



ATM for SMEs
Interreg Europe



REGIONAL ACTION PLAN

ATM for SMEs Project

Centro Europeo de Empresas e Innovación de Burgos

CEEI-Burgos (Spain)

**STRATEGY TO BOOST ENTREPRENEURISM, OPEN
INNOVATION AND EMPLOYMENT WITH A
MICROFINANCE INSTRUMENT**

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1. OVERVIEW

1.1. ATM SUMMARY DATA SHEET

The “ATM for SMEs” project is implemented in the framework of the INTERREG EUROPE Programme. The aim of the project is to prevent the lack of access to credit and financial exclusion, which represents a serious obstacle to business creation, through the exchange of local policies, innovative solutions and good practices.

The "ATM for SME"s consortium is lead by Fejér Enterprise Agency (HU), and is characterized by a balanced proportion of managing authorities and microfinance institutions, and a European level advisory partner.

The main activities in the project:

- interregional learning process: study trips, policy exchange events
- Local adaptation of the lessons learnt: local stakeholder meetings and regional action plans. Improvement of 9 local policies.
- Joint EU level studies on the utilization of public money and on the conditions to create better access to finance for priority groups

THE BACKGROUND

The lack of access to credit and financial exclusion can be a serious obstacle to business creation in many European regions. Microfinancing of SMEs and support to social entrepreneurship is an already tested and proven tool which can contribute to a high level of quality and sustainable employment, reducing disparities and poverty; and thus contributing to the realization of the « Inclusive growth » priority of the Europe 2020 strategy. There is a wide variety of microfinance programs across Europe, however, there are significant differences in how these microfinance initiatives reach their target groups. In some regions, paths have been built between the microfinancing institutions and their target groups (especially people who are in a disadvantaged position at the labour market), in other regions the outreach of the microfinancing programs needs improvement. We can see several innovative local solutions which help startups meet the adequate financing and also promote the creation of entrepreneurship.

Therefore, the “ATM for SMEs” project is aiming at improving the access to microfinance in the participating regions by sharing and exchanging the local knowledge on innovative solutions

RESULTS OF THE PROJECT – STATE OF ART OF THE PROJECT IMPLEMENTATION

According to the Interreg Europe Programme requirements, the project implementation is divided into two phases: the first phase (0-36 months) is focusing on the interregional learning process. The partners are engaged into an intense learning activity in order to learn the experience and knowledge accumulated in the regions. The most important output of phase I is the regional action plan, to be prepared by each regional partner. In Phase II (37-60 months), the partners will monitor the implementation of the action plans.

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Actually, the partners have concluded the most intense period of interregional learning, and have participated at 5 study trips. The most important results of these study trips:

- 90 good practices presented and discussed during 5 thematic workshops. Each workshop featured an important theme, such as: microfinance as an employment tool; involvement of priority groups (with special regard to gender equality); enhancing the social outreach of microfinance and mitigating the negative effects of financial exclusion; promotion of microfinance programs; social and technological innovation in microfinance (contributing to the implementation of “Digital Agenda for Europe”); sustainability and efficiency of microfinance programs. Each workshop included guest speakers and representatives of the partner organizations presenting on successful tools, initiatives and local approaches.
The workshops also included interactive sessions with partners and policymakers, panel discussions, interactive joint in-depth work in smaller group settings
- 5 policy exchange seminars on the different approaches of promotion of microfinance in the relevant regional/national strategies. The partners discussed the following strategies: enterprise development strategy of the City of Offenbach; Cooperation platform for business development in the Follo Region; Youth Self Employment Programme of Burgos City; and the Regional Operational Programme of Sardinia.
- 5 interactive seminars on success stories: the partners met entrepreneurs who demonstrated the success and efficiency of the identified good practices
- 5 site visits: the partners will go to the location where the good practice was implemented to have an in-depth understanding on how that measure was planned, implemented and utilized.

The experiences of the study trips were discussed also on local level, during the stakeholder group meetings. The partners summarized the lessons learnt at each study trips in the exchange reports. These exchange reports are an important source of the Regional Action Plan of Fejér Enterprise Agency.

THE GOAL OF THE REGIONAL ACTION PLAN

According to the Interreg Europe Programme Manual (v.3), each region involved in the cooperation project produces an action plan, specifying what will be done in the region to ensure that the lessons learnt from the cooperation project are put into action. Produced by each region, the action plan is a document providing details on how the lessons learnt from the cooperation will be implemented in order to improve the policy instrument that is addressed within their region. It specifies the nature of the actions to be implemented, their timeframe, the players involved, the costs (if any) and funding sources (if any).

1.2. CEEI-BURGOS

European Business and Innovation Centre of Burgos, CEEI-Burgos.

CEEI BURGOS was created in 1994 as an instrument specialising in local development under a European Commission model, quality criteria and sponsorship and the promotion of the regional and local entities and institutions most committed to the socioeconomic development of our territory.

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Objectives:

- To facilitate the creation of innovative small and medium enterprises and the development of already existing ones.
- To promote entrepreneurship and an enterprising spirit.
- To boost human productivity, promote new professional qualifications and collaborate with modern, effective and innovative business training.
- To encourage innovation and foster the implementation of new activities, sectors and technologies to help diversify the industrial landscape and competitiveness of our companies and territory.

In order to achieve the objects proposed, we design and offer entrepreneurs, companies and collective and territorial entities a wide range of integrated services, guided by innovation and the principles of quality, cooperation, anticipation and efficacy.

CEEI-Burgos projects its actions by belonging to:

- The European Association of CEEI's, EBN, the European Business and Innovation Centre Network which, with headquarters in Brussels, groups together the more than one hundred fifty CEEI's on the continent.
- ANCES, the Spanish National Association of CEEI's, which clusters the twenty-eight currently existing centres within Spain.
- EMN, European Microfinance Network, which is comprised of more than a hundred microfinance operators and various national networks all over Europe.

One of our objectives throughout the years has been to design and implement a wide range of integrated services for all phases of the entrepreneurial process. From very early on, we observed a need for a community-based financial instrument that best adapted to the particular circumstances of entrepreneurs, particularly to the most innovative projects.

At the end of the 1990s, we made some initial attempts to create a financial instrument of this kind; however, none of them survived brief operational periods. Finally, in 2011, we negotiated the possibility of securing PROGRESS programme funds with the European Investment Fund, EIF. EIF selected us to be a microfinance institution under the JASMINE programme and we designed the line of rural microcredits for SODEBUR in 2012, which has been in operation with noteworthy results from 2013 to present.

2. REFERENCE FRAMEWORK-CONTEXT

REGIONAL SITUATION

Burgos is a municipality and Spanish city in the north-central portion of the Iberian Peninsula. The city is the capital of the province of the same name, which is in the autonomous region of Castilla y León.

With a surface area of 94,224 km², the Autonomous Region of Castilla y León is the most extensive not only in Spain but also anywhere in the European Union. It is larger in surface area than seven of the fifteen member states (Austria, Belgium, Denmark, Holland, Ireland, Luxembourg and Portugal). It represents 18.6 percent of the Spanish national territory and 2.9 percent of the European Community area. Its 2,562,892 inhabitants (6.5 percent of the national total) are distributed among 2,248 municipalities (28 percent of all those existing in Spain), 98 percent of which have a population of less than 5,000. Forty-

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one percent are concentrated in mid-size urban centres, making them relatively insignificant which hinders the region's economic development process. Only nine capital cities and another three cities have a population of more than 20,000.

The city of Burgos has a registered population of 175,623 inhabitants in 2017, distributed throughout a surface area of 107.06 km² making it the 36th most heavily populated municipality in Spain and the second most heavily populated in the autonomous region of Castilla y León. The metropolitan area, comprised of a large number of municipalities with very little land, has some 20,000 inhabitants which, along with the central municipality, forms an urban area of some 200,000.

