen**, based in Pello, has utilised the ESF-funded management training and development programme Hallittu kasvu, HAKA [managed growth] designed for the management of growth companies. The company has also received aid from the ERDF through the Lapland Employment and Economic Development Centre to develop its information systems.



**Wetend Oy**, a research and development company based in Savonlinna, is an excellent example of fruitful cooperation between a company and university. The company develops products for the mixing and care of additives used in the pulp and paper industry. The Fiber Laboratory research unit of Lappeenranta University of Technology participates in product development. Wetend has received support from the ERDF for the development and internationalisation of its operations.

The European Regional Development Fund (ERDF) and European Social Fund (ESF) also provide support for the development of individual companies.



# Effects on the environment, cooperation and equality under a magnifying glass

The evaluation of environmental impacts is an essential part of projects that receive assistance from the EU. The best for the environment is achieved when the environmental impacts of projects – both good and bad – are recognised already at the stage when the projects are chosen. Finland’s own legislation also requires that the impacts of projects on the environment are assessed.

Cooperation at different levels – such as between the parties that implement the projects, the authorities, industry and commerce, other organisations – takes place at all stages of the projects. Partnership and doing things together are encouraged both during the planning of projects and during the implementation phase.

The promotion of equality in all of society, such as between the sexes, and between people of different ages and population groups, is also one of the criteria of EU assistance. In addition, national legislation requires that attention be paid to gender equality in the implementation of projects.

## Turku Market Hall’s new life

In 2001, the businesspeople of Turku Market Hall were worried about the Market Hall’s future. The sales of the companies in the Market Hall were falling, the entrepreneurs were approaching a change of generation, and many of the merchant stalls were empty. The operations of the Market Hall needed a new injection of vigour.

Turun Kauppahalliyhdistys ry [Turku Market Hall Association] took up this challenge. The association, made up of the merchants of the

Market Hall, decided that something had to be done to secure the way of life of the businesspeople. They went to work with the assistance of the City of Turku and the ESF, and in 2006 the Market Hall already had a plan of business operations and Internet pages to respond to the new challenges. The people had received training, about ten changes of generation had been carried out and the Turku Market Hall was networking with the market halls of other cities.

Project Manager Heikki Samsten says that in the opinion of the merchants, the success of the project exceeded their expectations. “Right now all of the Market Hall’s merchant stalls are in use, the numbers of visitors are increasingly steadily and the companies have been able to hire additional staff. The companies are investing in their own development, and 90 percent have renovated their premises.”

“The project helped us to start a structural change and reinforced our

# EU assistance is directed via programmes

Programmes, through which EU assistance is directed, are approved for a seven-year period. The current period covers the years 2007–2013. EU funding has been reserved separately for each year.

The funding of the European Regional Development Fund is distributed during the 2007–2013 period via five regional programmes in southern, eastern, western, and northern Finland, and in Åland. The programmes are based on the development needs of each region. The programmes define the strategy, measures and funding directed at them, as well as indicators to measure the results of the operations.

In mainland Finland the funding of the European Social Fund is distributed via one programme that is divided between a nationwide part and regional parts. The programmes are described in more detail in programme-specific brochures.

confidence in the future,” Samsten says. The businesspeople of the Market Hall have really worked together and Samsten says that the project allowed him to form an excellent network of contacts. “Personally, I’ve gained a lot from the project. The most important benefit has been the realisation that change is possible. I wish everyone contemplating their own project will find the necessary courage and persistence, and will dare to ask the right questions!”



A person wearing a white lab coat is holding a small, dark vial with a white cap. The person's face is blurred in the background. The entire scene is bathed in a blue light. In the top right corner, there is a decorative graphic of white, wavy lines.

Enterprises, educational institutions, research institutes, municipalities, and other societies or their combinations can apply for funding for their projects from the EU.



# Further information

## What does EU assistance mean in practice?

In practice, EU assistance means that part of the public funding allocated to a project is EU funding either from the European Regional Development Fund or European Social Fund and part is national public funding. In addition to the public assistance, the project must also include the financing provided by the party implementing the project. The type and amount of assistance varies depending on the public financier, content of the project and national legislation.

## Where can EU assistance be applied for and where is additional information available?

The most important public financiers for entrepreneurship are the Employment and Economic Development Centres, Finnvera plc and the Finnish Funding Agency for Technology and Innovation (TEKES). The Employment and Economic Development Centres grant assistance to different development projects of individual enterprises as well as larger projects that develop the operating environment of

## Who can apply for EU assistance?

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enterprises. Finnvera plc grants loans and securities. TEKES finances R&D project of enterprises and research institutes. In addition, the Regional Councils also finance business development projects.

Public financiers describe the procedures for applying for funding, and the possible application periods, on their own Internet pages. Contact information for the financiers is listed at the end of the brochure.

# For what kinds of projects can assistance be applied for from the European Regional Development Fund?

The European Regional Development Fund supports both the development of individual companies and the operating environment of companies.

