

*Small Business Act
First Implementation Report in Spain (2009-2011)*

SMALL BUSINESS ACT

**FIRST IMPLEMENTATION REPORT IN SPAIN
(2009-2011)**



**GOBIERNO
DE ESPAÑA**

**MINISTERIO
DE INDUSTRIA, TURISMO
Y COMERCIO**

**SECRETARÍA GENERAL
DE INDUSTRIA**

**DIRECCIÓN GENERAL DE
POLÍTICA DE LA PEQUEÑA
Y MEDIANA EMPRESA**

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This report has been drawn up by the Directorate-General for SME policy. It brings together the developed policies during the period 2009-2011 by the Central State Administration level from the different ministerial departments which have the responsibility of subjects that affect the small and medium enterprises. The report was submitted for consideration to the Council of Ministers on June the 17th of 2011.

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EXECUTIVE SUMMARY

The 23 million SMEs registered in the EU account for 99.8% of all enterprises, providing two-thirds of Europe's employment and 58% of its GAV. It is therefore clear that they play a leading role in the EU's development and economic growth, which is why importance has been placed consistently on developing a specific political framework for these companies since the adoption of the “*European Charter for Small Enterprises*” in the Feira European Council in 2000.

Since the end of 2008, that political framework has been defined in the “*Small Business Act for Europe*” (SBA), a non-legislative initiative that embodies the strategic principles and policy lines required to enhance the creation, development and growth of small and medium-sized companies in the European Union and its Member States.

After more than two years in an unfavourable economic environment, the *Small Business Act* is currently under review, to breathe new life into the policies implemented to speed up recovery and economic growth within the European 2020 Strategy. These issues essentially concern SMEs' access to finance; the removal of administrative charges that hinder their activity; and everything to do with facilitating their access to internationalisation, innovation, public procurement, ICTs, and so on.

To provide that new boost to European SME policy, the Commission is now asking for greater involvement and co-ordination from Member States in applying the SBA. One of the measures taken was therefore to set up an Advisory Group comprising representatives of governments and SMEs (known

as SME Envoys¹) in coordination with representatives of business organisations and hold an annual SME Assembly closely linked to the SBA good practices conference.

Implementation of the *Small Business Act* in Spain

Applying the principles and policy measures of the *Small Business Act* is particularly important in Spain, where SMEs represent 99.9% of all companies, providing 78% of all jobs and 68% of GVA, placing it ten points over the EU average.

As in the rest of Europe, these principles and measures are crosscutting and affect the taxation, legislative and financial areas, as well as policy domains such as education and public procurement, and therefore involve a large number of ministerial departments (see annex 1).

This crosscutting approach disperses information and makes it hard to see the overall effect of the series of measures adopted to foster the creation, development and growth of small and medium-sized companies. In addition, the regional spread of powers in Spain in this field further complicates this overview.

This then is the backdrop to the "*First implementation Report of the SBA in Spain*" which covers the actions brought to bear at Central State Administration level during the period 2009-2011 by the various ministerial departments with responsibilities for matters affecting small and medium-sized companies, as a first step. This will make it possible later to complete that overview within the Sectorial SME Conference and the SME observatory.

¹ These representatives, in addition to redoubling the efforts to implement the SBA in their respective countries, must provide the European Commission with a compilation of information concerning the results of said implementation. This information will be included in the European Commission's annual competitiveness reports. In the case of Spain, this representation falls to the DG for SME policy.

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In the light of all the above:

This report aims to achieve three objectives:

- To meet our commitments to send information to the European Commission;
- To draw up an effective balance of the actions and measures performed in Spain for SMEs since the adoption of the SBA in December 2008;
- To lay the foundations for a discussion on the strategic development of the application of the Small Business Act (SBA) in Spain.

This report is therefore a compendium of information on the actions brought to bear by twelve ministerial departments in this field. It is structured in chapters revolving around the ten principles or guidelines in the document entitled “Small Business Act for Europe” adopted by all the Member States in the EU Council of March 2009, from which the following conclusions are drawn:

1. Conclusions on promoting entrepreneurship and creating companies (chapters 1, 3 and 4)

The first principle (or chapter) indicates twenty programmes and initiatives under the budget and developed by eight ministerial departments in this area, some of which include annual planning of specific action plans to support entrepreneurship, such as that of the Ministry of Industry, Tourism and Trade.

The MITYC's Action plan to support the entrepreneurial spirit for the financial year 2011² envisages a package of initiatives with a budget of 84 million euros, which will mobilise more than 300 million euros.

In the educational field, the report highlights the entry into force of the Organic Law on Education in Spain in 2006, since which entrepreneurial initiative has been brought progressively into school curricula; and a series of Royal Decrees that have been adopted, setting out development of the entrepreneurial spirit in minimum teaching contents at the different stages of education (primary and secondary, post-secondary and vocational training). Subsequently,

² Presented to the Council of Ministers on 14 January 2011.

All the newly-created middle and upper training cycles (or those amended), numbering around 140, now involve a professional “Business” or “Entrepreneurial Initiative” module in their curriculum.

Likewise, the document highlights the progressive implementation of entrepreneurial initiative in university courses since the entry into force of Organic Law 4/2007 of 12 April 2007, amending Organic Law 6/2001 of 21 December 2001 on universities.

Still in the first chapter of the report, with regard to the type of actions covered, there are general programmes and funding lines aimed at all types of entrepreneurs, as well as initiatives aimed at specific groups or sectors such as young people, women, the self-employed, environmental sectors or cultural industries, to name but a few.

Furthermore, nearly half of these initiatives were set in train between 2010 and 2011, this shows clearly the importance that is attached to this area in spite of the current fiscal consolidation.

Between 2009 and 2011, more than 550 million euros were injected into twenty initiatives, programmes and funding lines developed by eight ministerial departments to promote entrepreneurship and company creation.

Chapter (principle) 4 (following the structure of the European *Small Business Act*) on the support infrastructures for the creation of companies states that **more than 600 offices of the Advisory and Procedure Initiation Points**

(PAIT) network and the 37 offices of the VUE network in 15 Autonomous Communities in Spain provide advice and help entrepreneurs to set up companies.

On the legislative side, Chapter 4 highlights:

The measures adopted in Royal Decree-law 13/2010 of 3 December 2010, which have made it possible to set up limited companies with capital of less than 30,000 euros (98% of all companies set up in Spain), which can finally be done on line in under five days, at a cost of 250 euros. Processing times have been cut to one day, with a cost of 100 euros for capital of less than 3,100 euros.

Before ending the conclusions on entrepreneurial initiative, it is worth repeating what we said in the introduction. The initiatives covered in the report at Central State Administration level are supplemented by those deployed at regional and local level by the autonomous communities and local bodies.

Thus, in the first chapter (principle) of the document, mention is made of the **study on “Support services to enterprising individuals”³ drawn up by the SME observatory** in May 2010, which identified more than 2,800 platforms providing support to entrepreneurs nationwide⁴.

Finally, to round off this initial block of conclusions, we should indicate that in 2010, for the first time after two years of falling figures, there was an accumulated year-on-year growth of 2.2% in the creation of business undertakings. This growth has held steady during the three first months 2011

³ <http://www.ipyme.org/Publicaciones/EstudioServiciosApoyoEmprendedores.pdf>

⁴ 42 national, 30 Autonomous Community and 2,502 regional and local

(7.3% in relation to the same period in 2010), which leads us to trust that the measures and the “next steps” in this report will continue to help speed up this trend.

The “next steps” included in the report include **setting up the “todoemprende” portal in the second half of 2011**, which will show all the General State Administration-facilitated programmes and funding lines and support for entrepreneurs contained in it.

2. Conclusions on the measures adopted to minimise the loss of entrepreneurial capacity caused by company bankruptcies

Efforts to promote entrepreneurial initiative and company start-ups would not be complete or fully effective without efforts to avoid such companies from failing and to provide a second chance to honest entrepreneurs that have suffered bankruptcy.

Following the structure of the European *Small Business Act*, these aspects will appear one by one under chapter (principle) 2 of the report. The draft law on bankruptcy was approved in the Spanish Council of Ministers on 18 March last, along with three Royal Decree-Laws. This chapter will detail the measures with which we aim to support the viability of companies facing temporary insolvency, and the measures applying after the company has become definitively bankrupt, which speed up and reduce the costs of winding up and make it easier to distinguish between honest and fraudulent entrepreneurs, to reduce the stigma of bankruptcy.

As with company start-ups, we should also point to the number of bankruptcies registered in Spain, which slowed down after two years of continual

progression. In 2010 for the first time, there was an accumulated reduction in bankruptcies of 7.2% with respect to 2009. Unfortunately, this trend is not continuing in the initial months of this year, therefore we trust that that measures and “next steps” covered in this report will help to recover the situation as soon as possible.

3. Conclusions on administrative simplification and the impact of legislative initiatives in SMEs (chapters 3, 4 and 5)

Prior assessment of the impact of new rules on SMEs is of vital importance in the light of the greater proportional cost they have to bear, compared to large undertakings, in complying with new procedures introduced.

From 2009, onwards, Spain has met this need by applying the **regulatory impact assessment report** regulated by Royal Decree 1083/2009 of 3 July 2009. Although it is not exactly the SME Test set out by the European Commission, it does aim to foster the quality of prior analyses of regulatory initiatives as a fundamental plank of the strategy to improve legislation.

As proof of **the need to highlight the “SME approach” in the regulatory impact assessment reports, the report covers 14 Laws, 4 Draft Laws, 6 Royal Decree-Laws, and 5 Royal Decrees** (see annex 2) that affect the activity performed by small and medium-sized companies, 75% of which were adopted in the period under consideration 2009-2011.

On the subject of these regulations, we would especially like to highlight the adoption of Law 11/2007 of 22 June 2007 on the electronic access of citizens to public services, which covers a great many of the measures dealt with in chapters 3 and 4 of the report.

These measures include **the Data Intermediation Platform, SVD⁵, the virtual one-stop-portal www.eugo.es**, or the 261 measures included in the five packages approved to date within the **“Action Plan to reduce administrative charges and improve regulation”** since its adoption in 2008.

The package of measures approved in the “Action Plan to reduce administrative charges and improve regulation” have made it possible to cut costs by more than 3 billion euros in saved time and in set-up and running costs for companies.

As things stand today, it is possible to access 97% of the procedures of the Central State Administration via Internet (100% in the case of the Tax Office or the Social Security), a circumstance that has been acknowledged outside Spain.

The latest United Nations *'e-gov readiness report'* ranked Spain ninth worldwide and fifth in Europe in terms of eGovernment, indicating that it had climbed eleven places in 2009.

Among the measures adopted to reduce administrative charges for SMEs, the report also covers the measure adopted in Royal Decree - Law 13/2010 to make membership of chambers of commerce, industry and navigation voluntary, which would help to reduce financial burdens on companies. In

⁵ This service makes it possible to check and consult data to avoid requesting documents already provided to the administration, regardless of whether they are national, regional or local in nature. This service provides real-time consultation of details of the party that has initiated administrative procedures and that are required to resolve this particular procedure.

particular, it covers the abolition of the so-called Recurso Cameral Permanente, a parafiscal tax involving mandatory payments by companies to the tune of 250 million euros a year (2008 figures), around 90 million euros of which had to be paid by small and medium-sized enterprises and self-employed workers.

As regards the electronic readiness of public procurement,⁶ to which principle (or chapter) five of the report is exclusively dedicated, **Spain ranks fifth in the EU (at 78%), ahead of countries such as Germany, France or the United Kingdom.**

This chapter describes how setting up the **procurement platform or bidder's register** has improved SMEs' access to these calls for tender. It also rolls out the series of measures contained in Law 30/2007 of 30 October 2007 on Public Procurement and in three further laws fostering SMEs' participation in public calls for tender.

One of the “next steps” foreseen in the area of public procurement involves the publication of a Code of Conduct by the Ministry of Defence for contractors and subcontractors of arms and defence equipment, one of the aims of which is to support and foster the participation of SMEs in such contracts.

This is a voluntary subscription scheme whose aims include sharing risks and benefits throughout the supply chain and maximising business opportunities.

To complete this overview of the actions performed to reduce administrative charges for SMEs, chapter 4 of the report dedicates a specific section (4.5) to the **transposition of the Services Directive.**

⁶ Regulated by Law 30/2007 of 30 October 2007 on Public Procurement, also adopted before the period under consideration (2009-2011).

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The Central State Administration has transposed this directive using four laws⁷: one horizontal and three sectorial, jointly amending 50 state laws, which have led to the elimination of around 116 authorisations at state level and 633 at Autonomous Community level and has removed 594 requirements.

In addition to these reforms, recent advances have been made following the adoption of Royal Decree 1000/2010 of 5 August 2010 on mandatory professional board certification, significantly reducing the number of professional activities that need to apply for such certification. We estimate that the adoption of this particular piece of legislation will allow the companies of the sectors concerned to cut direct costs and administrative charges by around 815 million euros per year.

In sum, the reforms undertaken to transpose the Services Directive have not only brought a significant reduction in barriers to access to the exercise of economic service activities but have also allowed considerable savings in the administrative burden involved. Overall,

We estimate that the reforms flowing from the application of the Services Directive have spared companies administrative charges worth at least 1.7 billion euros a year, equivalent to 0.16% of GDP.

To continue to make headway in this area, umbrella law 17/2009 set up the committee for improving regulation of service activities. This seeks to facilitate

⁷ Law 17/2009 of 23 November 2009 (published in the State Gazette on 24-11-2009) on Free Access and Exercise of Service Activities, transposing the Services Directive (Umbrella law).

Law 25/2009 of 22 December 2009 (published in the State Gazette on 23-12-2009), amending several laws to adapt them to the umbrella law ('Omnibus' law).

Law 1/2010, amending law 7/1996 of 15 of January 1996 on the Organisation of Retail Trade.

Law 6/2010 of 24 March 2010, amending the recast text of the Law on Environmental Impact Assessment for projects, approved via legislative Royal Decree 1/2008 of 11 January 2008.

cooperation between the three levels of administration in order to monitor and coordinate the transposition of the Services Directive

The role of the Committee for Improving Regulation of Service Activities was further bolstered by Law 2/2011 of 4 March 2011 on the Sustainable Economy, which establishes that, among other things, the Committee must help Public Administrations to cooperate in the economic analysis of the regulation and avoid bringing in unjustified or disproportionate restrictions to the working of the markets.

4. Conclusions concerning improved access to finance for SMEs (principle or chapter 6)

Principle (chapter) 6 of the report covers the raft of measures implemented since the adoption of Royal Decree-Law 2/2008 of 21 April 2008 to improve access to finance by self-employed persons and SMEs through the ICO [Spanish Credit Institute] and other instruments, such as the SME securitisation funds programme (FTPYME) or state refinancing to back guarantees issued by the mutual guarantee funds through the Spanish Re-guarantee Company CERSA.

The financial measures adopted between 2009 and 2011 to ease the effect of SME credit restrictions on the financial markets have provided more than 80 billion euros, 88% of which were channelled through the ICO.

Further mention of the financial and tax support measures adopted to foster growth of small and medium-sized companies is made under sections 6.2.1 and 6.3.4, as these companies must be the driving force of economic recovery. Here

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we are talking about small and medium-sized companies that innovate, diversify and place their products on the international market.

Among the first group of measures, from July 2010 the FESpyme fund managed by the company AXIS, which answers to the ICO, was granted 422 million euros to support companies in their expansion plans.

Likewise, the Ministry of Industry, Tourism and Trade is about to launch a programme that will not only provide subsidised loans to the “Business Growth Lines” of ENISA⁸, but will also offer tailor-made assistance and training to small and medium-sized companies undergoing a process of expansion (via the EOI). The total amount of equity loans of ENISA's “Business Growth Lines” between 2010 and 2011 stands at 80 million euros.

In 2010, specific initiatives to foster the growth of innovative SMEs as they expand through the ICO (Fondo Fespyme) and ENISA (Business Growth Lines⁹) funded with more than 500 million euros.

Royal Decree-Law 13/2010, of 3 December 2010 also brings in tax incentives¹⁰ for the growth of small companies.

Chapter (principle) 6 of the report covers a wide range of fiscal measures adopted between 2009 and 2011 through one Law and three Royal Decree-Laws.

⁸ ENISA is a public company attached to the Ministry of Industry, Tourism and Trade (MITYC) through the Directorate-General of SME policy (DGPYME).

⁹ SME line, EBT line for technology-based companies, MAB line to cover the cost of floatation on the Alternative Investment Market, Mergers and acquisitions line for small and medium-sized companies.

¹⁰ It allows small organisations to continue to enjoy the benefits of the special regime allowed them during the three financial years following the year in which they reached the threshold of ten million euros (also set by this law).

The fiscal measures adopted between 2009 and 2011 to ease the credit restrictions imposed on SMEs by the financial markets totalled 9 billion euros.

To complete the most outstanding conclusions of this chapter, we should indicate that section four (6.4) concerns Law 15/2010 of 5 July 2010, amending **Law 3/2004 of 29 December 2004 on measures to combat late payments for commercial operations**.

This section covers three types of measures.

- Those adopted by the government prior to the approval of the law to help local organisations to settle outstanding payments with companies and self-employed persons.
- Those adopted by different bodies and units¹¹ of the Central State Administration pursuant to the terms of the law in question.
- Other legislative measures that help to combat late payment, such as the reform in the order for payment procedure under the **Draft Law on Measures for Facilitating Procedures** (removing the current maximum limit of 250,000 euros), or the improvements brought in using the **Draft Law on Mediation in Civil and Commercial Matters**.

5. Conclusions concerning improved SME access to the European Single Market (chapter 7)

Chapter (principle) 7 covers the measures related to identifying and solving problems facing Spanish companies on the European Single Market via the SOLVIT network or SECEX, the State Secretariat for Foreign Trade of the MITYC,

¹¹ The Institute of Accounting and Account Audits (ICAC), the Comptroller General of the State Administration (IGAE), and the Ministry of Industry, Tourism and Trade's SME Observatory.

and measures to reduce the costs of access to standardisation and fostering its use among SMEs.

Chapter 7 also outlines the programmes developed by the Spanish Patent and Trademark Office to stimulate protection of technological industrial property to improve the competitiveness of companies, particularly SMEs, in addition to those rolled out by the Ministry of Culture in relation to protection of intellectual property.

6. Conclusions on improving competitiveness, fostering innovation, and professional training of SME workers (chapter 8)

Principle or chapter 8 outlines twenty budget programmes and initiatives implemented by four ministerial departments in this area.

These actions include general programmes and funding lines aimed at all types of SMEs, and initiatives for SMEs in specific sectors such as ICT, cultural industries, areas receiving regional incentives or strategic industrial sectors. Thus,

Between 2009 and 2011, some 4 billion euros were earmarked to foster innovation and improve training and competitiveness of SMEs through twenty initiatives, programmes and funding lines implemented by four ministerial departments.

In addition to the actions undertaken by the CDTI, we should particularly point to the treatment of SMEs in areas covered by regional incentives:

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More than 943 million euros were disbursed between 2009 and 2011 through the Ministry of Industry, Tourism and Trade (MITYC)'s Reindustrialisation programme to improve their competitiveness.

Likewise, we should particularly point to the various lines and sub-programmes of the AVANZA programme of the State Secretariat of Telecommunications and Information Society, which account for 35% of all resources earmarked for SMEs during the period in question. Thus,

More than 1.4 billion euros were made available to SMEs through the AVANZA programme. Of this amount, more than 958 million euros correspond to the ICO-AVANZA funding line.

Among the initiatives aimed at fostering training and skill-building in SMEs, we should point to the Ministry of Science and Innovation's INNCORPORA sub-programme, in response to the innovation policy set out in the Social and Economic Agreement for Growth, Employment and Pension Guarantees.

Since it was set up last year, the INNCORPORA sub-programme has provided more than 620 million euros to encourage SMEs to hire staff to participate in specific projects related to industrial research, experimental development or prior technical feasibility studies.

Finally, chapter 8 also covers the programmes and initiatives aimed at fostering the application of equal opportunities and corporate social responsibility policies among small and medium-sized companies, as these are forms of innovation that make it possible to improve the living conditions of workers in SMEs and the profitability of such firms.

7. Conclusions concerning the measures helping SMEs to turn environmental challenges into opportunities (chapter 9)

Chapter 9 outlines the actions brought to bear by the IDAE (the Institute for Diversification and Energy Saving) to improve companies' energy efficiency and foster the creation and consolidation of companies or new lines of business in activities linked to the environment and energy.

It also points to a new aid line called "Avanza Green ICTs" included in 2011 within the Ministry of Industry, Tourism and Trade's AVANZA Plan (chapter 8) with a budget appropriation of 270 million euros.

8. Conclusions on support for internationalisation of SMEs

The report covers the activities of the ICEX, which recently became a public business organisation, to allow it to provide faster and more flexible support to attempts by SMEs to internationalise.

It also covers the new SME internationalisation support programme (ININTERNACIONALIZA) launched by the CDTI in 2011 to finance overall internationalisation plans for small and medium-sized companies.

The specific support instruments for funding for SME internationalisation include the FIEM (Enterprise Internationalisation Fund); the FAD-SME line, and the actions of CESCE (Spanish Export Insurance Credit Company); COFIDES

(Spanish Company for Development Funding); and the lines of the ICO (Official Credit Institute). All of these instruments have helped to increase the number of export companies over the last few years:

The number of export companies has grown continually in Spain over the last three years. At the year's end, there were 109,600 such companies, an increase of nearly 12,000 from the end of 2007.