Burgos has historically been an industrial city. The city was heavily industrialized in the 20th century, mainly in the automobile and food sectors, due to both local entrepreneurship as well as foreign investment. Its privileged geographic location approximately in the centre of the northern half of the Peninsula has allowed it to become an important hub in northern Spain for both national and international routes.

With great sector diversification in its industry and a high level of business activity well above the registered figures for Castilla y León and Spain, the province of Burgos is known for a solid business base comprised of 25,208 companies, many of which are national and international leaders. Although the presence of medium and large enterprises is at the national average, the economic landscape of Burgos is essentially built of small enterprises with solid and strong structures.

The importance of industry in Burgos can be seen in the fact that the specific weight of the industrial sector on GDP in Burgos nearly doubles the figure for the entire country. The same is true with regard to employment where the industrial pre-eminence in Burgos clearly contrasts with the national and regional occupational structure.

Burgos has a diverse academic offering led by the University of Burgos, with more than 7000 students, which stands out for its research quality and relationships with the business world.

Nonetheless, the city of Burgos contributes significant problems or imbalances—some structural and others deriving from the economic crisis the country has been in since 2008—only a few of which will be indicated herein:

The economic crisis has destroyed a significant portion of the local production landscape, leaving an unemployment rate which, although lower than the regional and national averages, is hardly insignificant as unemployment rose from a near zero to percentages of 10%.

The crisis has not only affected a few large industrial enterprises but has also reconverted important sectors of activity such as construction and all the major related economic activity primarily involving micro-SMEs and the self-employed. These are the kinds of companies that have suffered the most from the economic crisis from which full recovery is yet to be observed.

Another consequence of the economic crisis that has particularly affected the city and province of Burgos is the radical reconversion of the financial sector.

There was a very relevant conglomerate of locally-based savings banks in Castilla y León which had traditionally been very much involved in funding local and community-based projects.

The reconversion of the regional and local financial sector has not only had an important impact on employment and the “de-banking” of major areas throughout the territory. The disappearance of local

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financial decision-making centres has destroyed the unique tandem once formed by the local financial conglomerate and the local industry which has created a lack of confidence and uncertainty difficult to overcome, thereby dissuading and hindering production investment projects despite the improvement being seen in the Spanish economy.

The city and province of Burgos suffer from significant negative migratory balances with a gradual yet constant loss of population which has increased during the economic crisis years, particularly of the youngest and most highly qualified job-seekers who have emigrated following their academic training in view of the scarce job opportunities available. This has resulted in a lower and ageing population.

A recent report by one of the most important Spanish trade unions highlights that:

*“there are real risks that the job market will be left without a generational shift; between **2007 and 2017, Castilla y León lost 140,700 wage earners between the ages of 16 and 34.***

Specifically, the number decreased from 332,700 the first year of the crisis to 192,000 a decade later. Moreover, the number of male wage earners dropped by 80,500 to 101,700 last year and the number of females by 60,100 to 90,400.

The low demographics and shortage of opportunities have a direct impact on this group which was assumed would replace ageing production workers in Castilla y León.

*The report shows that the situation of the labour market in the region for this group led to more than **13,000 young people leaving Castilla y León between 2013 and 2017**, in search of new opportunities.*

The study indicates that the industrial sector is the one with the highest employment rates among young people whereas those related to technology continue to be among the sectors with the lowest rates as occurs with professional, scientific and technical activities; in other words, those that are directly related to technological innovation and research.”

The traditional low inclination for entrepreneurship, especially of added-value, innovative and technology-based. At the same time, the transfer of technology and knowledge from generation centres reflects significant weaknesses.

The economic crisis and resulting cutback process have also affected the public administrations which, in such an extensive region with a population pattern like the one seen in Castilla y León, the regional government has been forced to withdraw investment and local expenditure as well as re-allocate resources severely conditioned by social circumstances.

In this context, cities—particularly provincial capitals, the main centres of economic activity in the region, government administrations and social stakeholders citizens first look to for answers to their needs and to demand responsibility have taken on a bigger role in industrial and social economic development, attempting to improve the conditions for economic activity by implementing infrastructural policies and services for the economic sectors. It is in this framework that cities have reactivated their interest in fostering entrepreneurship, innovation, start-ups, etc., establishing policies and action plans.

Under these circumstances and administrative scope, it is possible to effectively deploy certain policies—particularly social policies that affect or refer to people and economic policies aimed at promoting an innovative local production system where high added-value entrepreneurship and the development of competitiveness among companies find themselves under the ideal conditions for progress.

STRATEGIC REGULATORY FRAMEWORK OF ACTION FOR THE REGIONAL ACTION PLAN/LOCAL POLICY

The guidelines of economic policy in Castilla y León are sustained by consensus among economic and social stakeholders. The Castilla y León Industrial Covenant, which was signed in 1993, is a reference for social dialogue and the foundation for boosting regional economic development and improving business competitiveness.

The 3rd Framework Agreement for Economic and Industrial Competitiveness was signed in 2014 with a timeframe up to 2020. It is an broad umbrella for the various strategies the Regional Government of Castilla y León has been promoting, developing and updating, all based on the production transformation and sector modernisation where re-industrialisation is one of the key factors for the future.

The performance of the activities requires coordination from various government administrations, departments of the Regional Government of Castilla y León, public and private entities and stakeholders in a view to budget efficacy and the generation of synergies which requires working as a network which is the basis of the current Strategy. The different strategic and regulatory documents also reflect this idea.

Law 6/2014, of 12 September on Industry in Castilla y León provides for a Framework Industrial Promotion Plan for industrial promotion policy with the following general objectives: reindustrialising and moving towards industrial leadership in Castilla y León; encouraging new production activities in addition to endogenous resources and consolidated industrial sectors in the territory; increasing the size and capacity of companies in the industrial sector.

The measures in support of entrepreneurship and business creation are supported by Law 5/2013, of 19 June, on Stimulating the Creation of Enterprises in Castilla y León, which was developed through the 1st Plan to Support the Creation of Enterprises which develops 48 measures for the 2014-2016 period through four programmes: enterprising spirit; entrepreneur training; administrative streamlining and simplification; and support for business implementation, development and consolidation.

The Regional Strategy for Research and Innovation for Smart Specialisation RIS3 2014-2020 sets forth the guidelines for R+D+i policies and the digital agenda in the region.

The University-Enterprise Knowledge Transfer Plan 2015-2017 boosts effective collaboration for technology transfer in line with the RIS3 Strategy and University-Enterprise Knowledge Transfer Network (TCUE).

The rural environment is particularly significant in Castilla y León in terms of population as well as territorial rebalancing. The strategic framework is contemplated in the Castilla y León Rural Development Programme 2014-2020.

The necessary references in Castilla y León to the Regional Climate Change Strategy 2009-2012-2020 must be added this regulatory framework of guidance and strategic coordination, especially as concerns fostering and boosting technological innovation and the application of best available techniques at a reasonable cost.

The Business Internationalisation Plan for Castilla y León 2013-2016, which is aimed at increasing the level of internationalisation among regional companies both quantitatively and qualitatively, combines sector and geographic-based actions.

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The 2nd Integrated Strategy for Employment, Vocational Training, Occupational Risk Prevention and Equality and Work/Life Balance for the 2016-2020 period is no doubt the centre of all employment policies in our autonomous region. It offers a series of measures aimed at the self-employed.