The objective is that companies throughout Finland will be vital and competitive.

## **Support for the development of an individual company**

At a concrete level, support for the development of the operations of an individual company may include, for example, the following:

- development of products, services and production methods and facilitation of their introduction
- creation of new technologies and strengthening of the know-how, application and introduction associated with them
- support for the growth of companies and expansion of business activity
- assistance in the internationalisation of business and market surveys
- promotion of the creation of new lines of businesses and support for start-up companies
- development of the product development operations of companies and support for the productisation and commercialisation of innovations.

## **Support for the development of the operating environment of companies**

At a concrete level, support for the development of the operating environment of companies may include, for example, the following:

- services needed by companies
- business incubators
- venture capital investment
- cooperation by SMEs, networks of companies, networking, clusters
- diversification and strengthening of the regional business structure
- cooperation between companies and educational and research institutions and other public bodies
- development of research, know-how and innovation environments that support business activity.



# For what kinds of projects can assistance be applied for from the European Social Fund?

The European Social Fund boosts employment and promotes equality. The intention is to achieve the objectives by various development programmes, acquisition of expert services and education.

The funding of the European Social Fund is used to

- assist start-up companies by providing funding and training in entrepreneurship at the establishment stage
- implement management development programmes and improve management skills
- develop the skills of personnel
- support companies undergoing a change of ownership, a transfer of business into the next generation, and other major changes
- improve entrepreneurial skills and develop business concepts
- improve the ability of companies to operate internationally
- invest in the improvement of the quality of research and innovation activities
- create innovation networks
- increase the introduction, and the efficient and knowledgeable utilisation, of new information and communication technologies
- develop various forms of entrepreneurship and support various groups of entrepreneurs, such as women entrepreneurs, social companies and academic entrepreneurship
- implement company-specific training programmes for SMEs.

# What do I need to do to get EU assistance

If you have an idea for a project to develop your company or the operating environment of companies for which you would like to seek EU funding, you can proceed as follows:

- Get together a group of people who are interested in the idea and who are willing to develop the idea further. Include people who are directly concerned with the development. Ensure that your idea has the support of your own organisation and of the required partners.
- Contact a public financier operating in your region so you can discuss your initiative. It is a good idea to get in touch with financiers right at the planning stage of the project, so that it will move smoothly in the right direction.
- In addition to the EU programmes, find out about the regional strategic programmes and their implementation plans.

## Hundreds of new companies every year

Even the best business idea can remain just a dream if it feels like too much to carry it out in practice. But help is available from business centres, where you can spar your business idea with an expert and prepare a business plan, think about how to get the start-up funding, and plan how to make the business profitable.

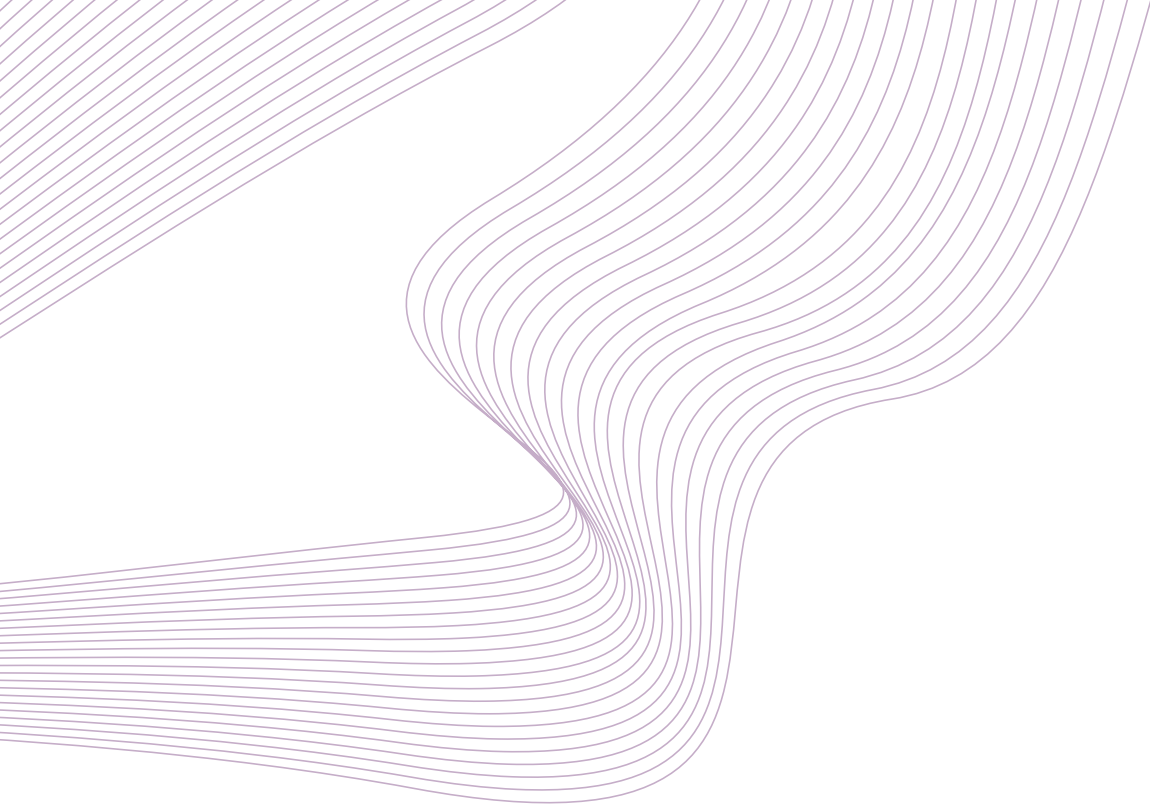
Silta yrittäjyyteen – Lahden alueen uusrityskeskus ry [Bridge to Entrepreneurship – Lahti region