9. General conclusions

In sum, an analysis of the measures we have included in the report shows the direct relation between the support provided to small and medium-sized companies by the Central State Administration and the weight and importance they have in the economic development of our country.

A large number of legislative initiatives are currently underway in Spain, in addition to actions and programmes to foster entrepreneurship and remove the barriers holding back the creation and development of SMEs.

A wide range of services and programmes is available to support innovation and internationalisation and to improve training in these companies, hand in hand with significant funding that bears witness to the public commitment to smaller companies and the renewal of our productive model.

There are significant information, advice and sponsorship initiatives available for setting up companies, with substantially increased financial and tax support for SMEs. We have facilitated business transmission processes, enabled access to the new technologies, and we are bolstering the growth capacity of small and medium-sized companies.

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Of course, there is still a long way to go. There are nearly 3.2 million companies classified as SMEs, with very diverse characteristics and needs related to their size, the sector in which they operate, or their geographical location. Nonetheless, we are confident that this initial exercise is a good starting point on which to build, as we search for effective, efficient solutions well adapted to the diversity of our business fabric, which, as everybody knows, essentially comprises SMEs.

THE SMALL BUSINESS ACT FOR EUROPE. FIRST IMPLEMENTATION REPORT IN SPAIN (2009-2011)

Introduction

The “Small Business Act for Europe” (SBA), adopted in December of 2008, is the principle milestone in SME support policies in the European Union. After two years in an unfavourable economic environment, the Small Business Act is currently under review, to breathe new life into the policies implemented to speed up recovery and economic growth within the European 2020 Strategy.

Working on the basis of the progress made since the act was approved, our aim in this new stage is to look deeper at the most important issues to allow SMEs to act as the real motor of economic growth within the Europe 2020 Strategy. These issues essentially concern access to finance, removing administrative charges, and facilitating “market access” (internationalisation, innovation, public procurement, ICT, etc.).

To provide that new boost to European SME policy, the Commission is now asking for greater involvement and co-ordination from Member States in applying the SBA. One of the measures taken was therefore to set up an advisory group comprising representatives of governments and SMEs in coordination with representatives of business organisations and hold an annual SME Assembly closely linked to the SBA good practices conference.

The role of these government SME representatives is not only to redouble efforts to create national plans to roll out the SBA, but also to compile information for the Commission concerning the actions performed in their respective countries. This information will be included in the European Commission's annual competitiveness reports.

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This then is the backdrop to the First implementation report of the SBA in Spain which covers the actions brought to bear by the various ministerial departments with responsibilities for supporting SMEs during the period 2009-2011. This report aims to achieve three objectives:

- To meet our commitments to send information to the European Commission;
- To draw up an effective balance of the actions and measures performed in Spain for SMEs since the adoption of the SBA in December 2008.
- To establish a reference for reviewing and continuously improving the application of the SBA in Spain.

Background to the Small Business Act

The 23 million SMEs registered in the EU account for 99.8% of all enterprises, providing two-thirds of Europe's employment and 58% of its GAV. It is therefore clear that they play a leading role in the EU's development and economic growth, which is why importance has been placed consistently on developing a specific policy framework for these companies.

The European Charter for Small Enterprises, also known as the “Feira Charter”, was adopted at the Council in Santa Maria de Feira, Portugal, in 2000. Following the success of this initiative, it was decided to build upon European SME policy by creating a policy framework integrating the strategic instruments available in the modern SME policy.

The idea of the SBA itself first came to light at different forums in autumn 2007. In February 2008, the European Commission held an information event to publicise the project among representatives of public administrations, business organisations and other interested parties, and a public consultation was held in February and March 2008.

Adoption of the Small Business Act

- The European Commission adopted the Small Business Act (SBA) on 25 June 2008.
- The Competitiveness Council adopted the conclusions document in its meeting on 1 December 2008, along with an Action Plan for the application of the Small Business Act (SBA).
- The Economic and Social Committee adopted an opinion on the Small Business Act (SBA) on 14 January 2009.
- The European Parliament adopted its resolution on the Small Business Act (SBA) on 9 March 2009.
- The Committee of the Regions adopted an opinion on the Small Business Act (SBA) on 12 February 2009.
- The European Council of 19 and 20 March 2009 provided its full support to the Small Business Act (SBA) and to the Action Plan.

Contents

The Small Business Act (SBA) is a policy instrument, not a legal one, which proposes an overall framework of action for the EU and the Member States in all policies affecting the activity of SMEs through ten principles underlying the conception and application of these policies at European and national level.

These principles concern areas such as taxation, regulation, finance, vocational training policies, education policies, public procurement, etc., and are established with a series of measures for implementing them.

The principles are as follows:

- Promote entrepreneurship.

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- Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance.
- Design rules that take into account the special difficulties facing SMEs: “Think Small First”.
- Make public administrations responsive to SMEs’ needs.
- Facilitate SMEs’ participation in public procurement.
- Facilitate SMEs’ access to finance and develop a legal and business environment supportive to timely payments in commercial transactions.
- Help SMEs to benefit more from the opportunities offered by the single market.
- Promote the upgrading of skills in SMEs and all forms of innovation.
- Enable SMEs to turn environmental challenges into opportunities.
- Encourage and support SMEs to benefit from the growth of markets.

Governance

Ever since the SBA was adopted, the Commission has assessed its application in its Annual Report on the Lisbon Strategy to allow the European Council to take note of the progress made in SME policy.

The SBA is currently linked to the Europe 2020 Strategy, whose Guideline 6: “Improving the business and consumer environment and modernising the industrial base”, states that support to SMEs must be provided in accordance with the SBA and the “Think small first” principle.

As far as exchanges of good practices are concerned, the yearly exercises have continued in the shape of the annual Charter conferences, which from 2010 have been called annual conferences for the exchange of good practices of the Small Business Act.

Review and new governance

On 23 February 2011, the European Commission issued a communication entitled "Review of the *"Small Business Act"* for Europe" (COM (2011)0078) to help to achieve the aims set out in the new agenda of EU reforms, known as the "Europe 2020 Strategy".

The document covers the advances made in implementing it since 2008 and underlines that Member States must continue their efforts to support entrepreneurial initiative in the current difficult economic situation, with priority attached to five areas: improving access to finance, improving legislation, helping SMEs to benefit more from the Single Market and helping small companies to face the challenges of globalisation and climate change.

The revised Commission text on the SBA was submitted to the Ministers in the Competitiveness Council of 30 May 2011, when the Member States approved its content and undertook to put it into practice.

As regards governance, in this new stage, the Commission needs Member States to become more involved and better coordinate their application of the SBA. One of the measures taken was therefore to set up an Advisory Group comprising representatives of governments and SMEs (known as SME Envoys¹²) in coordination with representatives of business organisations and hold an annual SME Assembly closely linked to the annual SBA good practices conference mentioned above.

¹² In the case of Spain, this representation falls to the Directorate-General of SME policy.

Implementation in Spain

Like the other Member States of the European Union, Spain has endorsed the principles of the SBA, which affect a large sector of the ministerial departments and the regional and local administrations.

In addition to the political commitment itself, as the department responsible for small and medium-sized enterprise policy, the Ministry of Industry, Tourism and Trade has made considerable efforts to publicise the SBA among all the parties with potential responsibilities in implementing it, using all the available forums, particularly the sectorial SME Conference, the Bureau of general directors of the Autonomous Communities, and the SME Observatory. These efforts have helped to publicise it among the ministerial departments, the Autonomous Communities and local bodies, and also among the main business and trades union organisations.

Furthermore, the SBA has been promoted via the Internet, and specific institutional activities have been organised in various forums to spread knowledge of this instrument and enhance compliance among all the stakeholders.

The Action Plan adopted by Council in December 2008 to speed up application of the SBA in the areas considered to be a high priority has been applied successfully in Spain, which has adopted significant measures in the three areas of action.

The following section outlines the various actions brought to bear in Spain by the Central State Administration to apply the guiding principles of the SBA. This report is therefore a compendium of information on the actions brought to bear by twelve ministerial departments in this field. It is structured in chapters revolving around the ten principles or guidelines in the document entitled "*Small*

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Business Act for Europe” adopted by all the Member States in the EU Council of March 2009.

These actions are dynamic; therefore we trust that the presentation of this first report will serve as a starting point and a milestone in the ongoing process of review and improvement of the application of the SBA in Spain.

First principle of the SBA

Promote entrepreneurship

1.1. Actions to stimulate entrepreneurial initiative among young people

1.2. Initiatives to support finance for entrepreneurship

1.3. Actions to provide advice services

1.1 Actions to stimulate entrepreneurial initiative among young people

1.1.1. Entrepreneurial initiative in the educational field

Following the guidelines set by the European Union and UNESCO, Organic Law 2/2006 of 3 May 2006 on Education (LOE) sets out, inter alia, the aim of opening education and training systems to the outside world, which means strengthening links with the world of work, research, experimentation, innovation and links with society in general, **to develop entrepreneurship**, improve the learning of foreign languages, increase mobility and exchanges and enhance European cooperation.

In addition, Article 2 of Organic Law 2/2006 defines the objectives to be achieved by the Spanish education system, which include particularly developing students' capacity to regulate their own learning, trust in their skills and knowledge, and develop their creativity, personal initiative and **entrepreneurship**. Likewise, this Organic Law highlights the development or consolidation of the entrepreneurial spirit as one of the aims of compulsory secondary and post-secondary education and vocational training.

Entrepreneurial initiative has been brought progressively, onto the curriculum since the Organic Law on Education came into force in Spain in 2006, and a series of Royal Decrees have been approved setting out development of the entrepreneurial spirit in minimum teaching contents at the different stages of education (primary and secondary, post-secondary and vocational training).

Subsequently, all the newly-created middle and upper training cycles or those recently or soon to be amended, numbering around 140, now involve a professional “Business” or “Entrepreneurial Initiative” module in their curriculum.

In Spain there are also a great many public and private curricular and extra-curricular initiatives, some of which are good practices recognised by the European Commission and bodies in Latin America.

Other actions in the educational field

- The Ministry of Education has worked with the Junior Achievement Foundation to instil entrepreneurial values such as determination, continuous effort and teamwork in post-secondary students.
- A cooperation agreement was signed between the Ministry of Education, the Bank of Spain, and the Spanish National Stock Market Commission (CNMV) in 2009 to develop a financial education plan. This initiative fits in with the plans developed in Europe in accordance with the principles and recommendations of the OECD and the European Commission for promoting financial education. Both bodies have underscored the importance of financial education at all stages of life, particularly in childhood and youth, teaching the value of saving and planning, and preparing these people for their future life as independent, responsible adults.

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- This project, which is promoted by the Bank of Spain and the CNMV, aims for compulsory secondary education students (ESO) to receive financial training as part of their school timetable. Students will be taught about mortgages, interest rates and current accounts, and resources available for dealing with all kinds of economic situations.
- As a result of this agreement, on 16 February 2011, the educational portal Gepeese.es was launched in cooperation with the Autonomous Communities that signed up to the project. [Gepeese.es](#), on the www.finanzasparatodos.es, a website aimed at secondary school pupils and teachers taking part in the pilot project that will start this year by providing financial education to third year students of compulsory secondary education in 32 Spanish secondary schools (2,600 students in all). Once the results have been evaluated, the aim is to roll out the programme to more schools in the next academic year to implement these contents into the third and fourth years of the compulsory secondary education cycle.

This agreement has not involved any economic investment by the Ministry of Education, but has involved human resources. The Spanish Institute for Teacher Training and Educational Research and Innovation (IFIIE) is currently preparing a report to evaluate the impact of the project and assess the incorporation of financial education into the curriculum along with entrepreneurial education, either as part of the basic skills mentioned above or as a new optional subject offered in the fourth year of compulsory secondary education.

- In 2010, the Ministry of Education signed a cooperation agreement with the Higher Council of Chambers of Commerce and Industry (CSC) to support the development of entrepreneurial initiative in schools. The cost of this agreement is estimated at 160,000 euros, of which 50,000 euros will be

provided by the Ministry. The CSC will produce a multimedia dossier of teaching materials to foster activities related to promoting entrepreneurship in secondary, post-secondary and vocational training classrooms. These teaching materials will enable classroom dynamics in which to foster attitudes related to entrepreneurship.

As part of the agreement, there will be at least 70 business information and awareness-raising sessions among vocational training and compulsory secondary students. A meeting has also been planned to achieve this goal.

1.1.2 Entrepreneurial initiative in the university educational area

Since the entry into force of Organic Law 4/2007 of 12 April 2007 amending Organic Law 6/2001 of 21 December 2001 on Universities, entrepreneurial initiative has been introduced gradually into university teaching, which requires prior verification by the National Quality and Accreditation Assessment Agency (ANECA).

From the General Secretariat for Universities, via their Directorate-General for Attention, Participation and Employability of University Students, work is underway to foster measures to improve the transition of university students and graduates onto the labour market and optimise knowledge and innovation transfer activities, to which end a whole series of actions are underway to boost entrepreneurship among university students in tandem with their regulated training. The following actions are worthy of note:

- The signing of a cooperation agreement with all public universities in 2009 to enhance and implement tutorial systems in the degree studies, focusing on orienting students towards finding a job after they graduate, inter alia.
- The signing of a cooperation agreement with all public universities in 2010 to enable each university to organise a competitive call among the students of

those universities (first or second cycle, or degree course) to select the best entrepreneurial spirit projects, awarding a prize to the students which will be used for advice and a viability study of the winning project.

From among these prize-winning business projects, the Ministry of Industry, Tourism and Trade, following a cooperation agreement with the Ministry of Education, will provide advice to prizewinning university students who wish to set up their own company. To achieve this, it will provide access to the Directorate-General of SME policy's Entrepreneurs Advice Centre and the Advisory and Procedure Initiation Points (PAIT) network for the electronic processing of company start-ups.

- The call for funding to develop projects and actions to improve the overall attention and employability of university students, organised by the universities themselves. One aim of this initiative is to select the programmes that best foster university entrepreneurship, design training pathways and guidance actions to foster the employability of university students in the area of the studies they had initially chosen or in the area studied at the end of their higher education, fostering and promoting external practices and increasing actions to ease their transition onto the job market.
- The call to fund actions under the Studies and Analysis programme, aimed at improving the quality of teaching in 2010, using a diagnosis to analyse and propose improvements in certain aspects of the Spanish higher education system, such as the degree of entrepreneurship and professional insertion of university students.

Next steps

- External academic placements are a training activity for university students and supervised by the universities, which allow these students to put the knowledge acquired during their academic training into practice and build

upon it, fostering the acquisition of responsibilities that prepare them to exercise professional activities and make themselves more employable.

In the light of this, the Ministry of Education is preparing new legislation, to be published via a Royal Decree, better suited to the terms of the University Student Statute, which will develop some of the aspects covered by it, such as the objectives of placements; who they are aimed at; and the requirements, tutorials and contents of the educational cooperation agreements.

- The General Secretariat of Universities is preparing an Employability Plan for university students, and will produce action programmes for promoting and fostering entrepreneurship along with the Employment Commission, involving representatives of the General Conference of University Policy, the Council of Universities and the State University Students' Council, which will have specific and as yet undetermined budgetary resources attached to it.

Budget (2009-2010)¹³: 5.7 million euros

- In addition to this, during 2011 the Secretary of State for Equal Opportunities and the Spanish Institute for Women's Affairs will set up an experimental programme in cooperation with the University of Santiago de Compostela to enhance the participation of female university graduates and students in the creation of innovative companies, thereby making use of all the innovative knowledge generated in universities.

The programme aims to promote entrepreneurship by young women, who, although they outnumber men in the university field, are very much in a minority as far as entrepreneurship projects are concerned.

¹³ This also includes the budgets for the "Next steps headings."

Budget (2011): 40,000 euros

1.1.3. Vocational training for employment

Royal Decree 395/2007, of 23 March 2007 regulates the vocational training for employment subsystem. The National Institute of Employment's Resolution of 3 March 2011 places SMEs among the priority groups for 2011 in employee training actions.

a) TodoFP portal

The TodoFP portal is a platform that came on stream in 2010 and is an excellent way of interesting young people in driving their own future and giving free rein to their initiatives. The portal provides them with all the necessary information and links to help them assess their own capacities and choose the training they need, take part in placements or mobility projects, competitions, etc.

The cost invested in the Platform to date is 1,835,043.56 euros, although it is difficult to estimate the financial impact that could result from company start-ups.

b) Call for innovation projects

The Call for innovation projects recently published by the Directorate-General of Vocational Training aims to develop innovation projects in the Vocational Training area of the educational system, to facilitate innovation in the professional sector through the mobility of vocational training students and teachers of different Autonomous Communities and to promote quality and excellence in vocational training.

Among other thematic lines, there are plans to foster experiences in schools and colleges that teach vocational training within the educational system to help set up companies, or to stimulate entrepreneurial values among people by providing the necessary framework, standards, support and follow-up.

Although this call has a planned investment of 33,865,000 euros, it is impossible to predict the cost of aids directly related to promoting entrepreneurship beforehand. An approximate figure of 10% of the total has therefore been estimated.

Budget (2011): 3.4 million euros

1.1.4 Self-employment, cooperatives and worker-owned business promotion programme

The Ministry of Labour and Immigration runs a programme for promoting self-employment, cooperatives and worker-owned business, managed by the National Institute of Employment in cooperation with the Autonomous Communities.

The programme, which comprises four funding lines to provide help in set-ups, financial investment support, technical assistance and training, aims to support entrepreneurship business initiatives through self-employed work and setting up cooperatives and worker-owned businesses. Its activities revolve around training, dissemination and promoting self-employment, cooperatives and worker-owned businesses and actions to enhance the job-creation capacity of such companies.

An important development for SMEs was the recognition of their rights and improvement in social protection provided by the Statute of Self-employed Work

and Unemployment Benefit, meaning that entrepreneurs, who risk their own capital, at least do not have to feel that they are less protected than salaried workers.

Capitalising unemployment benefits

The possibility to capitalise unemployment benefits allows people who receive contribution-funded unemployment benefits who want to become stable worker partners; work in cooperatives or worker-owned businesses; set up such businesses; or start a new activity as self-employed workers to receive a lump sum of up to 80% of the amount of the benefit.

Promoting self-employment among young people and women

Incentives for young people up to the age of 30 and women up to 35 to become self-employed involve reducing Social Security contributions by 30% and during the first thirty months of the activity.

Budget (2009-2011): 301.5 million euros

1.1.5 Campaigns for promoting the entrepreneurial initiative: “We are all entrepreneurs”

“We are all entrepreneurs” is an initiative of the Ministry of Industry, Tourism and Trade working in cooperation with Autonomous Community and local bodies to hold initiatives known as “Entrepreneurship Days” in their local areas to foster the entrepreneurial culture and highlight the important contribution that entrepreneurs make to the economic and social development of our country.

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This initiative was selected by the European Commission as an example of good practice and was presented at the Conference of the European Charter for Small Enterprises held in June 2007 in Berlin.

The "Entrepreneurship Days" are a territorial event for entrepreneurs and business persons and involve activities providing training, advice, entertainment and cooperation as well as business meetings. They also serve as a platform for sharing business experiences and success and failure stories. This programme started in 2006, with the fifth such event held in 2010. The MITYC provides up to 40% of the organisation costs up to a maximum of 100,000 euros; it finances the campaign image and motto and maintains the website.

This programme is part of the Ministry of Industry, Tourism and Trade's Action Plan to Support Entrepreneurship for the year 2011 presented at the Council of Ministers last 14 January.

Next steps

From 2011 onwards, the "*We are all entrepreneurs*" initiative will be managed as a MITYC subsidies programme through two separate lines:

- The first line will continue to support the holding of seminars and meeting forums to acknowledge value and the business function, and
- The second line will promote strategic actions of an innovative nature developed by public institutions in favour of entrepreneurship.

Budget (2009-2011): 4.8 million euros

1.1.6 Promoting the creation and consolidation of companies or new lines of business in activities linked to the environment

The Biodiversity Foundation, attached to the Ministry of Environment and Rural and Marine, Affairs has launched the Empreverde Network Project to foster the creation and consolidation of companies or new lines of business in activities linked to the environment. The project covers various actions such as:

- A network of green entrepreneurs that aims to channel the services of the project aimed at entrepreneurs and to foster exchange of knowledge and experiences.
- An investors/financiers network to facilitate contact with entrepreneurs.
- Empreverde Network Awards to consolidated entrepreneurs and new business ideas.

Budget (2009-2011): 270,000 euros

1.2 Initiatives to support finance for entrepreneurship

1.2.1 Financing for projects promoted by young entrepreneurs

The Directorate-General of SME policy of the Ministry of Industry, Tourism and Trade launched a specific funding line in 2010 to stimulate the creation of companies promoted by young entrepreneurs.

This line, implemented through the Spanish Innovation Company ENISA, facilitates access to preferential funding without the need for guarantees and finances the acquisition of the fixed or current assets required for performing the company's activity. The maximum amount of the loans is 50,000 euros.

From its creation in April 2010 to 31 February 2011, this line had co-financed a total of 302 company projects for a total of nearly 12 million euros.

This funding line is part of the entrepreneurship support action plan of the Ministry of Industry, Tourism and Trade for 2011 presented at the Council of Ministers on 14 January last.