In order to continue these actions with a broader and more integrative approach and in a view to putting renewed efforts behind these policies, the new Entrepreneurism, Innovation and Self-Employment Strategy for Castilla y León 2016-2020 has been drafted which emphasizes crucial aspects of entrepreneurship such as innovation and measures to support self-employment all while considering the existing inter-relationship between these three areas of action.

The measures included in this Strategy will have an important financing source based on the execution of the European Union ERDF Operational Programme 2014-2020, as well as other European projects and complementary initiatives.

All of the foregoing will be aligned with the reference framework and main objectives sustaining the current Strategy, the effective development of which is constituted by a set of specific and timed measures to be developed with collaboration from public and private initiatives.

THE ENTREPRENEURISM, INNOVATION AND SELF-EMPLOYMENT STRATEGY

The future outlook revealed through strategic analysis shows that a change in mentality is needed among companies as well as adaptation to new technologies and trends to foster the generation of new business ideas and more flexible and innovative organisations and structures.

The key to this process on a regional level lies on fostering two types of actions:

- Encouraging a business spirit and entrepreneurship among the population.
- Fostering innovation among regional companies as an essential element of adaptation to change.

In both cases, students, workers and business owners must receive training in the appropriate skills.

GOALS

The ultimate purpose of this Strategy is for it to be a vehicle that facilitates entrepreneurship and a change in the regional economic model by strengthening the specialised production sectors in Castilla y León. This change in model shall be grounded in public/private collaboration through a network among all regional stakeholders as part of a new open innovation system which promotes entrepreneurship and anticipation for change as well as the new technology trends observed in our business landscape.

The Strategic Goals can be summarised as:

- Retaining and attracting creative and innovative people.
- Taking the train towards innovation: new more innovative businesses.
- Accelerating our companies' technological transformation and adaptation.
- Encouraging all entrepreneurship to arise out of innovation.

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The strategic goals are coherent with the various regional Strategies listed and respond to the new challenges in a global economy which is continuously transforming.

3. POLICY APPROACH

DESCRIPTION OF THE POLICY TO IMPROVE

The youth self-employment support policy, specifically the youth self-employment subsidy policy.

Perhaps because Burgos is an eminently industrial city with traditionally low unemployment rates up until now, there has been no particular concern for developing a decisive policy to promote entrepreneurship, especially the most innovative type of entrepreneurship with start-ups and their growth. The economic crisis and administrative cutbacks have revealed a clear interest and importance in developing active, effective and long-lasting strategies to promote entrepreneurship and business creation.

Over the last 25 years, the strategy in this field, as indicated in successive Youth Plans, has been of limited ambition and scope with no alignment with significant strategic priorities beyond an approach to youth self-employment. The most common intervention mechanism has been subsidies.

Thus, there are Self-Employment Subsidies through annual calls with specific opening and closing dates to finance current and initial set-up expenses with subsidies awarded up to a maximum of 2000 euros (2018). Traditionally, this aid has generally benefitted promoters of projects with little added value or innovation and limited repercussions on the generation of quality jobs related to trade, the catering industry, construction, personal services and liberal professions.

This financing is not linked to any type of training itineraries, guidance or acceleration efforts nor does it discriminate among or assess sectors of activity, size or the reach of the projects. The annual budget earmarked is not usually more than 160,000 (2018)

At the same time, there is a service known as Espacio Emprende which offers young people information and advice when they decide to open their own business as self-employed professionals. They are given all the information on the procedures required, subsidies they may access, employment contracts, taxation, etc.

The Office of the City Councillor for Youth grants Self-Employment subsidies and organises the Burgos Young Business Owner Award as well as the Young Business Initiative Award in addition to managing a small incubator with the capacity for seven projects.

4. INTRODUCTION TO THE ACTIONS UNDER THE PLAN

Below we describe the actions recommended by the Lead Partner and the Local Stakeholder Group for implementation in Burgos following the intensive interregional learning phase of the project, during which the participants familiarized themselves with the good practices, policies and experience of the partners.

The actions were developed on the basis of the tried and tested and successful initiatives of the partners. It is important to note that the actions developed by us do not only fall within the scope of the project partner CEEI-Burgos, since the Manual of Interreg Europe also emphasizes that the Regional Action Plan

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should be implemented with institutional collaboration in the region. Thus, the actions were also developed for partner institutions and the affiliated organizations of the local advisory groups after discussions with the concerned organizations.

The datasheets of the actions also include specific details in order to facilitate the implementation: duration, person in charge, planned budget and the source for the implementation. In phase 2 of the “ATM for SMEs” project the partners will only work on the implementation and monitoring of the Regional Action Plan.

Although the full implementation of the Action Plan is not expected by the Interreg Europe Programme (and taking into consideration the many external factors it would not be realistic either), the partners must verify the efforts made in order to start the implementation, and must follow up on the status of the implementation of the specific actions regularly.

5. A.- FINANCIAL SERVICES SCHEMA

5.1. ACTION Nº1.- THE CREATION AND IMPLEMENTATION OF A MICROFINANCING INSTRUMENT IN THE FORM OF A SOCIAL AND MULTI-SECTOR MICROCREDIT INSTRUMENT KNOWN AS THE “LAUNCH CAPITAL FUND”.

DESCRIPTION OF THE SITUATION AND NEEDS

- A lack of access to credit and financial exclusion can be serious obstacles to creating companies in many European regions.
- SME microfinancing and support for social entrepreneurship is an already-proven instrument that can contribute to a high level of sustainable, quality employment and, thereby, reducing disparities and poverty. It also contributes to the realisation of the Europe 2020 Strategy “Inclusive Growth” priority.
- 37.6% of the population between the ages of 16 and 29 in Spain was at risk of poverty or social exclusion in 2016 (emancipation, overqualification...) Spanish Youth Council Emancipation Observatory.
- Financial exclusion also occurs in developed countries: 2.6 million people in financial exclusion and 12.1 million sub-serviced, 93 million in Western Europe (mostly women at 55%). A Mastercard study cited by the Full Tenured Professor of Economics Joan Ramón Sanchís in his article “Social and Financial Exclusion - The Endemic Plague in Our Society” dated 17 October 2015.
- Financial crises and office closings: It has led to the elimination of the long-lasting credit union system in favour of banks. Now efficiency and productivity prevail over any social purpose.

Microfinancing and start-ups

- Despite the economic recovery, unemployment in Spain is very high and reflects an imbalance in the country’s characteristic distribution of revenue where 20% of the wealthiest population earns nearly seven times more than the 20% of the poorest. OECD 2017 Betterlifeindex-Spain.
- Income level is a relevant element in the entrepreneur demographic profile. People with high incomes have historically had a higher TEA (Total Early-Stage Entrepreneurial Activity) than those with middle or low incomes. GEM Spain 2016

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- Setting up a business in Spain is still more costly and difficult than the EU average.
- A Forbes report based on Bloomberg research shows a sad statistic: eight out of 10 business fail before the first 18 months.
- Access to financing has been one of the major obstacles to entrepreneur and business development.
- Securing financing is one of the main barriers, particularly in the first phases of the process of creating a new company when there is still no validated business model that guarantees the generation of revenue and increases the risk involved with traditional credit transactions.
- The entrepreneurship level in a territory depends on the alignment of the investment offer for enterprising initiatives with the demand for the capital required by emerging businesses. GEM Spain 2016

Motivation for entrepreneurship

- In 2015, 5.8% of the population in Castilla y León aged 18 to 64 were involved in setting up a business or owned a new one without having paid any wages for more than 42 months.
- Of this percentage, 2.7% were entrepreneurs due to pure opportunity and 1.9% due to need. GEM Castilla y León 2015
- Entrepreneurial Activity Rate
 - 52.7% Opportunity
 - 27.7% Need
 - 19.6% Partial opportunity:
 - Greater independence 60.5%
 - Increased income 31.8%,
 - Maintain income 7.7%,

Entrepreneurial Activity Rate

- Spain 2016, Global Entrepreneurship Monitor, GEM.
- TEA by Gender: 62.1% men, 37.9% women
- TEA by Age

18-24	5.2%
25-34	41.4%
35-44	31%
45-54	17.2%
55-64	5.2%

- TEA by education level

Education level	Percentage %
Post-graduate	5.3
Higher education	33.3
Secondary education	49.1

Primary education	12.3
No studies	n.a.

