

Interreg BSR OSIRIS

PROJECT PERIOD 3

GA 5.1 Developing Silver Financing Mechanism

REPORT

GA 5.1 Leader: **Riihimäki Business Development Company**
FINLAND

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1. INTRODUCTION

The scope of GA 5.1 was to develop **A Joint Operational Financing Mechanism** that responds to the financing needs of the silver economy and the innovation actors in the project regions (Finland, Estonia, Russia, Latvia, Lithuania, Denmark). Financing Mechanism will facilitate access to finance for organizations implementing innovation and smart specialization projects that exploit silver economy opportunities.

To overcome the financing gap that has a negative effect on the markets' introduction of innovative products/services and on RIS3 implementation each regional partnership worked together to develop a financing mechanism, which enables to link the financing need of entrepreneurial opportunities translated onto Market Viable Products through Innovation and Accelerator Programs with investment market.

As a result of extensive research work in different partner countries, the partners created a new financing mechanism that combines all the identified financing instruments used for development purposes at least to some extent in the region (see the tool in <https://silverhub.eu/>).

The instruments are divided according to the financiers, quadruple helix members, and different development phases. The Osiris quadruple helix model of innovation recognizes four major actors in the innovation system:

- Business (companies, business development services, incubator networks and digital labs)
- Academia (universities, vocational institutions and research and development organisations)
- Policy Makers (government, region, municipals / cities)
- Senior Citizens (associations, assisted living services, voluntary programs)

The aim of GA 5.1 was also to gather knowledge of overall financing and funding needs and instruments in the project regions, assess them, and make suggestions, advice, and recommendations for future schemes and opportunities.

Financing is crucial for innovations, and technical solutions – especially in silver economy sector where companies need more financial support as the market pull is not established yet. New solutions on the

market will be beneficial for elderly people and nursing staff as well as the companies in generating new business.

This report is a summary of six regional reports where the voice of each partner is audible. Regional reports were written by Heidi Hundrup Rasmussen, Center for Assisted Living Technology (PP10), and contributed by Henrik Larsson, DENMARK, Center for Industri; Anu Oks from Tallinn University of Technology, ESTONIA; Leena Lemola from Riihimäki Business Development Company, FINLAND; Vaida Svidriene from JSC Iamus Innovations, LITHUANIA; Elmars Baltins, Rimis Vaitkus, and Aarne Toomsalu on behalf of CONNECT Latvia, LATVIA; and Elena Klimshina from Open Joint-Stock Company, Technopark of Saint-Petersburg, RUSSIA. Ingrida Tinfavičienė as project manager from Lithuanian Innovation Centre, LITHUANIA also took part in the project. The project team discussed the proceeding of the research and innovations on monthly basis.

2. WORK PLAN

Riihimäki Business Development Company, Finland (RTOY) coordinated the implementation of the work package with the support of the partners and associated partners. Assigned partners organized 1-2 regional workshops for exploring the financing needs of innovation actors. Workshop scope was to run a complex analysis over the available fund mechanisms, over the shortages between supply and demand of finance, over the matching between business needs and existing financial instruments and over the gaps that need to be filled in order to improve market commercialization of silver innovative products or services. Difficulties and shortages were identified, and improvement actions were proposed. The findings were discussed and analysed by regional partners and further developed and prototyped to be a new financing mechanism.

Silver Financing Mechanism is a specific tool that has the purpose to bridge the financing needs of innovation actors, especially of companies with the investment market in order to speed up market commercialization of innovative products and services. Financing Mechanism will facilitate access to finance for the organizations implementing innovation and smart specialization projects that exploits silver economy opportunities.

Silver Funding Mechanism is not a direct funding instrument, but it is an aggregator that will network and gather different funding instruments and investment organizations as well as representatives of supply side with companies or organizations that need funding in order to launch to market or enter to new markets with their product. Also, the mechanism will run actions for preparing the demand side to pitch with investors and secure funding.

Silver Financing mechanism will operate by two main pillars: 1) *Investment readiness* and 2) *Scale up*. Investment readiness pillar will support the owners of innovation projects to prepare pitching with investors and secure financing, while scale up pillar will facilitate access to instruments, networks for financing & market expansion, and support to access venture capital, strategic investors, partners and “smart money”. Financing Mechanism will be piloted by Smart Silver labs in autumn 2021.

3. RESULTS

3.1 Denmark

The Danish report is based on the market analysis accomplished during summer 2019 as well as on 11 company interviews and 5 licensor interviews carried out in summer 2020.

The goal has been to contribute to e.g., WP4 as a basis for offering an accelerator program.

To gain depth and quality in the work, [Center for Assisted Living Technology](#) (CFT) conducted interviews:

- Scope, pre-qualification of interviews with design and testing of question frame
- In-depth interviews.

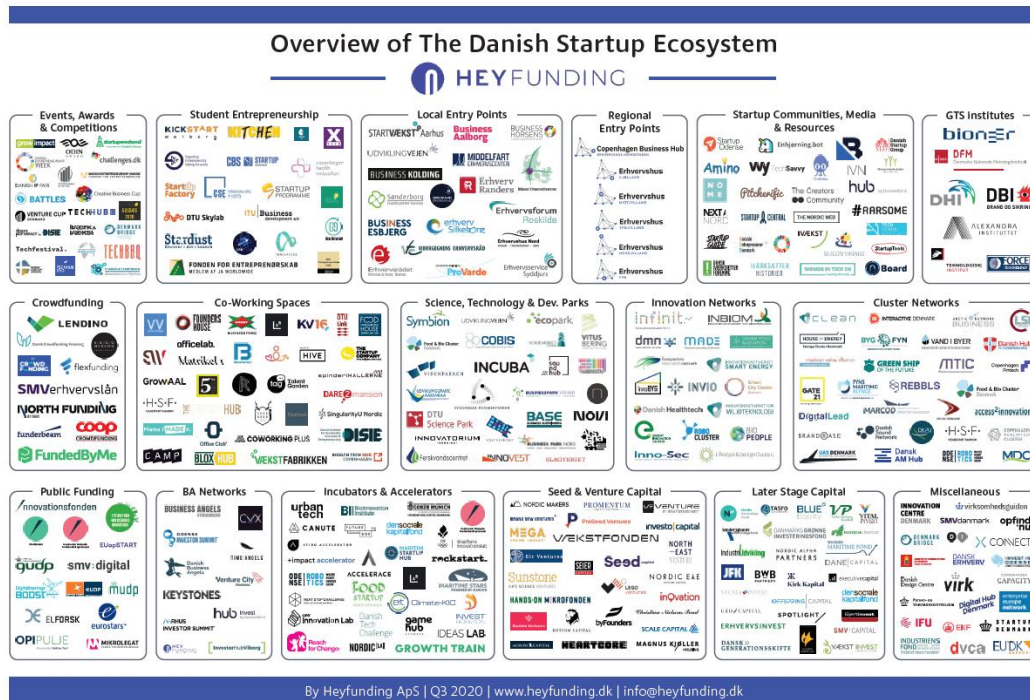
In meetings with financial ecosystem actors, CFT became aware of the differences in the perception of what “early stage” means, and when reading the report, one must be aware of this. When an entrepreneur comments on the early phase, he / she means the idea phase and the early development phase (concept, prototype). Grantors talk about “early stage” as a phase where a product has been developed and sold to 1-2 customers. When an entrepreneur calls for venture capital for the early phase, there is rarely anyone who is

risk averse enough to enter into partnership in that phase. Grantors provide venture capital usually to fairly newly established companies with a product and proof of potential for sales.

Present financing situation

There are no financing options specifically aimed at Silver Economy in Denmark, therefore it is included in the general funds and financing options in the report. Funds and grant opportunities that target industries far from the Silver Economy field are not included (e.g., maritime focus, climate, energy and environmental focus). The ecosystem in Denmark is branched, lush, and wild, not making it useful to divide the answers into sectors as stated in the methodology: private, public and third sector distinction is not used in Denmark.

Diagram 1 The Danish Start-Up Ecosystem



OVERSICHT OVER DET DANSKE STARTUP ØKOSYSTEM

AF INNO-OVERBLIK.DK I SAMARBEJDE MED VÆKSTHUS HOVEDSTADSREGIONEN



Diagram 2 The Danish Start-up Ecosystem – classified according to the roles.

Diagram 1 illustrates the Danish startup ecosystem consisting of various actors. Based on the Danish market analysis, interviews and the report Peer Review of the Danish R&I System, the conclusion is that the startups can face hardships in proceeding and identifying possibilities. Therefore, there is a need for measures to be taken in order to help provide an overview, e.g., the overview prepared by Væksthus Hovedstadsregionen and Inno-overblik.dk, or websites such as www.heyfunding.dk where more than 1,500 players, business angels and investors in the ecosystem have been mapped.

In countries such as Sweden and Finland, the ecosystem is more organized and not so differentiated, and it is greatly based on government schemes defining the system to a much greater extent than in Denmark.

The list below is an example of how to divide the ecosystem and try to create an overview of the different actors:

- Events, Awards and Competitions
- Student entrepreneurship
- Local entry points
- Regional entry points
- Startup communities, media and resources
- GTS Institutes
- Crowdfunding
- Co-Working Spaces
- Science, Technology, and development parks
- Innovation networks
- Cluster networks
- Public Funding
- BA Networks
- Incubators and Accelerators
- Seed and Venture Capital
- Later Stage Capital
- Miscellaneous

There is no recipe for where to start and end in the Danish financial ecosystem, if one has a good idea or innovation and is looking for funding, knowledge, and partners. Companies and people behind the ideas and innovations are different, have different competencies, and different starting points meaning that each startup must in principle find the path through the system that best suits them. In fact, the way forward is often very random - few companies and individuals approach it systematically (which is also difficult, perhaps impossible) and search for the innovative ecosystem during the idea phase. This means that many companies miss out on opportunities to get help and support during their process - they are preoccupied with the good idea and what is needed here and now.

It is also clear from the interviews that self-financing through own and family funds is very widespread, especially in early stages, where it is also difficult to get support from elsewhere.

Development phases:

- Gathering and evaluating ideas
- Prototype
- Testing / piloting phase
- Product launch
- Full scale production

Every year approx. 4,000 new companies were established in the Central Jutland Region - approx. 20,000 new in national level. A small proportion, less than ½ percent, of these companies are characterized by high growth and contribute with new jobs. About 50 pct. of the companies do not exist after 5 years. If these figures could be improved, it would mean a lot to the Danish business community, employment, and the national economy.

When discussing about financing with companies, sales and access to the market are also mentioned, and there seems to be a connection between these two topics. A new scheme could support companies' operations with sales strategy and market maturation to ensure that they would start working on it at an earlier stage than they do today (and perhaps identify unsustainable ideas and initiatives earlier in the process).

Companies experience that there are only a few schemes and programs directly aimed at welfare technology, and they see it as a huge problem. The companies wish that the area stood out more as an independent industry (today companies working with welfare technology have many different industry codes). An independent industry focus could increase the opportunities to become more visible.

Companies believe that there is too little support for hardware and software development, IPR, testing, and approval, which we in Denmark interpret as being covered by competition law and state aid rules, and for which state schemes therefore do not provide support.

Businesses have a hard time finding boundaries between research, innovation, and technology, making it hard for them to find their place in the ecosystem. Many words and concepts are buzzing in the air (clusters, networks, innovation, development, incubator, accelerator, etc.). When studying diagram 2 and the 17 different groups it is divided into, how does one find out where to belong? And does going through the wrong door close off the other doors?

Companies do not believe that there is coherence in triple helix support models, or that the programs are beneficial. Especially low support percentage, self-financing requirement, and hourly rates are considered as barriers. Denmark is an expensive country to operate a business in, and it is even considered a loss for companies to participate in publicly funded projects.

Municipalities and regions are important players in the development of assisted living technologies because they are by far the largest customer and buyer. There is a big difference between municipalities and regions in relation to innovation cooperation and support opportunities. Municipalities are of various sizes, and that may explain some of the differences. The differences can be both positive and negative. Decision paths are shorter in small municipalities, and it can be less complex to proceed, connect, and make decisions. On the other hand, large municipalities have more resources to enter development collaborations. Based on the interviews, CFT discovered that procurement systems are perceived to slow down innovation.

In conclusion, the companies are expecting more support options in intermediate and final phases of innovation processes, including testing, approving, and test actions.

Investment is needed, and it is also possible to find. However, there is a need for entrepreneurs to reconcile with themselves, what disadvantages they want to live with and which ones they cannot accept. That way, they can sort through the various options ("I can't handle all that paperwork" - "I want to decide for myself and not be influenced by a Business Angel").

There is a need for more overview and transparency, so that entrepreneurs can see the opportunities that are out there. There is also a need for entrepreneurs to become more aware of their competence gaps and get them covered. In this study, it has been very prominent that the commercial focus and understanding of the value chain is often lacking among entrepreneurs, and they have difficulty penetrating to the grantors because they do not understand that one has to know the customer, know the customer's needs and decision paths, competitors, and that is what grantors should also hear about in a presentation of the good idea.

What are the present barriers in the innovation or development processes?

It is relatively difficult to get support in the very early stages, but easier when one has 1-2 customers and a finished product.

According to the experience of the companies, it is a challenge to be able to time the capital injections correctly. If it is planned too early, there are not enough results and one is not interesting, or the ownership is diluted. If it is too late, the operation of the company is slowed down and in the worst case, it can all come to a standstill due to lack of capital. This is a consequence of financial tunnel vision, specialization, and lack of coherence in the ecosystem.

Barriers, uncovered in interviews:

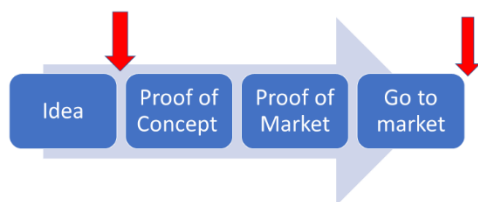
- Unmanageability
- Lack of transparency
- A lot to get acquainted with
- Many requirements to live up to (age of the company, turnover)
- Difficult for entrepreneurs to understand the consequences of the agreements they enter.
- You often must give up ownership shares

- Some sources of funding (e.g. Business Angels) are not patient and want their investment paid off very quickly.
- One must often be willing to let others influence decisions and strategy.
- Tax rules can make it difficult for an investor to diversify his investments adequately
- Lack of support program dedicated to welfare technology.

It is difficult to get funding for the first three development phases, even the schemes that call themselves “early stage” have the requirement that there must be an MVP (minimum viable product), a commercial sale and requirements for turnover (e.g. DKK 1 million).