Budget (2010-2011): 32 million euros

1.2.2 Programme of micro credits for women entrepreneurs and businesswomen

The Secretary of State for Equal Opportunities (SSEO) manages the “Micro credits for women entrepreneurs and businesswomen programme”, created in 2000. The aim is to help women to access funding for setting up and consolidating a business project in conditions that are more advantageous than those offered on the financial market.

Advice and tutoring is offered to help define and monitor the company projects of women entrepreneurs that ask to join the programme, on an individual basis via an agreement signed by the SSEO with the following women's organisations: OMEGA, FEMENP, UATAE, Women's World Bank, Federation of Progressive Women, Women's Foundation, FIDEM and ESFERA. The budget earmarked for this programme is 1.66 million euros.

To fund these projects, the programme has been channelled through cooperation agreements with financial institutions. Agreements were signed in 2010 with ENISA (a public company attached to the Ministry of Industry, Tourism and Trade via the Directorate-General for SME Policy) and Microbank (la Caixa).

a) For the agreement with ENISA, for the programme from May 2010 and for 2011, two funding lines of one million euros were made available in micro credits of up to 25,000 euros. In 2010, 65 loans were granted to the tune of 998,789 euros. 584,450 euros were provided in 43 loans on the line up to 31 May 2011.

This funding line is part of the entrepreneurship support action plan of the Ministry of Industry, Tourism and Trade for 2011, presented at the Council of Ministers on 14 January last.

b) Since 2010, Microbank has financed 70 operations totalling 1.2 million euros, in the framework of this programme in micro credits of up to 25,000 euros, without the need for the beneficiaries to provide personal guarantees.

Budget (2009-2011)¹⁴: 3.66 million euros

1.2.3 Measures to foster the activity of the Business Angels

In 2010, the Directorate-General of SME policy set up a programme to provide support to the Business Angels networks to foster the development of intermediation activities between private investors and entrepreneurs made by these networks.

Following the decision of the first call within the programme, made in April last year, the 30 networks that received funding had facilitated the conclusion of 172 investment operations with entrepreneurs and SMEs to the tune of 19.15 million euros in 2009.

¹⁴ This does not include the Microbank budget.

The expenses that these networks planned to incur in the performance of their activities, in 2010, were 2.5 million euros, of which just over 20% were covered by the subsidies of the programme.

This programme is part of the Ministry of Industry, Tourism and Trade's Action plan to Support Entrepreneurship for the year 2011, presented at the Council of Ministers last 14 January.

Budget (2010-2011): 1.5 million euros

1.2.4 MITYC Entrepreneurs Guarantee Programme

The Directorate-General of SME polic set up this new programme in 2011 via CERSA, the Spanish Re-guarantee Company, to boost the creation of small companies.

To set these up, 15 million euros were earmarked in 2011 for the creation of a specific technical provisions fund in CERSA to attend to the obligations generated as a result of the risk supported in the operations made within the programme.

This technical provisions fund will allow the mutual guarantee funds (*Sociedades de Garantía Reciproca* - SGR) to grant up to 200 million euros in guarantees in 2011 (with a maximum limit of 60,000 euros) for each new company project.

This programme is part of the Ministry of Industry, Tourism and Trade's Action plan to Support Entrepreneurship for the year 2011, presented at the Council of Ministers last 14 January.

Budgets (2011): 15 million euros
Financial impact (2011): 200 million euros

1.2.5 ICO-Entrepreneurs funding line

200 million euros were provided between 2009 and 2010 to help set up new companies or new professional activities.

From 2011, projects previously financed under this line can be funded either under the other mediation lines or the new ICO-SGR line to finance operations fully guaranteed by the mutual guarantee funds. Re-guaranteeing of these operations (channelled via CERSA) is funded to the tune of 50% by the ICO.

Financial impact (2009-2010): 200 million euros

1.2.6 Support for financing cultural and creative industries (CCI)

The Ministry of Culture, through the Directorate-General of Cultural Policies and Industries, set up the Plan to promote the cultural and creative industries in 2009 to increase the competitiveness of Spanish cultural and creative industries (CCI), particularly by improving their access to finance and international markets. The plan includes the following lines of support for SME finance:

- “ICO – Cultural Industries” funding line consolidating, internationalising and forming CCIs in the following areas: cinema, audiovisual arts, book publishing, scenic arts, painting, sculpture, photography, music, architecture, design, fashion, new creative multimedia genres and leisure and audiovisual digital content industries. The budget earmarked for this line for the period 2009-2011 was 44 million euros.
- Aid provided via Audiovisual Guarantee, SGR to meet part of the cost of the guarantees required to obtain loans for new cultural projects or activities of CCIs. 72 companies received funding under this action line in 2009. The

following year there were 59 beneficiaries. The funding provided by Audiovisual Aval in 2009-2011 was 2,890,000 euros.

- ICO film production line for 2011. Financing for private film production companies anywhere in Spain, and registered in the First Section of the Register of Companies of the Institute of Cinematography and Audiovisual Arts (ICAA) with up-to-date information. Funding is provided for feature film projects that have not received ICAA project based-support. The operations are processed directly through credit institutions. The operation can amount to a maximum of 1.2 million euros.

Budget (2010-2011): 46.89 million euros

1.2.7 NEOTEC subsidies for the creation and consolidation of new technology-based companies

The CDTI grants zero-interest loans of up to 70% of the budget with a limit of 1,000,000 euros to technology-based companies that have been set up for fewer than six years. The loan can be paid off over fifteen years at rates subject to the *cash flow* generated by the company.

To be eligible for NEOTEC loans, companies must be able to develop or substantially modify their own technology and base their business model on exploiting the results of their own research. NEOTEC is a programme oriented towards small independent companies, the promoters of which must be individuals,¹⁵ generally those in the research field.

¹⁵ However, the ENISA EBT funding line for technology-based companies is aimed at companies with a legal personality.

Commitments acquired (2009-2010): 57.24 million euros
Estimated commitments in 2011: 28 million euros

1.3. Actions to provide advice services

1.3.1 Entrepreneurial Continuity Plan

The Directorate-General of SME policy set up a plan in 2010 to facilitate the transmission of small companies in danger of folding for non-financial reasons. This is known as the “Entrepreneurial Continuity Plan”.

This initiative, developed in cooperation with the Higher Council of Chambers of Commerce, offers advice to potential sellers from the start of the company assessment process up to the consolidation of its transmission.

The Plan, which has an electronic portal or platform facilitating contact between potential sellers and buyers, also has a funding line of 20 million euros implemented via ENISA to support entrepreneurs acquiring companies transferred on this framework.

Since it was set up in May 2010, it has assisted 96 sellers and 468 buyers. Ten transactions have been completed (with others 22 in the pipeline), and 222 companies have advertised on the web.

The expert staff network providing support in the transmission processes was extended in 2011 from 11 to 25 Chambers of Commerce.

This initiative is part of the Ministry of Industry, Tourism and Trade's Action plan to Support Entrepreneurship for the year 2011, presented at the Council of Ministers last 14 January.

Budget (2010-2011): 3.5 million euros

1.3.2. Programme to promote cooperation among the centres providing support to entrepreneurs

In 2010 the Directorate-General for SME Policy set up the Entrepreneurs Support Centre (ESC) Promotion Programme via Order ITC/560/2010 of 3 March 2010.

The programme fosters cooperation between centres that are already providing support services to entrepreneurs, such as town councils, chambers of commerce, European Business and Innovation Centres (BICs), professional associations, etc.) to help them to complement, rationalise and improve the final supply of such services.

30 projects were financed under the first call under the programme in April last year, involving 112 public and private not-for-profit organisations. They included local promotion organisation (20%), business organisations (19%), chambers of commerce (17%) and BICs (13%).

This programme is part of the Ministry of Industry, Tourism and Trade's Action plan to Support Entrepreneurship for the year 2011, presented at the Council of Ministers last 14 January.

Budget (2010-2011): 3.8 million euros

1.3.3. WESP programme (Information and Advice for Women Entrepreneurs and Businesswomen)

The Secretary of State for Equal Opportunities runs the Women's Entrepreneurial Support Programme (WESP), created in 2001, via a cooperation

agreement with the Higher Council of Official Chambers of Commerce, Industry and Navigation of Spain and the various participating Chambers, which receives funding from the European Social Fund (ESF). Its main objective is to promote business activity among women.

The programme offers on-site advice for women that have already set up a company which is operating, and for those who intend to start up a company, provided by the chambers of commerce included in the programme (53 at present), and a free advice service similar to that provided on-site at the portal www.e-empresarias.net.

For the period 2009-2011 (as of 31 March 2011) the programme had attended to 24,783 on-site users and 4,746 companies had been set up. On-line consulting for the period 2009-2011 (at 31 March 2011) attended to 11,983 active users and 32,373 consultations.

The programme is financed jointly by the Secretary of State for Equal Opportunities (560,000 euros), the European Social Fund with a total contribution of 2 million euros in 2010-2011, and the Higher Council of Chambers of Commerce with a contribution of 608,560 euros in 2010-2011, representing total joint funding of 4.2 million euros.

Budget (2009-2011): 560,000 euros

1.3.4. On-line tutoring and training platform for young entrepreneurs

The Spanish Institute of Youth (INJUVE) signed a cooperation agreement with the Spanish Confederation of Associations of Young Entrepreneurs (CEAJE) in 2010 to set up an on-line tutoring and training platform to foster self-employment among young entrepreneurs. The platform is called AJEIMPULSA

and has been working since February 2011. It involves the following contents and services:

- Evaluation of the business idea and entrepreneurial skills
- “Create your company plan”
- Training for entrepreneurs: leadership skills and management skills
- Financing the project: access to ENISA finance in virtue of the agreement between that organisation and CEAJE
- Resources bank: documentation related to company management, legal forms and processes involved in setting up the company, etc.

Budget (2009-2011): 150,000 euros

1.3.5. Advisory services in the cultural and creative industries

The Ministry of Culture, through the Directorate-General of Cultural Policies and Industries, signed an agreement with the INCYDE Foundation of the Higher Council of Chambers of Commerce of Spain in 2010 to develop training programmes for entrepreneurs in the cultural field. In 2011, cooperation with the INCYDE Foundation increased with the awarding of a nominal grant. This initiative provides training in company management including business plans, marketing plans and access to finance.

Likewise, a cooperation agreement between these parties has provided an on-site advice service to consolidate companies created under the training programmes for cultural and creative industries during 2011.

181 entrepreneurs of cultural and creative SMEs benefited from these training programmes in 2010. We envisage that 375 people will take part in this initiative in 2011.

Budget (2010-2011): 500,000 euros

1.3.6. Work performed on entrepreneurship by the SME Observatory

As part of the annual work programme of the SME Observatory, a specific “Entrepreneurship” group was set up in 2010 and identified the Entrepreneurship support services available throughout Spain.

This work was finally reflected in a study entitled “*Support services to enterprising individuals*”¹⁶ which classifies the profiles of entrepreneurs and the types of support organisations available to them. After analysing the structure of the sector; the players and the role they play; their interactions; their sources of competitive advantages; and their capacity to generate value for the customer, a total of 2,866 support platforms were identified (42 national, 30 Autonomous Community and 2,502 regional and local).

1.3.7. Territorial programmes for training and promoting entrepreneurial initiative among women in an unfavourable social situation

During 2010 the Secretary of State for Equal Opportunities signed 12 cooperation agreements with public administrations to increase the participation of women on the labour market, fostering female entrepreneurship and socio-professional integration of women on the job market, especially for women in groups at risk of social exclusion (women with greater difficulties accessing employment either because they are: in sectors dominated by men; the victims of gender violence; older women; immigrants; women with disabilities, etc.).

¹⁶ <http://www.ipyme.org/Publicaciones/EstudioServiciosApooyoEmprendedores.pdf>

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Territorial agreements	2009	2010	2011	Total
City Council of León	200,000	75,000	75,000	350,000
Government of Aragón-Teruel	200,000	130,000	130,000	460,000
Regional government of Extremadura	500,000	130,000	130,000	760,000
City Council of Soria	120,000	70,000	70,000	260,000
City Council of Jaén. Jaén XXI Plan	400,000	75,000	75,000	550,000
City Council of Linares. Jaén XXI Plan	100,000	70,000	70,000	240,000
City Council of Alcalá la Real. Jaén XXI Plan	100,000	40,000	40,000	180,000
Canary islands	0	400,000	400,000	800,000
Balearic Islands	0	200,000	200,000	400,000
City Council of Cádiz	60,000	60,000	60,000	180,000
Local authority association of Sierra de Cádiz	0	50,000	50,000	100,000
Total 2009-2011				4,280,000

For the period 2009-2011 a cooperation agreement was signed between the Secretary of State for Equal Opportunities and the Autonomous Community of the Principality of Asturias to undertake the project creating the School for Women Entrepreneurs and Businesswomen of Asturias. The amount of the contribution by the Secretary of State for Equal Opportunities in the period is 1,500,000 euros.

Budget (2009-2011): 5.78 million euros

Next steps

a) Promoting women's entrepreneurship and economic empowerment

For 2011 there are plans to sign a cooperation agreement between the Secretary of State for Equal Opportunities, the Institute for Women's Affairs and the School of Industrial Organisation (EOI) to set up a training programme to foster female entrepreneurship aimed at businesswomen with a business project and those with specific training needs in certain sectors to try and achieve greater growth and consolidation of their business.

This agreement will also include awareness-raising actions in equal opportunities in companies via REDEPYME or other networks, training actions for EOI staff and other equal opportunities initiatives.

The finance comes from the European Social Fund (518,400 euros), the Institute of Women's Affairs (10,000 euros) and the Secretary of State (59,600 euros).

Budget (2011): 69,600 euros

b) Observatory of Female Entrepreneurship

There are plans to set up the Observatory of Female Entrepreneurship through a cooperation agreement between the Secretary of State for Equal Opportunities and the Chamber Institute Foundation for Company Creation and Development (INCYDE). The planned budget for 2011 is 32,000 euros, of which 16,000 euros will be provided by the Secretary of State for Equal Opportunities.

Budget (2011): 16,000 euros

c) Processing of a new Royal Decree regulating the working of the Observatory of the Small and Medium-sized Enterprise

Royal Decrees 1873/1997 of 12 December 1997, 2659/1998 of 14 December 1998, 1204/2002 of 20 November 2002, and 943/2005 of 29 July 2005, defined the Observatory of the Small and Medium-sized Enterprise as a permanent forum for communication to facilitate adequate monitoring of the development of this business sector in Spain.

The Observatory of the Small and Medium-sized Enterprise is currently part of the framework set out by Royal Decree 1226/2010 of 1 October 2010 developing the organic structure of the Ministry of Industry, Tourism and Trade, and is the ideal forum for bringing together administrations and business and trades union organisations to monitor, analyse and propose solutions to improve the everyday situation of small and medium-sized companies in Spain.

In this connection, the adoption of the *Small Business Act (SBA)* as the reference framework of the policies of small and medium-sized enterprise in the European Union in 2008 introduced a new perspective in the approach to this monitoring exercise. Like that of the *Small Business Act* itself, this perspective now needs to be reviewed in the wake of the many actions performed by the EU Member States since 2008 to reduce administrative charges, facilitate SMEs' access to finance, support their entry into new markets or ensure they are paid promptly for commercial operations.

A new Royal Decree is currently in the pipeline to replace Royal Decree 943/2005 of 29 July 2005 regulating the Observatory of the Small and Medium-sized Enterprise, and will bring in the specific monitoring the application of the Small Business Act in Spain, among other features.

d) Adoption of the Young Innovative Company Statute

Law 14/2011 of 1 June 2011 on science, technology and innovation promotes entrepreneurship by especially supporting the creation and development of young companies conducting innovative activities. To this end, it envisages the creation and adoption within a year of the so-called "Young Innovative Company Statute", inspired by successful European experiences as a key aspect for supporting recently set up companies dedicating a significant part of their turnover to R&D+i activities.

In accordance with the above, the Ministry of Science and Innovation will award the title of "young innovative company" to any company younger than six years old that meets the following conditions:

- It must have invested at least 15% of total company expenses in research, development and technological innovation during the two previous financial years, or in the previous financial year in the case of companies set up less than two years previously;
- The Ministry of Science and Innovation must have observed through expert analysis, in particular on the basis of a business plan, that the company will in the foreseeable future develop products, services or processes that are technologically novel or substantially improved with regard to the technological state of the art in the corresponding sector, involving technological or industrial risks.

Short description of the first principle

<p>Aim</p>	<p>Promote entrepreneurship</p>
<p>Lines of action</p>	<ol style="list-style-type: none"> 1. Stimulate entrepreneurial initiative among young people. 2. Support financing. 3. Provide advisory services.
<p>Ministries that were involved</p>	<ol style="list-style-type: none"> 1. Ministry of Industry, Tourism and Trade. 2. Ministry of Economy and Inland Revenue. 3. Ministry of Science and Innovation. 4. Ministry of Labour and Immigration. 5. Ministry of Education. 6. Ministry of Culture. 7. Ministry of Health, Social Policy and Equality. 8. Ministry of the Environment and Rural and Marine Affairs.
	<p>Stimulate entrepreneurial initiative among young people</p> <ul style="list-style-type: none"> - Entrepreneurial initiative in the university educational area. - Vocational training for employment. - Self-employment, cooperatives and worker-owned business promotion programme. - Campaigns for promoting the entrepreneurial initiative: <i>"We are all entrepreneurs"</i>.

**1. Measures with
economic impact**

- Promoting the creation and consolidation of companies or new lines of business in activities linked to the environment.

Support financing

- Financing for projects promoted by young entrepreneurs.
- Programme of micro credits for women entrepreneurs and businesswomen.
- Measures to foster the activity of the *Business Angels*.
- MITYC Entrepreneurs Guarantee Programme.
- ICO-Entrepreneurs funding line.
- Support for financing cultural and creative industries (CCI).
- NEOTEC subsidies for the creation and consolidation of new technology-based companies.

Provide advisory services

- Entrepreneurial Continuity Plan.
- Programme to promote cooperation among the centres providing support to entrepreneurs
- WESP programme (Information and Advice for Women Entrepreneurs and Businesswomen).
- On-line tutoring and training platform for young entrepreneurs.
- Advisory services in the cultural and creative industries.

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	<ul style="list-style-type: none"> - Territorial programmes for training and promoting entrepreneurial initiative among women in an unfavourable social situation.
Total financial resources mobilised¹⁷ (2009-2011)	542.2 million euros
2. Measures with no impact on the budget	<ul style="list-style-type: none"> - Entrepreneurial initiative in the educational field.
3. Legislative measures	<ul style="list-style-type: none"> - Organic Law 2/2006 of 3 May 2006, on education (LOE) - Organic Law 4/2007 of 12 April 2007 amending Organic Law 6/2001 of 21 December 2001, on Universities.
Other related principles (chapters)	<ul style="list-style-type: none"> - Reducing the deadlines for setting up companies (chapter 4) - One-stop shops for setting up companies (chapter 4) - Electronic access of citizens to public services (chapter 4) - Application of the Services Directive (chapter 4) - Tax incentives (6.3)

¹⁷ Resources mobilised exclusively by the General State Administration

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Next steps

- Drawing up the Royal Decree developing the Statue of the University Student.
- Employability Plan for university students.
- Promotion of women's entrepreneurship and economic empowerment.
- Observatory of Female Entrepreneurship.
- Processing of a new Royal Decree regulating the working of the Observatory of the Small and Medium-sized Enterprise.

Second principle of the SBA

Ensuring that honest entrepreneurs who have faced bankruptcy get a second chance.

2.1. Supporting the viability of companies facing temporary insolvency.

2.2. Progress in terms of second opportunities

This chapter covers the measures undertaken to minimise the loss of entrepreneurial capacity caused by company failures. It includes measures to support the viability of companies facing temporary insolvency, and the measures applying after the company has become definitively bankrupt, which speed up and reduce the costs of winding up and make it easier to distinguish between honest and fraudulent entrepreneurs, to reduce the stigma of bankruptcy.

2.1. Supporting the viability of companies facing temporary insolvency

Royal Decree-law 3/2009 of 27 March 2009 on urgent taxation, financial and bankruptcy measures in the light of the economic situation involved an urgent and limited reform of the Insolvency Law to stimulate refinancing operations for companies in difficulties, foster the signing of advance agreements to avoid insolvent companies being wound up, speed up the winding-up procedure and reduce the costs of that process, and improve the situation of the workers of insolvent companies.

These reforms were complemented with those of Royal Decree-Law 5/2010 of 31 March 2010 which established a limitation of solicitors' fees in case of insolvency and Royal Decree Law 6/2010 changing the criteria for access to public procurement and subsidies for insolvent companies with an arrangement already approved.

Moreover, given the complexity of an issue that required a complete overhaul, in 2010 the Ministry of Justice set up a special section of the General Codification Committee to overhaul the 2003 insolvency law. Following the guidelines adopted by that Committee, an insolvency bill was drafted and approved in the Council of Ministers on 18 March 2011. The main thrust of this bill is as follows:

- The finishing touches were put to the reform undertaken through Royal Decree Law 3/2009 of 27 March 2009 on refinancing and fostering agreements to prevent insolvency. The Law provides alternatives to bankruptcy or pre-bankruptcy institutes, such as extending the period for negotiating refinancing agreements or for submitting early proposals for a settlement. Debtors are protected for a period of three months by a mechanism that prevents the declaration of bankruptcy being made, allowing agreements to be negotiated to allow business activity to continue.
- Business operations can also be extended by linking the bankruptcy process and the possibilities offered by Law 3/2009 of 3 April 2009 on structural changes to commercial enterprises. The aim is to allow the company to avoid bankruptcy by merging, splitting or transferring a going concern which could even allow the workers to continue to run that business activity. In such cases, ways out of bankruptcy are provided and would be enabled by the new shortened procedure.
- Costs are reduced again, essentially in terms of communicating credit to creditors. We are pushing forward a genuine shortened process to make it possible to anticipate liquidation and by fostering a fast and cheap solution to

bankruptcy, to avoid the classification phase if debtors can reach a prior agreement with their creditors. This saves time as well as money.