- TEA With a specific entrepreneurial academic background:
 - ✓ 50% yes
 - ✓ 48.3% no

Start-ups and Employment

- 20.1% of all active businesses in 2016 were start-ups less than two years old (those created in 2015 were mostly service providers).
- The relationship between young companies and size confirms that start-ups tend to remain rather small over the first few years of operation: Only 22.1% of those 0-2 years old employ more than 5 people and only 4.2% employ 20 or more.
- Nearly 26% of those 0-2 years old have no employees (ine/dirce)
- New enterprises are crucial to job creation in Spain with a high level of job growth compared to older firms. The start-ups that survive the first three years have created at least 7% of the jobs in the last three years.
- 1.79 million companies registered with the Trade Register (55.3% of the total) had no employees as of 1-1-2016. INE (Spanish National Statistics Institute)
- Another 895,574 (27.7% of the total) had one or two employees
- In 2016, the percentage of new recently-created businesses with more than five employees doubled to 10% among the youngest businesses (less than 42 months old)
- Nearly 90% of enterprising businesses employ less than five people.
- Nearly 3% of all new businesses employ more than 20 people. GEM Spain 2016

How are Start-ups funded in Spain?

1. 3F, (Family, Friends, Fools +Founders)
 2. Banks
 3. Unemployment benefits
 4. Microcredits
 5. Private capital, Business Angels or Crowdfunding are more for activities related to technology and innovation.
- Financial exclusion most particularly affects the most vulnerable segments of the population who cannot sustain their businesses with their own resources, have no access to the traditional banking system and have business models which are not aligned with the most sophisticated financing models.
 - In 2016, 26% of the entire entrepreneurial population declared having begun their own business due to the impossibility of finding a job and maintaining a sufficient level of income. G.E.M. Spain 2016. (Due to need, this group of entrepreneurs is more likely to reflect weaknesses in terms of skills and an enterprising spirit and therefore needs specific training and mentoring services)

Entrepreneur funding needs 2016

- 15,000 euros is the approximate average initial capital required to set up a company in Spain. Securing this money is one of the main difficulties for entrepreneurs. GEM Spain 2016

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- The study highlights the interest in developing other microfinance services to reach more “unbankable” entrepreneurs (flexible credits lines...)
- The Spanish Microfinance Association recommends a national self-employment and microfinance programme and public funds to finance the loan portfolios of microfinance entities. It is considered a “win-win” cost-efficient situation which is better at creating jobs than subsidies.
- Mode: 30,000 is the most common quantity

Funding sources accessed or expected to access in 2016

- 49.7% own equity
- 25.5% hoped to secure funds from banks
- 14.9% had no substantial need for seed capital
- 5.6% depended mostly on family.
- 2.8% on government programmes
- 1.0% on other sources
- 0.6% specialised investors or BA

Halting environmental conditions

- Environmental conditions that have halted enterprising activity in Spain. (Opinions of 36 Spanish experts interviewed in 2016) GEM Spain 2016:
 - 1.- Government policies 86.1% (bureaucracy, regulations, administrative processes...)
 - 2.- Access to financing 72.2%

(There are few public financing instruments and the private finance sector is taking no risks by making access to credit lines more complicated. Therefore, entrepreneurs continue injection resources from their family, friends or others close to them since they cannot find sufficient funding in each of the entrepreneurial process stages, particularly the first few phases). These two positions have alternated since 2009, despite any economic cycles.

- 3.- The performance of small enterprises, the self-employed (operational costs and taxes)

And the European Union

- Already back in the pre-crisis period, the European Union was encouraging the use of microfinancing from various angles and particularly through the European Social Fund which is the structural fund earmarked for employability, job outlooks, gender equality, equal opportunities, social inclusion, the fight against poverty...
- Currently in an economic context marked by austerity and budget savings at a time when it is clear there are increasing social needs among the population, the EU believes adopting smart measures to enable maximum efficacy and efficiency in the use of available uses is even more necessary and it seems clear that the microcredit sector is proving to be a valuable instrument in supporting people with immense difficulties which may directly contribute to the generation of jobs and, therefore, it is being promoted through various PROGRESS (European Microfinancing Instrument) initiatives, JEREMIE and JASMINE (Joint Action to Support Microfinance Institutions in Europe), among others.
- European Parliament Resolutions and motions to the Commission for the development of micro-credits in support of growth and employment 29 March 2009 (2008/2122 (INI)).

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And in Spain

The Entrepreneurism and Youth Employment Strategy 2013-2016, which has been renewed to 2020, includes:

- A. Promoting incubators and tech-based co-working spaces to offer guidance and physical infrastructure where young people can develop and consolidate their projects
- B. Support for mutual guarantee systems
- C. Microfinance initiatives to increase access to funds under favourable conditions for young entrepreneurs and social business for those under 30 years old, to improve employment quality, guarantee equal opportunities and encourage an enterprising spirit.

The EU recommends a greater use of microfinancing in Spain because of:

- The high unemployment rate, especially among youth, the highest of the EU at nearly 50%. The lack of access to credit is one of the obstacles to creating companies and, therefore, hinders job creation.
- Microcredits generate a “virtuous circle” with the “re-use” of the funds in a restricted budget context which offers a real advantage over subsidies and an incentive for the recipient due to the need for reimbursement.
- Groups of possible beneficiaries: (According to the EU in the Decision creating the PROGRESS Microfinancing Instrument).
 - A. Persons who have lost or are at risk of losing their job, or who have difficulties entering or re-entering the labour market, as well as persons who are facing the threat of social exclusion or vulnerable persons who are in a disadvantaged position with regard to access to the conventional credit market and who want to start or further develop their own micro-enterprise, including self-employment;
 - B. Micro-enterprises, especially in the social economy, as well as micro-enterprises which employ persons referred to in point (a).”

Risk of poverty and social exclusion*

Not all poor come from the most extreme environments of exclusion. They do not come from poor families. In Spain, more than a million university graduates are at risk of poverty. (320,000 more than 10 years ago)

The recovery from the crisis has created new profiles for the poor. The proportion of those who are in these circumstances (over 16 years of age with an intermediate or high education level) has gone from 30% in 2008 to 35.8% in 2017. If you add those with A-level or vocational training certificates to those with a higher education, the figure of people living in this situation exceeds 2.7 million.

These degree-holders are part of the 10 million people who were at risk of poverty last year in Spain, 21.6% of the population. Although they are 300,000 fewer than in 2016, the poverty rate is far from the pre-crisis numbers. There are now 900,000 people more at risk of poverty than in 2008. Someone falls into this group when their household does not reach the poverty threshold which is 60% of the median disposable income per consumption unit in the country.

In addition to the poverty rate, the report issued by the EAPN-ES —which includes NGOs and entities that fight poverty including Caritas and the Red Cross, for example— measures another two indicators: the low job intensity within households (those over 18 in the household unit who have not worked more than

The project is implemented through the Interreg Europe programme co-financed by ERDF.