Previously, there were schemes such as Capnova, which could provide support in the really early stages (ex. max. 18 months old and max. DKK 50,000 in turnover), but these schemes have now been closed and replaced by the Innovation Fund. It seems that entrepreneurs are generally (too) quick to write off the Innovation Fund as "cumbersome", "too many demands" and "bureaucratic".

In the later phases, there are good opportunities to get funding from many different sources, and here it is important to be willing to carry out some research, as well as to decide for yourself what "disadvantages" you will be able to live with (e.g. seat on the board, requirements for business plan, budget, strategy, interest, transfer of ownership interests). Companies experience that it is difficult to get support for the phase "product launch".



The figure above illustrates that the transitions between different phases are difficult, and it is especially difficult in the phases marked with red arrows: the transition from the good idea to POC, as well as entering the market.

Most of the "smart money" is aimed at IT companies, and it can be more difficult to find partners if, for example, one is developing a physical product. "Vækstfonden" has strict requirements (high interest rates, exit bonus, security). With centralization, it is perceived that the diversity in the ecosystem becomes too small. There is a lack of support opportunities close to the entrepreneurs, close contact, and follow-up. Government programs do not support full-scale production (competition rules).

The really good ideas (Blockbusters) are being acquired by big companies in the US and China.

The whole industry is characterized by many small businesses and it requires a great deal of effort in terms of scaling. The risk level in the first three phases is considered as high, and medium in the latter two phases.

What are the strengths of the present mechanisms?

- There are many opportunities to apply for support
- The state schemes support broadly
- Opportunity to get advice and help

Possibilities

One should work for the assisted living technology area with an independent industry focus and independent programs. There is a societal perspective in boosting assisted living technology - it will bring benefits and value to businesses, the public sector, and citizens if more entrepreneurs succeed. There is an opportunity for Denmark to set the agenda in this area and turn the assisted living technology area into a new wind energy adventure.

Too many entrepreneurs slip between the cracks because the funding opportunities practice tunnel vision, it must be possible to support a better collaboration between the many different options for funding, and that one becomes better at referring to other options if one cannot help.

Danish welfare society is based on the fact, that many of the products are carried by the public sector, and therefore it is difficult to transfer them to commercial, business development. Therefore, we do not get the full societal benefits of good ideas.

Single window services could be desirable, but probably not realistic. There are local entry points (the municipal business councils) and regionally Erhvervshusene ("the Business Houses") can function as entry points.

It could be interesting for Denmark to look at the Swedish and Finnish way of doing things; the Danish system is very differentiated, which has some advantages, but it lacks coherence and overview.

It should be easier to find each other (company and investor). One must think more about the whole ecosystem around the entrepreneurs (access to facilities, knowledge, financing) - not only financing, but also office space, workshop, sparring partners, etc.

More companies should be growth companies. So how can one challenge entrepreneurs to have the courage to seek capital in order to grow faster, or to grow internationally? CFT interviews showed that several of the companies are satisfied with a slow growth rate. This is a well-known phenomenon, which is called the "BMW syndrome" - when an entrepreneur becomes so successful that he / she can afford a BMW, the desire to strive for further growth decreases.

Entrepreneurs should uncover their competencies in finance and highlight where there are gaps that need to be filled by an advisor or the like.

Entrepreneurs should be able to do things such as overseeing the value chain and involving users in the early idea phase, so that the entrepreneur can gain more insights into the environment in which their products are to be used.

Participate in competitions - it sharpens the ability to present the idea and formulate it to others (e.g. the Foundation for Entrepreneurship Competitions)

Application procedures may seem extensive, but they should be seen as opportunities to get an overview of one's business idea. Seek help if you find it confusing - the advisers can apply for grants and thus make it cheaper for you (possibly via Erhvervshusene).

Entrepreneurs should spend more time exploring support opportunities, even if it is difficult to oversee.

The assisted living technology industry should be sharper and more well-defined in order to raise awareness regarding the need to develop more technologies for the care sector.

Incorporate competence development within sales and marketing in the schemes that exist - especially the early stages, so that it becomes a point of attention that is worked on from the start.

Municipalities and states (state, region, municipality) are the innovation drivers in the field of assisted living technology, but sometimes they also turn into innovation obstacles (procurement rules, SKI). Developing special schemes for new companies would help more companies and innovations to survive and grow.

Innovation support must not only be governmental - it must also be popular. Space must be created for greater diversity in the ecosystem, e.g. crowdfunding.

More cooperation between financial actors - they are too specialized (because there are many), so that one covers more phases among all phases of the innovation process. That way, one might avoid too many entrepreneurs giving up because they cannot find a support option that suits their product and business.

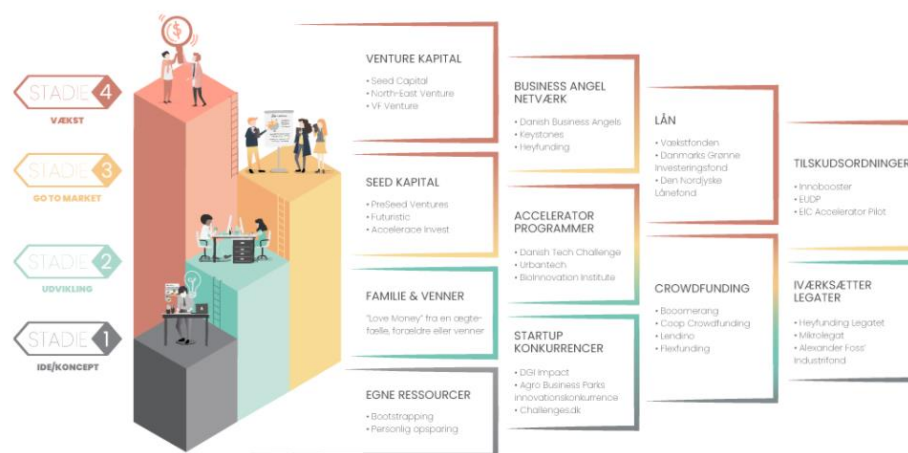
More support options are needed in the early stages (idea, concept development) and in the final phase (testing, approval, trial actions).

The triple and quadruple helix mindset is sympathetic, but the support rules make it a loss-making business for companies to participate in projects. This means that entrepreneurs and young companies cannot afford it because they do not yet have the capital to have an actual development department (all development departments cost money, but not all companies can afford to have a development department)

Future perspectives

The figure below prepared by Hey Funding gives a really good picture of the opportunities that Danish entrepreneurs have. The figure works with four phases: idea / concept, development, go to market, and growth. The colours of the four phases are repeated in the boxes with different funding options – for example, idea/concept is grey, and the funding opportunities that can be pointed out are “own resources”, “start-up competitions”, “crowdfunding” and “scholarships”. As the company develops, more opportunities open, and as can be seen, the company must have come a long way before the opportunities for investment and loans become relevant. The content and the message of the figure is completely confirmed by the interviews conducted with entrepreneurs and investors. It is noted that the two parties have different perceptions of

what “early stage” means. For entrepreneurs it is phase 1 and 2, but for investors it is generally phase 4 and, in some cases, also phase 3.



3.2 Estonia

To map the silver financing mechanism in Estonia there were 6 personal interviews and one general workshop with all counterparts. The interviews were conducted personally and by securing the confidentiality and personal considerations. The author carefully chose some of the most important and well-known persons or companies who have been operating in Silver Economy field for a long time. Basically, all important partner groups were presented: early-stage company, government, NGO, local municipality, private corporate fund, and angel investors.

In addition to the thorough interviews, a separate workshop was conducted on Silver Economy financing gaps and needs, yet this was rather organized to share the knowledge and develop a discussion around the topic. The workshop took place in September 2020.

The main idea and target of the interviews was to run a thorough analysis over available fund mechanisms, shortages between supply and demand of financing, matching between business needs and existing financial

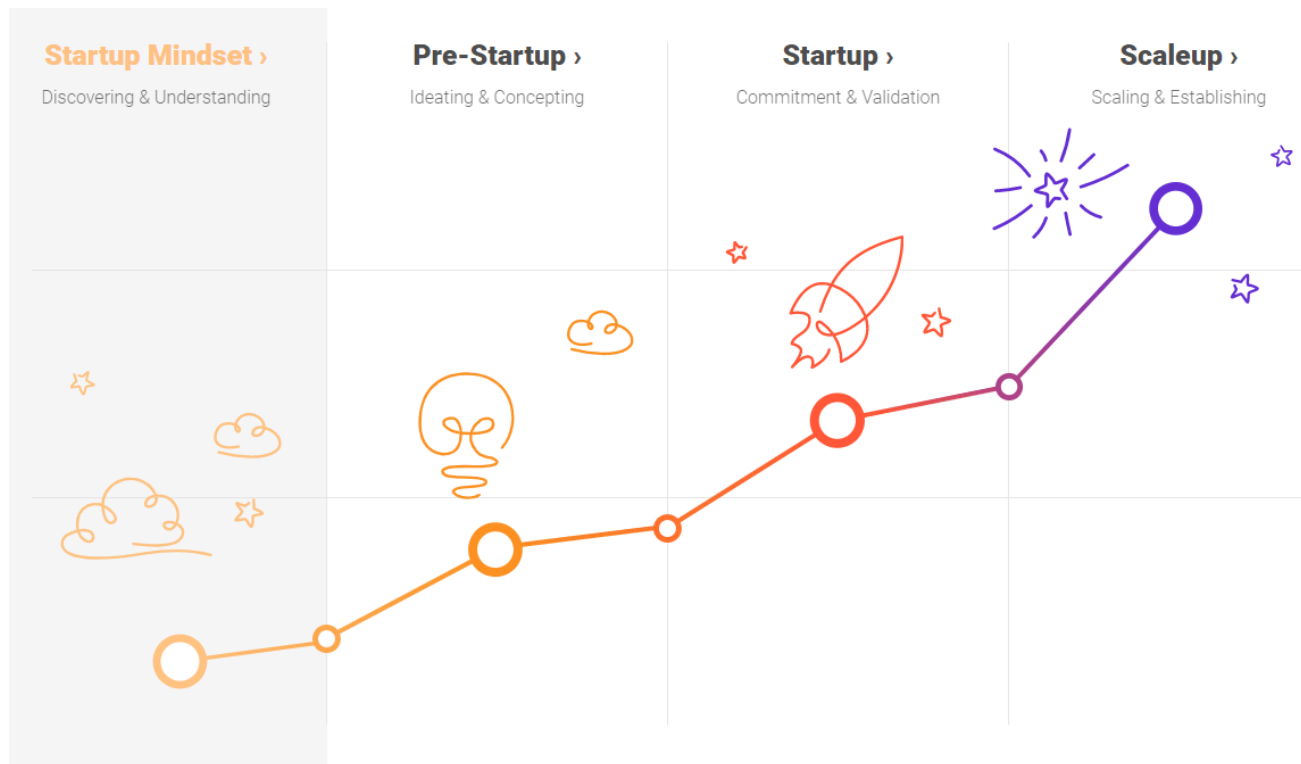
instruments, and gaps that need to be filled in order to improve market commercialization of silver innovative products or services. Majority of different counterparts were interviewed, and their answers combined give a great overview of funding and financing opportunities, as well as related barriers in Estonia.

Present situation

In Estonia there is not specific financing meant for Silver Economy; there might be some very specific calls under Ministry of Social affairs, and once in a while Impact Funds are looking for companies and ideas that are related to this sector, but this isn't remarkable. In Estonia financing is divided into public and private sector, but the needs, barriers and strengths are so combined and similar, that there is no point to bring out the aspects on a different scale. In Estonia there is also no difference in the wording of financing and funding – it basically means the same: a company receives money and other resources to develop or build or grow its business. Therefore, in this report financing and funding are being used with equal meaning.

In this report the funding and financing is divided into public and private funding. Under public funding one can find grants, support mechanisms and other local, state or EU aid meant for companies, SME's, startups or other businesses. Under private funding there are incubators, accelerators, angel investment, VC's and other sort of financing that is privately owned or has a target in creating revenue.

For innovation financing and supporting phases, Estonia is following the business lifecycle phases. These phases could be named differently, but the business financing and support structure stays the same.



Graph 1 - Startup ecosystem phases¹

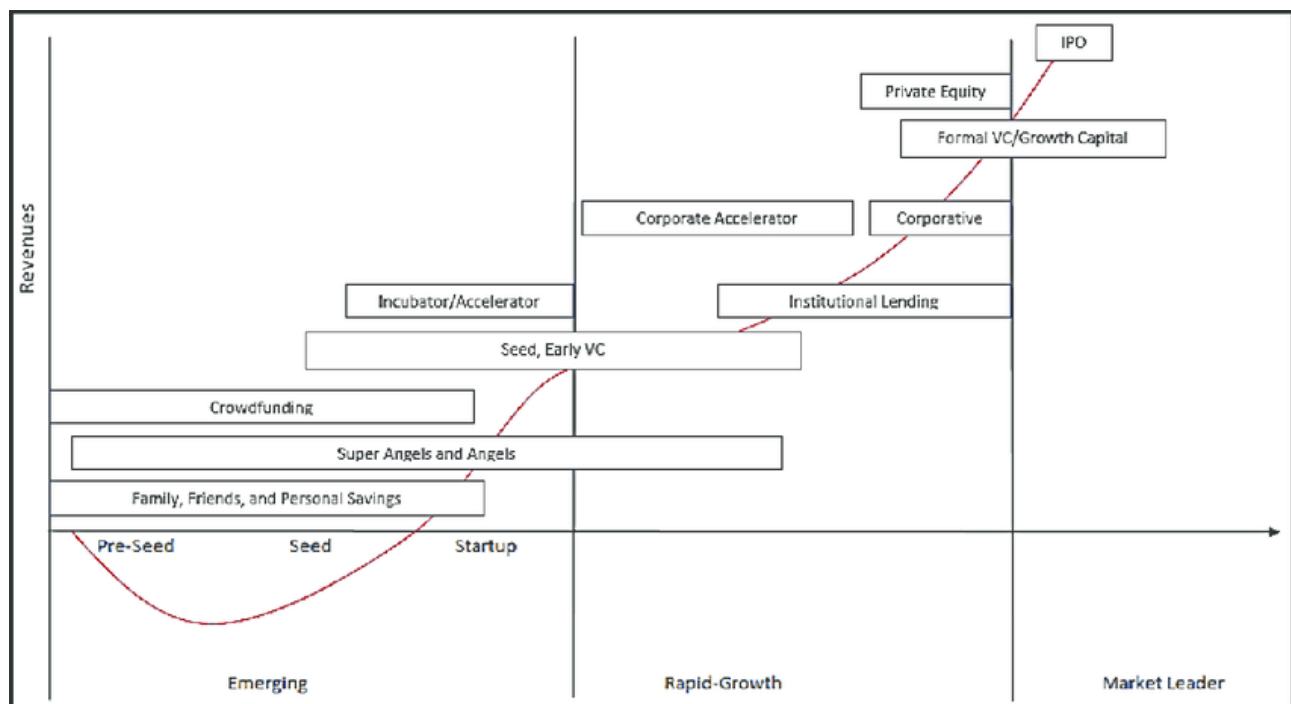
In Estonia the startup ecosystem is divided into four phases:

1. **Startup Mindset** – Discovering and understanding, a phase where a person has not yet registered a business or not even understood that he or she would like to become an entrepreneur. There are services and support for interested persons and parties, that need more motivation and push.
2. **Pre-startup** – Ideating and concepting, a phase where a person has an idea and he or she is ready to start developing the idea.
3. **Startup phase** – Commitment and validation. A startup founder is committed to work and build a new product or a service.
4. **Scaleup phase** – Scaling and Establishing. This phase is mostly for scaling up, moving to new markets, and developing a strong established company.