2.1.1. Other measures to support the viability of companies facing temporary insolvency

Article 4 “*Continuity of public contracts in certain business situations*”¹⁸ of Royal Decree-Law 6/2010 of 9 April 2010 on measures to foster economic recovery and employment changes certain precepts of the Law on public procurement, reducing the impact of insolvency on public procurement procedures (forbidding the possibility to enter into contracts, seizure of guarantees and facilities in the awarding of contracts). This greater flexibility in the legislation can have a more beneficial impact on SMEs than on other larger companies.

2.2. Progress in terms of Second Opportunities

To avoid the stigma of bankruptcy, the Draft insolvency law, approved in the Spanish Council of Ministers on 18 March 2011, states that the conclusion of a prior agreement approved by a judge granting creditors a debt reduction of less than one-third of the money owed or an extension of less than three years makes it possible to avoid an insolvency announcement. Insolvency would only be

¹⁸ Article 4 - Continuity of public contracts in certain bankruptcy situations

One. Article 49.1(b) of Law 30/2007 of 30 October 2007 on Public Procurement has been amended and now reads as follows:

"b) To have requested voluntary insolvency proceedings, to have been declared insolvent in any procedure, to be declared insolvent, unless an agreement has come into effect, to be placed under judicial supervision or to be declared ineligible pursuant to Law 22/2003 of 9 July 2003 on Bankruptcy, and not to be at the end of the ineligibility period as set in the bankruptcy classification."

Two. Article 208.5 of Law 30/2007 of 30 October 2007 on Public Procurement has been amended and now reads as follows:

"5. In any case, said agreement must contain a specific reference as to whether any guarantees placed have been lost, returned or cancelled. It shall only be decided that the guarantee shall be lost if the contract is cancelled due to insolvency of the contractor when the insolvency is classified as culpable."

Three. Article 209.2 (b) of Law 30/2007 of 30 October 2007 on Public Procurement, which now reads as follows: "b) The assignor may not have executed more than 20 per cent of the amount of the contract or, in the case of the management of a public service, have performed less than one-fifth of the duration of the contract. This requirement shall not apply if the assignation takes place when the contractor is involved in insolvency proceedings although the liquidation phase is open."

declared if the arrangement is not respected, opening section six, and would then be declared as culpable insolvency.

2.2.1 Legal person

Debt reduction can be granted to legal persons in the bankruptcy process through two channels:

- a) By reaching an agreement to approve a reduction of the debt (of up to 50% in the case of an ordinary reduction).
- b) Indirectly, following termination of the legal person that owes money as a consequence of the conclusion of the insolvency due to the lack of goods and services.

2.2.2. Natural person

For natural persons, however, there is no provision for pardoning unpaid debts following the conclusion of insolvency. Debtors shall be responsible for paying outstanding credits and creditors can initiate single creditor foreclosures. To avoid this situation occurring, one of the options would be to facilitate the setting up of companies with legal personalities such as New Business Limited Companies or Limited Liability Companies.

At any rate, over the two last years a series of measures have been adopted to minimise the social impact of that kind of regulation, particularly as concerns mortgage foreclosures. We have taken the following significant steps:

- Approving a temporary partial moratorium on mortgage payments for the unemployed and self-employed suffering a significant reduction in income (Royal Decree 1975/2008 of 28 November 2008 on urgent measures to be adopted in the economic, taxation and employment areas and access to housing).

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- Extending the unseizability of assets in the forms of salaries and pensions to bring it in line with the current situation of wages and working conditions (amendment of Art. 607 Code of Civil Procedure under Royal Decree-Law 607/6 of 2010 April 2010 concerning measures to foster economic recovery and employment).
- Amending the law to ensure that valuations of mortgaged property match their real value (Law 41/2007, amending Law 2/1981 of 25 March 1981 regulating the Mortgage Market).
- Increasing the number of circumstances under which foreclosed loans can be restored (Law 41/2007, amending Law 2/1981 of 25 March 1981 regulating the Mortgage Market), and even bringing down the procedural costs of the restoration process.

Next steps

The Ministry of Justice is working on the guidelines established by the Coding Commission, particularly as regards over-indebtedness and second chances.

Short description of the second principle

<p>Aim</p>	<p>Ensuring that honest entrepreneurs who have faced bankruptcy quickly get a second chance.</p>
<p>Lines of action</p>	<ol style="list-style-type: none"> 1. Supporting the viability of companies facing temporary insolvency. 2. Progress in providing second chances.
<p>Ministries that were involved</p>	<ol style="list-style-type: none"> 1. Ministry of Justice
<p>1. Legislative measures</p>	<ul style="list-style-type: none"> - Law 41/2007, amending Law 2/1981 of 25 March 1981 regulating the mortgage market - Royal Decree 1975/2008 of 28 November 2008 on urgent measures to be adopted in the economic, taxation and employment areas and access to housing. - Royal Decree-law 3/2009 of 27 March 2009 on urgent taxation, financial and bankruptcy measures in the light of the economic situation. - Royal Decree-Law 5/2010 of 31 March 2010 extending the validity of certain temporary economic measures.

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	<ul style="list-style-type: none">- Royal Decree-Law 6/2010 of 9 April 2010 on measures to foster economic recovery and employment.- Code of Civil Procedure under Royal Decree-Law 6/2010 of 9 April 2010 concerning measures to foster economic recovery and employment.- Draft Law on insolvency.
Other related principles (chapters)	<ul style="list-style-type: none">- Promoting entrepreneurship (chapter 1).
Next steps	<ul style="list-style-type: none">- Adoption of the Law on Insolvency.

Third principle of the SBA

**Design rules that take into account the special difficulties facing SMEs:
“Think Small First”.**

3.1. Adopting ambitious aims comparable to the commitment to reduce administrative burdens by 30% by 2012 and to apply them.

3.2. SME Test

3.3. “Only once” principle

3.1 Adopting ambitious aims comparable to the commitment to reduce administrative charges by 30% by 2012 and to apply them

Through an agreement at the Council of Ministers in May 2007, the Government of Spain paved the way to enhancing the Programme for Improving Regulation and Reducing Administrative Charges, and committed to preparing an Action Plan. In his inaugural speech, Prime Minister Zapatero promised a 30% reduction in administrative charges for companies by 2012, an undertaking which is 5% higher than the figure adopted for the same year in the European Union.

3.1.1 Adoption of 247 measures affecting companies through agreements taken by the Council of Ministers

The Development of the Action Plan for Reducing Administrative Charges and Improving their Regulation was approved by the Spanish Council of Ministers on 20 June 2008, and between that date and December 2010 a further four packages

were adopted to reduce administrative charges affecting companies, making 247 measures in total.

A first package of 11 measures was approved to reduce charges for SMEs on 27 June 2008, and another 70 measures also affecting business were approved on 14 of August of 2008.

Following these two agreements, the Council of Ministers of 17 April 2009 agreed to adopt 78 new measures affecting the activity of SMEs and individuals.

On 23 December 2010,-4- a Fourth Agreement of the Council of Ministers was adopted covering 88 measures flowing from the study of the six priority areas aimed at breathing new life into the economy: Corporate Law; Tax Legislation; Statistics; Public Procurement; the Environment; and the Work Environment, and the conclusions of the works made under the cooperation agreements made with the Higher Council of Chambers of Commerce, Industry and Navigation and the CEOE-CEPYME business organisations.

Applying these initiatives will lead to a reduction in costs of 4,320,639,569 euros, of which 1,289,699,484 euros will directly affect individuals, especially by providing time savings; 2,560,114,778 euros will affect companies; and 470,825,307 euros will benefit both groups.

3.1.2 Measures introduced through Royal Decree-Law 13/2010

Royal Decree-law 13/2010 also brings in significant new elements that help to simplify documentation and reduce administrative charges and therefore particularly help SMEs. This particular Royal Decree-law:

- Removes publicity obligations for corporate entities. There is no longer a need to publish the corporate agreements in newspapers.

- Reduces financial charges on companies by giving them the opportunity to opt in or out of membership of Chambers of Commerce, Industry and Navigation.

The Royal Decree-law has thus changed the model of membership of Chambers, which has now become voluntary. In particular, it covers the abolition of the "*Recurso Cameral Permanente*", a parafiscal tax involving mandatory payments by companies to the tune of 250 million euros a year (2008 figures), around 90 million euros of which had to be paid by small and medium-sized enterprises and self-employed workers. This tax has been replaced by a new voluntary Chamber tax that need be paid only by those companies that choose to belong to the Chambers.

3.1.3 Setting up 20 electronic services of general interest

One of the most important mechanisms for reducing administrative charges since the adoption of Law 11/2007 of 22 June 2007 on the Electronic Access of Citizens to Public Services is the incorporation of the new technologies in relations between the interested parties and the public administration.

There is no doubt that the new electronic services spell savings in time and money and allow companies to free up resources and use them for productive activities, thus increasing productivity and enhancing the competitiveness of the national economy.

One example of the effort made by the Spanish administration is the 20 electronic services considered as good practices as for reducing administrative charges. In money terms, this saves companies an estimated 421,513,500 euros a year.

3.1.4 Cooperation agreements with the Autonomous Communities and the Spanish Federation of Municipalities and Provinces

Cooperation with autonomous communities and local bodies, which are the administrations responsible for most of the regulations that generate administrative charges, is an essential plank in reaching the 2012 goals.

That is why in the second half of 2009, the autonomous communities and the Spanish Federation of Municipalities and Provinces (FEMP) agreed a common working framework with the Ministry of the Presidency making it possible to agree on joint programmes using the same methodology to coordinate the three levels of administration in improving the access and quality of the services and improve public approval.

To consolidate this working method, the Ministry of Territorial Policy and Public Administration has signed cooperation agreements with several autonomous communities and the FEMP.

- It has established commitments with the autonomous communities to exchange information and cooperate in common projects and, particularly to contribute to meeting the shared goal of reducing charges set by the Government of Spain.
- Work is underway with the FEMP to specify dissemination and training tools to increase involvement at municipal level by revitalising the productive fabric through such actions.

3.1.5 Cooperation agreements with business organisations and the Higher Council of Chambers of Commerce

The Ministry of Territorial Policy and Public Administration has boosted the active participation of the business fabric in the policy of reducing administrative charges by signing two agreements - one with the Higher Council of Chambers of Commerce, Industry and Navigation, and another with CEOE-CEPYME, which have been renewed each year since they were initially signed in 2008.

The signing of these agreements has helped to consolidate sectorial and territorial networks of entrepreneurs interested in submitting proposals for reducing administrative charges. From a company perspective, work has been undertaken to identify the procedures necessary for setting them up, ensuring that they function correctly and have a greater impact upon productivity and, finally, proposals have been collected and analysed for reducing administrative working costs.

In addition, these agreements include the dissemination of measures aimed at SMEs adopted in the latest agreements of the Council of Ministers in order to publicise them as widely as possible.

3.2 SME Test

The study of the impact of a piece of legislation on SMEs is especially important in a country like Spain for two reasons. Firstly, because SMEs make up the lion's share of Spain's business fabric; and secondly because SMEs generally have to support high fixed costs, especially those generated by complying with legislation.

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In Spain, the impact of new regulations is generally evaluated using a regulatory impact assessment report, which is not exactly the same as the European Commission SME Test for performing *impact assessments*, but does fit into the context of the initiatives for reducing administrative charges and is regulated by Royal Decree 1083/2009 of 3 July 2009, to increase the quality of prior analyses of regulatory initiatives as a fundamental plank in the strategy of improving regulations.

This impact analysis, which is compulsory only for regulations flowing from the Central State Administration, must detail the economic effects of a particular proposal on areas such as employment, consumers, the prices of products and services, the productivity of companies and workers, innovation, competition and small and medium-sized companies.

In addition to the Royal Decree there is a Methodological Guide providing advice to the proposing centres on how these analyses should be made and how they can be reflected in the corresponding Report.

Some examples of different treatment for SMEs in recent regulations in force

- Royal Decree 404/2010 of 31 March 2010, regulating the establishment of a system of reduction in prices for professional contingencies for companies that have made a special contribution in reducing and preventing workplace accidents, enacts a specific system aimed at SMEs.
- Royal Decree Law 1/2011 of 11 February 2011, on urgent measures to promote the transition to stable employment and professional retraining of the unemployed, sets a 100% reduction in employers' contributions for SMEs in new part-time contracts for under-30s or the long-term unemployed.

- Royal Decree-Law 5/2011 of 29 April 2011, on measures to regulate and monitor undeclared working and promote the refurbishing of houses, sets measures to regulate undeclared employment, which is more prevalent in smaller companies.
- Law 20/2007 of 11 July 2007 on the statute of self-unemployed workers, and Law 5/2011 of 29 March 2011, on the social economy, address the need to acknowledge and increase the visibility of economic and business activity conducted by both groups in processing general laws.

Next steps

Because of its horizontal scope, it is worth pointing to **Law 2/2011 of 4 March 2011, on the sustainable economy**, which states that the regulatory framework should be “stable, transparent, as simplified as possible, and easily accessible”, and concludes that there should not be “more administrative charges levied on the public and companies than are strictly necessary to satisfy the general interest” and that the instruments for prior analysis of regulatory initiatives must guarantee that any effects that they produce will be taken into account to avoid generating unnecessary or disproportional costs to the public and companies in relation to the general interest remit that they seek.

3.3. “Only once” principle

The purpose of this principle is to avoid repeatedly requiring individuals and companies to provide documents when copies of these are already held by public administrations.

In Spain this principle is enshrined in Law 11/2007 of 22 June 2007 on the electronic access of citizens to public services. To make it easier to respect these,

the Central State Administration has set up the **SVD Data Intermediation Platform**, a data verification and consultation service that avoids the need to request documents that have already been provided to the administration, regardless of whether they are national, regional or local in scope. This service provides real-time consultation of details of the party that has initiated administrative procedures and that are required to resolve this particular procedure.

The following certificates are handled currently (among others), related to the national ID card (DNI); residence details (census certificate); list of unemployment benefits received; land registry detail queries; qualifications certificate (university and non-university qualifications); certificate declaring that all tax obligations have been met; certificate from the Social Security (registration in the Social Security system, with no outstanding payments, employment history); and in the judicial area, birth and death certificates and wills.

The most numerous certificates handled are National ID cards (13.6 million documents in 2010) and census certificates (2.5 million documents in 2010).

Furthermore, with a view to simplifying and limiting as much as possible the documents requested from companies and individuals, the Central State Administration has identified those procedures for which it receives requests for documents or data that it already holds, either at central or other public administration level, in order to find out which are available on this platform and which could be sent between the administrations. This would avoid having to request them again from companies and individuals, saving costs and the time it takes to obtain them.

Next steps

In 2011 the Central State Administration plans to adopt new packages of measures to reduce charges for companies. These will be fed by proposals from business organisations under the agreements signed and the contributions made by the various ministerial departments towards reducing administrative charges.

Training public servants to improve regulation is considered fundamental in the light of the impact of regulatory administrative charges on SMEs. As a result, throughout 2011, the Ministry of Territorial Policy and Public Administration will conduct a significant staff training plan to raise awareness of the virtues of reducing administrative charges for companies, especially SMEs. Training will focus on disseminating the administrative charges reduction programme at national and European level; disseminating ex ante measurement of legislation in the guidelines for measuring charges within the framework of the regulatory impact assessment report; in the identification and measuring of ex post charges; and in the IT tool for measuring administrative charges (APLICA) based on the Simplified Method for Measuring and Reducing Administrative Charges.

Finally, the Ministry of Territorial Policy and Public Administration will remain in close cooperation with the Autonomous Community and local administrations to push forward actions making it possible to reduce administrative charges for SMEs in each territorial area.

Short description of the third principle

<p>Aim</p>	<p>Design rules that take into account the special difficulties facing SMEs: “Think Small First”.</p>
<p>Lines of action</p>	<ol style="list-style-type: none"> 1. Adopting ambitious aims comparable to the commitment to reduce administrative charges by 30% by 2012 and apply them. 2. The SME Test”. 3. The “Only once” principle.
<p>Ministries that were involved</p>	<ol style="list-style-type: none"> 1. Ministry of Territorial Policy and Public Administration. 2. Ministry of Economy and Inland Revenue.
<p>1. Measures with economic impact</p>	<p>Adopting ambitious aims comparable to the commitment to reduce administrative charges by 30% by 2012 and apply them.</p> <ul style="list-style-type: none"> - Adoption of 247 measures through agreements by the Spanish Council of Ministers. - Setting up 20 electronic services of general interest. - Reducing charges flowing from the transposition of the Services Directive. - Cooperation agreements with the Autonomous Communities and the Spanish Federation of Municipalities and Provinces.

	<ul style="list-style-type: none"> - Cooperation agreements with business organisations and Higher Council of Chambers of Commerce. <p>SME Test</p> <ul style="list-style-type: none"> - Assessment of the impact of the new legislation on SMEs using the regulatory impact assessment report. <p>“Only once” principle</p> <ul style="list-style-type: none"> - SVD Data Intermediation Platform.
<p>2. Legislative measures</p>	<ul style="list-style-type: none"> - Law 11/2007 of 22 June 2007 on the electronic access of citizens to public services. - Royal Decree 1083/2009 of 3 July 2009 governing regulatory impact assessment reports. - Law 17/2009 of 23 November 2009 on free access and exercise of service activities, transposing the Services Directive. - Law 25/2009 of 22 December 2009, amending several laws to adapt them to the law on free access and exercise of service activities. - Royal Decree-Law 13/2010. - Law 2/2011 of 4 March 2011 on the sustainable economy.
<p>Other related principles (chapters)</p>	<ul style="list-style-type: none"> - Promote entrepreneurship (chapter 1)

Fourth principle of the SBA

Make public administrations responsive to SMEs' needs

- 4.1. Reducing the deadlines for setting up companies**
- 4.2. One-stop shops (Points of Single Contact) for setting up companies**
- 4.3. On-line advice actions linked to company one-stop shops**
- 4.4. Facilitating electronic access of citizens to public services**
- 4.5. Ensuring the application of the Services Directive**

4.1 Reducing the deadlines for setting up companies

One of the latest measures adopted by the Spanish Government to facilitate company start-ups was the reduction in set-up times for Limited Companies (SRL) in Royal Decree-Law 13/2010 of 3 December 2010 on actions in the areas of taxation, labour and liberalisation to foster investment and job creation, by:

- a) Generally regulating the on-line procedure for setting up SRLs.
- b) Creating three cases:
 - When the company capital is less than 3,100 euros and standard articles of association are used. The partners of the company must be natural person.
 - When the company capital ranges from 3,100 to 30,000 euros, the general on-line procedure established in this article shall apply. The partners of the company must be natural person.
 - When the company capital is greater than 30,000 euros, the periods in the previous cases shall not apply.

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- c) On-line procedure for setting up an SRL with a company capital of between 3,000 and 30,000 euros (without standard articles of association):
- One working day each for reserving the company name and granting the deeds.
 - Classification and registration in the business registry shall take three working days at the most.
 - Total notary's and registration fees shall be 250 euros (150 euros for the notary and 100 euros for the registry).
 - Publication fees for registering the company in the Official Gazette of the Business Register (BORME) shall be waived.
- d) Procedure for SRLs with capital of less than 3,100 euros and standard articles of association¹⁹:
- The notary shall issue deeds on the same day on which the certification of the company name is received.
 - The business registrar shall classify and register the company in a maximum of 7 working hours.
 - Total notary's and registration fees shall be 100 euros (60 euros for the notary and 40 euros for the registry).
 - Publication fees for registering the company in the BORME shall be waived.
- e) Capital of more than 30,000 euros, other commercial companies and certain configurations of the company's governing bodies²⁰:
- No times are set for notaries and registrars, as the applicable times are established in the current regulations (15 days for registration of the deeds in the business register).

¹⁹ Regulated by Order JUS/3185/2010 of 9 December 2010, approving the standard articles of association of limited companies.

²⁰ The setting up capital undertakings that are not limited liability; or those which are and whose partners are natural persons; or those that have company capital of more than 30,000 euros; or whose administration bodies as outlined in the articles of association do not follow the structure of a sole administrator, two or more administrators with joint faculties, or two joint administrators.

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- The on-line procedure is not compulsory if specifically requested by the interested parties.

There is a waiver on the Tax on Capital Transfers and Documented Legal Acts for the setting up of companies.

The above information is summarised in the table below:

PROCEDURE	ONLY NATURAL PERSONS		
	CC(1) ≤ 3,100 euros + Standard articles of association	CC>3,000 euros ≤30,000 euros	CC > 30,000 euros
Company name	1 day	1 working day	The deadlines and costs established up to now shall apply
Granting of deeds		1 working day	
Classification and registration PBR (2)	7 working hours	3 working days	
Fees (3)	100 euros (60 euros Notary + 40 euros Registrar)	250 euros (150 euros Notary + 100 euros Registrar)	
ITP/AJD (4)	Exempt		

1.-CC: Company capital

2.-PBR: Provincial Business Register

3.-Cost of notary and registrar's fees

4.-Tax on Capital Transfers and Documented Legal Acts, in its Company Operations form.

