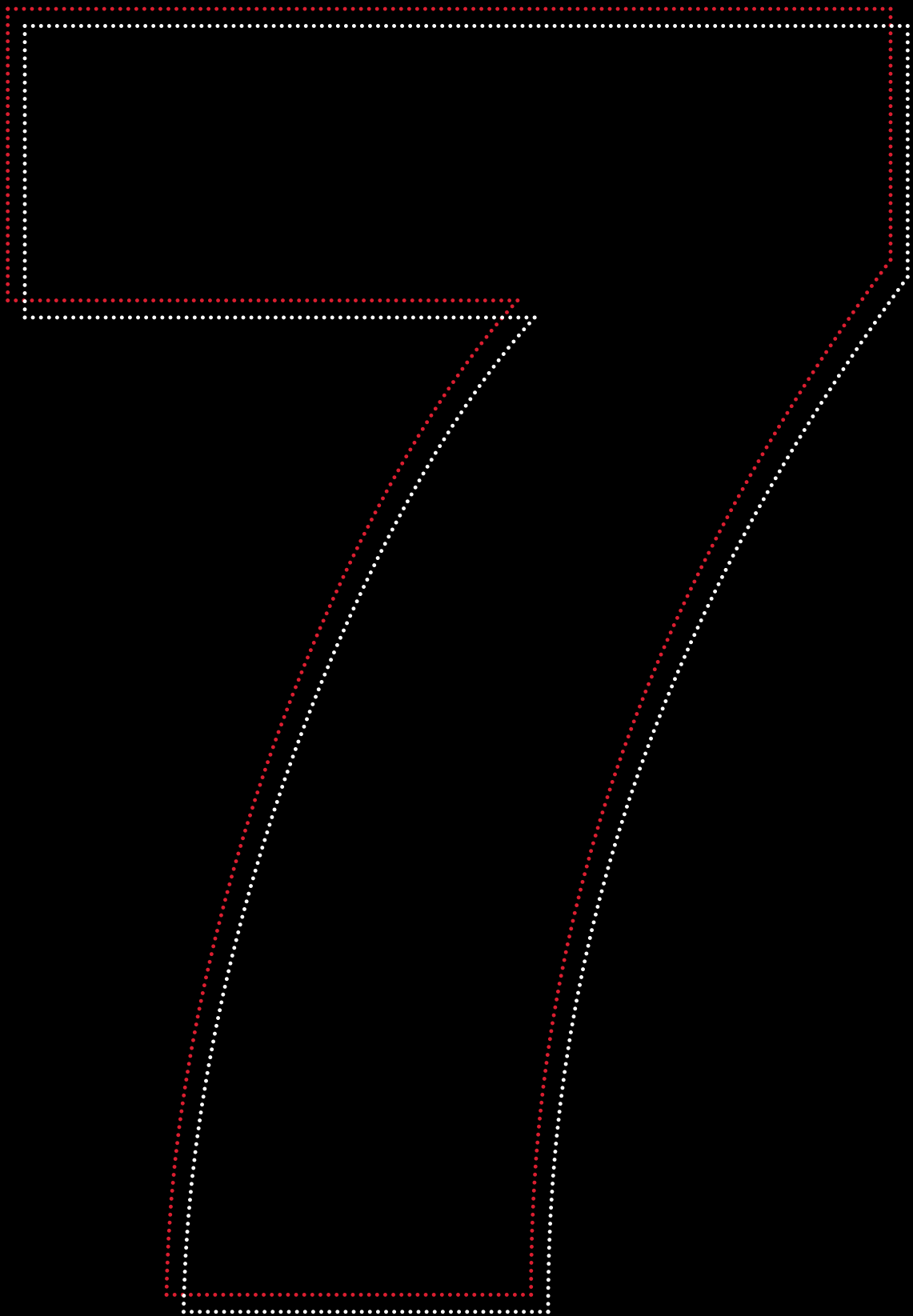


EXECUTIVE PAPERS

ENTREPRENEURSHIP, BUSINESS ANGELS, GRANTS AND GOVERNMENT FUNDS TO ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT



Following the decisions of the Lisbon European Council, the European economic and social policies have been oriented and adapted at national level, according to this new global strategy, creating for Portugal a new challenge but also a new opportunity.