¹ Startup Estonia website - <https://startupestonia.ee/startup-ecosystem> (22.11.20)

As there are not many funding opportunities in the Startup Mindset phase, the focus of this report is on the three latest stages: ideating, startup and scaling. Even though the word “startup” is in the concept, it doesn’t mean that only startup businesses would be eligible for financing from support organizations; Mostly traditional business models or SME’s get access to public grants while the private sector supports startup businesses.

Estonian startup ecosystem set-up also falls very much in line with startup development stages and funding opportunities shown on the Graph 2.



Graph 2 - Startup Development Stages and Funding Options2

There is a variety of financing mechanisms available in Estonia - both national and EU grants - that support competitiveness and innovation. The startup ecosystem in Estonia is strong: it supports companies starting with incubation and acceleration programmes, angel investing and VC investments. There's also government funding for new business ideas or solutions on specific areas.

The state sectors emphasis in Estonia is on innovation and new business models in the following three smart specialization areas:

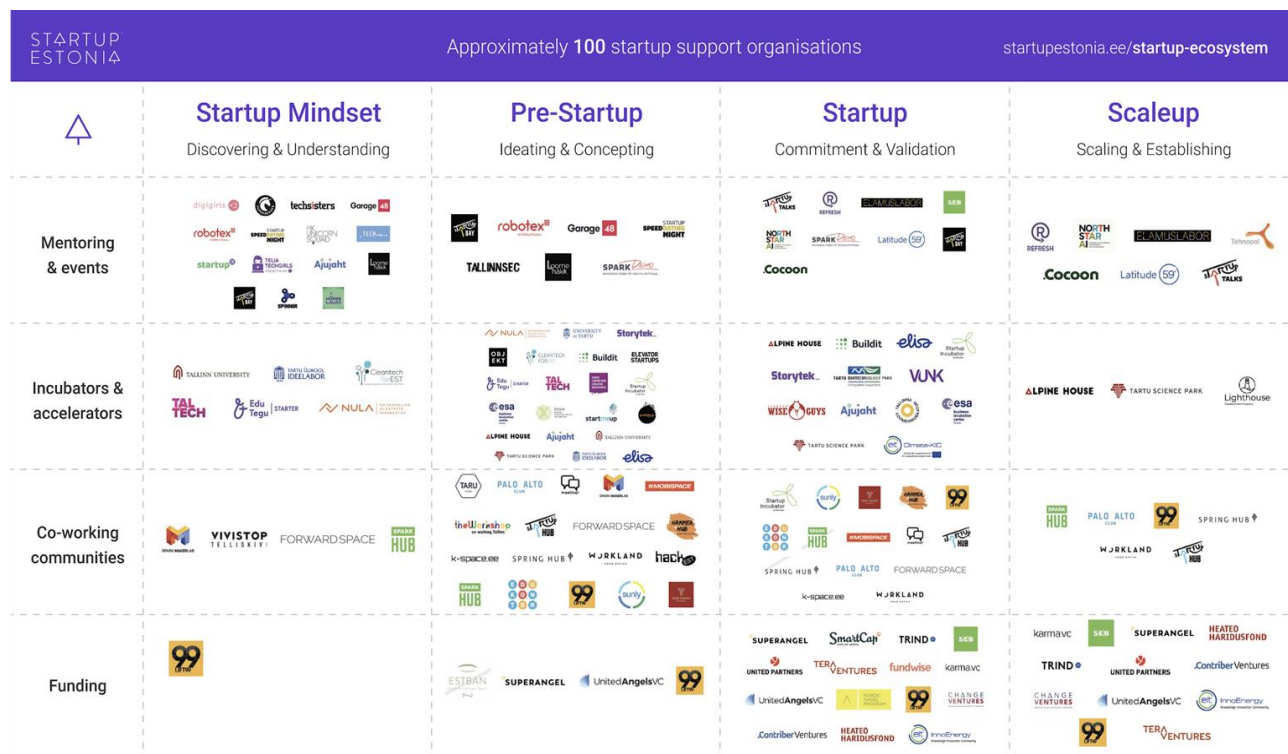
- information and communication technology (horizontally through all sectors),
- health technologies and services,
- more effective use of resources.³
- main places to search for support, information and grants are the publicly held databases and structures. In this report as well, the author used mainly the databases that already exist:
 - Startup Estonia ecosystem database - <https://startupestonia.ee/startup-ecosystem>
 - Invest Estonia database and information - <https://investinestonia.com/>
 - Enterprise Estonia grants and support structure – <https://www.eas.ee/?lang=en>
 - European Union's Structural Funds in Estonia - <https://www.strukturifondid.ee/eng>

Even though the funds and support engines are well listed, the counterparts still find it hard to find: the information about different calls and grant schemes seems to be quite un-organized.

Below, there is an overview of some of the financing and funding options available in Estonia. It is not exhaustive but gives an idea of what types of opportunities exist in Estonia. Estonian startup ecosystem is a diverse and active ground where companies get strong support from public and private partners. Estonia has a busy, supportive, and open startup ecosystem eager to support ambitious individuals and companies.

In total, there are over 110 organisations in Estonia, providing a wide range of services for companies. These companies and partner organisations can be found from the **Graph 3** and from www.startupestonia.ee.

³ Resource: Invest in Estonia <https://investinestonia.com/business-in-estonia/financing/eu-and-national-support/> (22.11.20)



Graph 3. Estonian Startup Ecosystem partners⁴

In order to divide the ecosystem players into groups, it's worth taking into account the four main startup lifecycle steps; Mindset, Pre-startup, Startup and Scaleup. Nevertheless, there are still many different players that could be divided into groups also according to their main activity, side activity and focus. Also, it's important to divide them according to their main target groups and phases that they focus on.

The list below is an example of how to divide the players and try to create an overview of different actors:

According to activity:

1. Investments
2. Grants
3. Trainings
4. Events
5. Consultation

⁴ Startup Ecosystem – www.startupestonia.ee

6. Accelerator
7. Incubator
8. Marketspace
9. Online media
10. Competition
11. Conference
12. Co-Working

According to phases or target groups:

1. Kids
2. Students
3. Pre-Startup
4. Startup
5. Scale-up
6. Companies
7. Developers
8. Founders
9. Schools
10. Local municipalities
11. NGO

Public funding

Public funding in Estonia mainly comes from the state budget (baseline funding, innovation, or entrepreneurship grants) and foreign funds (EU structural funds, Horizon 2020 etc). National funding is organised mainly by Enterprise Estonia, local municipalities, unemployment board, and by sectoral ministries.

Through [Enterprise Estonia](#) and its sub-units, the Ministry of Economic Affairs finances R&D programmes that involve product development, co-operation between academic sector institutions and enterprises or entrepreneurs, and technology programmes related to primary fields. Enterprise Estonia provides support for new companies, research and development activities of already active companies, NGOs, and R&D institutions.

There are several opportunities to get public funding:

- State grants - Enterprise Estonia provides a startup grant
- Local Municipality support for starting a business
- Unemployment Board funds for starting up a business
- European Social Fund Grants
- Ministry of Social Affairs supports initiatives within a special call for innovative Silver Economy services or caretaking.
- Horizon2020 grants

Comments from the interviews:

Extremely small amount of public funding is focused on the silver economy sector and the challenges of oldening society. At the moment, there is a clear gap in the demand, supply and finance sphere. Innovative, new companies coming into this field are too risky for private investors and at the same time the companies are often too focused on one small niche while the interest and needs of Ministry of Social Affairs is in rather more broad and impactful services that could be applied and scaled up for wider target groups.

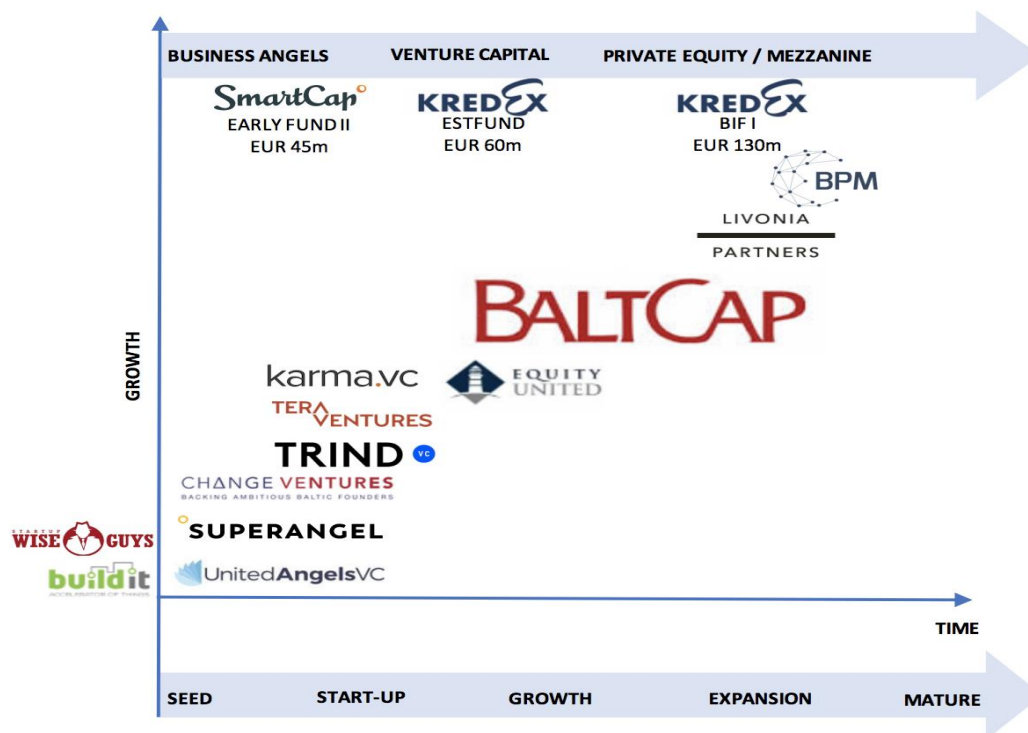
The companies claimed that there is none or very small amount of public funding for silver economy sector – the companies that participated in the interviews or in the workshop all claimed that there are difficulties and barriers in getting public funding for this sector. Companies described situations where they applied funding several times for their early idea or prototype, but all public institution doors were closed. It was also said, that it's difficult for these companies to access private funding as the sector is very dependent on public support and state aid. Participated companies also claimed that there is no support from the government on their initiatives to innovate and develop new products and services for the sector.

On the other hand, the input from local municipalities or governmental institutions was, that it's very challenging to finance silver economy innovations or other social impact services, as the solutions tend not to solve major problems – the solutions are often rather niche and targeted to very specific small groups. The ministry as well as local municipalities brought out that the state budget for supporting innovation and entrepreneurship is not in the budget of their institutions or organizations. Innovation, R&D and entrepreneurship is supported usually by Enterprise Estonia or other sub-divisions of the Ministry of Economics. Therefore, the Ministry of Social Affairs

as well as local governments have budget only for basic social services and there's no spare resources to devote on innovation and new services.

Private financing

Most of the private financing is sourced from incubators, accelerators, business angels and VC firms. Private financing is on the rise in Estonia.



Graph 4. Investors in Estonian startup ecosystem⁵

The list of private and VC investors isn't too long in Estonia. They focus largely on early or seed stage investments.

The list of Estonian investors and VC funds:

1. [EstBAN](#) – more than 160 angel investors in the Estonian Business Angel Network.

⁵ EstBAN internal document or slides

Estonian Business Angels Network, established in late 2012, is an umbrella organization for business angels and business angel groups seeking investment opportunities in Estonia and its neighboring regions with an aim to grow the quantity and quality of local seed stage investments.

2. [Contributer Ventures](#) - VC
3. [Change Ventures](#) - VC
4. [Fundwise](#) – crowd funding
5. [Funderbeam](#) – crowd funding
6. [Karma VC](#) - VC
7. [Lemonade Stand](#) - VC
8. [Spring Capital](#) - VC
9. [Superangel](#) - VC
10. [Tera Ventures](#) - VC
11. [Thorgate Ventures](#) - VC
12. [Trind VC](#) - VC
13. [United Angels](#) – co-investing with angel investors VC
14. [United Partners](#) VC
15. [Nordic Ninja](#) – deep tech VC

Silver Economy for Estonia is a new and trendy business sector – it is still widely undetected, unfinanced, and there are not too many opportunities yet. Companies claim that the financing is poor, there is no opportunity to get around the table with partners or counterparts who make decisions.

Nevertheless, all interviewed partners said that financing Silver Economy projects and businesses is important or very important to society and the whole economy. Everybody sees that there is need and potential yet still there is not any dedication or separated financing track for the sector.

The financing / funding need lies mostly within the SME's, new innovative companies and R&D centres, who are looking to design new products and services, but as the society and customers are expecting those services to be ordered and paid by local municipalities, there is no financing from the potential customers side either. As it came out from the interviews there is a severe lack of knowledge and understanding of the Silver Economy market and the real needs of elderly people. Ministries and local municipalities claim that they would

be happy to work with companies who provide innovative services / products, but the services lack UX, value proposition and founders don't understand what's the real problem to be solved.

Barriers

There are several barriers in different life cycles and stages of development process. These barriers were also partly identified in the interviews:

- Lack of funding or financing for social entrepreneurship
- Lack of data on customer behavior and on the demand side (what problems need to be solved)
- The implementation of new services and innovation is very hard or almost impossible because majority of client base is quite poor and dependent on traditional services
- Decision makers are not open to innovation
- The problems of public sector are ruling this field – everything comes through public procurement process
- No separate innovation or research and development grants exist for that sector.
- In Estonia the majority of Silver Economy target group is low-income; clients are not ready to pay for social services
- It is difficult and hard to scale up the products / services
- The market is not mature yet and it is very risky
- People are depending on local governments
- Customers are not used to digital and technology based innovative services
- The market is fragmented and there are several different counterparts to build relations before one can go to market
- The elderly people are not willing to accept innovative or new solutions – it's often difficult and / or not understandable

Strengths

In Estonia there is a very strong startup ecosystem supporting the innovative and enthusiastic founders in every aspect – starting with hackathons on Silver Economy, incubation, acceleration, visibility opportunities as events, etc. There are several programs meant for social impact companies, and special support for their development.