Next steps

Finally, we would like to point out that final provision 26 of Law 2/2011 of 4 March 2011, on the sustainable economy, sets out that in 12 months a study will be conducted on measures to simplify and facilitate company start-ups, and includes recommendations for further simplifying and fully implementing on-

line procedures for setting up companies, and extending these to other types of company start-ups.

4.2. One-stop shops (Points of Single Contact) for setting up companies

In Spain there are two types of networks of procedure initiation points and one-stop shops for setting up companies:

- a) The Ministry of Industry, Tourism and Trade's network of Advisory and Procedure Initiation Points (PAIT). PAITs are offices that answer to public and private bodies committed to entrepreneurial activity that have signed a cooperation agreement with the Ministry.

Under these agreements, in addition to the services of information required to set up companies, the offices also afford entrepreneurs the possibility to set up their company on line, thereby saving time and travel. The PAIT network currently has more than 600 offices spanning 15 Autonomous Communities.

- b) The VUE One-Stop Company Shop network, an initiative coordinated by the Ministry of Territorial Policy and Public Administration. These are walk-in centres, normally located in Chambers of Commerce, and provide information and guidance services to entrepreneurs concerning the requirements and administrative steps necessary to set up a company.

At present there are 37 offices of the VUE network working with 15 Autonomous Communities and 42 local bodies. More than 80,000 new companies have been created since 1999 through the VUE network and nearly 150,000 entrepreneurs have received assistance.

Under Law 11/2007 of 22 June 2007 on the electronic access of citizens to public services, the VUE network makes intensive use of electronic resources

while rationalising the human resource efforts of public administrations to achieve a sustainable and governable model. One example of this comprises the changes made to on-line processing with respect to individual entrepreneurs through the Single Electronic Document, an initiative of the Ministry of Industry, Tourism and Trade, which saw the light in July 2010. More than 54% of individual company set-ups were processed using this document in the VUE network in 2010.

4.3. On-line advice actions linked to company one-stop shops

The Pilot Programme for Online Advice linked to One-Stop Company Shops (VUE network), set up in October 2010 in cooperation with the Chambers of Commerce and the General State Administration with the support of the European Social Fund, aims to universalise the task of giving advice for setting up companies and support to entrepreneurs that is already provided by this network.

According to data from the Higher Council of Chambers, in its first two months the service has attended to around 2,400 queries and more than 800 users have registered. Work is underway to assess their continuity, development and integration into the *Points of Single Contact* area of the Services Directive.

4.4 Facilitating electronic access of citizens to public services

Law 11/2007 of 22 June 2007 on the electronic access of citizens to public services recognised the public's right to communicate electronically with the public administrations, and the obligation of such administrations to guarantee that right.

This law led to the enactment of Royal Decrees 1671/2009 of 6 November 2009, partially enacting Law 11/2007, Royal Decree 3/2010 of 8 January 2010,

regulating the National Security Framework in the area of eGovernment and Royal Decree 4/2010 of 8 January 2010, regulating the National Interoperability Framework in the area of eGovernment.

In compliance with Royal Decree 1671/2009, each Ministry has created its own official website where the public can access all the latest on-line information and services provided.

There is also a directory of the official websites of the Central State Administration (<https://sede.060.gob.es/directorio sedes. html>), and the Common Electronic Register (Order PRE/3523/2009 of 29 December 2009, regulating the Common Electronic Register), which allows for presentation of applications, letters and communications to the State Administration and its public bodies.

The State Secretariat of Telecommunications and Information Society of the Ministry of Industry, Tourism and Trade has recently developed a series of applications associated to compliance of Law 11/2007 included in the **Avanza Local Solutions Platform (PALS)**.

The **PALS** (www.planavanza.es/avanzalocal), hosts a whole raft of free, highly functional open-source IT tools which facilitate the internal management of the various bodies and the rendering of public on-line services to the public and companies in their area.

All the PALS applications foster the use of standards, facilitate interoperability with other management tools and promote reuse of public resources. They also provide a push factor for local businesses working in the new technologies sector that are innovative, promising and highly productive:

- **SIGEM** manages the administrative procedure of a dossier. It allows companies and individuals to apply for subsidies, grants, licences, or make payments on line from the comfort of their own home; to check the status of

their application, information on missing documentation and instructions for attaching such documents; and provides a notification of the steps taken at the end of the process.

- **Avanza LOCALWEB** is a platform developed by the Ministry of Industry, Tourism and Trade for generating and managing municipal portals.
- The **LOCALGIS** application is a territorial information system designed especially for the Public Administration sphere and is aimed at local bodies. It enables geo-referenced territorial management within the municipal sphere: urban planning, land register, census, polluting activities, heritage, infrastructures, building permits, urban guides, and so on. It provides valuable information for individuals, and for companies, which can analyse industrial interest areas and foster and develop economies of scale.
- **e-fácil** is a new application that allows local organisations to receive, process, account and pay electronic invoices in *e-invoice* format.

Finally, as regards electronic access of citizens to public services, we have submitted a possible Action Plan to the Standing Committee of the Higher Council of eGovernment as a strategy for fostering the roll-out of electronic services, reduce the use of paper in the Central State Administration and contribute to reducing administrative charges, all under the abovementioned Law 11/2007 on the electronic access of citizens to public services.

4.5 Ensuring the application of the Services Directive

The transposition of the Services Directive at Central State Administration level involved four laws: one horizontal and three sectorial, which amend fifty state-wide laws.

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- Law 17/2009 of 23 November 2009 (BOE 24-11-2009) on free access and exercise of service activities (Umbrella law).
- Law 25/2009 of 22 December 2009 (BOE 23-12-2009), amending several laws to adapt them to the Umbrella law ('omnibus' law).
- Law 1/2010, amending Law 7/1996 of 15 January 1996, on the regulation of retail trade.
- Law 6/2010 of 24 March 2010, amending the recast text of the law on the environmental impact assessment of projects, approved by Legislative Royal Decree 1/2008 of 11 January 2008.

The transposition is completed with the adaptation of 118 Royal Decrees and 21 Ministerial Orders at state level. The Autonomous Communities have amended, or are soon to adopt amendments, in 206 Autonomous Community laws, 555 decrees, 193 orders and 6 resolutions. All such amendments are already in force at state level and 90% of the adaptations are in force at Autonomous Community legislation level. These reforms have led to the removal of around 116 authorisations at state level and around 633 in the Autonomous Communities, as well as removing 594 requirements, which means a significant reduction in barriers.

To all of the above we should add the recent advances made since the adoption of Royal Decree 1000/2010 of 5 August 2010, on mandatory professional board certification, which defines the professional works that must be subject to mandatory professional board certification, as needed, because they affect the physical integrity and security of individuals directly; and proportionality, as the certification is the most proportional way of checking this. We estimate that the adoption of this particular piece of legislation will allow the companies of the sectors concerned to cut direct costs and administrative charges by around 815 million euros per year.

In sum, the reforms undertaken to transpose the Services Directive spell not only a **substantial reduction in barriers to the access and exercise of economic**

services activities, but also provide **considerable savings in administrative charges**.

Overall, we estimate that the package of reforms flowing from the application of the Services Directive has spared companies administrative charges worth at least 1.7 billion euros a year, equivalent to 0.16% of GDP. This impact must be added to the estimated increase in GDP of 1.21% and an increase in employment of 0.24% with respect to the base year in the long term, which only take into account the effect of removing barriers to Intra-Community trade.

4.5.1 Virtual one-stop-portal for services activities

The transposition of the Services Directive led to the roll-out of the virtual one-stop portal **WWW.EUGO.ES** to provide consumers and service providers with all necessary information on procedures for accessing or exercising a services activity in Spain. The one-stop shop makes it possible to initiate these procedures on line and, specifically, to set up limited and sole trader companies, processes which are complemented by a link to the on-line processing system of the Ministry of Industry, Tourism and Trade.

The one-stop shop provides information on the procedures required to perform 254 services activities in their various legal forms and to render services with or without an establishment. It incorporates updated information on more than 500 generic procedures corresponding to 3,900 distributed throughout the three levels of the administration (Central State; Autonomous Communities; local bodies and professional associations). The virtual one-stop provides Assistance Guides to aid the provider and the receiver of the services.

In addition to the access and exercise requirements, the virtual one-stop shop covers the procedures and steps required to continue to change the situation of the company (change of legal form, closure, etc).

The virtual one-stop shop's system of assistance in performing procedures provides the service provider, or a manager working on its behalf, with a private area in which to monitor the progress of the various procedures.

The virtual one-stop shop also provides all its information in English and Portuguese, as well as in Spanish and the co-official regional languages, making it much more attractive for foreign service-providers who wish to begin operating in Spain.

The virtual one-stop is part of the EUGO *network* comprising the *Points of Single Contact* (PSCs) of the EU Member States and EEA /EFTA countries.

To keep all the information from the different competent authorities up to date, a **point of single contact management model** was created, announced in June 2010 by the National Local Administration Commission and due to be agreed by the Sectorial Conference of the Public Administration (sixth transitional provision of Law 25/2009 of 22 December 2009, amending several laws to adapt them to the law on free access and exercise of service activities).

Next steps

The European eGovernment Action Plan 2011-201 and the Digital Agenda propose to create a “second generation” for the PSCs of the Member States to turn them into the eGovernment reference in each country.

To comply partly with these aims, the information will be extended to 240 further activities and will include interactive advice for service providers.

All of these actions will continue to involve the participation of the competent authorities and close cooperation with the Directorate-General of SME policy and the networks of walk-in offices.

4.5.2 Committee for Improved Regulation of Service Activities

Law 17/2009 (Umbrella law) sets up the Committee for Improved Regulation of Service Activities, a multilateral cooperation body involving the Central State Administration, the Autonomous Communities and Cities, and the local administration set up to make progress in improving economic regulation. Its general aim is therefore to facilitate cooperation as a means of achieving such improvement, and in particular, to follow up and coordinate the actions of the various administrations in relation to the transposition of the Services Directive.

The Committee was set up in July 2010 and its work programme, approved in December 2010, sets three parallel lines of action:

- Developing criteria to apply the principles of good economic regulation.
- Developing and disseminating instruments to help administrations to perform economic impact analyses of regulation.
- Setting up and articulating channels of communication with the private sector to ascertain the specific impact of regulation on the economic agents.

Another function of the Committee is closely related to the competition-promoting work done by the National Competition Commission (CNC), which produces specific studies and reports of the sectors in which there are restrictions to competition.

The role of this Committee for Improved Regulation of Service Activities was bolstered in Law 2/2011 of 4 March 2011 on the sustainable economy, defining the functions of the Committee, which include helping Public Administrations to cooperate in the economic analysis of regulation and avoiding the introduction of unjustified or disproportionate restrictions to the working of the markets.

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All the new regulations affecting access to and exercise of service activities must fall in line with Law 17/2009 of 23 November 2009, and therefore the impact of the transposition of the Services Directive is not limited to the changes mentioned here. Finally, we would like to point out that, under the terms of Law 2/2011 of 4 March 2011 on the sustainable economy, all previous municipal authorisations for any type of non-hazardous activity will be repealed.

Short description of the fourth principle

Aim	Make public administrations responsive to SMEs' needs
Lines of action	<ol style="list-style-type: none"> 1. Reducing the deadlines for setting up companies. 2. One-stop shops for setting up companies. 3. On-line advice actions linked to company one-stop shops. 4. Facilitating electronic access of citizens to public services. 5. Ensuring the application of the Services Directive.
Ministries that were involved	<ol style="list-style-type: none"> 1. Ministry of Economy and Inland Revenue. 2. Ministry of Territorial Policy and Public Administration. 3. Ministry of Industry, Tourism and Trade.
1. Measures with economic impact	<p>One-stop shops for setting up companies</p> <ul style="list-style-type: none"> - Consolidation of the network of one-stop shops for company start-ups, the Advisory and Procedure Initiation Points (PAIT) of the MITYC, and the VUE one-stop company shop network.

	<p>On-line advice actions linked to company one-stop shops</p> <ul style="list-style-type: none">- The Pilot programme for Online Advice linked to universalising the task of advice provision for setting up companies and support to entrepreneurs. <p>Facilitating electronic access of citizens to public services</p> <ul style="list-style-type: none">- National interoperability framework in the area of e-government.- Creation official websites in each ministry.- Creation of the Common Electronic Register. <p>Ensuring application of the Services Directive</p> <ul style="list-style-type: none">- Removing 116 authorisations in the State area, 633 in the Autonomous Communities and 594 requirements.- Withdrawing prior municipal authorisations for non-hazardous activities.
<p>2. Legislative measures</p>	<p>Reducing the deadlines for setting up companies</p> <ul style="list-style-type: none">- Royal Decree-Law 13/2010 of 3 December 2010 on actions in the areas of taxation, labour and liberalisation to foster investment and job creation.

	<p>One-stop shops for setting up companies</p> <ul style="list-style-type: none"> - Law 11/2007 of 22 June 2007 on the electronic access of citizens to public services. - Royal Decree 1671/2009 partially enacting Law 11/2007. - Law 17/2009, of 23 of November, on free access to the services activities and their exercise (Umbrella law). - Law 25/2009 of 22 December 2009 amending several laws to adapt them to the Umbrella law ('Omnibus' law) - Law 1/2010, amending Law 7/1996 of 15 January 1996, on the regulation of retail trade. - Law 6/2010 of 24 March 2010, amending the recast text of the Law on environmental impact assessment. - Royal Decree 368/2010 of 26 March 2010 regulating the specifications and conditions for using the Single Electronic Document (DUE). - Law 2/2011 of 4 March 2011 on the sustainable economy.
<p>Other related principles (chapters)</p>	<ul style="list-style-type: none"> - Promoting entrepreneurial initiative (chapter 1)

Fifth principle of the SBA

Facilitate SMEs' participation in public procurement.

Legislative measures

- 5.1. Measures contained in Law 30/2007 that help to foster SMEs.**
- 5.2. Measures contained in Law 34/2010²¹ that help to foster SMEs.**
- 5.3. Measures contained in Law 15/2010²² that help to foster SMEs.**
- 5.4. Measures contained in Law 2/2011 of 4 March 2011 on the sustainable economy.**
- 5.5. Measures contained in the Draft Law adapting the Law on public procurement to the particularities of the safety and defence areas.**

Other measures

- 5.6. Electronic procurement portal and database of Ministry of Defence suppliers.**
- 5.7. Measures to publicise Law 30/2007 of 30 October 2007 on public procurement among SMEs.**

²¹ Amending Laws 30/2007 of 30 October 2007 on Public Procurement; 31/2007 of 30 October 2007, on Procurement Procedures in the Water, Energy, Transport and Postal Services Sectors, and 29/1998 of 13 July 1998 regulating the jurisdiction of the Administrative Courts to adapt to the Community regulations of the first two.

²² Law 15/2010 of 5 July 2010 amending Law 3/2004 of 29 December 2004 on measures to combat late payment in commercial transactions.

Legislative measures

Law 30/2007 of 30 October 2007 on public procurement, which makes a firm commitment to electronic processing, has made significant progress in simplifying and rationalising the previous legislation, thereby reducing the costs and charges that have to be borne by contracting entities and private contractors.

These improvements, which help to foster companies in general without taking into account the SME factor in particular, include measures that can be considered indirectly to help to foster SMEs:

5.1. Measures contained in Law 30/2007 that help to foster SMEs

- The amount awardable for minor contracts increases to 50,000 euros for works contracts and 18,000 euros for other contracts, these latter being awardable directly to any entrepreneur with the legal capacity to sign them and the necessary professional training (Article 122.3).
- Article 46.2 states that public works concession bidders tendering their bids individually or jointly with others will be able to do so on condition that they undertake to set up a company that will be the concession holder.
- Article 48 states that temporary unions of entrepreneurs will be able to formalise these unions in public deeds once the contract has been awarded.
- Entrepreneurs may base their solvency on the solvency and resources of other entities independently of the links that they may have with them, as long as they can prove that these resources are genuinely available for execution of the contract (Article 52).
- For guarantees, although Article 83 sets a guarantee of 5% for provisional awardees, paragraph 2 of that article indicates that the awarding body may

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exempt the awardee from that obligation in certain cases, particularly for the delivery of consumable goods (but never for works). In addition, Article 84.2 states that, when set out in the technical specifications, any guarantees to be provided, in contracts other than works and public works concession contracts, may be constituted through withholding in the conditions.

- The provisions of Section 2 of Chapter VI of Book IV Articles 210 and 211 of Law 30 establish detailed regulations for subcontracting (which affect or can affect SMEs to a great extent as far as subcontractors' rights are concerned, and the duties and responsibilities of subcontracting parties, providing a great deal of legal security to the relationship between both parties).
- The Official State Register of Tenderers and Classified Companies which provides registered tenderers with an electronic certificate from the Register to participate in public calls for tender (Articles 301 and following).
- Article 309 of the State Procurement Platform (www.contrataciondelestado.es) which includes all the information on state public procurement.

The table below summarises the measures described above:

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MEASURE	DESCRIPTION
Minimum amount of the contracts (article 122.3).	<ul style="list-style-type: none"> • Works: 50,000 euros • Other contracts: 18,000 euros
Legal persons (article 46.2).	Public works concession bidders tendering their bids individually or jointly with others may do so on condition that they undertake to set up a company that will be the concession holder.
Unions of entrepreneurs (article 48.1).	Contractors may be unions of entrepreneurs set up temporarily for this purpose, which can later be formalised in public deeds once the contract has been awarded them.
Integration of solvency with external resources (article 52).	To accredit the solvency required to enter into a particular contract, entrepreneurs may base their solvency on the solvency and resources of other entities independently of the links that they may have with them...
Requirement of guarantees (article 83).	The awarding body may exempt the awardee from the obligation to constitute a guarantee ...
Accepted guarantees (article 84 .2).	The guarantee may be constituted through a withholding in the price.
Subcontracting (article 211.2).	(too long to reproduce here)
Official State Register of Tenderers and Classified Companies (articles 301 and following).	Bidders may enter the call for tenders with the certification of the Register obtained electronically.
State Procurement Platform (article 309).	Includes information on all State calls for tender and electronic services to companies.

In addition, Law 34/2010²³ of 5 August 2010 and Law 15/2010²⁴ brought in improvements affecting SMEs positively, as concerns their participation in public procurement and are reproduced below:

5.2. Measures contained in Law 34/2010 that help to foster SMEs

- Provisional and definitive awarding certificates have been combined into a single document, bringing together the conclusion²⁵ of the contract with its formalisation²⁶. Awarding deadlines are thus shortened, as are the guarantees for the other bidders.
- The legislation brings in a new way of processing the special contracting procedure which must be decided by an organisation independent of the awarding body, i.e. an independent administrative court. The procedure is free of charge. There is a state court (TCRC) and there can also be Autonomous Community courts. In the local case, this means that an external body belonging to another administration will review the municipal action, thus exhausting the administrative channel.
- Should the awarding body decide to demand the provisional guarantee, it must provide sufficient justification of this demand for that specific contract.
- There are more circumstances in which the contract can be considered null and void, and a further boost is given to e-procurement by fostering use of

²³ Amending Laws 30/2007 of 30 October 2007 on public procurement; 31/2007 of 30 October 2007 on procurement procedures in the water, energy, transport and postal services sectors, and 29/1998 of 13 July 1998 regulating the jurisdiction of the administrative courts to adapt to the Community regulations of the first two.

²⁴ Law 15/2010 of 5 July 2010 amending Law 3/2004 of 29 December 2004 on measures to combat late payment in commercial transactions.

²⁵ In the previous Spanish contracting regulations, administrative contracts were concluded through an agreement to conclude a contract signed by the contracting authority.

²⁶ Generally speaking, contracts signed with public administrations should be formalised in an administrative document matching exactly the conditions of the call for tenders.

electronic, IT and online resources by bidders (e-mail notifications, electronic publication of the awarding of the contract, and so on).

5.3. Measures contained in Law 15/2010 that help to foster SMEs

It sets the obligation to pay the price within thirty days of the date of issue of the work certifications or the corresponding documents confirming that the contract has been fully or partially respected.

5.4. Measures contained in Law 2/2011 of 4 March 2011 on the sustainable economy

Article 37 of Law 2/2011 of 4 March 2011 on the sustainable economy, amending Law 30/2007, increases the percentage of subcontracting that the awarding body can impose upon the principal contractor, which increases from 30 to 50 percent, to foster the participation of SMEs in public procurement.

Article 37.1 of Law 2/2011 encourages public procurement of innovative companies, particularly SMEs, by allowing public sector organisations, bodies and entities to award a higher score to innovation and high technology in public procurement procedures and promote the participation of Small and Medium-sized Enterprise in such procedures.

Furthermore, article 38 of the law envisages the possibility of reserving credits for pre-commercial contracting with innovative small and medium-sized companies.

Likewise, final provision sixteen, heading 16, of the law on the sustainable economy, criticises severely the attitude of awarding bodies that continue doggedly to demand provisional guarantees, and this is especially favourable to SMEs.