20% of their possibilities in the last year) and severe material deprivation (those with problems in at least nine indicators such as the ability to keep their home at an adequate temperature or the consumption of proteins on at least two days of the week). These three variables are used to calculate the AROPE (At Risk of Poverty and Exclusion) rate. Considering these three elements, there are even more people in vulnerable circumstances. 26.6% of the population was at risk of poverty or social exclusion in 2017; in other words, 12.4 million people. Although the figure is better than the nearly 13 million the year before, it continues to be higher than the 11 million recorded in 2008.

The report breaks stereotypes and outlines the poverty profile in Spain. A significant portion of this population is comprised of Spanish adults with a job and an intermediate to high education level. In fact, more than 30% of the poor have jobs.

The very extensive document presented by EAPN-ES addresses the poverty situation from different angles. It reflects differences by territories (Navarre with 13.5% of the population at risk of poverty or social exclusion versus 44.3% in Extremadura), sex (6.4 million women at risk versus 5.9 million men), age (nearly one out of every three children under 16 years of age are at risk of poverty or exclusion) or household composition (nearly half of the people who live in single-parent households are at risk). The report concludes that GDP and poverty are not related as the figures on people in vulnerable situations have not recovered with respect to 2008 despite economic improvements. Inequalities and poverty have deepened; although fewer than in 2016, they are poorer.

**Article by María Sosa Troya published in the newspaper El País on 16 October 2018 on a study by the European Anti-Poverty Network Spain (EAPN-ES)*

Microfinancing in Europe: A Study of EMN (European Microfinance Network) Members - MFC (Microfinance Centre) 2014-2015

149 stakeholders surveyed, all members of EMN and national affiliated networks in 22 countries, 14 of which belong to the EU.

- ✓ Non-bank financial institutions 60%
- ✓ NGO 31%
- ✓ Other: Governmental organisations, savings and credit co-operatives, commercial banks...)

Main mission assumed by IMFs

Financial inclusion	72%
Job creation	70%
Micro-business promotion	60%
Social inclusion and poverty reduction	59%

The project is implemented through the Interreg Europe programme co-financed by ERDF.

Other: Empowerment of ethnic minorities or immigrants, youth employment (18-25 years old)	20%
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Main Figures for 2015

- 552,834 loans disbursed (12% more than in 2014)
- 1.6 billion euros in total volume (16% more)
- 747,265 active borrowers (13% more)
- A gross active microloan portfolio of 2.5 billion euros (15% more)
- 71% of the total active portfolio for professional aims
- 402,365 professional microloan borrowers
- 220,305 professional microloans (8% more)
- 917 million euros in total volume (6% more)
- 207,983 companies with professional microloans offered support
- Groups in different categories
- An integrated approach: 58% offer non-financial services 32%, Business Development Services; 31%, financial education; 30%, consulting.

RELEVANT EXPERIENCE ATTAINED THROUGH THE PROJECT OBJECTIVE

SODEBUR 2013-2017 MICROFINANCING EXPERIENCE (ATM FOR SMES GOOD PRACTICE)

The Society for the Development of the Province of Burgos (SODEBUR) works to promote social and economic development in the Province of Burgos. It is a Limited Society entirely owned by the Burgos Provincial Government. Together with the Centro Europeo de Empresas e Innovación de Burgos – (CEEI Burgos) they provide assistance in the support and implementation of business projects emerging from the entrepreneurial spirit of the citizens of Burgos, whether they involve companies or self-employed people.

SUMMARY OF DATA UPDATED TO 19/12/2017

APPLICATIONS	TOTAL	APPROVED	PENDING	DENIED
	126	69	-	57
NEW PROJECT	70	35	-	35
IN OPERATION	56	34	-	22

- ✓ TOTAL SODEBUR BUDGET ASSIGNED TO MICROCREDITS: 825,000 EUROS
- ✓ (150,000 + 225,000 + 225,000 + 225,000)
- ✓ SUM OF MICROCREDITS GRANTED: 1,315,338.73 EUROS
- ✓ AMORTISED SUMS: 522,623.85 EUROS
- ✓ SUMS PENDING COLLECTION: 848,456.71 EUROS
- ✓ SUM GENERATED IN INTEREST: 55,741.83 EUROS

The project is implemented through the Interreg Europe programme co-financed by ERDF.

- **Summary of expected investment**

	TOTAL INVESTMENT	LOAN REQUESTED
APPLICATIONS	€7,765,486.34	€2,340,276.15
GRANTED	€4,142,831.24	€1,315,338.73
PENDING	€0.00	€0.00

- **Number of workers on applications granted**

	NO. WORKERS (CURRENT)	NO. WORKERS (PROJECTED)
NEW PROJECT	0	60
IN OPERATION	83	104

LESSONS LEARNT

- Positive effect on maintaining/attracting population: Young people, women, “neo-rural” populations...
- Maintaining community-based services: Trade, personal services (related to health, wellness, care for the elderly and dependent persons...).
- Projects for the unemployed
- Company longevity
- Very scarce default and failure
- A need for training/mentoring (ante-post)
- Experience in public intervention in innovative and successful economic and social promotion.
- An established “virtuous cycle” in financing the promotion of company creation and development: the funds are not consumed, “self-financed” initiatives in permanent circulation which generate new funds that are included in the circuit through interest.
- The microcredit line for business owners and entrepreneurs in rural environments continues growing with a total of 23 loan operations in 2017 and with a budget of €510,389.11, which is a 48% increase over the money loaned last year.

ASSESSMENT OF FINANCIAL RISK IN UNCERTAINTY ENVIRONMENTS BY CEEI-BURGOS (ATM FOR SMES GOOD PRACTICE)

An in-house risk analysis method developed by CEEI-Burgos to assess microcredit operations.

COMPREHENSIVE APPROACH BASED ON:

- RISK RATIO (RR)
- STRUCTURAL OPERATIONAL ANALYSIS (SOA)
- CREDIT OFFICER ASSESSMENT (COA)
- NEGATIVE CREDIT RECORD (NCR)

The project is implemented through the Interreg Europe programme co-financed by ERDF.

CONCEPTS

- ESTIMATED LOSS PROBABILITY (ELP)
- ESTIMATED RECOVERY PROBABILITY (ERP)

$$ERP = CI \left[\alpha (RR) + \beta (SOA) + \varphi (COA) \right] - [NCR]$$

Correct Index
Negative Credit Record

↑
↑

↓
↓
↓

Risk Ratio
Structural Operational Analysis
Credit Officer Assessment

α, β, γ = Weighting coefficients

OTHER ATM FOR SMES GOOD PRACTICES TAKEN INTO ACCOUNT

- **CASH ON START**

Support for entrepreneurial initiatives with the objective of raising the level of economic activity, employability & innovation in microenterprises.

National Association for Support of Entrepreneurship in Końskie (KSWP) started a project "Cash on Start" which targets unemployed and inactive citizens of Mazowieckie Region in Poland. It offers loans for entrepreneurial activity, with a wide range of purposes such as investment capital, turnover, as well as current operational costs, extension or modernization of production and intangible assets related to the project.

The project has an initial implementation stage consisting of assistance, consultancy and support to entrepreneurs before distributing the loan. There is also a predisposition study of one hour for each beneficiary, furthermore, they have a personalized 4 hours coaching to help write their business plan. After the loan is granted, the personalized training continues and the applicant can select the area of interest between marketing, economics and taxes. These programmes are conducted in groups of 5 or more beneficiaries.

In terms of financial support, the maximum loan amount is PLN 50,000 (approx. EUR 11,700) with an interest rate of 0,5 % with no further fees or commissions. The repayment period is up to 60 months. The main requirements to access the program are to present the unemployment or inactive statement given by the government and to be a resident of the Mazowieckie Province aged between 18 - 64. The target audience is rural and urban population, the unemployed, people on welfare, disabled and people excluded from the mainstream financial services.