An increasing number of impact funds and angel investors with greater social interest are emerging to Estonian market. There is also a strong international VC interest towards Estonian startup ecosystem – more and more funding could be seen in social entrepreneurship field.

Estonia is a country of digital governance, digital health, digital voting, and basically everybody has access to internet and also the knowledge on how to work with a computer and the internet. Even the Silver Economy target group – 65+ people already have the knowledge and experience on how to work with modern technologies and this trend is going up. This means that we have a good assumption to have a blooming silver economy market, yet at the moment we are still far from that.

In Estonia, as the elder population gets more used to smart devices and services that don't always have to come from the public offerings, there is a wider possibility to sell high-value products and services. For example, living in a smart house in a smart city will not be something surprising in 10-15 years – the elderly will be already used to handle smart devices by then, and e.g. order their food and services online. They will have their doctor's appointments online and they will be talking with their friends and family through smart devices.

There will be more assisted living technologies around us, and people will also have finances to afford that. And as the society is aging, local governments and municipalities need to change their old habits and look more towards innovative solutions that would make social services more cost effective.

As Estonia is very small and advanced in e-services, combining the services into one single window service package could be easily executed. As digitalization and e-services are already available and reachable through web, then also this Silver Hub single window service could be considered.

Nevertheless, it is unlikely to be very popular at this moment of time where elderly people are not that wealthy, there are several market entry points, and the services are provided by different partners – local municipalities, government institutions or other institutions.

As long as there is no special advantage in developing Silver Economy services or providing them from a single window service point, it's not very likely to succeed.

Through discussions, it became clear that in Estonia the main responsible party in the Silver Economy and related services is the public sector: local municipalities and the governmental institutions. This is where the high-level decisions are being made, and as long as there is no decision to invest more into innovative solutions

and novel services, the doors will be kept shut and the innovators (companies, research groups, universities) will not get enough funding.

In the workshop, business representatives described the situation as “witch’s circle”: as there is no public order or funding for innovative services, then there is no need or demand for novelty in the sector. Because of this companies are not providing innovations.

Everybody agreed that Silver Economy is an important sector, and this should be more developed, but the governmental representative (from Ministry of Social Affairs) claimed that start-ups or innovative companies usually do not provide a wide enough and efficient enough solutions to fix country-wide problems.

In a nutshell, the workshop provided the following findings and remarks:

- Silver Economy topics are very important and should be set in governmental and local municipality focus on the nearest future.
- As in every business, also silver economy related businesses need to be sustainable and increase efficiency.
- More specific support and financial mechanisms should be provided for the companies in this field.
- The main problems of this sector are:
 - o The market is not ready for novelty and innovation.
 - o There is not enough financial capacity in the sector (elderly are poor, government provides funding only for basic needs).
 - o The business supportive infrastructure (incubators-accelerators-investors-grants) does not include Silver Economy as a focus area. No funding = no novel ideas and business. No ideas and business = no funding.

During the workshop potential financing mechanisms were discussed in smaller groups, and the findings of the workshop were discussed among a bigger group afterwards.

Potential mechanisms for the future

As mentioned previously in the report, there are several barriers in the financing mechanisms in Estonia. Majority of financing to new developing companies comes from private financing, and as the Silver Economy services are not self-efficient, the private funding is not looking toward financing such business.

A potential joint financing mechanism was discussed in the interviews: In Silver Economy, public and private financing and different development and research institutions, as well as corporate financing should be joined together, and financing should be provided jointly: public and private together.

It is difficult to manage the structure, but it makes sense in sectors where there is a strong need on the public side and there is a potential of high earnings on the private side.

Conclusions and recommendations for future financing and funding mechanisms

The society, and even more, the funding-partners (public and private) should think 10-15 years ahead instead of focusing only on the burning problems that are here today. There has to be more funding opportunities for the Silver Economy already today, in order to have a strong and healthy elderly population in 10-15 years from now.

At the moment, there's no obvious "market pull" with innovation in Silver Economy in Estonia, meaning that companies and innovators need to have even stronger "market push" to be heard and seen on the market. The mindset must change – not only local governments should have the responsibility on the elderly.

There is plenty of room to develop cooperation and collaboration between different parties, and work together with different counterparts – financing partners, SME's and innovators, universities, local municipalities, and the state. Now the picture is very fragmented and all parties in this sector are working mostly on their own and solving their own problems.

3.3 Finland

To identify the regional needs, barriers, and possibilities, Riihimäki Business Development Company (RTOY) arranged two public regional workshops in Finland in spring 2020. The first one was organized as a face to face -meeting, and the latter one as an online workshop on May 23rd due to the Covid-19 crisis and the restrictions concerning gatherings at that time.

The regional workshop on 23.5.2020 aimed to tackle the barriers found out in the previous workshop in February 2020. One key point was to clarify what kind of needs there exist in the different phases of innovation and developing processes, what are the present financing and funding instruments available for the enterprises, and what are the potential future instruments while taking into consideration the risk level in different developing phases. Based on those findings it was also carried out a few in-depth interviews to be able to have a better understanding of the present financing situation in Kanta-Häme region.

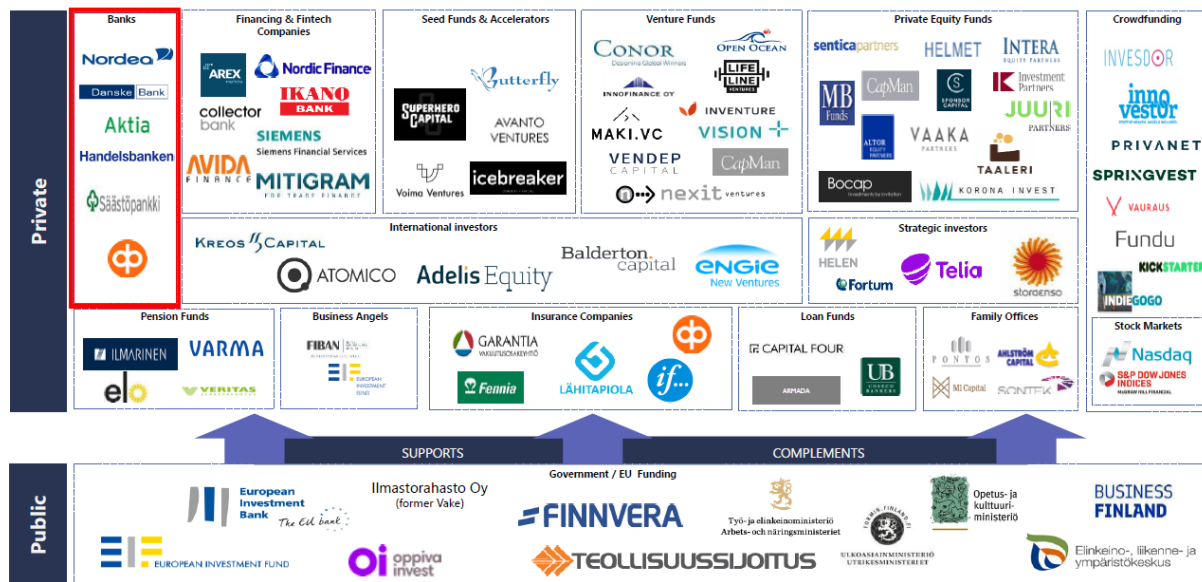
Although the focus of BSR Interreg Osiris project in Finland is in the region of Kanta-Häme, the fact is that most of the instruments are available everywhere in Finland. Instead of regional differences, the differences lay in the fields of industries, corporate forms, and sizes of the companies. It also matters whether the company is operating in a rural or urban area. Naturally, some of the EU based funding instruments are partly targeted to certain regions in Finland.

In this report, the focus has been on the financing and funding needs of the small and medium-sized companies in Kanta-Häme region. The existing funding and financing instruments can be divided into three different categories: public funding, private financing, and grants. The most important private and public funding actors are listed in the following picture⁶:

⁶ Slide is taken from the web presentation of Eeva Grannenfelt from Grannenfelt Finance, 10.12.2020.

Well-Functioning Funding Market

2



15 December 2020

Public funding

According to Grants Funding Oy (Grants, 2020), SMEs in Finland can have several different types of public support. Instruments vary from one funding and project period to another, which is sometimes confusing. There are also several organizations that provide support. Therefore, it is no wonder, then, that the jungle of support sometimes feels challenging rather than attractive to the entrepreneur. Public funding is partly national, partly EU funding. It is channeled to the companies mainly through Business Finland, Ely Centres, and different ministries (e.g., Structural Funds, Horizon 2020).

Public funding instruments are guided example for the following purposes:

Commercializing innovation and IPR issues

There are several ways to commercialize new innovations. However, before commercialization, it is essential to protect innovation to build a business on it. The rights of intangible assets are therefore an increasingly

important part of the value of the company, but also important in order not to infringe the rights of others. On both subjects, public-funded consultation is available.

Developing personnel skills

Skilled personnel make the company's profit. It is possible to receive public support for the development of personnel for company-specific targeted training in the case there is a labor market policy basis. Such a criterion may be, for example, in the case of ensuring staff jobs, changing job pictures, etc. In addition, a wide range of training is organized partly or entirely supported by public funds.

Investment

It is possible to obtain support or loans for various investments, such as equipment and machinery purchases already in the start-up and expansion phases.

Product development

Companies can apply support for their R&D projects. In many cases, however, these development projects must be concretely linked, for example, to the increase in international business potential.

Starting a business

New businesses are seen very important, especially in the case the entrepreneurs are starting the business in the rural areas, planning to recruit staff, and/or expanding abroad.

Piloting

Especially, companies aiming towards international markets will be supported for pilot projects. In other words, one can pilot the marketability of one's product/service with public support.

The public funding in Finland is channeled to developers through:

- [European Investment Fund](https://bit.ly/2KBeSpK) (see: <https://bit.ly/2KBeSpK>)
- [European Investment Bank](https://bit.ly/3r3MAVu), (<https://bit.ly/3r3MAVu>)
- [Ilmastorahasto Oy](#) (Climate Fund)⁷

⁷ Will operate under the Ministry of Economic Affairs and Employment (TEM), only direct investments to companies & funds

- [Oppiva Invest](#)⁸
- [Finnvera](#)
- [Teollisuussijoitus](#) (TESI)
- [Työ- ja elinkeinoministeriö](#), Ministry of Economic Affairs and Employment of Finland
- [Ulkoasiainministeriö](#), Ministry of Foreign Affairs in Finland
- [Opetus- ja kulttuuriministeriö](#), Ministry of Education and Culture
- [Business Finland](#)
- [Elinkeino-, liikenne- ja ympäristökeskus](#), Centre for Economic Development, Transport and the Environment

In Finland, the **ELY Centre**⁹ plays a significant role in the promotion of regional business policy. A successful regional business policy is a result of co-operation with other regional actors. The ELY Centres aim to ensure a balanced regional structure provides a sound basis for competence, entrepreneurship, and growth and promote employment opportunities. (ely-keskus.fi, 2020).

ELY Centres support the establishment, growth, and development of small and medium-sized enterprises by providing advisory, training, and expert services and by granting funding for investment and development projects. (Ibid.)

The services offered by ELY Centres cover internationalization of business operations, improvement of business efficiency and management skills, development of technology and innovation, updating of staff skills, and training of new employees. ELY Centres may also contribute to the funding of development projects. Funding support is discretionary and depends on the nature of the project. (Ibid.)

Business Finland

[Business Finland](#) is the Finnish government organization for innovation funding and trade, travel, and investment promotion. Business Finland's 600 experts work in 40 offices globally and 16 regional offices around

⁸ Operates under the Ministry of Education and Culture, Private equity investments to companies in the education industry.

⁹ Centre for Economic Development, Transport, and the Environment

Finland. Business Finland is part of the [Team Finland network](#)¹⁰, which brings together all public internationalization services in Finland.

Business Finland's services are meant for companies seeking rapid business growth and bold renewal in the international market. Business Finland provides funding and expert services for companies registered in Finland that want to innovate, grow, and enter the international market.

The requirements for the Start-ups and SMEs that are looking for being customers of Business Finland:

1. Finnish business ID
2. Financial resources required for internationalization
3. Versatile expertise and team
4. Willingness to grow on international market

Finnvera

[Finnvera](#) provides financing for the start, growth, and internationalization of enterprises and guarantees against risks arising from exports. Finnvera strengthens the operating potential and competitiveness of Finnish enterprises by offering loans, domestic guarantees, export credit guarantees, and other services associated with the financing of exports. The risks included in financing are shared between Finnvera and other providers of financing.

Finnvera is a specialized financing company owned by the State of Finland and it is the official Export Credit Agency (ECA) of Finland.

TE Services (Työ- ja elinkeinotoimisto, TE toimisto)

TE Services helps job seekers to get a job, organizes advice on [training](#), and manages [the social](#) interests of unemployed jobseekers. Information is provided on training [programs, degrees, and courses in vocational](#) and [adult](#) and continuing education centers. Information on apprenticeships [is also available](#). TE

¹⁰ The network of Team Finland consists of the Ministry of Economic Affairs and Employment, Ministry for Foreign Affairs, Ministry of Education and Culture, Business Finland (Finpro and Tekes merged), Finnvera, Tesi (Finnish Industry Investment), Centres for Economic Development, Transport and the Environment, Finnish Patent and Registration Office, Finnish-Russian Chamber of Commerce, Finnish-Swedish Chamber of Commerce, VTT Technical Research Centre of Finland, Finnfund, Finnpartnership and Finnish Cultural and Academic Institutes.

Services is also responsible for recruitment training and start-up grant decisions. 15 TE Offices are operating under the authority [of the Ministry of Economic Affairs and](#) Employment in Finland.

Leader funding

Leader funding can be applied for a development or investment project of general interest and for a business project. Depending on the project, 20-90% of the costs can be granted. Information on the financial details, including the support percentages, can be found in the Leader group in your region.

Leader funding can be applied for, for example, by associations, companies employing fewer than 10 man-years, municipalities, educational institutions, and foundations. The projects to be financed must be in line with the objectives of the Leader Group's development strategy.

Ruokavirasto (Support for rural enterprises)

Mainland Finland's Rural Development Programme 2014-2020 offers support for rural entrepreneurs both *start-up and investment aid*. In order to qualify for aid, there is no need to engage in agriculture in order to in addition; the most important thing is that the business increases the vitality of the countryside and brings new potential for livelihood.