5.5. Measures contained in the Draft Law adapting the Law on public procurement to the particularities of the safety and defence areas

The Spanish Council of Ministers of 1 april 2011 approved the referral of the Draft Law adapting the Law on public procurement to the particularities of the safety and defence areas to the Spanish Parliament pursuant to the criteria set by a 2009 Community Directive in this area.

This Community Directive recognises the specificity of matters related to security and defence and therefore establishes a regulatory framework that takes this into consideration, while guaranteeing the principles of equal treatment, non-discrimination, competition and transparency that underlie public procurement processes.

The project also aims **to contribute to developing a base of European defence suppliers among small and medium-sized companies**. Here, the awarding body can demand in the technical specifications that subcontracting by awarding bidders take into account certain minimum standards of publicity and guarantee the greatest possible degree of objectivity in the selection of companies.

In sum, the primordial aim of these requirements is to open this second-level market to all companies which may not be able to bid directly due to the characteristics of their activity or their small size, although they are interested or prepared to participate in the performance of the contracts.

Other measures

5.6. Electronic procurement portal and database of Ministry of Defence suppliers

The Ministry of Defence's electronic procurement portal complements the State Procurement Platform and will make it possible to:

- have a detailed knowledge of the awarding defence organisation and the annual contracting plans
- access the database of suppliers, to which companies will be able to subscribe and provide information on their products
- make proposals and comments on the specifications and establish a dialogue with the purchasing organisers
- furthermore, the suppliers' database will make it easier for companies to identify themselves and register with the Ministry of Defence and will facilitate communication with the Ministry, to provide information on opportunities and make queries, while opening a more fluid channel for communication

Next steps

The Ministry of Defence will publish a voluntary subscription **Code of conduct** for arms and equipment contractors and subcontractors of the Ministry of Defence with the following aims:

- a) Sharing risks and benefits throughout the supply chain, contributing to develop a well-balanced industrial fabric to avoid the appearance of dominant positions that would hinder the development of a true market, or of

dependencies that would weaken the technological and industrial base of the Spanish Defence sector.

- b) Maximising business opportunities throughout the supply chain by promoting transparency and open and fair competition, whenever this is appropriate from an economic and/or technological point of view.
- c) Reducing entry and exit barriers of the Defence Sector by applying the principles of publicity, transparency and equal treatment.
- d) Supporting and fostering the role of SMEs in the Defence Industry, facilitating their incorporation into the supply chain.
- e) Increasing the level of specialisation of the industry and fostering the appearance of niches of excellence as a consequence of the development of a scenario with a high level of competition.
- f) Forging mutual knowledge among defence companies to enhance the appearance of synergies and increase the capacity of the technological and industrial base of the Spanish Defence sector to develop joint initiatives within the national, European and world markets.

Companies that choose to sign up to this scheme will undertake:

- a) To publish as a “Prior Announcement” the total estimated value of the subcontracts that they intend to sign for each product/service area within the following 12 months.
- b) To publish the call for public tender for the awarding of each subcontract with a value of at least 412,000 euros (excluding VAT), pursuant to Article 52 of Directive 2009/81/EC. Likewise, contractors undertake not to split a contract into several contracts of a lower value to avoid this threshold.

- c) Not to apply within the call any limitations on the concurrence of suppliers other than those established by the Ministry of Defence to preserve National Security in the specified parts of the Contract.
- d) To grant a reasonable deadline commensurate with the size and complexity of the contract (normally between 22 and 40 calendar days from the publication of the call for tenders) to allow potential suppliers to submit their bids.
- e) Calls for tenders shall be made in Spanish. The Spanish version shall be mandatory, with the option of publication in other official languages being left to the discretion of the contractor.
- f) To act transparently and even-handedly, providing the same information and treatment to all potential suppliers.
- g) To assess and award tenders on the basis of clear and objective criteria which should be communicated in advance to potential suppliers along with the publication of the call for tenders, providing them with a reasonable deadline commensurate with the size and complexity of the contract. It is recommended that the time set for studying the bids tendered by subcontractors should not exceed 20 calendar days.
- h) To define the requirements and specifications in a clear and impartial way, avoiding ambiguity and, whenever possible, referring to functional characteristics or parameters that can be measured and/or compared objectively.
- i) To inform all candidates who so request of the reasons why they were not awarded the contract, to allow such companies the chance to see which areas require improvement. This communication must be made by the contractor within one month. This process shall always respect the commercial confidentiality of the other companies taking part in the call for tenders.

- j) Not to subject subcontractors to harsher conditions than those applied by the Ministry of Defence in the main contract in terms of penalties, guarantees and payment conditions, guarantees, insurance, funding of investments, etc.
- k) Applying the same terms as those established between the main contractor and the Ministry of Defence concerning intellectual property rights throughout the supply chain.
- l) Distributing the risk premium represented by the contract profits throughout the supply chain in proportion to the risk taken on by each component of the supply chain.

5.7 Measures to inform SMEs of Law 30/2007 of 30 October 2007 on public procurement

To publicise this Law, the Directorate-General of SME policy of the Ministry of Industry, Tourism and Trade drew up the Practical Guide to Public Procurement for SMEs in 2009. The guide provides simple and informative step-by-step advice to entrepreneurs of SMEs concerning the procedure to follow for participating in public calls for tender.

Short description of the fifth principle

<p>Aim</p>	<p>Facilitate SMEs' participation in public procurement</p>
<p>Lines of action</p>	<ol style="list-style-type: none"> 1. Measures contained in Law 30/2007 that help to foster SMEs. 2. Measures contained in Law 34/2010 that help to foster SMEs. 3. Measures contained in Law 15/2010 that help to foster SMEs. 4. Measures contained in Law 2/2011 of 4 March 2011 on the sustainable economy. 5. Draft Law adapting the Law on public procurement to the particularities of the safety and defence areas. 6. Electronic procurement portal and database of suppliers of the Ministry of Defence. 7. Measures to inform SMEs of Law 30/2007 of 30 October 2007 on public procurement.
<p>Ministries that were involved</p>	<ol style="list-style-type: none"> 1. Ministry of Economy and Inland Revenue. 2. Ministry of Defence. 3. Ministry of Industry, Tourism and Trade.

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<p>1. Legislative measures</p>	<ul style="list-style-type: none"> - Law 30/2007 of 30 October 2007 on public procurement - Law 15/2010 of 5 July 2010 amending Law 3/2004 of 29 December 2004. - Law 34/2010 of 5 August 2010, amending Laws 30/2007 of 30 October 2007 on public procurement; 31/2007 of 30 October 2007, on procurement procedures in the water, energy, transport and postal services sectors, and 29/1998 of 13 July 1998 regulating the jurisdiction of the Administrative Courts to adapt to the Community regulations of the first two. - Law 2/2011 of 4 March 2011 on the sustainable economy.
<p>2. Non-legislative measures</p>	<ul style="list-style-type: none"> - The Ministry of Industry, Tourism and Trade's Practical Guide to Public Procurement for SMEs.
<p>Next steps</p>	<ul style="list-style-type: none"> - Code of conduct for arms and equipment contractors and subcontractors of the Ministry of Defence

Sixth principle of the SBA

Facilitate SMEs' access to finance and develop a legal and business environment supportive to timely payments in commercial transactions.

- 6.1. Financial measures to facilitate SMEs' access to funding.**
 - 6.1.1. Measures adopted through the ICO.**
 - 6.1.2. Measures adopted through the FTPYME programme.**
 - 6.1.3. Measures adopted to foster the system of guarantees via CERSA.**

- 6.2. Measures for fostering the company growth of SMEs.**
 - 6.2.1. FESpyme fund, investments for fostering growth.**

- 6.3. Fiscal support measures for SMEs.**
 - 6.3.1. Measures introduced in RD Law 2/2008 of 21 April 2008.**
 - 6.3.2. Measures introduced in Law 26/2009 of 23 December 2009, on General State Budgets for 2010.**
 - 6.3.3. Measures introduced in RD Law 6/2010 of 9 April 2008.**
 - 6.3.4. Measures introduced in RD Law 13/2010 of 3 December 2010.**

- 6.4. Measures to combat late payment.**
 - 6.4.1. Measures adopted before Law 15/2010 of 5 July 2010 amending Law 3/2004 of 29 December 2004.**
 - 6.4.2. Law 15/2010 of 5 July amending Law 3/2004 of 29 December 2004.**
 - 6.4.3. Actions flowing from the mandates contained in Law 15/2010 of 5 July 2010.**
 - 6.4.4. Other legislative actions helping to combat late payment.**

6.1 Financial measures to facilitate SMEs' access to funding

A series of events occurred in the international financial markets at the end of 2007, and then especially during 2008, which, as we all know, led to severe credit restrictions for consumers and companies. The weaker economic players, such as small and medium-sized companies, were particularly affected by this situation.

A number of measures are ongoing to remedy this situation, in addition to the reforms and actions undertaken to stabilise the financial system. These involve the provision of alternative sources of finance to help overcome the effects of the credit crunch on SMEs. The following initiatives have been undertaken:

6.1.1 Measures adopted through the ICO

The ICO (Official Credit Institute), which answers to the Spanish Ministry of Economy and Inland Revenue, has rolled out various lines of financial support since the onset of the crisis.

The 15.106 billion euros granted in credits to companies in 2009, representing a 57% increase over the 9.638 billion granted in 2008, not only spelled a significant step forward in quantitative terms over previous years, but also showed a major advance in terms of quality, by improving existing lines and setting up other new lines to help to tackle the challenges of the new scenario.

In 2010, the conditions of the mediation lines were improved and characteristics of the amortisation and grace periods were equalised by request of entrepreneurs and financial institutions. 23 billion euros were thus made available to companies and self-employed persons, an increase of 30% with respect to the amount formalised in 2009. That same year, the following new elements were brought on stream:

- **ICO direct**, offering self-employed persons and SMEs an option already made available to medium-sized and large companies. The ICO direct line is aimed at SMEs and self-employed persons that have been established for more than one year and require finance of up to 200,000 euros for new investments or liquidity. From their introduction in June 2010 to 31 May 2011, no less than 10,031 operations under this product have been approved, to the tune of 415.76 million euros. The average loan size is 41,500 euros, 27,000 euros for self-employed persons and 54,000 for SMEs.
- **ICO-SGR**, (see chapter 1) to finance investments in fixed assets and/or cash needs. Clients that have been in operation for less than one year may request from 1 to 600,000 euros, and customers in operation for more than one year may request from 200,001 to 600,000 euros
- **The Sustainable Economy Fund (FES)**, with a budgetary allocation of 20 billion euros for the period 2010-2011. The ICO provides 10 billion euros, and the rest is put up by private financial institutions. The ICO has a volume of funding of 8.7 billion euros, of which 3.778 billion euros were used up in the financial year 2010, leaving 4.921 billion euros available for the financial year 2011. Part of the funding has been channelled via the ICO-SUSTAINABLE ECONOMY 2010 mediation line which was renamed ICO-SUSTAINABLE INVESTMENT 2011 in this financial year. This volume of funding generated investment of more than 10 billion euros for projects for improving the competitiveness of companies (more than 90% of them SMEs) to support their internationalisation process, boost technological innovation, social sustainability and the environment.

For 2011, it is worth mentioning that the ICO has continued to introduce changes into its products to simplify the lines and facilitate access to finance by self-employed persons and SMEs. The main lines set up in 2011, which have made 25 billion euros available to companies and self-employed persons, are:

*Small Business Act
First Implementation Report in Spain (2009-2011)*

- The ICO Sustainable Investment line, which finances productive investments in sustainable investment sectors and activities.
- The ICO Internationalisation line, with a budget of 1 billion euros, to support investment projects outside Spain.
- ICO Investment line, with a budget of 8 billion euros, finances fixed asset investment projects.
- ICO Liquidity line, with 7 billion euros, serves to cover temporary credit restriction situations.
- ICO Housing line, with a budget of 3 billion euros, finances completed houses for let.

In 2011 SMEs were afforded the chance to finance projects of more than 10 million euros directly with ICO through the Structured Finance product and those of more than 15 million euros through the Corporate Finance product.

Economic effect (2009-2011²⁷): more than 70 billion euros

²⁷ Including 2011

6.1.2 Measures adopted through the SME securitisation funds programme (FTPYME)

The SME securitisation funds programme (FTPYME) has been running in Spain since 2000. This programme provides State backing for bonds issued for these funds on condition that the financial institutions that transfer their assets undertake to reinvest the liquidity obtained in new credits for SMEs.

Since its inception, this programme has allowed 46.951.5 billion euros to be issued in bonds allowing the reinvestment of more than 37.570 billion euros in new loans for SMEs. The total State guarantee involved in issues was 13.8 billion euros.

Between 2008 and 2010, the total guarantee undertaken by the State was 4.9 billion euros, which backed the issue of 10.4 billion euros in bonds allowing more than 7 billion euros to be channelled into new credits and loans for SMEs.

The 2011 call has led to the receipt of applications for setting up eight funds with a bond issue proposal of more than 6.4 billion euros²⁸. The available State guarantee for this is 3 billion euros.

Economic effect (2009-2011²⁹): more than 70 billion euros

²⁸ This money will be reinvested in new credits for SMEs in 2012 and 2013.

²⁹ Including 2011

6.1.3 Measures adopted to foster the system of guarantees via the Spanish Re-guarantee Company (CERSA)

These guarantees systems allow SMEs to obtain bank financing in similar conditions to large companies, in terms of the duration and interest rates of guaranteed loans. In Spain, since 1978 the system has been organised around mutual guarantee funds, which were reformed in depth following the entry into force of the current Law 1/1994 regulating them.

The Spanish Re-guarantee Company (CERSA), attached to the Ministry of Industry, Tourism and Trade (MITYC) via the Directorate-General for SME Policy (DGPYME), plays a key role in providing liquidity, stability and solvency to the entire Spanish guarantees system, which currently comprises 23 mutual guarantee funds.

On 31 December 2010, CERSA had an exposure of 2.048 billion euros through the Ministry of Industry, Tourism and Trade (MITYC)'s "SME Guarantees Programme". With this risk taken on, the mutual guarantee funds have been able to issue more than 7 billion euros in guarantees to nearly 47,000 self-employed persons and small and medium-sized companies.

Between 2008 and 2010, CERSA refinanced operations to the tune of nearly 1.4 billion euros, allowing the mutual guarantee funds (SGR) to issue guarantees totalling 3 billion euros. This refinancing has had an induced investment of 5.8 billion euros.

In 2011, in addition to maintaining the budgetary appropriation of the "(General) Guarantees Programme for SMEs" (20 million euros), we also set up an "Entrepreneurs' Guarantees Programme" with a budget of 15 million euros (see Chapter 1).

Economic effect (2009-2011)³⁰: 3.2 billion euros

6.2 Measures for fostering the company growth of SMEs

In addition of the tax incentive mentioned in section 2 of point 6.3.4, we have also set up two specific instruments:

6.2.1 FESpyme fund, investments for fostering growth

The Sustainable Economy Fund provided 300 million euros to FOND-ICO, the venture capital fund previously managed by AXIS, (the Venture Capital Funds Management Company, which answers to the ICO). It changed its name to FESpyme in July 2010 and its resources came to 422 million euros, making FESpyme one of the benchmark venture capital funds on the Spanish market.

The aim of this fund is to support companies in their expansion plans, with funding and a long-term vision of business, leading them from their first steps right up to their consolidation as medium-sized undertakings, particularly in sustainable economy sectors.

By and large, FESpyme's range of investment in the segment of companies that are starting out goes from 750,000 euros to 1,500,000 euros. In consolidated and expanding companies, the minimum investment is 1,500,000 and the maximum could reach 15,000,000 euros. In any case, this funding is generally aimed at the acquisition of fixed assets, investment in R&D+i and company acquisition, with no funding available for working capital requirements or restructuring liabilities.

As a venture capital fund, FESpyme offers two forms of funding to Spanish companies: venture capital *per se*, meaning that FESpyme holds a limited time

³⁰ 3 billion euros in 2009-2010 and an estimated 1.2 billion in 2011

minority stake in the capital of such companies; and shareholder loans (a type of mezzanine loan), which, although they are not equity, can be counted as such in certain circumstances and can facilitate the granting of ordinary loans to the company in question.

Since it was provided with its current resources in 2010, it has approved 23 operations to the tune of 58.5 million euros.

Financial resources available (2010-2011): 422 million euros

Next steps

The Business Growth Programme of the Ministry of Industry, Tourism and Trade (MITYC)

The Directorate-General of SME policy is about to launch this initiative which will not only provide subsidised loans under the ENISA ³¹ “Business Growth Lines”³² but will also provide personalised assistance and training to small and medium-sized companies undergoing expansion processes.

The rebate on opening commissions and interest rates (during the first year) of shareholder loans granted to these companies via ENISA will be applied directly by the company, whilst the personalised training and advice will be provided by the Industrial Organisation School (EOI). The Directorate-General for SME Policy of the MITYC coordinates and finances both actions, for which it had a budget of 3.5 million euros in 2011.

³¹ ENISA is a public company attached to the Ministry of Industry, Tourism and Trade (MITYC) through the Directorate-General of SME policy (DGPYME).

³² SME line, EBT line for technology-based companies, MAB line to meet the cost of flotation on the Spanish Alternative Investment Market, mergers and acquisitions line for small and medium-sized companies.

The total of shareholder loans available via ENISA's "Business Growth Lines" was 80 million euros between 2010 and 2011.

Financial resources available (2010-2011): 80 million euros

6.3 Fiscal support measures for SMEs

Support for SMEs in the context of the economic crisis of the last years has focused not only on access to finance, but has also been provided in the shape of fiscal measures to ease the negative effects of lack of liquidity and the drastic reduction in internal demand.

6.3.1 Fiscal support measures for SMEs brought in under Royal Decree-Law 2/2008 of 21 April 2008 on measures to boost economic activity

To offset the fiscal impact on companies of the accounting reform flowing from the introduction of European rules, companies were allowed to postpone the fiscal effects of the corresponding adjustments to avoid them affecting the determination of fractionated payments due for the tax periods begun in 2008. At the same time, the period for the submission and payment of the fractionated payment corresponding to the month of April 2008 was extended to 5 May 2008.

6.3.2 Fiscal support measures for SMEs brought in under Law 26/2009 of 23 December 2009 on General State Budgets for 2010

This Law ushered in a reduced 20% rate of Corporation Tax to be applied in the tax periods that began in 2009, 2010 and 2011 for companies that create or maintain employment, with a net annual turnover of less than 5 million euros and an average workforce of fewer than 25 employees.

6.3.3 Fiscal support measures for SMEs brought in under Royal Decree-Law 6/2010 of 9 April 2010 on measures to foster economic recovery and employment

- Extended freedom of amortisation while maintaining employment levels in 2011 and 2012.
- Simplified requirements for recovering Value Added Tax in the event of loan defaults.
- Simplified obligations for documentation in certain related operations to be met by small organisations.

6.3.4 Fiscal support measures for SMEs brought in under Royal Decree-Law 13/2010 of 3 December 2010 on actions in the areas of taxation, labour and liberalisation to foster investment and job creation

- Special scheme for small organisations: the threshold relative to net turnover allowing organisations to enjoy the reduced tax rate of 25% instead of the general rate of 30% has been raised from 8 to 10 million euros.
- In addition, **as a tax incentive to business growth (point 6.2)**, such organisations can continue to enjoy the benefits of this special scheme for the three financial years following the year in which they go beyond the ten million euro threshold (also set by this legislation).
- The tax base on which small organisations pay the smaller rate of 25% has risen from 120,000 euros to 300,000 euros. This limit also applies to micro-enterprises with a net turnover lower than five million euros and an average workforce of under twenty-five employees that can pay the 20% rate (point 6.3.2).
- The terms of Royal Decree-Law 13/2010 of 3 December 2010 have improved, extending freedom of amortisation of new elements of tangible fixed assets by

three years in Corporation Tax up to 2015, with this tax incentive no longer conditional upon maintaining employment levels, as well as being open to natural persons, entrepreneurs or professionals.

- All corporate operations are exempt from paying the Duty on Transfers of Assets and Documented Legal Transactions that involve setting up any kind of organisations; capital increases of any kind of companies; contributions by partners that do not involve a capital increase; and the transfer to Spain of the centre of effective management or registered office of a company that was previously based in a third country. Under Council Directive 2008/7/EC of 12 February 2008, this legislation makes the exemption permanent, as the Directive makes it impossible to tax operations that have been exempted from this tax.

Economic effect of all the fiscal measures adopted in the period (2009-2011): 9 billion euros

6.4 Measures to combat late payment

6.4.1 Measures adopted before Law 15/2010 of 5 July 2010 amending Law 3/2004 of 29 December 2004 on measures to combat late payment in commercial transactions.

Through Royal Decree-Law 5/2009 of 24 April 2009, validated by a Resolution of 21 May 2009, the following measures were adopted to help local organisations to settle outstanding debts with companies and self-employed persons:

- a) Subject to certain requirements, local organisations are authorised to enter into extraordinary bank lending operations to satisfy outstanding debts with entrepreneurs and self-employed persons within a maximum of one month. 418 municipalities signed up to this scheme, taking out loans to the tune of 2.3 billion euros.

- b) The ICO was empowered to set up a guarantees line of up to 3 billion euros to back unpaid invoices issued by companies and self-employed persons for works and services provided to local bodies. Only 160 million euros of this guarantees line for local organisations was actually used.

6.4.2 Law 15/2010 of 5 July 2010 amending Law 3/2004 of 29 of December 2004 on measures to combat late payment in commercial transactions.