The investment period was between 2013-2015. The total budget of PLN 5,873,030 (with 85% coming from ESF and 15% from national funding) was split between the investment fund (PLN 5,679,060 including management costs and fees up to a specified ceiling) and non-financial support services (PLN 193,970).

The project is implemented through the Interreg Europe programme co-financed by ERDF.

- **CREDINFO**

FEA's developed Credinfo to reach rural clients that live in areas not covered by MFI branches by allowing them to submit a loan application.

The main target group of FEA's the program are self-entrepreneurs or small enterprises in settlements with less than 5.000 inhabitants, agricultural enterprises, local farms and producers of organic agriculture. A significant part of these countryside entrepreneurs (traditionally underserved by banks) pursue agricultural activities in areas that are not covered by MFI branches. To address the needs of this specific target group, FEA developed an integrated package called Credinfo that is part of the rural financing programme. Credinfo allows clients to submit their loan applications online via the FEA's webpage, alleviating the costly and time-consuming burden of traveling to the MFI's offices in bigger towns. The processes are fully automated, the credit application program guides the client through the business plan and offers an on-line business analysis. There is a continuous evaluation of the credit applications. There is no need for paper-based administration except for documentation purposes. In addition, rural clients are also offered the possibility to take online trainings in the framework of the rural financing programme. To further enhance the financial inclusion of rural entrepreneurs, FEA is setting up a rural microfinance fund (guarantee scheme). The fund is meant to be combined with tailor-made business development services including trainings for entrepreneurial skill, coaching and consultancy, help in communication and promotion activities.

The investment period was between 2015-2017. The total budget of the program was EUR 52 800 (EUR 28 200 internal costs and external costs up to EUR 24 600).

DETAILED DESCRIPTION OF THE ACTION

OBJECTIVE

To create and implement a microfinancing instrument for the city of Burgos in the form of a social and multi-sector microcredit instrument.

Microloans aimed at:

1. The creation of new companies. (Capital Assets and Working Capital).
2. The expansion or improvement of existing companies' production capacity. (Capital Assets and Working Capital).
3. The financing of working capital for operating companies.

The financing will be provided in the form of reimbursable loans up to the total budget assigned, chargeable to the General Budget for the year*.

- The maximum loan shall be up to 70% of the total sum of the investment project and, as applicable, a maximum of €25,000
- The maximum sum for financing working capital €5,000

The conditions applicable to the loan are:

- A grace period of 6-8 months. During this period, the beneficiary will only pay interest.
- There will be no grace period for loans aimed at financing working capital.

The project is implemented through the Interreg Europe programme co-financed by ERDF.

- A maximum term of 4 years plus the grace period, to be determined in each resolution.
- The interest rate shall be fixed at 1.5% annual.
- The loan will follow the French amortisation system with fixed and constant monthly instalments throughout the life of the loan comprised of capital and interest.
- No guarantees or opening, study or early repayment fees shall be applicable.
- The beneficiary must accept and facilitate monitoring tasks throughout the life of the loan.

Beneficiaries

- Promoters of business or self-employment projects who develop investment projects to create, expand or modernise small enterprises or self-employment projects that create or keep jobs within the municipality of Burgos.
- Companies or the self-employed located within the municipal boundaries of Burgos with manifest needs to finance their working capital.
- For self-employment projects, the beneficiary must be a registered resident of the city of Burgos.
- For business projects, the company's registered address must be within the municipal boundaries of Burgos.
- An open call throughout the year or until the total budget has been consumed.

A.- Basic documentation for the study phase.

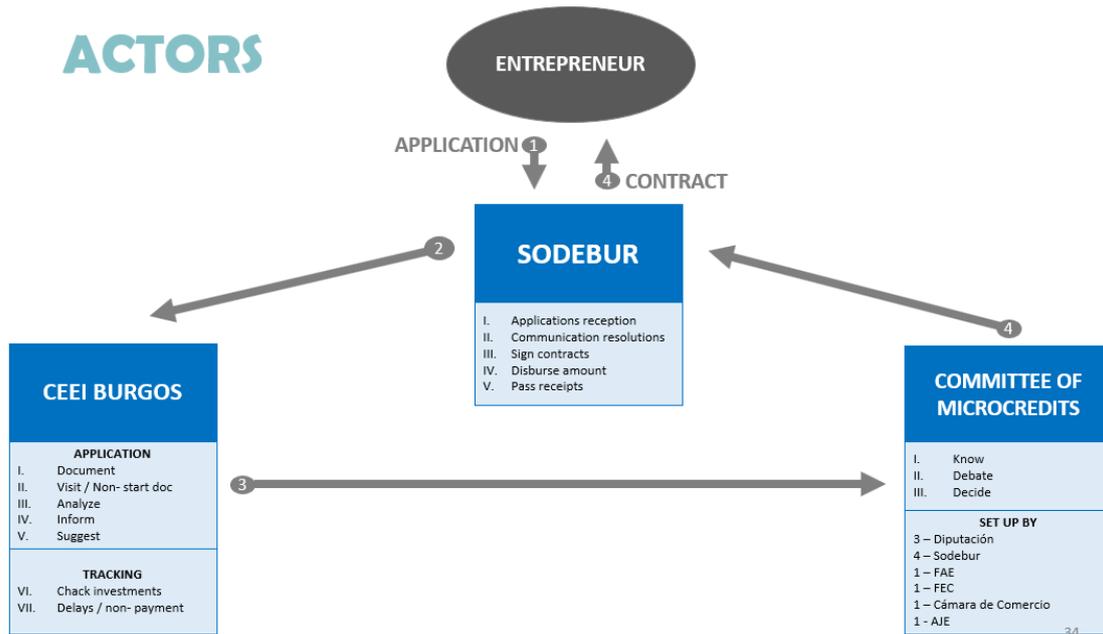
The applicant must only submit the following documentation:

- The completed and signed loan application.
- A copy of their national ID/tax identification number.
- The applicant's CV.
- Quotes and/or proforma invoices for the investment.
- A Business Plan to analyse the project feasibility and a summary thereof as per the forms posted on reference websites along with the rules on the call.

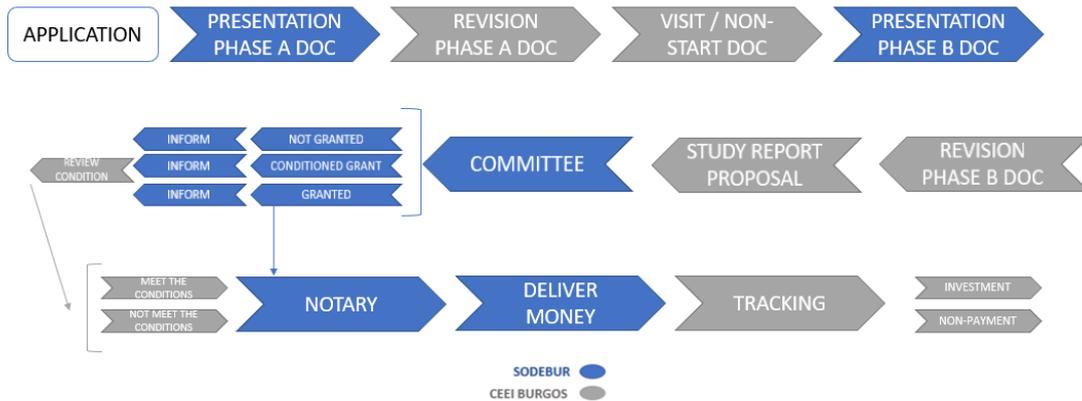
B.- Administrative and technical procedures.