ARA grants subsidies, grants and guarantees for housing and construction

The Housing Finance and Development Centre of Finland, [ARA](#), has major responsibility for the implementation of the Finnish housing policy. ARA belongs to the administrative branch of the Ministry of the Environment.

ARA grants subsidies, grants, and guarantees for housing and construction, and controls and supervises the use of the ARA housing stock. In addition, ARA participates in projects related to the development of housing and expertise in the housing market and produces information services for the industry.

The European Regional Development Fund (2014-2020) supports the efforts to increase employment by providing financing

- for promoting innovation and networking
- for developing new environmental technologies
- for making regions more accessible
- for new and creative projects in the service sectors
- facilitating generational transfers in companies
- promoting the growth and strengthening the competitiveness of SMEs
- for the development of operating environments and services promoting employment.

The European Social Fund (2014-2020) supports the efforts to increase employment by providing financing

- for reducing problems concerning the availability of the workforce
- helping those becoming unemployed as a result of structural change to find jobs
- helping young people to find jobs
- promoting employment and longer working careers
- for measures aiming to lower early school leaving among young people
- for measures helping to prepare for the ageing of the workforce
- for the development of personnel skills and work organisations
- helping SMEs and employees to meet the challenges of globalisation
- ensuring better match between education and working life and transfer to working life
- for work-based immigration.

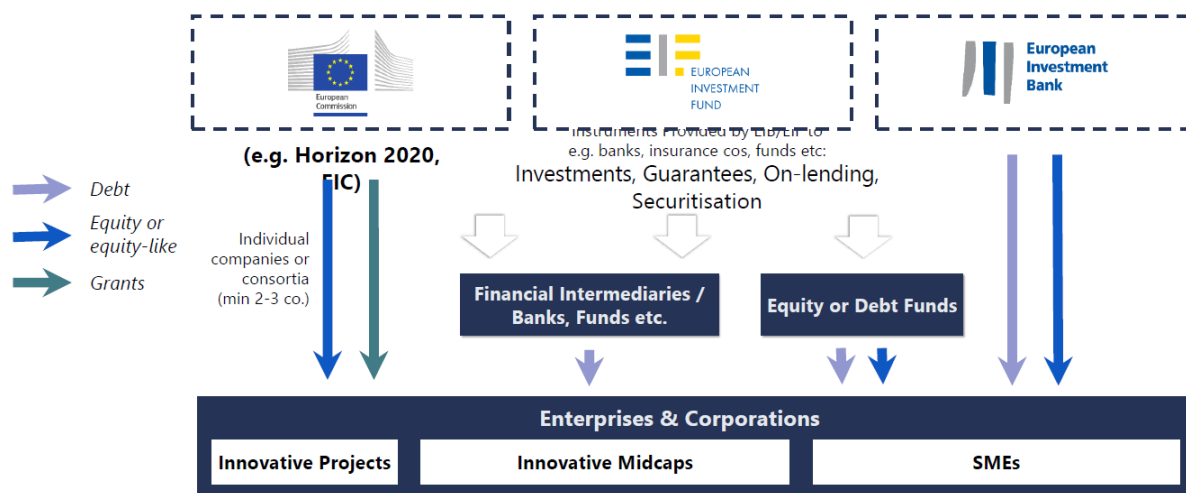
According to Eeva Grannenfelt from Grannenfelt Finance, one must be prepared for the following matters when applying EU funding for their good innovation:

Innovation

- Improves the competitiveness of Europe (improves employment, export & growth)
- Fits within the set goals & focus sectors of EU
- Is disruptive: revolutionises the industry or creates a new one,
and it includes:
 - New activities & development ideas
 - Development of IPR & new ideas either independently or in co-operation
 - Research & Experiments
- Networking that improves the goals of the project incl. universities, research institutions (consortia) & other EU institutions
- Temporary & exclusive entities

The following four slides illustrates the possibilities of EU funding.¹¹

Channels of EU Funding



EU Social, Digital & Green Deal Priority Areas 2021-27

The EU is looking to finance research & innovation projects targeting the following sectors & mission areas

2021-2027 - Focus to Strengthen

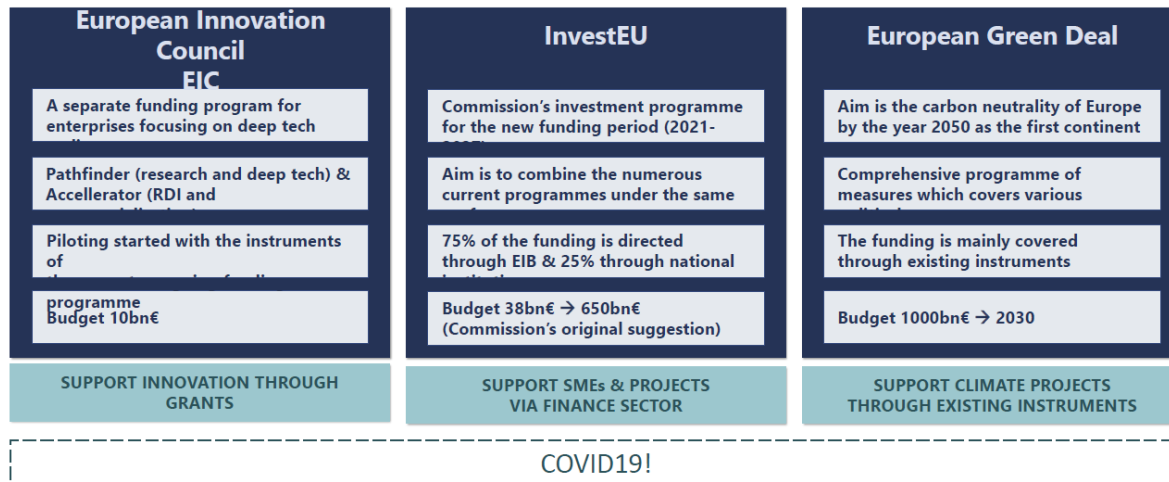
Growth Stage Investments (Scaleup VC + pre-IPO) and Green Deal themes
(in addition to R&D and Innovation funding as before)



Horizon Europe (2021-2027)		Global Challenges & European Industrial Competitiveness	
Mission areas	<ul style="list-style-type: none"> Adaptation to climate change including societal transformation Cancer Climate-neutral and smart cities Healthy oceans, seas, coastal and inland waters Soil health and food 	Sectors	<ul style="list-style-type: none"> Health Culture, creativity & inclusive society Civil security for society Digital, industry & space Climate, energy, mobility & green deal Food, bioeconomy, natural resources, agriculture & environment

¹¹ From the webinar arranged by WTC Turku on 10.12.2020, and from the presentation of Eeva Grannenfelt from Grannenfelt Finance. Slide three is originally made by Henri Grundstén, TESI.

Themes of the New EU Funding Framework



Private financing in Finland

Suomen Pankki, Finland is [listing all the monetary financial institutions](#) operating in Finland on monthly basis.

With the post-financial crisis laws that have started in the United States in recent decades, the loan terms of traditional banks have tightened, and getting a loan is no longer a walk-through. The regulation of banks has become stricter, and higher collateral is required for the corporate loans applied for. The situation has brought to market a large number of private financial institutions and credit providers, which also offer corporate loans without real collateral, i.e. assets to pledge repayment.

Despite the increased possibilities, it is always advisable to [start](#) applying for a corporate loan to [a limited liability](#) company or business name from the bank where the company is already a customer. The clearest advantage of bank loans is their average lower interest rate compared to other options, such as unsecured loans applied for online. The costs of a corporate loan taken out for business purposes are always deductible in taxation.^[1]

In the case that the enterprise is not granted a bank loan because of lacking collaterals, there are some other options available (see the services provided by Finnvera).

Finnish Venture Capital Association

Investments are made to both startups and established growth companies with several millions of euros in revenue. In addition to funding, [VC and PE investors](#) provide companies with active, professional help in growing their companies.

Business Angels, FIBAN

Fiban

[FiBAN](#) is one of the largest and most active business angel networks in Europe. Their main activity is to link potential high-growth companies to their investor members. FiBAN matches potential growth companies with private startup investors free-of-charge. It arranges startup investment training and shares start-up investing materials. It also supports actively the development of the Finnish startup investment culture.

Grants

There are many foundations that provide financing, grants, etc. to associations, private persons, or companies for innovations or other development purposes.

According to discussions with entrepreneurs and business advisers, the overall picture is that the companies are not aware of all the funding and financing possibilities available for their development purposes. There are plenty of actors in this field offering many kinds of instruments with varying terms and restrictions. Institutions like Business Finland, Finnvera, TE Services, or Ely Centre are well known by their name but the general knowledge of their services is quite limited.

List of some private financiers in Finland

Banks	Financing & Fintech Companies	Seed Funds & Accelerators	International Investors
Nordea Danske Bank Aktia Handelsbanken Säästöpankki	Arex Nordic Finance Ikano Bank Collector Bank	Butterfly Superhero Capital Avanto Ventures Voima Ventures Icebreaker	Kreos Capital Atomico Adelis Equity Balderton Capital Engie New Ventures

Osuuspankki	Siemen Financial Services Avida Finance Mitigram		Venture Funds Conor Open Ocean Maki.VC Vendep Capital Inventure Vision CapMan Nexit Innofinance Oy
Strategic Investors Helen Telia Fortum StoraEnso	Loan Funds Capital Four UB Armada	Family Offices Sontek Pontos Ahlstrom Capital MI Capital	Private Equity Funds MB Funds CapMan Sentica Helmet Intera Juuri Investment Partners Taaleri Vaaka Korona Investment Bocap
Insurance Companies Garantia Fennia LähTapiola If OP	Crowdfunding Investor Innovestor Privanet Springvest Vauraus Fundu Kickstarter Indiegogo	Business Angels Fiban BusinessAngels.fi	Pension Funds Ilmarinen Elo Varma Veritas

Effects of the Covid-19

Covid-19 has changed some habits of the senior customers. They are buying more and more from the Webshops (Silver surfers). Swedish eCommerce company Klarna has noticed that customers over 56 years old are one of the fastest-growing segments¹². It is also noticed that, while the younger generation buys in the

¹² <https://ehandel.fi/klarnan-selvitys-yli-56-vuotiaat-verkkokaupan-nopeimmin-kasvava-asiakasryhma-suomessa/>

evenings, the seniors are buying a lot from 9 am to 3 pm. Especially in the regions where the distances are long and there is not an easy way to reach a store, it is easier to buy from a web shop.

In the Entrepreneur event in Riihimäki 16.10.2020, there was a lot of discussion about the effects of senior customers. E.g., the premises and websites should be accessible, and the marketing and sales argument should be suitable for seniors - not only to the youngsters like it is now.

In a conclusion, it is obvious that there are plenty of financing and funding instruments for different purposes available already. The problem is that enterprises are not aware of all those possibilities.

The problem is that many of the financing instruments are targeted to companies whose legal status is limited and have at least a few employees.^[1] Sole appropriators are not entitled to most of the funding instruments. E.g., the instruments offered by Business Finland are not suitable for sole proprietors.

Juha Liukkonen from RTOY says that there is a lot of work to be done to value and respect more sole proprietors. They might have good business ideas but not willing to grow their enterprises or to employ staff. It is still important to encourage and support them to present their ideas to potential investors. Liukkonen suggested that one solution for helping sole proprietors in their financial matters is to organize a more flexible taxation policy. The entrepreneur must pay VAT in the case that his yearly revenue is at least 10 000 euros. This will be changed to 15 000 euros from the beginning of next year. However, according to Liukkonen, the limit could be raised to 30 000-50 000 euros per year. This change might motivate sole proprietors to invest more in development work. Liukkonen also mentions that although sole proprietors are eligible to have some financial support for recruiting the first employee, this support could be financially better supported in the future.

One interesting thing to be analyzed in the coming months is the consequences of the Covid-19 crisis. There were many temporary funding instruments available for companies in acute financial crisis. One of the terms to get the funding was the aim to develop the company's processes, products, or services. Business Finland and Ely Centre received a massive number of applications in a short period. Some applicants are used to applying for money through different instruments but among applicants there were also many companies without earlier experience of applying for support.

[1] According to [Statistics Finland](#) there were 286 042 enterprises [1] in Finland in 2018 (excl. agriculture, forestry, and fishery). 93% of the enterprises are employing less than 10 people. 68% of the enterprises are owned by sole appropriators. This figure is growing.

The business expert Jari Kekki from Häme Ely Centre mentioned that most of the applicants were small or micro-enterprises. He said that in normal times there are fewer applications but that the instruments ought to be well known already because there is a lot of information about them on different channels.

One reason for this might have been the fact that possibilities of having different funding instruments were advertised exceptionally massively in different media channels; the associations of enterprises also guided their members about the new possibilities. There were also plenty of consultancies available for advising the companies and filling the blankets on behalf of them. For example, many accounting offices offered their services to their customers. Hopefully, this funding generates new business either in the shorter or longer run.

What is important now is to learn about this experience, and understand, how the society could encourage the companies to invest in their development processes also in the future whether there is specific pandemic funding or not.

Recommendations

The financing participants of the workshops in Finland advised the enterprises in their development processes as follows:

- start to make your ideas known to the networks, customers, media, financiers etc., early enough.
- have a good story behind your idea.
- put an effort into testing and piloting and analyse the results thoroughly.
- take care that the process from the very first ideas till the full-scale production is quick enough.

One interesting finding in the workshops and interviews was that there seems not to be any specific instrument targeted at the development of products and services to the seniors. When asked from the financiers, they answered that all that interests them, is a good business idea; it does not matter so much whether the customer or end user is old or young. Naturally, there is more and more potential in the previous one.

The finance experts in the workshop in May noticed that although the seniors were considered as important future customers, the companies have amazingly little interest in investing in this segment yet. Present and future seniors (50-70 years old) have a lot of economic and political power, they have money, and they also have the willingness and ability to consume their money.

The common opinion in the workshop was that this segment will grow fast and will need a lot of services targeted to them, however, the seniors are not a homogeneous group but people with varied needs and interests. It was also said that when there is sufficient demand in the customer group, it inevitably generates new business.

Erkki Taskinen from Enterprise agency, [Yritysvoimala](#) mentioned that some companies in the region are interested in innovating products with smart technology, but that traditional technology is still going strong in the region.

In the Riihimäki region, there is a need for companies operating in the construction industry. One hot topic in Häme region is multi-generational, communal living. Seniors are interested in modern, more flexible ways to live and own their homes. Nowadays one usually owns or rents his or her flat, but many seniors like to have a home that does not bind too much capital but is still a flat of one's own. Therefore, housing cooperatives, right-of-occupancy housing, etc. are interesting options. There have been arranged several events this year in the towns of Riihimäki and Hämeenlinna about communal, multi-generational living possibilities. The problem is how to finance the building of these houses.