Law 15/2010 of 5 July 2010 changed the terms of the previous Law 3/2004 of 29 December 2004, with the main changes affecting public procurement and activities concerning commercial exchanges between private sector companies.

Law 15/2010 applies to all contracts signed after it came into force on 7 July 2010. The law does not cover payments involving consumers; interests related to legislation on cheques, promissory notes and bills of exchange; payment of damages, including payments by insurance companies; and debts subject to winding-up proceedings.

The most important elements of this law, which includes the remaining provisions of Law 3/2004 and the amendments brought in by Law 15/2010, are:

- a) **Setting maximum payment deadlines** in commercial operations between private sector companies for all types of products, removing the possibility of agreements struck between the parties:
- Fresh and perishable foodstuffs³³: maximum 30 days.
 - All other products: maximum 60 days (from 2013).
 - For **contracts with Public Administrations**, the deadline for payment to suppliers stipulated by Law 15/2010 is 30 days (from 2013).

³³ Fresh or perishable foodstuffs are products that remain fit for consumption for under 30 days or require special temperature conditions for marketing and transport.

b) **Starting point for calculating the deadline:** the date of delivery of the goods or rendering of the service, replacing the terms of Law 3/2004, which stated the invoice date as the starting point.

c) **Transitional period** for application of the deadlines indicated:

	2010	2011	2012	2013
Companies	85	85	75	60
Civil engineering contractors	120	120	90	60
Fresh & perishable products	30	30	30	30
Public Administrations	55	50	45	30

d) The payment period refers to **all the calendar days of the year**, therefore any agreements that fail to count holiday periods shall be considered null and void.

6.4.3 Actions flowing from Law 15/2010 of 5 July 2010

a) In order to meet the terms of the third additional provision of the Law on the duty of disclosure of business undertakings with respect to payment to their suppliers, the Spanish Institute of Accounting and Account Audits of the Ministry of Economy and Inland Revenue handed down the Resolution of 29 December 2010 on the information to be included in the notes to the annual accounts concerning payment deferrals to suppliers in commercial operations.

- b) To meet the information obligations under Article 4 of the Law, the Comptroller General of the State Administration draws up a quarterly report on compliance of the deadlines envisaged in Law 15/2010 of 5 July 2010 for the payment of the Central State Administration's obligations.
- c) To meet the terms of Article 2 of the Law, the Directorate-General of SME policy of the Ministry of Industry, Tourism and Trade is changing the rules³⁴ governing the working of the SME Observatory to include a specific working group to monitor the development of payment deadlines and late payment in commercial transactions.

6.4.4 Other legislative actions helping to combat late payment

- a) **The Draft Law on Measures for Facilitating Procedures:** The draft ushers in reforms to simplify and remove unnecessary procedures and also to avoid any deliberate delays to the process. In the field of claims for unpaid debts, an important **reform was brought into the order for payment procedure** (used for debt claims that are recorded in documents) repealing the current ceiling of 250,000 euros and bringing it into line with the European order for payment procedure.
- b) **The Draft Law on Mediation in Civil and Commercial Matters** marks a significant step forward in lightening the workload for courts and tribunals by resolving such conflicts out of court. This complies with the wish set out in the European Directive on measures to combat late payment, which underlines the need to promote and foster the adoption of out-of-court procedures to resolve controversies emerging in commercial relations due to excessive delays in payments and late payment.

³⁴ The draft Royal Decree that will replace Royal Decree 943/2005 of 29 July 2005 regulating the Small and Medium-sized Enterprise Observatory is currently going through the hearing procedure

Short description of the sixth principle

<p>Aim</p>	<p>Facilitate SMEs' access to finance and develop a legal and business environment supportive to timely payments in commercial transactions.</p>
<p>Lines of action</p>	<ol style="list-style-type: none"> 1. Financial measures to facilitate SMEs' access to finance. 2. Measures for fostering growth of small and medium-sized companies. 3. Fiscal support measures for SMEs. 4. Measures to combat late payment.
<p>Ministries that were involved</p>	<ol style="list-style-type: none"> 1. Ministry of Economy and Inland Revenue. 2. Ministry of Industry, Tourism and Trade.
<p>1. Measures with economic impact</p>	<p>Financial measures</p> <ul style="list-style-type: none"> - Measures adopted through the ICO. - Measures adopted through the SME securitisation funds programme (FTPYME). - Measures adopted to foster the system of guarantees via the Spanish Re-guarantee Company (CERSA).

	<p>Measures for fostering the company growth of SMEs.</p> <ul style="list-style-type: none"> - FESpyme fund, investments for fostering growth. - Business Growth Programme. <p>Fiscal support measures for SMEs</p> <ul style="list-style-type: none"> - Measures brought in through Royal Decree-Law 2/2008 of 21 April 2008 on measures to foster economic activity. - Measures brought in through Law 26/2009 of 23 December 2009 on General State Budgets for 2010. - Measures brought in through Royal Decree-Law 6/2010 of 9 April 2010 on measures to foster economic recovery and employment. - Measures in Royal Decree-Law 13/2010 of 3 December 2010 on actions in the areas of taxation, labour and liberalisation to foster investment and job creation.
<p>Total effect of the financial resources mobilised (2009-2011)</p>	<p>90 billion euros</p>

2. Legislative measures

Fiscal measures

- Royal Decree-Law 2/2008 of 21 April 2008 on measures to foster economic activity.
- Law 26/2009 of 23 December 2009 on General State Budgets for 2010.
- Royal Decree-Law 6/2010 of 9 April 2010 on measures to foster economic recovery and employment.
- Royal Decree-Law 13/2010 of 3 December 2010 on actions in the areas of taxation, labour and liberalisation to foster investment and job creation.

Measures to combat late payment

- Royal Decree-Law 5/2009 of 24 April 2009 on extraordinary and urgent measures to help local organisations to settle outstanding debts with companies and self-employed persons.
- Law 15/2010 of 5 July 2010 amending Law 3/2004 of 29 December 2004 on measures to combat late payment in commercial transactions.

Related measures

- Draft Law on measures for facilitating procedures.
- Draft Law on mediation in civil and commercial matters.

Seventh principle of the SBA

Help SMEs to benefit more from the opportunities offered by the single market.

- 7.1. Ensuring the correct application of the rules governing the free movement of people, goods capital and services.**
- 7.2. Reducing the costs of access to standardisation and fostering its use among SMEs**
- 7.3. Stimulating protection of technological industrial property to improve the competitiveness of companies, particularly SMEs.**
- 7.4. Measures for protecting intellectual property.**

7.1 Ensuring the correct application of the rules governing the free movement of people, goods, capital and services

7.1.1 Strengthening the SOLVIT system

SOLVIT is a free informal network created by the European Commission in 2002 in cooperation with the Member States to resolve quickly and amicably any problems that could emerge for the public or companies in the face of incorrect application of rules governing free movement of people, goods capital and services. The network comprises all the Member States of the EU, plus Iceland, Liechtenstein and Norway.

Each country has a SOLVIT centre working in two directions: towards their own administration, when it has caused a problem, or channelling complaints received about the actions of administrations of other States. The potential users

of the network are any citizens and companies that consider that a public administration is not applying European regulations correctly.

Spain's SOLVIT Centre is located in the Ministry of Foreign Affairs and Cooperation, in the State Secretariat for the European Union, Directorate-General of Coordination of the Internal Market and other Community Policies³⁵.

In 2010, efforts were made to promote this initiative for the Chambers of Commerce. Approximately 10% of the cases managed are related to companies and concern issues relating fundamentally to double taxation and barriers to market access. The lack of disaggregated data makes it impossible to know the number of cases managed that relate specifically to SMEs.

7.1.2 “Open line project for identifying problems of Spanish companies in the European Single Market”

Since 1993, the Secretary of State for Foreign Trade has maintained a cooperation line with the Spanish Confederation of Business Organisations (CEOE) called the “Open line project for identifying problems of Spanish companies in the European Single Market”, the fundamental aims of which are:

- Collecting information on the main problems that hinder the activity of Spanish companies, despite the creation of the European Single Market.
- Finding solutions to these problems, in cooperation with the competent authorities of the national and EU administrations.

This exercise has been held ten times, and the reports drawn up provide a valuable source of information on the practical working of the Internal Market

³⁵ This Directorate-General was abolished by virtue of Royal Decree 940/2010 of 23 July 2010, and its functions were taken over by the Directorate-General of General Affairs and Coordination of Policies of the Treaty of the Functioning of the EU.

from the experience of Spanish export companies as well as a classification of the various problems by type, sector, country and region.

7.1.3 Transparency to reduce obstacles to the free movement of goods

Working through the Sub-Directorate General of Inspection, Certification and Technical Assistance for Foreign Trade, the Secretary of State for Foreign Trade is also the point of support for the application of Directive 98/34/EC, laying down a procedure for the provision of information in the field of technical standards and regulations to guarantee the greatest possible transparency and remove or reduce obstacles to the free movement of goods. A direct communication channel has been set up with Spain's national associations of manufacturers and exporters to make them active players in the mechanisms of the Directive, thus providing real support to exporters.

7.2 Reducing the costs of access to standardisation and fostering its use among SMEs.

7.2.1 Via the Spanish Association for Standardisation and Certification (AENOR)

Among the activities performed by the Spanish Association for Standardisation and Certification (AENOR) we could highlight the creation of IT tools offering access to European and international documentation on standardisation, facilitating the work of SMEs that do not usually have dedicated services for this.

In addition, AENOR translates European standards into Spanish, helping to spread knowledge and use of these standards among small and medium-sized companies. Another of its tasks involves organising seminars, courses and other events (at which it always takes the interests of SMEs into account) to publicise the economic and technical benefits of using standards. It also publishes manuals and other media with compilations of standards of interest for certain sectors.

AENOR also has a free information service that attends queries by phone and e-mail.

7.3. Stimulating protection of technological industrial property to improve the competitiveness of companies, particularly SMEs

7.3.1 Subsidy programmes of the Spanish Patent and Trademark Office (OEPM)

As part of its strategy to increase the use of industrial property by Spanish companies and foster its use as a tool to access international markets, the Spanish Patent and Trademark Office (OEPM) holds calls for subsidies to encourage people to apply for Spanish patents and utility models at home and abroad. The following subsidies are available:

- Subsidies for extending applications for a patent or utility model from national offices of third countries or regional patent offices as part of the procedures for awarding national or regional patents or utility models, covering the following procedures: application, search report, examination or issuing, annual payments or validation of a European patent.
- Subsidies for activities carried out within the international PCT procedure, with subsidies awarded for application, international search or preliminary examination procedures.

The 2009-2010 budget for these actions was 6,892,000 euros, of which 2,159,594 euros were granted to SMEs.

Budget (2009-2010): 2.2 million euros

- Subsidies for applications for Spanish patents and utility models, a new line from 2010, comprising application and search report procedures (IET). The 2010 budget is 1,200,000 euros, of which 61% (732,000 euros) were earmarked for small and medium-sized companies.

Budget (2010): 732,000 euros

Dissemination activities such as training, seminars, fairs, etc., were also organised. 135 activities were held in 2009, of which 39 were targeted specifically at small and medium-sized companies. 50% of these activities were aimed at SMEs in 2010 (91 activities for SMEs out of a total of 183).

7.3.2 Virtual Support Centre for SMEs in industrial property

This joint initiative of the Directorate-General of SME policy and the Spanish Patent and Trademark Office, set up in May 2009, aims to provide SMEs and their associations with information, training and personalised assistance for managing their industrial property.

In addition to the individual advice, there is a self-diagnosis tool informing SMEs of the degree of protection of industrial property, as well as various specialised services for taking decisions and strategies for protecting the results, and internationalisation of protection, as well as help with transfers, licences, operation and marketing.

7.4. Measures for protecting intellectual property

Activities linked to intellectual property, which include the cultural industries, generate 3.7% of Spanish GDP³⁶. Most of the sector comprises small and medium-sized companies, whose value generation depends to a great extent on the degree of protection of the intellectual property rights of the works that they produce.

That is why the Ministry of Culture, via the Directorate-General of Cultural Policies and Industries, has focused on the following lines of action:

- Following the adoption of Law 2/2011 of 4 March 2011 on the sustainable economy, work is underway to push through parliament the draft Royal Decree developing the 43rd final provision of that Law. This is a draft Royal Decree regulating the working of the Intellectual Property Commission, as well as the procedure for exercising its functions. It develops fast and flexible mixed administrative and judicial procedures seeking to legalise procedures on the Internet concerning copyright and related rights and put an end to intellectual property theft via websites.
- Work is ongoing to launch an awareness-raising campaign to promote existing legal digital downloads (in e-books, music, audiovisuals, video games, etc.) and to raise public awareness about the importance of intellectual property.
- Progress is being made concerning the management of intellectual property rights and the current mechanisms for cross-border management of these rights throughout Europe under the European Digital Agenda.

³⁶In 2008, according to the “2010 Cultural Statistics Guide” published by the Ministry of Culture

Short description of the seventh principle

<p>Aim</p>	<p>Help SMEs to benefit more from the opportunities offered by the single market</p>
<p>Lines of action</p>	<ol style="list-style-type: none"> 1. Ensuring the correct application of the rules governing the free movement of people, goods capital and services. 2. Reducing the costs of access to standardisation and fostering its use among SMEs. 3. Stimulating protection of technological industrial property to improve the competitiveness of companies, particularly SMEs. 4. Measures for protecting intellectual property.
<p>Ministries that were involved</p>	<ol style="list-style-type: none"> 1. Ministry of Industry, Tourism and Trade. 2. Ministry of Culture. 3. Ministry of Foreign Affairs and Cooperation.
<p>1. Measures with economic impact</p>	<p>Stimulating protection of technological industrial property to improve the competitiveness of companies, particularly SMEs</p> <ul style="list-style-type: none"> - Aid programmes from the Spanish Patent and Trademark Office.

	<p>Measures for protecting intellectual property</p> <ul style="list-style-type: none">- Actions by the Ministry of Culture (awareness-raising campaign, managing intellectual property rights).
<p>2. Measures with no impact on the budget</p>	<p>Ensuring the correct application of the rules governing the free movement of people, goods capital and services</p> <ul style="list-style-type: none">- Strengthening the SOLVIT system.- Open line project to identify problems faced by Spanish companies on the European Single Market.- Transparency to reduce obstacles to the free movement of goods. <p>Reducing the costs of access to standardisation and fostering its use among SMEs</p> <ul style="list-style-type: none">- Through AENOR (standardisation). <p>Stimulating protection of technological industrial property to improve the competitiveness of companies, particularly SMEs</p> <ul style="list-style-type: none">- Virtual Support Centre for SMEs in industrial property

3. Legislative measures	Measures for protecting intellectual property <ul style="list-style-type: none">- Processing of the Royal Decree regulating the working of the Intellectual Property Commission.
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Eighth principle of the SBA

Promote the upgrading of skills in SMEs and all forms of innovation.

- 8.1. Subsidies for innovation in SMEs.**
- 8.2. Subsidies for the competitiveness of SMEs in the ICT sector.**
- 8.3. Subsidies for the competitiveness of SMEs in strategic industrial sectors.**
- 8.4. Subsidies for the competitiveness of SMEs located in regional incentive areas.**
- 8.5. Subsidies for the competitiveness of SMEs in the commercial sector.**
- 8.6. Subsidies for the competitiveness of the cultural and contents industry.**
- 8.7. Subsidies for training and skill-building.**
- 8.8. Subsidies for the participation of SMEs in innovative groupings and consortia.**
- 8.9. Subsidies for equal opportunities in companies and corporate social responsibility.**

The State Innovation Strategy (e2i), approved in Council of Ministers on 2 July 2010 and coordinated by the Ministry of Science and Innovation, is the action framework of the Government's innovation policy. The aim is to help to change the productive model in Spain by promoting and building structures to make best use of scientific knowledge and technological development.

In quantitative terms, this involves doubling Spain's innovation economy by 2015. To achieve this, the e2i encourages innovative companies and provides

special attention to SMEs, who comprise the lion's share of our productive fabric. The actions within e2i that are most oriented to SMEs are:

8.1 Innovation subsidies for SMEs

8.1.1 The Innoempresa programme

From 2007, the Directorate-General for SME Policy has been managing jointly with the Autonomous Communities this programme of subsidies aimed at enhancing the innovative capacity of small and medium-sized companies. The projects financed within the programme fit into the following categories:

- Innovation in organisational and company management.
- Situation diagnoses and technological and strategic management plans.
- Technological development projects.
- Implementation and technological certification in accordance with UNE and ISO standards in terms of quality systems, environmental management, corporate excellence, etc.

As shown in the 2010 report from the National R&D+i Plan Monitoring Commission, the management of the programme and the results obtained have made it possible to meet to a sufficient extent the terms set out in the National Innovation Projects Programme in which InnoEmpresa is the only sub-programme aimed specifically at small and medium-sized companies.

From 2007 to 2010, nearly 30,000 companies benefited from subsidies channelled through the programme between the General State Administration and the Autonomous Communities, with subsidies totalling 312.59 million euros. The Central State Administration channelled subsidies during this period to the tune of 238.9 million while the Autonomous Communities distributed 73.6 million euros.

Nearly 4,800 projects were supported in 2010 at a cost of just over 81 million euros.

Budget (2009-2011): 112 million euros

8.1.2. Subsidies provided by the CDTI (Centre for Industrial Technological Development)

The Ministry of Science and Innovation (MICINN) drew up a package of measures in 2011 based on the work of the CDTI, the fundamental aim of which is to bolster support to innovative companies, with special focus on SMEs.

These measures are part of the framework of the Social and Economic Agreement signed by the social partners. Among other challenges, in this agreement the Government undertook to facilitate growth and job creation in innovative companies, with special emphasis on SMEs.

The CDTI finances R&D business initiatives through zero-interest loans with a variable non-refundable part depending on the characteristics of the project (participation of research bodies or technological centres, joint projects, internationalisation, etc). These aids cover up to 75% of the eligible budget and have a ten-year payback period and a two to three year grace period.

In 2010, 59% of the initiatives approved by the CDTI were submitted by SMEs, which received 45% of the funding committed by the Centre. The funding committed by the CDTI in projects developed by SMEs, using partially reimbursable subsidies, was 442 million euros out of an overall budget of 611 million euros, a financial coverage by the CDTI of 72% of the investments in R&D proposals.

In 2011 the CDTI reformulated its financial instruments to improve support to SMEs by allowing them to score higher when the decision is taken to allocate the non-reimbursable tranche, thereby reflecting the greater difficulties facing SMEs in terms of innovation.

CDTI resources earmarked for SMEs (2009-2011): 422 million euros

Jeremie Guarantees Fund.

The Jeremie Fund provides guarantees to companies that have obtained finance from subsidies provided by the Centre for Industrial Technological Development (CDTI) for Research, Development and Innovation (R&D+i) projects, allowing them to receive up to 75% of the funds in advance.

The Fund is co-financed between the ICO and the EU Regional Development Fund (ERDF) under the "Technological Fund by and for Spanish Companies Operative Programme" for the budgetary period 2007-2013.

The ICO, which also acts as the Fund's manager, selects and validates the operations under its own risk criteria and formally proposes their acceptance or rejection to the administration Board of the Jeremie Guarantees Fund, which comprises the Ministry of Economy and Inland Revenue, the Ministry of Science and Innovation and the ICO itself.

PIDI Network of R&D+i Information points

The CDTI has been coordinating the PIDI network since the middle of 2006. The network provides information and advice to companies and entrepreneurs on the most appropriate public R&D+i aid schemes at Autonomous Community, national and international level according to the applicants' needs. This network

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comprises 160 nodes (organisations with an interest in promoting R&D+i: regional development agencies, Chambers of Commerce, University-company foundations, business associations, BICs, etc.) and has more than 450 active players all over Spain, with at least one PIDI node in each provincial capital.

Budget (2009-2011): 2.83 million euros

Next steps

To facilitate the liquidity of innovative small and medium-sized companies, there will be a 20% increase in the advance payment of the approved budget for all subsidies granted to SMEs by the CDTI. Companies will thereby receive 30% of the aid granted in advance and without guarantees instead of 25% at present.

Additionally, to ease the difficulties experienced by certain small innovative companies, they will be exempted from lodging deposits and guarantees during 2011 in the same way as approved under the anti crisis plan set in train by the MICINN in 2009.

8.1.3 INNPACTO programme

The INNPACTO programme, created in 2010 and managed by the DG for Technology Transfer and Entrepreneurial Development of the Ministry of Science and Innovation, aims to foster stable cooperation between the productive sector and R&D+i players, stimulating the transfer of knowledge from the research field to the world of business. It therefore finances projects led by companies involving at least one research body.

SMEs can receive funding up to 95% of the eligible budget. In addition, the call has a guarantee exemption for loans under 250,000 euros per beneficiary per year.

8.2 Subsidies for the competitiveness of SMEs in the ICT sector

8.2.1 Avanza Competitiveness (R&D+i)

Between 2006 and 2010, grants were awarded under the Avanza Competitiveness call for research, development and innovation projects and actions to help companies, particularly SMEs. During this period, 2,047 projects were approved for SMEs, bringing the funds provided by the MITYC to 625.6 million euros.

The calls launched in 2009 and 2010 involved various theme areas aimed exclusively at SMEs:

- Projects to modernise SMEs in the ICT sector. 24 projects were approved within this category, with funds provided by the MITYC totalling 3.9 million euros.