The Portuguese Government has elected innovation and technologic development as the two main guiding lines of the National Technological Plan and of the Program for Sustainability and Growth (2010 – 2013).

In this context, considering innovation as the major driver for competitiveness, the quality of the economic development depends on the renewal of persons, companies and institutions and, above all, the appearance of entrepreneurs capable to make good use of opportunities, investing and creating wealth.

In the organizational context, innovation may be linked to performance and growth through improvements in efficiency, productivity, quality, competitive positioning, market share, etc.

Recently, we have faced the world's worst economic crisis since the 1930s. This crisis has reversed much of the progress achieved in Europe since 2000. We are now facing high levels of unemployment, sluggish structural growth and finance market pressure. The economic situation is improving, but the recovery is still fragile. At the same time, the world is moving fast and long-term challenges – globalization, pressure on resources, climate change, ageing – are intensifying

The Europe 2020 strategy put forward by the Commission sets out a vision of Europe's social market economy for the 21st century. It shows how the EU can come out stronger from the crisis and how it can be turned into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion.

1. THE PORTUGUESE FRAMEWORK

Like in the most developed contemporaneous societies, Portuguese economy faces today new and greater challenges in order to keep a sustainable growth and to assure the welfare.

We believe that those challenges are the result of movements linked to the globalisation process, the development of new IT and the incessant changes at the level of consumer's behaviour.

On the other hand, we also believe that those phenomena are the source of internal strain factors that work upon the individual competitive capacity, carrying to a strategic position viewing the new existing rules – new markets, hard to please consumers, new economic activities, and economic agents with more and more competitive strategies.

So it seems consensual, that the economic development depends on:

- The renewing process of persons, companies and organisations, as well as on,
- The existence of a well-balanced entrepreneurial sector, in terms of competitiveness, apt to provide opportunities for personal and collective valorisation.

This is the frame of the increasing attention paid to the promotion of innovative entrepreneurship and enterprise culture.

IAPMEI is the public agency under the Portuguese Ministry of Economy, Innovation and Development for fostering entrepreneurship and innovation.

The question is a dynamic way of detecting and getting economic profit from emerging opportunities, by people with special qualities and attitudes towards innovation and building of new projects.

Foster entrepreneurship, being a task that involves a great range of public and private agents, goes through a systemical approach favourable to the relationship among the actors and focused on the establishment of partnership and networking viewing to introduce a suitable behaviour towards systematic innovation, life-long awareness improvement and a quicker process of modernisation and economic growth.

Those were the guide principles of IAPMEI's recent intervention in the domain of entrepreneurship viewing to promote innovative start-ups towards a knowledge-based economy, as well as towards local development and growth.

2. FOSTERING ENTREPRE- NEURSHIP IN PORTUGAL

So the focus of this intervention is to foster the revitalization of the Portuguese Enterprise Structure, promoting the appearance of new managers and the start-up of new companies, in strategic sectors with high growth potential and great innovation, on one hand, and promoting the emergence of local enterprise initiatives within a logic of entrepreneurship of proximity.

To reach this objective IAPMEI recent initiatives make available a set of integrated tools viewing to qualify the entrepreneurs and their start-up projects, as well as work on a network basis involving up to 200 entities and agents of the entrepreneurship ecosystem.

The main objective of these schemes is to identify entrepreneurs with business ideas, provide technical support to the selected ideas viewing the development of the projects, as well as the facilitation of the access to befitting financial solutions.