According to Juha Liukkonen from Riihimäki Business Development Company, seniors are also ready to pay for other infrastructure, services, and smart devices making living easier and safer, e.g., smart locking systems or caretaker services.

One growing field of business is the social and health sector. At the moment, there is a dichotomy between public and private sectors, the question is who has the right to produce services for the customers. This should not be an ideological question: the participants of the workshop thought that a diverse ecology of service production is only a good thing for the whole economy and the customers.

Timo Liukko from the development company First Draft says that there is a need for different devices and systems that make everyday life easier, but there may not be a willingness to pay for those innovations. People are inventive and there are a lot of new ideas, but too often the testing and piloting are more challenging and

left out of the development processes. It is also important to discuss how the money is channeled, whether it is a commercial business model or something else; should it have public funding or private financing. Measuring and calculating benefits is therefore important for enterprises.

In the workshops the participants discussed the present financing and funding needs and described them in the below tables as follows:

	Private sector	Public Sector	Third Sector
What are the present financing and funding needs in the region (Kanta-Häme)?	<ul style="list-style-type: none"> Communal and independent living Development of innovations Virtual and AI based services How to combine different financing and funding instruments? Will they exclude each other? 	<ul style="list-style-type: none"> Research on the senior demand for communal living Stabilizing the small company business 	<ul style="list-style-type: none"> Third sector is lacking money and many associations rely on volunteers who are getting older
What are the present barriers in the innovation or development processes?	<ul style="list-style-type: none"> Companies <u>don't</u> know how to proceed or how to find funding Companies are not aware essentials conditions for funding or financing Different sectors <u>don't</u> cooperate or communicate together Regional restrictions concerning permits and funding 	<ul style="list-style-type: none"> No clear picture of the future trends in society 	<ul style="list-style-type: none"> Lack of credibility Different sectors <u>don't</u> cooperate or communicate together
What are the strengths of the present mechanisms?	<ul style="list-style-type: none"> There are a lot of solutions (but <u>it's</u> not clear how to find them) Business mentors <u>Finnvera</u> (national financing company) grants a loan or guarantees the bank loans Possibility to increase service production 	<ul style="list-style-type: none"> Possibility to increase service production 	<ul style="list-style-type: none"> Possibility to increase service production Associations can compensate the financial gap with their diverse resources

	Lists of those mechanisms	Matters to be financed/funded by the afore mentioned mechanisms	The present barriers	The present possibilities
The present financing mechanisms	<ul style="list-style-type: none"> • Business Angels (e.g. Eijana) • Bank loan, credit accounts • Private investment banks • FFF (friends, families, and fools) • Crowd funding (like Mesenaatti.me) • Leasing 	<ul style="list-style-type: none"> • Development of the products and especially service products • Expansion (to the international markets or new fields of businesses) 	<ul style="list-style-type: none"> • The start-ups lack credibility (difficult to get investors) • Banks need guarantees (%) and solvency (loans are bound to certain %) • Banks are concentrated on the financial history of the companies and not on their potential in the future • There are lots of risks with both the business angels and FFF investments • Business angel investments are expensive money 	<ul style="list-style-type: none"> • Usage of money is not so bureaucratic with FFF or crowdfunding • Finavera gives guarantees • Business Angels: pitching possibilities, more flexible procedures • Business angels have a lot knowledge and good networks
The present funding mechanisms	<ul style="list-style-type: none"> • The Centres for Economic Development, Transport and the Environment (E.g. EU funds. Leader fund) • Business Finland (financing services to the companies expanding to abroad); • Team Finland network provides businesses with a smooth service chain. The network offers tailor-made service packages for companies' internationalisation needs. • Finavera (loans and guarantees to the bank loans) • TE Services (Public employment and business services that offer funding for new entrepreneurs) 	<ul style="list-style-type: none"> • Development of the service products • Expansion to the international markets 	<ul style="list-style-type: none"> • Bureaucracy (a lot of frustrating paperwork, reporting etc.) – small companies don't have skills, patience or time for the bureaucracy • Strange and old-fashioned focus points, like "machine investment" • Too strict regional or thematic restrictions • Negative attitude towards actual business/sales • Risk of repurchase • Slow and difficult 	<ul style="list-style-type: none"> • possibility to link, networks • visibility
The potential future mechanisms	<ul style="list-style-type: none"> • Funding and financing that are flexible and fast to get 	<ul style="list-style-type: none"> • Funding the service development • Service design 	<ul style="list-style-type: none"> • How to cover the needed guarantees 	<ul style="list-style-type: none"> • Funding without regional restrictions

Other comments	<p>Case: What to take into consideration when asking financing from the business angels?</p> <p>Do you have skills and knowledge enough? Do you understand the possibilities, can you define your core business? (E.g. digitalization, senior economy, expansion), are you credible? (Is your CV good, what have you done previously?), does your business fit to the portfolio of the business angels? Do the business angels have a knowledge of your business? Have they invested to the same sector previously?</p> <p>*****</p> <p>What kind of images the actors (e.g. private companies) have from a senior citizen? The image could be a barrier or a possibility. Many challenges concerning senior economy are already identified but little that have been done to solve the problems. It is important to improve companies' and one's technological skills and knowledge all the time. It is a matter of values whether we are creating services or fluent daily life. It is a matter of utmost importance to invest innovative business. There are a lot of potential in AI.</p>
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Barriers

There is a lot of financing and funding potential available for the companies in Finland but that the companies do not know how to proceed in the process or how to find the right instrument. The companies nor are aware of the necessary prerequisites to obtain financing or support.

When asked from the companies themselves they complained about the tiresome bureaucracy of the application forms and a big number of documents needed as attachments. There are also a lot of restrictions or

demands like the requirement concerning the solid economy. Some think that there is a lot of nonsense in public funding, especially in EU funded projects that the entrepreneurs consider being mainly occupying and benefiting projects for officials and academic folk, not for enterprises.

One problem noticed is the fact that different sectors do not cooperate or communicate together enough, and that there are regional restrictions concerning permits and funding when receiving e.g., EU based funding.

The companies should use more external coaches or consultants to be better prepared to meet the financiers. There is a lot of chargeable and free business consultation available for the companies. One recommended, free of charge, is Yrityskummit ([Business Mentors Finland](#)).

Naturally, there was a lot of concern about the existing Covid-19 pandemic and its short- and long-term effects on the enterprises. At the beginning of the Covid-crisis [Business Finland](#) distributed a huge amount of development money to companies in order to secure them in their acute economic crisis.

The experts assured them that there is money enough for this purpose also in the future. It is important to keep in mind that Business Finland is not the only financier, but there exist many other options as well, such as banks, private investment companies, business angels, etc. It was also reminded that Business Finland has requirements for the companies applying to their programs (staff, business entity, aim to growth and internationalization). These requirements exclude many promising companies out of their support anyway. However, [Ely](#) Center tries to compensate for this with their instruments. One of the participants reminded that the Finnish banks could use more different funding options from the European Investment Bank and the European Investment Fund.

The fact is that many companies will collapse for the consequences of the present pandemic situation with its restrictions on the normal business, but most of them have not been on a healthy basis even before the Covid-19. However, in autumn 2020, the situation looks a bit better than scared. There have been fewer bankruptcies this autumn than last autumn in 2019, partly because of the effective funding system.

We are still living in strange times in the world because of a pandemic. It is difficult to see behind the corner. Still, there is a lot to be done already now. It is important to focus on positive matters and believe that the development will continue after the crisis.

One observation in the workshop in May was that information is not targeted well enough; the enterprises assume too much, everybody presumes others to know more than what they actually do, marketing efforts are directed to young people now, and the seniors are forgotten. What is good, is that there exists a lot of funding and financing potential for good business ideas, and further information and support to the companies. The entrepreneurs should be more open-minded, and courageous, and test their ideas with their actual target groups and with the help of a suitable coaching team.

The business expert from Ely Centre, Jari Kekki is confident that the senior economy is growing fast in the becoming years. He does not see, though, the need for a specific financing instrument for developing processes concerning the silver economy. He says that all the good development and innovation processes are in the same line, but he has noticed that during the past few years digital innovations and platform economy are growing trends in developing processes and perhaps, therefore, most funded by Ely Centres. He also mentioned that there is some overlapping in the instruments provided by Business Finland and Ely Centre, but that the range of services is much wider in Ely. It also doesn't have so many restrictions concerning the funded companies as Business Finland that is concentrated on funding growing and internationalizing companies.

In the second workshop in Riihimäki in February 2020 the participants simulated one real-life development process case and discussed the possibilities to finance this innovation. The case was presented by Tuomas Kilpiniemi from the company named Seniorihissit.fi (the company is designing and producing elevators for senior customers). The company is currently developing one of their products to meet better the future needs of their senior customers and have noticed that it is difficult to get finance though the product idea is thought to be a good one. Although it was found possibilities to finance the innovation, the path to receiving funds is long and requires many actions.

According to the interviewed experts in the workshops it seems to be difficult to arrange perfect single window service for finance and fund development and innovation processes. However, the local Uusyrityskeskus (Finnish Enterprise Agencies) can help the enterprises to find out contacts and financing possibilities. For growth companies the first step would be either Ely Centre or Business Finland who can help them with varied financial

and networking needs. All these institutions serve as a first step without charge. Team Finland is also supporting companies to find suitable networks and financing.

It is quite easy to find different options also in the internet because most of the financing and funding instruments for different purposes are mentioned there. In a way, the Internet is a single window service for companies looking for financing today. The problem is how to evaluate the price and requirements concerning different possibilities.

3.4 Latvia

Latvian report is based on two seminars about “Silver Financing Mechanisms” held in April and May of 2020.

In Latvia, innovation ecosystem has seen tremendous development in the recent decade. This has been possible due to many reasons, we name a few. After becoming part of the European Union (since 2004) it took some years of learning on how to swim together with more developed countries before development could start accelerating in Latvia. Thanks to extensive international collaboration and participation in multitude of European projects by all actors of quadruple helix (academia, public institutions, business, and NGO).

We must acknowledge the welcoming attitude towards Latvia from the European countries, whose international and free trade collaboration has lasted for many decades and in some cases for centuries. Another reason we must note here, is that a new generation born in Latvia in the years of the collapse of Soviet system (1989 - 1992) is in their graduate and post-graduate years. This generation is much different as they have been raised in a highly enthusiastic and open system that was not possible for several predecessor generations. The new generation has taken lead and is providing a completely new mindset in adapting and creating systems of innovation ecosystem development.

With a short historical background, we can understand why there is a striving innovation ecosystem in Latvia today. Not flawless or complete, but still developing, adapting, and changing to face new challenges and environments around.

Municipalities and funding programs

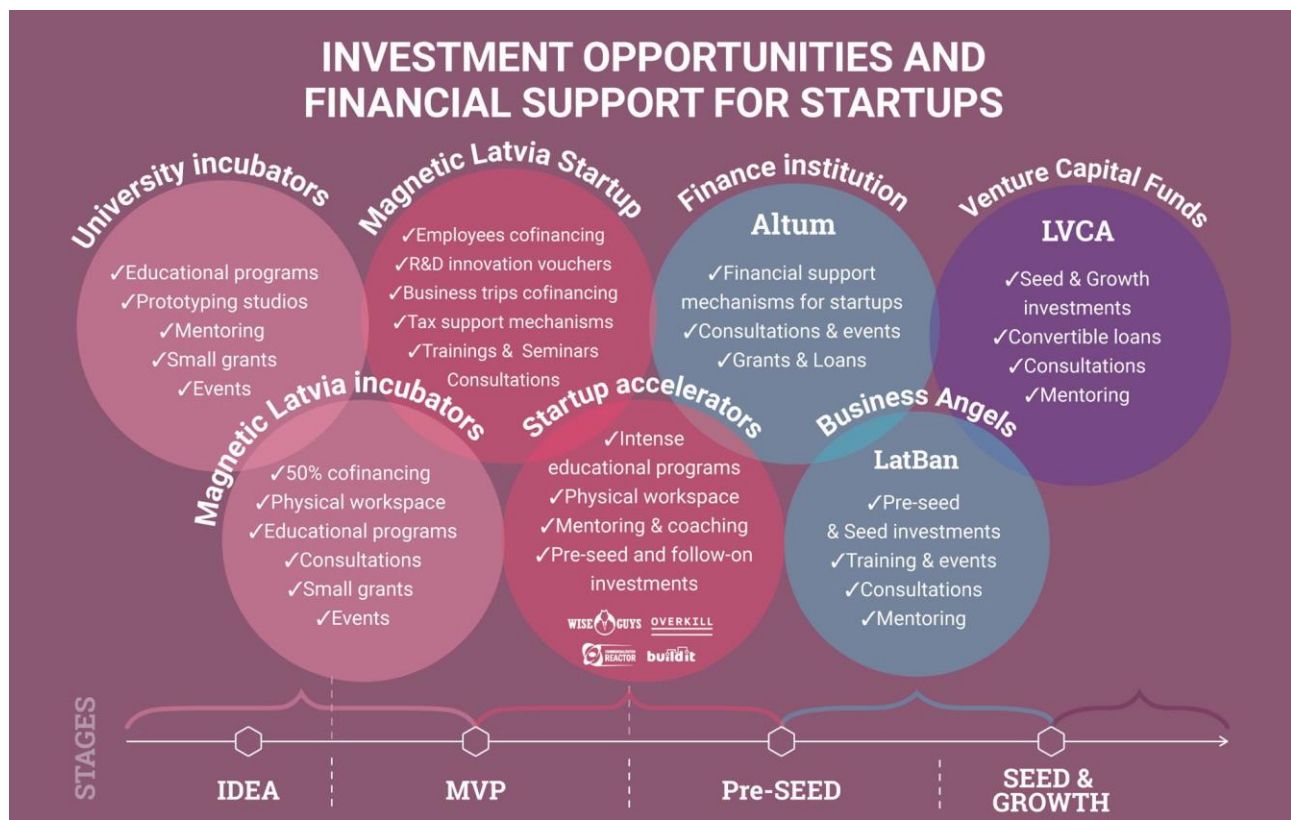
An example of financing programs available in Latvia and in particular in non-capital regions, is shown in the table below (author Andris Kucins, the head of Latgale Entrepreneurship Centre at Latgale Planning Region). It shows municipalities of one of the four administrative regions of Latvia – Latgale, located on the south-east of the country. Almost every municipality nowadays organize larger or smaller funding programs for business startups in the respective municipality. The popularity of these instruments is increasing.