business centre], founded in 2005, operates in the Päijät-Häme region. In 2007, the business centre received funding from European Regional Development Fund for the consolidation and development of its operations.

“The follow-up project is an excellent example of how much it is possible to achieve with a reasonably small amount of money,” says Managing Director **Sari Suominen**. “Today, one third of new companies in Päijät-Häme are established with the

assistance of the Lahti region business centre,” Suominen adds. The customers of the business centre, which has a staff of four, establish 300 companies each year. About half of the centre’s customers are women, and there are also many customers with an immigrant background.

Suominen says that there has been excellent feedback in particular about cooperation with companies of experts in the private sector. “Our customers receive a clear benefit



- EU funding is always granted for a project that is limited in time and in content. A project plan is always drawn up and it includes the project's content, objectives and stages, division of work, budget and financing plan, and an implementation schedule.
- The application for assistance is completed electronically using the EURA2007 system for the majority of projects. Applications for assistance granted by the Employment and Economic Development Centres, research and development financing from Tekes, and loans and guarantees from Finnvera Plc are carried

out, however, using their own application forms and procedures. Further information on submitting applications can be gained from the public financiers.

- You can find out about EU programmes and their objectives, application periods for funding and other terms and conditions on the Internet at the address [www.structuralfunds.fi](http://www.structuralfunds.fi). The page has links to the Internet sites of your own region and public financiers. Financiers also provide expert advice during the planning and start-up phases of the project.

from the project: advice on how to start a business, counseling on how to build the company, and contacts with other entrepreneurs. I have learned a lot from the work myself," Suominen says.

"With the project funding it would have been impossible to accomplish all this," Suominen says, and reminds us that plans and applications should be prepared thoroughly. "Well-planned is half-done."





# Other Financing Opportunities

The European Agricultural Fund for Rural Development supports the projects of micro-enterprises operating in rural areas. Additional information is available from the Internet pages of the Ministry of Agriculture and Forestry at [www.mmm.fi](http://www.mmm.fi) or from Employment and Economic Development Centres at [www.te-keskus.fi](http://www.te-keskus.fi).

The Finnish Funding Agency for Technology and Innovation (Tekes) also funds research and development projects through product development loans.

Companies and public research units can participate in ongoing Tekes technology programmes through their own research and development projects. Additional information is available from Tekes's Internet pages at [www.tekes.fi](http://www.tekes.fi).

The European Union has other theme and framework programmes for the development of business activity. Additional information about these programmes is available on the Internet pages of the European Commission at [ec.europa.eu/enterprise/sme](http://ec.europa.eu/enterprise/sme).



## FINANCIERS

Finnvera Plc  
[www.finnvera.fi](http://www.finnvera.fi)

State Provincial offices  
[www.laaninhallitus.fi](http://www.laaninhallitus.fi)

Regional Councils  
[www.reg.fi](http://www.reg.fi)

Finnish National Board of  
Education  
[www.oph.fi](http://www.oph.fi)

Road Districts  
[www.tiehallinto.fi](http://www.tiehallinto.fi)

Finnish Funding Agency for  
Technology and Innovation  
Tekes  
[www.tekes.fi](http://www.tekes.fi)

Employment and Economic  
Development Centres  
[www.te-keskus.fi](http://www.te-keskus.fi)

Regional Environment Centres  
[www.environment.fi/ayk](http://www.environment.fi/ayk)

Ministry of Transport and  
Communications  
[www.lvm.fi](http://www.lvm.fi)

Ministry of Education  
[www.minedu.fi](http://www.minedu.fi)

Ministry of the Interior  
[www.intermin.fi](http://www.intermin.fi)

Ministry of Social Affairs and  
Health  
[www.stm.fi](http://www.stm.fi)

Ministry of Employment  
and the Economy  
[www.tem.fi](http://www.tem.fi)

Ministry of the Environment  
[www.environment.fi/ayk](http://www.environment.fi/ayk)

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**the EU**  
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