The FINICIA Program promoted by IAPMEI, allows answering the entrepreneurs need all long the start-up process, making available tools to support them during the critical phases of the creation of a new company, namely:

- Promoting the systematic search and identification of business opportunities;
- Fostering innovative knowledge transfer from Portuguese research units to industry, combining seedfunding with scientific, financial and business advisory services – technology validation and appraisal, intellectual property protection, project design and management, contract research and licensing, formation of new companies;
- Helping the starting entrepreneurs to evaluate their entrepreneurial capacities;
- Reinforcing their knowledge capacities to write their business plan (or optimize them through the realisation of market studies or other kind of studies);
- Facilitating the access to finance;
- Supporting the start-up, consolidation and development of the new companies.

3. THE FINICIA PROGRAM

FINICIA has started out as a financial program is now an integrated assistance program that has financial solutions for the entrepreneurs. This evolution occurred because few projects were investment ready and a need was felt to add assistance services to the system.

The actual framework of FINICIA Program include four axels:

Axel Zero – aiming to bring to the market knowledge and accelerating the transfer of technology through pre seed venture capital and support for business plan, institutional facilitation, coaching and support for second round of financing, or industrial licensing

Axel 1 – aiming to support the start-up and early stage phases of projects with strong innovation content and growth potential, through early stage venture capital as well as support for business plan, institutional facilitation, coaching and support for second round of financing;

Axel 2 – viewing to support Emerging Small Scale Business with financial solutions based on early stage “micro venture capital”, microcredit and early-stage loans. The best projects included in this axel benefit also of support for business plan, institutional facilitation, coaching and support for second round of financing;

Axel 3 – viewing to support Business Initiatives of Regional Interest, through microcredit (township funds) as well as assistance in the fields of information, training, coaching and mentoring.

The methodology requires an almost tailor-made support service. In fact, each case is a case, what means

that departing from a standard framework, the support schemes, including the financial solutions, are designed having in consideration the characteristics of the entrepreneur (or of the team), namely individual education scope (level and areas of graduation) as well as professional and enterprise experience and his real needs to reinforce technical and management skills and the scope of project (technology intensity, sector of activity, market, dimension, regional location) is also taken in consideration.

Therefore, the proximity approach is fundamental. To provide local close assistance, a tight network of partners is available to meet the entrepreneurs' needs and also to promote the system and the link to the local companies and agents.

4. BUSINESS ANGELS SUPPORTS AND SOCIAL MICROCREDIT

The network also provides early detection of emerging projects, allowing investors to access overview of local information on new projects. This provides the best set up to encourage and mobilize business angels activities. Through a special funding line, the Government launched 56 business angels do-investment funds involving an amount of near 40 M€ have, and made available fiscal incentives to Business Angels.

These new measures aim to provide the more than 340 M€ available to venture capital funding with experienced business managers co-investors.

Moreover, to allow the all framework accessible to disadvantaged inclusive entrepreneurs, the Ministry of Work and Social Security has created a microcredit fund of 15 M€.

To complete these ongoing changes on entrepreneurship approach, there has been an extra effort put on entrepreneurship education.

Attending that several governmental departments are directly involved in this problematic, namely the Ministry of Education, the Ministry of Science, Technology and Higher Education, the Ministry of Economy, Innovation and Development, the Ministry of Work and Social Security and the Secretary of State of Youth and Sports, as well as other private and public relevant organizations, the main objective in this context is to capitalize on the initiatives carried on by the different ministries and institutions viewing to foster a long-life process.

During the last years, secondary schools, universities and polytechnics, in partnership with agencies of the ministries mentioned above, have promoted a broad range of initiatives to promote entrepreneurship, highlighting and raising awareness of the importance of entrepreneurship education in spurring economic growth, providing specific training and promoting contests of ideas and projects.

The next steps include the consolidation of the knowledge and good practices in entrepreneurship education (at national and international level) to enable the development of innovative new tools, approaches and delivery methods, the creation of standards as a mean for introducing entrepreneurship education into existing national, regional, and local curricula and launching a process in which the recommendations can be discussed on the regional, national and local levels and implemented with the involvement of key stakeholders.

And last but not the least, to provide recommendations to academia, the private sector and other actors on the

development and delivery of effective programmes for education for entrepreneurship.