Getting now to a financing of new companies in Latvia. As of today, there exist most various instruments that are internationally proved and tested. Incubators, accelerators, grants for business starters, soft loans, venture capital and private investment possibilities, international and European, various regional programmes available in Latvia. Different business support organizations have been created and operates in all regions of Latvia. Public institutions are recognizing entrepreneurship as an important part of the society development efforts. Among state institutions we have to mark out the Latvian Investment and Development Agency, a special unit from the Ministry of Economics, that is the most known public business support organization in Latvia as it deals with an immense number of programs and initiatives to encourage business development, business growth, exports and investments into business advancement.

Another strong organization that is operating country-wide is the Latvian Chamber of Commerce and Industry. It is the largest NGO for businesses in Latvia. They have been building organization basically from the scratches since 2000's. In the last decade, the number of members has increased from hundreds to thousands. The Chamber is running an event (on all sorts of business aspects) almost working every day throughout the year.

Universities are playing key role in stimulating entrepreneurial growth. They have got involved in many European wide competitions and programs for business mind-set development. Universities established their own business incubation and technology transfer units. A remarkable input is an enormous infrastructure development in almost all universities in the capital city Riga and regional centres. The two largest Latvian universities – University of Latvia and Riga Technical University – have built number of new houses for teaching, research, and society outreach purposes. University of Latvia has decided to build a new campus on a new territory that is now in about a third to be completed and is already operating with two large and modern university buildings. These infrastructure developments bring new passion to the students, professors and society at large, and motivates for self-development and innovative thinking.

In the picture we can see financing ecosystem in Latvia that was prepared by the Latvian Startup Association, another recently established and active organization in the business startup sector in Latvia. It shows the different dimensions, angles and scope of the financing instruments across the development stages of a startup company.



Almost every municipality nowadays organize larger or smaller funding program for business startup in the respective municipality. And the popularity of those instruments is growing.

Municipality	If organizing?	Amount of support for one business idea	Total budget
Aglonas novads *	Plāno **		
Baltinavas novads	JĀ ***	līdz 1000 *****	2000
Balvu novads	JĀ	līdz 2000	6000
Cīblas novads	JĀ	līdz 1500	3000
Dagdas novads	JĀ	līdz 2000	2000
Daugavpils	JĀ	līdz 7000	60 000
Daugavpils novads	JĀ	līdz 4000	8000
Kārsava	JĀ	līdz 2000	7000
Krāslava	JĀ	līdz 3000	9000
Līvānu novads	JĀ	līdz 2000	8000
Ludzas novads	JĀ	500 - 10000	15000
Preiļu novads	JĀ	līdz 3000	20 000
Rēzekne	JĀ	līdz 5000	30 000
Rēzeknes novads	JĀ	2000 - 10 000	60 000
Riebiņu novads	JĀ	līdz 2000	8000
Rugāju novads	JĀ	līdz 1000	5000
Vārkavas novads	JĀ	līdz 500	3000
Vīlakas novads	JĀ	līdz 2000	16 000

* Aglonas county

** Is planning

*** YES

***** until 1000 EUR

At present it is possible to split the needs and opportunities of the silver economy and senior citizens in Latvia into three categories:

1) **Additional income for seniors.**

In Latvia, the silver economy must focus not on the products and services for seniors to consume, but on creating options and systems in place, where seniors can get additional financial income. This primarily includes more opportunities to work, and favourable legal and other type of conditions for senior employment facilitation. For example, fostering technological change in companies or embodying employee and employer business relationships based on trust and sustainability. It is important to create a business environment that encourages gradual retirement instead of sudden retirement. This must involve change of task setup at the working places (rotation of processes to reduce risks for getting chronic diseases, physical tasks mixing with non-physical) and most importantly, a change of mind-set in the society in all quadruple helix types of organizations. Here it is offered two concrete proposals:

Proposal No. 1

One important way, in addition to different financing programs and support from funds, is effective organization of cooperative activity. Based on practical experience, jointly collected funds constitute a part of equity capital for larger projects and together with flexible credit system it is possible to undertake economically profitable and future-targeted projects that guarantee the members of credit unions stable additional income. Such economic model has worked very efficiently and raised economical insurance and well-being of elderly people in many countries.

Concrete example is the wave energy farm founded on a cooperative basis. Ca 1500 people, $\frac{3}{4}$ of whom are older than 55 years, have put together their savings. This investment brings them annually up to 10% of profit and they all have shares in cooperative project that also has, in addition to profitability, certain market value.

Proposal No. 2

Another specific proposal here is to create local employment projects for elderly people based on and assisted by local authorities. For that it is necessary to create workshops for people with different qualification in the framework of social projects and to offer them social orders e.g. to solve topics related to urban environment; for example to make decorations for public space (bus shelters, recycle bins etc). Introducing such social

mechanisms will guarantee the employment for elderly people, and also save budgetary funds of administrative units as using employment of elderly people replaces the payment to private companies.

2) **Support functions to enable seniors' wellness and increased quality of life.**

This includes green walking areas or parks near residential housing, availability of public transport infrastructure, affordable and healthy food options, adapted infrastructure conforming with the needs of senior citizens, various support instruments such as IT help desk, apartment amenities improvement services, public space enhancement to put up benches, ensure fresh air, reduce unnecessary noise etc.

3) **Empowerment of senior dreams.**

It is important to equip seniors with tools and instruments they need in order that they can fulfil their passions, hobbies, expertise in whatever field each one of them is good at.

Possibilities

We believe that there are significant opportunities for new companies in Latvia. **At first**, as discussed during the seminars, and as generally accepted as a current truth, there is a lot of money available in the market. There are different instruments available for specific purposes and stages of the company development.

The success lies in the business plan and the determination of the person to realize it. The rest are technical details. Everyone with the right attitude, valid business idea and advice from experienced colleagues is capable to realize the business plan. If the mission of a newly organized company is to change the world for better or to make the world a better place, then nothing is impossible. Decision, determination, discipline, and details are things to write on one's shorts, who wants to make things happen.

Secondly, in Latvia there has been enormous growth in entrepreneurial mindset training, and most of the people have the possibilities to undergo very high quality business startup training. These programs include topics from market research to branding, from finance planning to investor relationships management, from networking to

mentoring, and so on. It builds up hope among the business community, that founders of new companies are well prepared to dive into this, sometimes complex, business world.

Thirdly, Latvia and its quadruple helix members have built strong and close relationships with partners in Europe, and beyond. These connections, linkages and friendships have enabled and will continue to enable Latvia to be part of the wider entrepreneurial and innovation community that is sharing and caring for each other.

Taking into account the possibilities described above and what financing instruments can provide today and in the nearest future, there are no realistic barriers that can stop a determination of a company founder and his/her team. As it was said during one of the mentoring sessions, to nascent entrepreneurs by one of the entrepreneurs, who has been through a number of his own projects, startups and failures: “There are so many things in the initial phase of your company set-up that you can do without money! You cannot blame anyone for having no access to money. If you do all your homework diligently and prepare well, then the money will come to you sooner or later once the project setup has proved to have competitive advantage.”

AAL

There are two different findings and remarks following the discussions in the seminars. One is related to the international community of companies and organizations with a vision to strengthen senior citizens in a digital world by providing access to senior-friendly services (and tools) for fulfilment of miscellaneous life, business, and communication objectives. The Program is called Active and Assisted Living.

The Active and Assisted Living Program is a European initiative that aims to support better quality of life for older people and to strengthen industrial opportunities while ensuring sustainability of Latvian health systems.

The AAL Programme promotes innovative technological product ideas and services for active and healthy ageing, supporting them until they launch on the market, by funding projects that work towards creating market-ready products and services for older people. Each project consists of SMEs, research bodies and end-user organisations. Since 2008, we have funded over 220 projects.

Latvia could make a leap step forward for senior citizens’ wellbeing by joining this European community. It is the right timing to take it to the agenda of respective Ministries in Latvia – Welfare, Education and Science, and Economics.

Riga City

Another remark is concerning the welfare and social services for senior citizens in Riga city. Currently, the city council has outsourced these services to several NGO's. However, in practice, this has shown that information exchange among the city council, NGO's, and their staff – caregivers, and senior citizens, works slowly and sometimes does not circulate at all. For example, a caregiver of an NGO is not aware of what kind of technical assistance is available to a specific person in need, and how this can be arranged. The suggestion thus is either to remove the intermediary NGO's and employ caregivers directly by the city council, or to significantly improve and better transform the information flow processes and develop a culture of learning and an attitude of "Yes, I can" among the caregivers and their employers.

In order to give recommendations regarding the future financing mechanisms, a broader study is required. One of the recent books, that is popular in Latvia, written by some of the dedicated mentors to Latvian nascent entrepreneurs, is "Show me the money" by Alan Barrell, David Gill and Martin Rigby. The book reveals in detail all the processes from assessing your business idea to preparing the fundraising and planning the future money supply chain. The book also includes a chapter about new and innovative finance sectors, including crowdfunding. This may well be one of the key recommendations to use the opportunities provided by crowdsourcing, crowdfunding and cooperative activity instruments in order to improve the well-being, access to services and possibilities to reach small and large personal goals of the senior citizens in Latvia.

In today's open access, big data and sharing economy world, there is no possibility to have a single window service for new business and SME finance. It is simply impossible. Just imagine, there is no possibility to attract funding for one's company in one's country, and the foreign support offices cannot help one either. Should one give up? No, as of today, there are no borders for communication, and anyone with a connection to internet (for a few dollars or even for free from public spaces) and decent language skills (or a friend who knows languages well) can go out there and reach possible financiers and partners across the world, from Taiwan to South Korea, U.S. or U.K., and not the least, all across Europe.

In an open innovation ecosystem, where all players develop and change over time, one can only improve systems and services provided and thus become a main entrance point for companies seeking finance. But surely there

will be other side doors (i.e., smaller and more efficient organizations, specific purpose players, regional expertise carrying organizations) where deals will be made too.

3.5 Lithuania

After the surveys and workshop results overview, it was found that in Lithuania there are a wide range of financial mechanisms, but, according to the participants opinion, currently Lithuania faces with a problem that there are some specific instruments to support innovations in Silver Economy area, but at the state level they are not comprehensive, and currently viewed as not an opportunity rather than a problem. To refer to it, in this area are many opportunities, and in the future, it will be even more. Therefore, a vertical priority in the state, which would cover all financial mechanisms, is especially important. The participants of the workshop were divided into 4 groups and were asked to specify, in their opinion, most sensitive problems in Lithuania related to Silver Economy.

Table No. 1 Main problems in Silver economy in Lithuania

1st Group	2nd Group	3rd Group	4th Group
Problem			
All sectors are not realizing that the Silver Economy is inevitable	There are many older people with extensive experience in a particular field, but their potential is untapped	To interest seniors who do not want to participate in social life or do not know what activities they could participate in.	Lack of information.
Solutions			
1. Social advertising at the state level. 2. Carry out research and statistics on who the elderly is in Lithuania, how they live, what they do, etc., in order to	1. To create a system of employment of older people-specialists, when companies, employing such people would be paid benefits, subsidies, etc.	Prepare a package of activities that seniors can engage in and disseminate advertising about it on television, informing the public as much and as widely as possible.	As the social networks are widely used by the public, any information could be disseminated and disseminated through influencers, people

<p>identify the need and develop products or services aimed at them.</p> <p>3. Introduce higher criteria to facilitate access to finance when innovating in the Silver Economy.</p>	<p>2. Create a recruitment platform for retired professionals who want to stay in the labor market.</p>		<p>well known in the public. Disseminate examples of good practice, success stories to encourage people to start businesses and use existing financial instruments.</p>
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During the workshop and survey, JSC IAMUS got the results of the obstacles and barriers which all sectors have to deal with. Almost all participants from private sector agrees that it is bureaucracy, long and complicated application writing processes, lack of competencies. Also, most business representatives in the workshop pointed out that there is often a lack of information about the mechanisms, not knowing where to look for information and whom to ask. This problem is particularly strong in regions, small towns and for the elderly people. National funding mechanisms are too complex and institutions do not trust applicants, making the whole process long and tedious.

Full overview of obstacles and barriers are listed in the table below.

Table no. 2 Main barriers of the present financing and funding mechanisms in Lithuania

Private	Public	Non - profit organizations
<ul style="list-style-type: none"> • Bureaucracy • Long process • Difficult availability of scientific experts • Hard start • Complicated application filling, lack of competencies 	<ul style="list-style-type: none"> • Bureaucracy • Long process • Complicated application filling, lack of competencies • Corrupt and complicated system • Lack of cooperation 	<ul style="list-style-type: none"> • Financial support is provided only from the municipal budget or 1.2% of the GPM • The sector has been forgotten by policy makers: in terms of involvement in decision-making and funding • The amounts of support for non-profit organizations are

<ul style="list-style-type: none"> • Lack of information on measures • Ideas are not encouraged • Short-term programs • Regional development disparities • The developed activities do not correspond to the R&D activities - no new knowledge is created • In many cases, it is necessary to have equity, so only those with financial backgrounds can participate • There are cases of biased evaluation of applications • Banks give loans only to strong companies, not suitable for start-ups • It is not allowed to correct errors when applying for funding • Proof of the company's reliability • Inflexible risk assessment • Underestimation of long-term forecasting 	<ul style="list-style-type: none"> • A large part of the project must be self-financed • If you cooperate with a business, you lose Intellectual Property as educational institution • It is not allowed to correct errors when applying for funding • Does not receive tax benefits for innovation • Lack of a common strategic vision of an aging society that integrates all areas (economic and social aspects) 	<p>very small, they are not enough, therefore they have to borrow if necessary.</p> <ul style="list-style-type: none"> • Financial institutions are reluctant to fund non-profit organizations • Not considered as potential innovators
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Despite the existing obstacles, the participants were able to single out the positive aspects of the measures, which allow companies, research institutions or other private and public organizations to expand their products and services, analyse markets, improve their competencies, and cooperate for researches or deal with foreign institutions.

The wide choice of tools is one of the positive aspects, as it allows to choose the right and adaptable mechanisms, not only according to the innovation being developed, but also according to the status of the company, age and product or services development status. After interviewing the participants, everyone unanimously stated that one of the biggest opportunities for innovation in the Silver Economy is that fostering business and science cooperation, so that the institutions can innovate, ensure that the research will be carried out, can afford high-quality expertise, perform piloting in a specific environment and etc.