A period of ten days will be granted to submit any supplementary documentation to elevate the concession proposal to the loan committee when applications have passed the study phase.

ACTORS



PROCEDURES



Submission of the completed and signed application plus the requested documentation. No application will be processed if not fully documented.

Verification of compliance with the requirements and project study.

For investments, an onsite inspection will be conducted and a non-commencement certificate will be signed verifying the investment has not begun at which point the applicant may begin to implement it.

Following the project study, which will include interviews, a technical report will be issued proposing a decision on the requested operation.

The loan committee will analyse the technical report and adopt a decision on the operation which may be positive, negative or conditioned. The decision will be communicated to the interested party including the loan conditions.

The interested party will have a period of 10 calendar days to accept or reject the loan.

The project is implemented through the Interreg Europe programme co-financed by ERDF.

The date to sign the contract and credit the loan will be established once acceptance is received.

The deadlines for completing and paying for the projects as well as for submitting documentation of proof shall be:

- Creation of new companies and expansion or enhancement of the production capacity of existing ones: investments made after the Non-Commencement Certificate is signed and within the following 12 months.
- Working capital financing: 6 months as of the date the application is submitted.

Activities planned as part of the objective of the action

1. A Political Statement of interest in creating the instrument by TOP
2. The Design of the Instrument and corresponding policy, procedures (concession, rejection, contracts, payment, communication, project analysis, recovery, justification, verification, monitoring...), documentation, allocation of funds.
3. Verification of the technical/administrative/legal feasibility: Presentation and synchronisation of the City Council legal, controller, and economic departments
4. A political commitment: Achieving consensus among the main political forces represented on the City Council or in the Instrumental company...
5. Presentation and consensus with local stakeholders. A local covenant for development.
6. Presentation in society. Public presentations.
7. Start of promotion and distribution of the instrument. Launch of the first annual call.
8. First recruitment of projects-start of operations.
9. Communication-publicity.
10. An analysis of the impact on employment, the local economy, innovation-entrepreneurism
11. Review-feedback.

EXPECTED OUTCOMES

- Implementing a microcredit fund with a four-year timeline allocated with 2 million euros by the end of the period.
- Year one
- Start off the first year with 200,000 euros
- 10 committees
- Portfolio of 20-25 projects (new/SMEs, assets/working capital)
- Employment: Creation/consolidation
- 200,000* euros granted in microcredits
- Leveraged investment of 400,000
- NPL30 < 5%

STAKEHOLDERS INVOLVED

A.- City Council of Burgos:

- Different departments and councillors' offices

The project is implemented through the Interreg Europe programme co-financed by ERDF.

Horizontal: Councillor for Industry and Production Innovation, Councillor for Employment

Vertical: Tourism, business, youth, social services

Controller, legal, treasury

Instrumental company Promote Burgos

- Representatives of the political groups present in the local government

B- Authorities from entities representing the city's economic (and social) sectors

C.- CEEI BURGOS

TIMELINE

The ideal situation is for the line to be permanently open throughout the year without any annual calls. It may be adjusted to a four-year period to coincide with the electoral cycle with annual reviews and a mid-term review at the end of the second year.

COSTS (X 4 FINANCIAL YEARS)

- Constitution/allocation of the fund (once or over several years until self-funded...) 2,000,000 euros for the four-year period to reach 80-120 projects and direct employment of between and in new creation and in consolidation.
- Promotion and publicity. Production of materials, events, publicity (audiovisual...)
- Management expenses: information services, credit offices, administrative assistance, management and coordination, travel, overhead expenses
- Legal expenses: notaries, recovery
- Guarantee

FUNDING

- The constitution of the fund as well as the necessary sums for its management will be contributed by the City Council.
- Reference budget legislation

6. B.-NON-FINANCIAL SERVICES SCHEMA

Accelerating entrepreneurship and innovation through Open Innovation

6.1. BURGOS OPEN INNOVATION PROGRAMME

BACKGROUND

Description of the situation and need

Open innovation is: The use of purposive inflows and outflows of knowledge to accelerate internal innovation and expand the markets for external use of innovation (Henry Chesbrough)

Is there more talent in or outside your organisation?

This is the key idea when it comes to open innovation: You will always find much more value outside rather than inside the limits of your own Strategy, Research and Development or Marketing department.

Open innovation consists of implementing all possible mechanisms to access that external value.

Knowledge management as the key to open innovation

The new competitive context forces companies to find new ways of organising internal processes and designing their relationships with other stakeholders to share risks and resources.

The shorter duration of product lifecycles, their greater complexity and the increased competitiveness have boosted the need to share knowledge and adopt external ideas.

In this new framework, the paradigm of open innovation arises that assumes that firms need to establish internal and external paths of knowledge to extract the greatest possible value out of their innovative potential (Chesbrough, 2003).

The traditional innovation model vs. open innovation

The traditional innovation model assumes a closed and linear perspective of knowledge generation, development and marketing through a firm's own structures.

Thus, the knowledge is created and transferred internally and is prevented from being transferred to competitors.

In short, this model defends that the only strategic knowledge is that which is developed from internal sources on the one hand, and, on the other hand, that the materialisation of economic results is exclusively achieved by incorporating said knowledge in a firm's product portfolio.

Contrary to this classical model, open innovation assumes that firms can and should maintain close relationships with third parties in the knowledge accumulation and marketing processes.

Open innovation is:
The use of purposive inflows and outflows of knowledge to accelerate internal innovation and expand the markets for external use of innovation.
Henry Chesbrough

Through open innovation, the innovation process is accelerated and associated costs and risks are decreased on the one hand and, on the other hand, new possibilities for commercially exploiting the knowledge open up.

Therefore, it involves transferring technology or knowledge in a two-way direction - internally and externally:

- On the one hand, external technology or knowledge is absorbed through alliances or venture companies, for example.
- On the other hand, the exploitation of external technology or knowledge is identified with its marketing by granting licences or spin-offs, for example.
- This double transfer requires firms make their boundaries more permeable for strong inter-relations with their environments (Chesbrough, 2006).

Open innovation/Dialogue-based innovation

In short, it could be said that open innovation is therefore the approach through which an organisation markets its own ideas as well as those generated within other organisations and seeks the way to market them either by using the channels inherent to them or using channels found outside their current business (by creating new companies or licencing the intellectual property generated, for example).

Open innovation is dialogue-based innovation. The main idea is that it is not possible to innovate without collaboration between company management and all of its internal and external stakeholders: employees, customers, suppliers, competitors... The organisation's boundaries become permeable to allow for relations and the integration of the company's resources with other resources from the outside.

The European framework programme Horizon 2020 considers the strategic goal of creating a European cultural that revolves around open innovation a priority.

DETAILED DESCRIPTION OF THE ACTION

Target Objective

We believe open innovation is the driving force behind **entrepreneurism with more added value**, reach and impact as well as a strategic dynamic for **expanding companies' innovative capacities and accelerating their innovation processes**.

The efficacy of open innovation is not limited to a few elite companies. It makes more effective use of internal and external knowledge for all types of organisations.

BURGOS OPEN FUTURE aims to attain the following goals:

1. Increase the added value of local entrepreneurship: The new model seeks to direct entrepreneurial talent towards resolving specific problems found in Burgos' industry and other sectors.

2. Assist companies that wish expand their capacity for innovation and accelerate their innovation and competitive enhancement processes.
3. Supporting technology entrepreneurial project promoters so they can validate their ideas and business models.
4. Creating and consolidating knowledge poles that facilitate the development of new projects in digital entrepreneurship.
5. Offering workplaces that facilitate the exchange of knowledge and innovation.
6. Integrating support resources offered to entrepreneurs in each of the local environments where space is found.
7. Meeting the new technological challenges currently posed, particularly in the fields of IoT, cybersecurity, blockchain, virtual reality, big data, etc.