Table No. 3 Strengths of the financial and funding mechanisms in Lithuania

Private	Public	Non - profit organizations
<ul style="list-style-type: none"> • A wide range of financial and funding mechanisms • The measures are repetitive, so applicants gain experience in completing applications over time • LVPA, MITA, LIC provide qualified consultations • Cooperation between business and science in the field of R&D is strengthening • You can apply for funding at an early stage 	<ul style="list-style-type: none"> • Institution-specific calls for support are being developed • Opportunity for cooperation with business • Cooperation between business and science in the field of R&D is strengthening • Quality and availability of services • Improving infrastructure 	<ul style="list-style-type: none"> • Ability to control costs yourself

After discussing the obstacles and opportunities of financial mechanisms, workshop moderator invited participants to discuss future financial instruments, what they should be focused on, how the process of receiving support should be changed, etc.

Since one of the main obstacles identified by the participants, is a long bureaucratic process which companies need to go through, the main focus in future financial mechanisms is to modernize applying process.

Participants also called for simpler measures, broken down into the shorter stages and in smaller amounts, to make the process itself as simple as possible and to have the idea evaluated by independent foreign experts.

Here are all future listed financial mechanisms:

- The support of innovators according to their idea, having a model, is evaluated by independent foreign experts
- Small instruments up to 20.000-40.000 Eur to test or generate ideas. More simple and fragmented instruments
- More mechanisms that combine science and business cooperation encourage the exploration of new areas, products
- Integrated services (funds-guarantees-fees)
- Instruments for innovation that are not limited, unexpected solutions are sought, no research is required, experimental development is considered equivalent
- An innovation tool for start-ups that would act as a crowd funding platform but lead to support and private business co-funding, involving users in the evaluation process (distinguishing between B2B and B2C)
- Instruments are focused on renewable resources
- Bigger focus on crowdfunding platform and their possibilities
- Expand the number of Acceleration Funds
- Silver Start Program
- Silver voucher – company getting voucher from the government to buy a retired person competence
- Silver Platform – a platform for elderly people to register their CV's
- Silver Lab – a center which works in Silver economy field (provides all kind of support, information for elderly people)

In order for funding instruments to be targeted and reached as many potential innovators as possible, businesses need to be fully informed about the possibilities to get the support they need to set them up in the shortest possible time. The “single-window” principle would help.

Electronic services are one of the tools to implement single-window process for the integration of financial services. The implementation of the single-window principle aims to create conditions for fast, impartial and

transparent processing of applications in state institutions. Another important aspect is to reduce the administrative burden on businesses due to the obligation to collect and provide additional information or documents from other institutions or companies themselves.

According to the participants, more attention should be paid to the development of crowdfunding platforms. These platforms would allow different kind of institutions publicly borrow from unidentified persons for business development, professional, scientific, research and other purposes.

During the surveys JSC IAMUS got 2 different kind of answers about the single-window status in Lithuania. These companies which applied for the funding with the help of consulting companies named this is as the single-window service. But this worked when applicant new which mechanism to use or was advised. Other side of survey participants noticed, if the company need full picture of the financial mechanisms in the region (from public to private or non-financial), there is no such institution or online platform.

Conclusions and other observations

All workshop participants agreed that Silver economy is a very hot topic now, because of a rapidly aging society, every company needs to understand that the vast majority of their customers in 10 years will be a 50+ year old people - economically stable, with raised children, their own property and high purchasing power. Therefore, innovations must be created as much as possible in all areas, without excluding the more important or less important ones, and it is important to refine what companies will be able to offer them. As the impact of an aging society will be on many areas - the economy, employment, health and etc. - therefore, a complex focus in this area must be given and to prioritize innovations in the Silver Economy in all existing financial mechanisms. Silver Economy is not a problem, it is a today's reality.

Businesses are often unaware that certain measures exist, e.g. tax reductions or reimbursement of costs incurred when businesses work with and outsource research. There is a lack of publicity for funding instruments. The information is available but does not reach the target audience. Based on that the, conclusion is that there are all the possibilities for getting funding, but there is a lack of information.

During the workshop, the participants in the working groups were discussed about the Innovation Reform, which was approved by government of the Republic of Lithuania in June 2018 - the Law on Technology and Innovation was adopted, which allows to use the available business and scientific potential. One of the main

steps of the reform is to review and streamline the application of financial mechanisms to science and business projects. The aim is to make more efficient use of the investments of the European Union funds and to direct them more purposefully to joint research and business projects focused on the development of new products.

To help implement this purpose the idea is to have so-called technology agents / scouts. The main goal for them is to search for the new technologies in both businesses and Research & Education institutions, not only to discover a new technology that meets the pre-determined criteria, but also to find an attractive technological solution for investing or selling. This is especially important for start-ups - young companies with growth potential.

In addition, it is planned to set up a single agency for technology and innovation policy by 2021, replacing the current number of agencies. The creation of a single-window is expected to increase the availability of services for innovators, reduce bureaucracy, reduce management costs and create mechanisms for the smooth systematic administration of support programs.

All this confirms the importance of innovations, single-window principle and big potential of Silver economy in Lithuania and first steps are already made.

3.6 Russia

Open Joint-Stock Company "Technopark of Saint-Petersburg" carried out 10 interviews among relevant stakeholders in order to build a good understanding of the present financing situation in the region. They also arranged a workshop on October 18th, 2019 where they studied the mechanisms and financing schemes to support projects in silver economy. There were 10 participants in the event apart from the representatives of the organizing partner.

It was found possible to create a platform in Russia, where information about various financial programs, both public and private, would be presented. However, it is very difficult to get connected with all providers, so one can suppose that it won't work as a single window, but it could be one single information service.

On the other hand, Russian government has already done several steps towards the development of single window for governmental services supporting both social and classic entrepreneurs and businesses. At the

moment, St. Petersburg already has several platforms, such as “My business”, “Unified Entrepreneurship Center”, “Export Center”, etc.

According to the research findings, many of the examined financing instruments, such as entering the state register, tax breaks and grants were found to work less effectively due to heavy bureaucratic barriers. Such instruments like trust funds and the endowment are poorly researched from the perspective of their positive effect on social projects, combined with their poor implementation in Russia. Sponsorship, investment and credits are found to be the most effective tools for financing social projects. Besides, crowdfunding may serve as an effective financing tool for short-term social projects, not demanding an excessive number of resources. It is quite fast, effective, and mass audience targeted.

The research examined sixteen financial instruments and determined their suitability for social businesses. The study showed that businesses need a variety of support measures. For example, there is a definite need for simplifying the procedures for applying for financial support (grants, subsidies). Overall, it is tough to define the best financial instrument for all social projects because projects differ from each other. However, according to the study results, own investments, credits, and sponsorship can be named among the most effective tools for financing social projects.

In a conclusion, there should be more senior-friendly services and tools. Now there is a risk that the seniors are excluded from the rapidly developing digitalization process. There is a huge potential in e-Commerce, it reaches also the seniors living in the scarcely populated regions that might be far away from the physical commercial centres.

There ought to be more cooperation between different financing actors, now the actors are specialized in too narrow sectors. One idea is to have technological agents or scouts who try to identify new technological solutions and to generate new business or research and educational impact. One important realization is that the silver economy is not a problem, it is reality!

The list of existing, identified financing mechanisms in Russia:

- the state register of social services;
- public-private partnership;

- tax breaks;
- subsidies;
- grants;
- credits / loans / micro loans;
- sponsorship;
- private donations;
- investments;
- crowdfunding;
- crowd investing;
- bootstrapping;
- reinvestment / cross-investment / cross-subsidy;
- trust funds;
- endowment;
- insurance programs;
- state support for export.

There are many different existing needs in the Russian silver market such as the creation and support of educational programs for the older generation, promoting active longevity and improving the quality of life for the elderly, developing a tax break system for older entrepreneurs, improving medical care for older people (shift from treatment to prevention), older people's employment, etc.

In recent years, the state has done a lot to attract private investors toward this area. It subsidizes interest on loans for implementation of social projects and provides tax incentives. The market research showed great potential in developing a public-private partnership, which will allow attracting budget funds to implement silver projects. Moreover, businesses are waiting for the widespread introduction of co-payments: When a pensioner takes money from the state and goes to a private institution with a surcharge. So far, in practice, officials are rather reluctant to send pensioners to private institutions. If citizens are free to choose which organization to bring a certificate for social services, this will be the most effective way to promote development and competition.

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It was found possible to create a platform in Russia, where information about various financial programs, both public and private, would be presented. However, it is very difficult to get connected with all providers, so one can suppose that it won't work as a single window, but it could be one single information service.

On the other hand, Russian government has already done several steps towards the development of single window for governmental services supporting both social and classic entrepreneurs and businesses. At the moment, St. Petersburg already has several platforms, such as "My business", "Unified Entrepreneurship Center", "Export Center", etc.

The research done shows that financial tools and mechanisms in Russia are constantly developing. The government makes substantial efforts to provide more support to the entrepreneurs regardless their area of business development (be it social, or innovative, or classic business).

In the research done, the focus was on the mechanisms for social businesses, but almost all of them are applicable to any other business. While preparing the research, we saw how the law is being adapted to introduce more possibilities and how different governmental institutions develop new supporting programs.

The government proved to be really interested in providing more possibilities to small and medium businesses in order to receive more working entities, which would be positively affecting Russian society and social problems solving.

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4. CONCLUSION AND RESULTS

In a conclusion, there is more need to develop the processes and knowledge of the present financing instruments than to create new ones. Like it is said in the report of Denmark, one must think more about the whole ecosystem around the entrepreneurs and not only financing. Entrepreneurs need coaching in order to develop their business and to apply for financing.

It is noticed that Silver Economy is an interesting niche and that the public and private financing, different development and research institutions, and corporate financing should join their forces. Financing should be provided jointly – public and private together. It is a difficult and must manage structure but makes sense in those sectors where there is a strong need on the public side and potential of high earnings on the private side.

It was also found out that one of the problems is that many of the financing instruments are targeted to the growth companies with certain legal status and number of staff. This excluded smaller companies, e.g., sole proprietors who might have good business ideas as well.

It is important to evaluate and make the processes of public funding simpler. It is an advantage that the processes involve strict requirements and documentation as it guides the applicants to be careful and bound to the development process. The challenge is that the long, bureaucratic process might drive away many good applicants with great business ideas.

One finance development possibility is to use crowdsourcing, crowdfunding, and cooperative activity instruments in order to improve the well-being, access to services, and possibilities to reach small and large personal goals of the seniors. It seems that there will be more funding opportunities soon for all the partners' countries as they will face a stronger and healthier elderly population in 10-15 years from now.

4.1 Financing Mechanism

As a result of extensive research work in different partner countries, the partners created a new financing mechanism that combines all the identified financing instruments used for development purposes at least to some extent in the region (see the tool in <https://silverhub.eu/>).

See also the example of the list of instruments in Finland, 1B Public Funding for Business in the phase of 1:

Discovering & Ideating.

RETURN TO MAIN PAGE	DISCOVERING AND IDEATING	BUSINESS	
Instrument	Financer	Purpose	Terms
Business development aid	Ely Centre	The start-up grant may be granted for a maximum of 12 months a	Business development aid is granted by the government on a discretionary basis. It can be granted to SMEs that pursue the comprehensive and significant development of their operations and that meet the requirements for profitable business and have sufficient own resources for development measures to improve competitiveness. The company can be compensated for up to 50% of the labour, consulting, travel, exhibition and other expenses related to development measures and used as the basis for the aid. Investments in the project can be supported with 10–35% of the expenses used as the basis for the aid, depending on the company's size and location. The aid must be applied for before the project is started.
Grant	Runar Bäckström foundation	to encourage and support inventions that are beneficial to Finnish businesses and thereby strengthen their global competitiveness. Grant is to be applied once a year. In 2019 the foundation granted total of 195 000 euros for 15 different applicants.	The invention supports the Finnish industries, the idea works in practice and has commercial potential. Individuals, work groups, companies or associations can apply for the grants. There are no formal qualifications for the grantees, such as a certain academic degree.
Grant	Linkroom	Linkerom is a business net that arranges a business idea competition with the grant of 2500 euros 4 times per year promotes the esteem, know-how and operating conditions of Finnish inventors.	for anybody with a good business idea and who are acting in Hämeenlinna
Grant	Keksintösäätiö, Foundation for Finnish Innovations	. The Foundation has also set up a peer support group for inventors called KeksintöKeidas on Facebook, where more than 400 members already chat and network.	In its activities, the Invention Foundation emphasises the central importance of inventions as the hard core of innovations. In addition to private personal inventors, the Foundation's interests also include university and employment relationship inventors
Grant, Horizon 2020	Business Finland	for innovative projects Suomen Yrittäjät is an interest and service	SMEs, see the terms from https://www.businessfinland.fi/en/for-finnish-customers/services/funding/horizon2020-preparation-funding

2B Private Financing | 3B Private Financing | 4B Private Financing | **1B Grants&non-financial support**

4.2 Investment readiness-pillar

The purpose of the mechanism is to provide answers regarding potential financing instruments to product and service developers operating in the silver economy. The so-called investment readiness pillar supports owners of innovation projects to prepare to pitch for investors and to secure financing. This early phase of development is very vulnerable because many good ideas are cut short due to lack of knowledge on how to turn the idea in to a business idea. It was noticed in different workshops and interviews that the developers are not prepared well enough for the pitching phase, their business plans and calculations are inadequate, and they desperately need support from external experts like business coaches.

In some countries, there are good possibilities to receive inexpensive or cost-free support from different state-funded enterprise agencies, or mentoring from the private business mentors who like to help entrepreneurs without charge (see e.g., <https://www.yrityskummit.fi/fi/etusivu>). The problem is that such guidance and mentoring is not always easy to find and therefore the Financing Mechanism is built to also include information about these possibilities. The most important thing to the developers is naturally to find different channels to receive funding, financing, or grants (see the development phase of 1: Discovering & Ideating and 2: Designing & Prototyping).

4.3 Scale-up pillar

The so-called scale-up pillar facilitates access to instruments, networks for financing, and market expansions as well as supports accessing venture capital, strategic investors, partners, and “smart money”. It was noticed that in this phase the companies and organizations are better prepared to acquire financing; they already have business know-how and might have business plans and calculations available. Their problem is how to identify the best possible financing or funding instrument for their purposes. The field of instruments is very fragmented and includes various terms and prices.

Many stakeholders are interested in financing good business ideas in the scaling up phase but with various terms and prices. Also, public funding is often encouraging companies in this development phase with various instruments. These instruments are often inexpensive when compared to the private ones but include a lot of bureaucracy and many kinds of rules. The scale-up pillar includes phases 3 and 4 in the financing mechanism and hopefully helps developers in comparing instruments in the phases of assessing & going to market and scaling up & networking.

4.4 The next steps

The next steps to be taken with the financing mechanism is to test its viability in practice under the innovation and acceleration programs. After the programs, the silver financing mechanism will be implemented. It is also important to remember that new financing and funding instruments are created all the time and some of the old ones are eliminated. Therefore, the constant maintaining of the financing mechanism is of utmost importance.