We believe open innovation is the driving force behind *entrepreneurism with more added value*, reach and impact as well as a strategic dynamic for *expanding companies' innovative capacities and accelerating their innovation processes*.

BURGOS OPEN INNOVATION works through interaction among entrepreneurs, government administrations, organisations and companies so entrepreneurs can take on the technological challenges launched by the other stakeholders involved—private companies as well as entities and institutions.

- The author of an innovative idea receives guidance and mentoring to form a business plan in addition to sessions to present their projects to potential investors and major clients.
- Companies that raise challenges make it possible for them, on the one hand, to accelerate the innovation process and reduce the associated costs and risks and, on the other hand, new possibilities for commercially exploiting the knowledge.

Activities planned as part of the objective of the action

The programme is organised as follows:

- I. A select group of companies and pull entities with an interest in actively participating in an open innovation dynamic and community are invited to present their technology challenges.
- II. The technology challenges are defined by the pull companies (a working meeting is organised previously).
- III. A call is made for young innovative companies and/or entrepreneurs to offer solutions to the challenges indicated as digital enablers. At the same time, an open session will be organised to present the challenges.
- IV. Each pull company selects the solution considered most appropriate and its promoters will then participate in the five-month acceleration programme with individual and joint mentoring and the possibility of 2,000 euros in funding to prepare and define the pull/enabling project.
- V. Feasible pull/enabling projects developed will be given assistance to raise the funding necessary to begin operations or develop.

The project is implemented through the Interreg Europe programme co-financed by ERDF.

Content of the acceleration service

The selected projects will benefit from the following acceleration services throughout the estimated 5-month period, which may be extended after evaluating the projects:

- **Workspace:** The projects will have access to acceleration or crowdworking spaces.
- **Training plan:** Group workshops will be held to work on the different methodology phases in a practical way. These workshops will cover business model development, marketing, design and innovation tools, trends, funding, etc. They will be led by experts with extensive experience in each of these topics.
- **Mentoring:** The projects selected will have access to individual mentoring sessions with experts from the world of business and technology.
- **Networking:** The projects selected may co-exist and share knowledge with other participating projects in the region in order to contrast their solutions and exchange knowledge and experiences.
- **Testing:** Some of the projects selected may test their solutions at collaborating companies.
- **Image:** The projects selected may use the corporate identity and symbols to be developed and the wording “Company participating in Burgos Open Innovation” on their websites and other corporate material.
- **Funding:** Once the acceleration process has ended, they may access the financial products made available by the City Council of Burgos (Boost Capital Fund/Microcredits) and the regional government and collaborating entities. For these purposes, they will receive support from the entity promoting Burgos Open Innovation.

Methodology

Two annual calls will be scheduled lasting six months each with an intensive work programme for the participants over 20 weeks (5 months) with one month out of each period dedicated to promotion and participant recruitment and selection.

The acceleration service will include a flexible combination of:

- Training sessions based on the study of real entrepreneurship cases.
- Individualised mentoring sessions with business experts.
- Specialised consulting sessions.
- Group dynamics.
- Assistance searching for funding.
- The procedures for constituting a company or registering as self-employed.

In addition:

- Individual work (office-based and field-based)
- Networking

The following methods and techniques will be used to complete the scheduled activities:

- Business Model Generation (Canvas) by Alexander Osterwalder
- Lean Start Up
- Design Thinking
- Intracompany
- Business Plan

Training itinerary

The sessions are divided into:

- 10 sessions with professional experts
- 14 individual mentoring sessions
- 14 group sessions
- Individual work sessions

The training itinerary is structured into four different modules:

Network of Experts

The best professionals facilitate a framework for creation, innovation, networking and start-up acceleration. The participants will have access to a network of experts including outstanding business and technology professionals, professors and researchers who specialise in innovation and entrepreneurship. The participants will be exposed to this teaching or professional experience through discussions, masterclasses, workshops and other training activities.

Ten sessions with expert professionals lasting three hours each are planned. The proposed topics are mentioned below; nonetheless, some of these topics may need to be reinforced or others may need to be added based on the profile and needs of the projects finally selected.

The project is implemented through the Interreg Europe programme co-financed by ERDF.

1. Analysis, assessment and improvement of the value proposition
2. Industrial and intellectual protection
3. Marketing strategies to optimise your project 1
4. Marketing strategies to optimise your project 2
5. A financial plan as part of the Business Case
6. Alternative funding
7. The process of creating and starting a project
8. How to convince an investor
9. The executive summary
10. How to communicate your ideas

Some of these masterclasses or workshops may be recorded and disseminated via the Internet in a private or public environment.

Mentoring programme

Personalised mentoring support for each of the participants in the Programme. The selected projects will be distributed among each of the three designated mentors; the project manager will assist with the mentoring programme as necessary.

The mentors will be specialised professionals from CEEI-Burgos with more than ten years of proven experience in business consulting.

The mentors will support all learning and offer ongoing attention to the entrepreneurs, contributing to their skills development based on their experience and guiding the formation of their business plan.

The benefits offered by a mentor to an entrepreneur include:

- Incremental improvements in different project areas.
- An optimised business model.
- Business management advice, especially in the initial phase.
- A boost in leadership.
- Connections to strategic contacts for faster project development.
- Enhanced knowledge in specific areas.

Each project will be assigned a mentor who will hold fourteen one-hour sessions throughout the Programme.

Group sessions

Led by the coordinator, these sessions are aimed at working on aspects relating to business creation and management all while invigorating relations between the various participants. Teamwork and learning from entrepreneurs in the same situation. These are some of the challenges considered during the different group sessions to be worked on during the programme. Analysing the feasibility of the product/service concept to an economic/financial analysis and learning to make a good pitch will be worked on during the group sessions.

The project is implemented through the Interreg Europe programme co-financed by ERDF.

Fourteen group sessions lasting three hours each will be conducted over the course of the Programme.

1. Business model review. Canvas and Lean Start-up methods.
2. Elevator pitch
3. Creativity and innovation techniques
4. Business Plan
5. Marketing tools
6. The keys to digital marketing
7. How to work as a team
8. Management challenges
9. Business roles
10. Economic/financial concepts 1
11. Economic/financial concepts 2
12. Financial resources for entrepreneurs
13. Legal forms
14. Business networking: keys and concepts

Individual work

The participating promoters will have a workspace provided by the Town Councillor for Promotion and Development to work on the development of their ideas throughout the Acceleration Programme.

Coordinator

The role of the coordinator is to ensure the programme unfolds adequately in accordance with the goals, activities and timeline planned.

The coordinator shall be responsible for local coordination of planned activities and tracking and monitoring participants. In addition to facilitating the activities, the coordinator is the unifying thread for the programme at the centre and the leader of the entrepreneur learning process.

Expected outcomes (quantified)

- ✓ Two annual calls in a period of four years for a total of eight calls.
- ✓ Five pull companies selected to raise innovation challenges for a total of forty participating companies by the end of the period.
- ✓ A maximum of two selected start-ups per participating pull company for a total of eighty start-ups by the end of the period.
- ✓ Innovative projects developed/companies created
- ✓ Impact on employment
- ✓ Investment made

STAKEHOLDERS INVOLVED

- ✓ The City Council
- ✓ The instrumental municipal entity
- ✓ University of Burgos
- ✓ Innovation networks
- ✓ Open innovation platforms
- ✓ CEEI-Burgos

TIMELINE

The Burgos Open Innovation programme has been planned for a period of four years including calls and annual reviews.

FUNDING

- ✓ City of Burgos (instrumental entity)
- ✓ Regional government