- Organisational innovation projects for incorporating and fostering e-commerce solutions into SMEs. This theme area featured 43 approved projects with total MITYC funding of 16.3 million euros.
- Dissemination and promotion activities to obtain certifications by SME companies of the ICT sector. There were 19 projects carried out in this priority of themes, bringing the total funds provided by the MITYC to 7.6 million euros.

Within the 2011 call, we would like to highlight the Avanza Competitiveness (R&D+i) sub-programme, which aims to contribute to achieving the aims of the Avanza2 Plan to develop the ICT sector whose aims include promoting the incorporation of information technologies into companies, fundamentally in SMEs.

In 2011 this sub-programme had a budget of more than 254 million euros³⁷ (46 million euros in subsidies and 208.7 million euros in loans).

Budget (2009-2011): 471.38 million euros

8.2.2 NEW (No Company Without a Website) programme

This is an initiative of the Avanza2 Plan promoted by the Ministry of Industry, Tourism and Trade, via the red.es public business organisation, which aims to place all Spanish companies on the Internet, with the best solution adapted fully to the needs of each company.

³⁷ It is not clear what percentage of these 254 million euros will be granted to SMEs, although our experience in 2010, when 57% of the funds destined to this call went to SMEs, we estimate that the amount will be 144.78 million euros. In the period 2009-2010, the funds provided by the MITYC for the R&D call that went to SMEs totalled 326.6 million euros.

Budget (2009-2011): 497,637 euros

8.2.3 Demonstrator Centres Project

This initiative is promoted by the Ministry of Industry, Tourism and Trade, through the red.es public business organisation, and aims to create and develop sites where SMEs can go to seek information and advice on the use of ICT applications for their business. The idea is for this programme to boost the creation of sites bringing matching the supply of the ICT sector with the potential demand from SMEs and publicise the advantages of incorporating the ICTs into SMEs' productive processes, facilitating technology transfer, specialised services and knowledge between the ICT sector and SMEs. The project will involve the organisation of advice, skill-building and technological training for companies.

Budget (2009-2011): 3.2 million euros

8.2.4 Networked Companies Project.

This programme is promoted by the Ministry of Industry, Tourism and Trade, through the red.es public business organisation, and aims to encourage the generalised adoption of ICT solutions by SMEs by identifying high-impact solutions on sectors of activity; subsequently developing demonstrator projects that will validate the business model of the applications identified.

Since 2008, the funds executed for setting up this project stand at 18.1 million euros.

Budget (2009-2011): 14.5 million euros

8.2.5 Agreements with Autonomous Communities to incorporate the ICTs into SMEs

A series of framework agreements were struck with the Autonomous Communities in 2006 to roll out the Avanza Plan in the various Spanish regions in different areas. One specific agreement signed aims to bring ICTs into company processes: promoting electronic invoicing; implementing ERP and other types of actions to make the ICTs part of the daily running of SMEs. The latest agreement with the Autonomous Communities dates back to 2009.

For the period 2006-2010, the MITYC provided 88 million euros for setting up and developing actions to help SMEs become more dynamic.

Budget (2009-2011): 4.4 million euros

8.2.6 ICO-Avanza Plan funding line

In 2006 the MITYC signed an agreement with the ICO to set up the ICO Avanza Plan line. This enabled 700 million euros to be disbursed to SMEs and self-employed persons from 2009 to 2010 in more than 50,000 operations, for investments in equipment for broadband Internet connection, as well as investments in software and hardware for improving company processes.

Setting this initiative in motion required the help of the ICO in partnership with credit institutions with consolidated nationwide networks, which contributed their knowledge and efficient management. These bodies were responsible for awarding the loans to the beneficiaries, starting out from the financial contribution made by the MITYC.

The maximum funding will be 100% of the investment excluding VAT, up to a maximum of 200,000 euros per beneficiary per calendar year. The amortisation/grace period will be 36 months, up to three years' grace (in the principal loan and the interests) and linear and monthly payments. These loans are valid until December 2015 or until the funds are used up.

Eligible investments include electronic, IT and telecommunications products, including hardware, software, applications, services and contents for:

- Broadband Internet access, including security products.
- Internet presence, including website and company portal design.
- Incorporation of ICTs into the company's processes, using advanced management tools: CRM (customer management system), ERP (company management system), supply chain systems, documentary management systems.
- E-commerce and e-billing, using applications and services to enable beneficiaries to perform electronic transactions with other parties, including Public Administrations.

From 2006 to 31 December 2010, this funding line aided 152,034 companies and disbursed MITYC funds of 1.8 billion euros.

Budget (2009-2011): 958.516 million euros ³⁸

8.3. Subsidies for the competitiveness of SMEs in strategic industrial sectors

The Directorate-General of Industry of the Ministry of Industry, Tourism and Trade has been rolling out a raft of measures since 2009 to foster the

³⁸ For 2011, the ICO-Avanza Plan funding line has an earmarked budget of 200 million euros. In the period from 2009 to 2010, total disbursement under the ICT loans line was 758.516 million euros.

competitiveness of strategic industrial sectors. These funds are aimed at companies in sectors whose characteristics give them a strategic role in achieving the aim of changing the productive model of the Spanish economy: international market orientation, high technological intensity, high added value, high productivity, employment and quality industrial fabric generation, energy efficiency and sustainability.

Under this programme, the conditions for SMEs are more advantageous than those for large undertakings (up to 100% of the eligible budget can be granted for SMEs, against up to 70-75% for large companies).

More than 800 applications were approved in the period from 2009-2011 under this programme, with total awarded finance of 660 million euros. From among the more than 800 applications that were approved, 472 (nearly 60%) were SMEs, and received funding of 253.4 million euros, which represented 38% of the total funding awarded. In 2009, SMEs received 35% of all funds disbursed, rising to 40% in 2010 and 2011.

Financial resources earmarked for SMEs (2009-2011): 253.4 million euros

8.4 Subsidies for the competitiveness of SMEs located in regional incentive areas

The Reindustrialisation Programme rolled out by the Directorate-General of Industry of the Ministry of Industry, Tourism and Trade, acts in areas which not only suffer the effects of the current economic crisis, but also have fewer opportunities to attract investment, and create employment and wealth. The Programme helps to implement industrial infrastructures to make such areas more attractive for business growth, and to push forward modern, innovative industrial initiatives that can help to create employment.

Subsidies for company projects take the shape of interest-free refundable loans for up to 50% of the investment, with a 5-year grace period and a 10-year amortisation. The amount and the type of the subsidies depend on the characteristics of the project financed and also the site in which it is developed. Aid is paid in advance, in other words before the action itself has been completed.

This programme affords special attention to SMEs, as can be seen in the following figures: from 2009-2011, the programme helped 1,926 companies, of which 90% (1,727) were SMEs. These SMEs received 942.9 million euros, representing 55% of the total loans granted (1.170 billion euros).

Financial resources earmarked for SMEs (2009-2011): 942.9 million euros

8.5 Subsidies for the competitiveness of SMEs in the commercial sector

The Directorate-General of Internal Trade, attached to the Secretariat General of Tourism and Internal Trade, is responsible for managing the Plan for *Improving the Productivity and Competitiveness of Trade 2009-2012*, adopted by Agreement of the Council of Ministers of 24 July 2009, and establishes capital transfers to the Autonomous Communities to co-finance commercial projects concluded by commercial SMEs, town councils and commercial associations to improve the quality, productivity and competitiveness of commercial SMEs in order to achieve a harmonious balance in the structure of the sector.

As part of a policy aimed at consolidating urban trade, the Plan contains measures providing support to commercial SMEs, their associations and town councils - maintaining and developing the traditional Spanish commercial model; improving the competitiveness of companies and the physical environment of local business; avoiding the loss of jobs and improving their professional quality;

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allowing the human resources linked to this sector to provide greater added value in terms of specialisation and quality of service.

The Plan is rolled out through agreements signed with the Autonomous Communities through the distribution of powers between them and the central administration.

The Plan involves programmes such as promoting urban trade; improving rural trade; promoting business cooperation; and quality and safety in commercial establishments.

This Plan is divided territorially by communities following trade-related distribution criteria. The distribution proposal is validated by the Bureau of General Managers of the Autonomous Communities and approved by the Internal Trade Sectorial Conference. The distribution is later formalised by the Council of Ministers.

Through the plan, the Ministry of Industry, Tourism and Trade co-finances up to 40% of the value of the projects as grants disbursed by the Autonomous Communities to private investment projects, as long as the total co-financed amount is not more than the amount assigned to that particular Autonomous Community by the Internal Trade Sectorial Conference.

The Plan's budget was 8 million euros for 2009; 8 million euros for 2010; and 6 million euros for 2011.

Budget (2009-2011): 22 million euros

8.6 Subsidies for the competitiveness of the cultural and contents industry

The Second Plan for Promoting Cultural Industries, which started in 2010, aims to support the cultural and creative industries, especially SMEs, to increase their competitiveness and their presence in new products and markets. It revolves around two strategic axes; grants for modernising cultural and creative company structures; and aids for increasing the legal supply of cultural contents on the Internet and promoting the modernisation, innovation and technological adaptation of CCI.

273 organisations benefited from this initiative in 2010. The budget for 2009-2011 was 8.825 million euros (3.2 million euros in 2010 and 5.625 million euros in 2011).

Financial resources earmarked for SMEs (2009-2011): 8.8 million euros

8.7 Subsidies for training and skill-building

8.7.1 INNCORPORA sub-programme

The INNCORPORA sub-programme, launched in 2010 and managed by the Directorate-General of Technology Transfer and Entrepreneurial Development of the Ministry of Science and Innovation, aims to provide incentives for the hiring of staff by companies, technological centres, business associations and scientific and technological parks to take part in specific industrial research projects, experimental development or prior technical feasibility studies.

This programme combines hiring grants with subsidised training courses in innovation management, and comprises several lines of action.

This call matches the aims of the innovation policy foreseen in the Social and Economic Agreement for Growth, Employment and Pension Guarantees. The grants can be co-financed with ESF resources.

INNCORPORA aims to foster modernisation and innovation in the business sector, placing special emphasis on SMEs, which enjoy favourable conditions in the call's evaluation criteria. From its initial launch, this programme has had a budget of 706 million euros, around 88 % of which was taken up by SMEs.

Financial resources earmarked for SMEs (2009-2011): 621 million euros

8.7.2 Avanza Training call

The grants under the Avanza Training call, aimed at ICT workers in SMEs, provide support to general training projects and actions in telecommunications and information technologies.

799 projects were approved in the period 2006-2010, with total mobilised funds of 307.3 million euros, of which the MITYC provided 142.7 million euros. 750,000 students were trained during the period 2006-2010, which is an average of 150,000 students per year.

Budget (2009-2011): 75.7 million euros ³⁹

³⁹ The 2011 budget for this sub-programme is 20 million euros, 10 million euros of which correspond to European returns. The amount of funds provided by the MITYC executed up to 2009-2010 is 55.7 million euros.

8.8 Subsidies for the participation of SMEs in innovative groupings and consortia

8.8.1 Support programme for *Agrupaciones empresariales innovadoras* (AEIs - innovative company clusters)

This programme, developed by the Directorate-General for SME Policy, was set up in 2007 to foster the setting up and/or strengthening of business clusters and help companies, particularly SMEs, to face the challenges of innovation, company management, logistics, technological development and internationalisation.

The participation of SMEs in these clusters offers them the chance to take part in high added value initiatives and projects which they would not be able to access alone due to their small size.

Between 2007 and 2009 the programme funded the drawing up of strategic plans to set up clusters. Since then, grants have been awarded only for the lines concerning the working and preparation of proposals to be financed by other programmes (MITYC, MICINN, 7th EU Framework Programme, etc.)

At present, the MITYC recognises 136 of such clusters, which belong to many different sectors, some of the most representative of which are: aeronautics (7), agri food and foodstuffs (9), cars (9), biotechnology (5), energy (8), machinery (6), textiles and footwear (5), ICT (18) and tourism (30). They involve nearly 3,000 companies (90% of which are SMEs) employing more than half a million people, and 250 research and training organisations, etc.

The budget earmarked for this programme from its launch in 2007 was 31 million euros.

Next steps

In 2011, the Ministry of Science and Innovation, through its General Secretariat for Innovation, plans to launch the ERDF – INNTERCONNECTA programme to subsidise R&D projects in consortia, a programme that will allow SMEs to participate in advantageous conditions up to the maximum amounts allowed by the European Commission.

It is also worth mentioning the launch of a new programme, called INNPRONTA, with a budget of 120 million euros, oriented to funding large research consortia, with a minimum of 15 million euros over 4 years, in extremely attractive conditions for small companies, which will be able to opt for equivalent subsidies of more than 47%.

8.9 Subsidies for equal opportunities in companies and corporate social responsibility

8.9.1 Programme to implement a service providing support to the design and execution of equal opportunities plans in companies

The Secretary of State for Equal Opportunities provides advice, training and technical assistance to companies for designing and implementing equal opportunities plans in companies and other measures to promote equal opportunities. This line is open to companies, organisations and institutions of all sizes, preferably to SMEs.

Budget (2009-2011): 546,600 euros

8.9.2 Programme of grants to small and medium-sized enterprises for designing and implementing equal opportunities plans

To encourage the design and implementation of equal opportunities plans in small and medium-sized companies, there are calls for grants by competitive tendering, up to a maximum of 10,000 euros per organisation, to pay fully or partially the costs of designing and implementing them. To save costs in 2011, applications may be submitted electronically.

In the period 2008-2010, grants were awarded to 337 companies with workforces of between 30 and 250 people.

Budget (2009-2011): 2.4 million euros

8.9.3 Programme to reward companies applying outstanding equal opportunities policies

In 2010 the first annual call was held of the “Corporate Equal Opportunities Label”, set up to reward companies with an outstanding track record in the application of equal treatment and equal opportunities policies among the workforce. This label may be used by the company in its advertising and commercial traffic, and has been very well received throughout the Spanish business sector. The call has paid special attention to the size of companies and specifically to the special characteristics of small and medium-sized companies. 599 applications were submitted to the call in 2010 from companies of all sizes, and 39 entities were awarded the label. 31% of them were SMEs. In terms of the sectorial distribution, 63.8% of the winning companies belong to the services sector, 33.4% to the industrial sector – including building -, and the rest to the primary sector.

8.9.4 Initiatives to foster the incorporation of Corporate Social Responsibility in SMEs

a) CSR-SME initiative

The CSR-SME initiative set up in 2010 by the Directorate-General for SME Policy of the Ministry of Industry, Tourism and Trade aims to bring the concept of corporate social responsibility specifically to small and medium-sized companies, raise their awareness as to the importance of incorporating this principle into their company practices, and make them realise the competitive advantages to be gained from managing it in a strategic way.

Among other activities, the programme subsidises the drafting of sustainability reports/statements, and the implementation of CSR management systems, as well as the creation or application of specific methods and tools to achieve this goal.

The 2010 call led to the approval of 24 projects with a total of 797,856 euros awarded, with direct benefits for 511 small and medium-sized companies from all over Spain.

b) ICO CSR actions for SMEs

The ICO is a benchmark organisation for Spanish SMEs and can therefore be a push factor for the values and principles of social responsibility in them. To spread these values, it signed an agreement in 2009 with a financial institution specialised in corporate social responsibility to prepare annual sustainability reports for SMEs interested in showing their stakeholders what efforts they have made in this field.

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The project aims to disseminate CSR practices as a way of bolstering competitiveness in SMEs using a simple and accessible tool allowing them to report their economic, social and environmental efforts. By taking part in the project, small companies were able to train, learn more about and take a stance on CSR issues, and were able to perform self-assessment to improve their performance.

The initiative was very well received and 1,114 SMEs had their annual report drafted by the ICO that year. The success of the initiative led to the signing of another cooperation agreement in 2010, through which 1,006 SMEs published their reports.

2,120 sustainability reports have been published in the two years since the initiative began, and have proved to be the most successful channel for reporting on companies' CSR efforts worldwide.

c) CSR measures covered in the Law on the sustainable economy

The Law on the sustainable economy also includes promotion of corporate social responsibility (article 39). Public Administrations will follow a social responsibility promotion policy, spreading existing knowledge and best practices and stimulating the study and analysis of the effects of social responsibility policies on business competitiveness to encourage companies, organisations and public or private institutions, particularly SMEs and individual companies, to incorporate or build social responsibility policies.

In particular, the Government will provide a series of characteristics and indicators for self-assessment in social responsibility matters, and reporting models or references in accordance with international standards in the matter.

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One important aspect is that any company may ask to be recognised as a socially responsible organisation in accordance with the conditions set by the State Corporate Social Responsibility Board, to which the Government will provide the necessary resources for it to perform this task.

In the area of CSR, the State Corporate Social Responsibility Board will set up a working group on "Promoting social responsibility" to meet the terms of Article 39 of the Law on the sustainable economy. The group will hold its first meeting on 27 June next.

Short description of the eighth principle

Aim	Promote the upgrading of skills in SMEs and all forms of innovation
Lines of action	<ol style="list-style-type: none"> 1. Subsidies for specific innovation for SMEs. 2. Subsidies for the competitiveness of the ICT sector. 3. Subsidies for the competitiveness of strategic industrial sectors. 4. Subsidies for the competitiveness of the cultural and contents industry. 5. Subsidies for training and skill-building. 6. Subsidies for the participation of SMEs in innovative groupings and consortia. 7. Subsidies for equal opportunities and corporate social responsibility.
Ministries that were involved	<ol style="list-style-type: none"> 1. Ministry of Industry, Tourism and Trade. 2. Ministry of Science and Innovation. 3. Ministry of Economy and Inland Revenue. 4. Ministry of Culture. 5. Ministry of Health, Social Policy and Equality.
1. Measures with economic impact	<p>Subsidies for specific innovations for SMEs</p> <ul style="list-style-type: none"> - INNOEMPRESA programme. - Subsidies provided by the CDTI (Centre for

Industrial Technological Development).

- Jeremie Guarantees Fund.
- Network of R&D+i Information points (PIDI network).
- INNPACTO programme.

Subsidies for the competitiveness of SMEs in the ICT sector

- Avanza Competitiveness (R&D+i).
- NEW (No Company Without a Website) programme).
- Demonstrator Centres Project.
- Networked Companies Project.
- Agreements with Autonomous Communities to incorporate the ICTs into SMEs.
- ICO-Avanza Plan funding line.

Subsidies for the competitiveness of strategic industrial sectors

- Support programme to strategic industrial sectors.

Subsidies for the competitiveness of SMEs in reindustrialisation

- Reindustrialisation programme.

Subsidies for the competitiveness of SMEs in the commercial sector

- Plan for improving the productivity and competitiveness of trade.

Subsidies for the competitiveness of the cultural and contents industry

- 2nd cultural industries promotion plan.

Subsidies for training and skill-building

- INNCORPORA sub-programme.
- Avanza Training call.

Subsidies for equal opportunities in companies and corporate social responsibility

- Programme to implement a service providing support to the design and execution of equal opportunities plans in companies.
- Programme of grants to small and medium-sized enterprises for designing and implementing equal opportunities plans.
- Programme to reward companies applying outstanding equal opportunities policies
- CSR-SME initiative.

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Total financial resources mobilised (2009-2011)	More than 4 billion euros
Next steps	<ul style="list-style-type: none">- ERDF-INNTERCONNECTA programme.- New programme called INNPRONTA.- There will be a 20% increase in the advance payment of the budget approved for all SME aids granted by the CDTI.- Exemption from lodging deposits and guarantees during 2011 for innovative SMEs.

Ninth principle of the SBA

Enable SMEs to turn environmental challenges into opportunities.

- 9.1. Increasing energy efficiency among Spanish companies, including SMEs**
- 9.2. Promoting the creation and consolidation of companies or new lines of business in activities linked to the environment.**
- 9.3 Fostering ICT solutions in environmental management**

9.1 Increasing energy efficiency among Spanish companies, including SMEs

Spain has a 2008-2012 energy saving and efficiency strategy action plan that includes measures aimed specifically at increasing energy efficiency among Spanish companies, including SMEs. These measures include a programme of grants to strategic energy saving and efficiency projects. Aid to small and medium-sized companies in the period 2008-2010 was 9,355,383 euros.

These actions are brought to bear by the Institute for Energy Diversification and Saving (IDAE), a Public Entrepreneurial Body attached to the Ministry of Industry, Tourism and Trade, through the Secretary of State for Energy, on which it depends within the organisational structure.

9.2 Promoting the creation and consolidation of companies or new lines of business in activities linked to the environment and energy.

The framework is Directive 2006/32/EC, which sets a new regulatory framework for energy end-use efficiency and energy services. The Directive requires public sector bodies to set an example by applying energy saving and efficiency measures and to promote the contracting of energy services.

Within this framework, the Government of Spain, and specifically the IDAE, has been working on its **Strategy to boost the market for energy services companies.**

An agreement of the Council of Ministers of 16 July 2010 led to the adoption of the **Plan to boost the contracting of energy services, (Plan 2000 ESE)**, which aims to provide a push to the energy services market by increasing to 200 the number of consumption centres that should contract an ESE service, including public buildings of the Central State, Autonomous Community and Local Administrations.

Fostering this business requires a legal framework providing safety and stability, improved access to finance for these ESE's and more robust public procurement.

The following finance and aid lines for this company business line are available:

- 1) ICO-Sustainable Economy funding line available for investment projects in energy saving and efficiency and, in particular, investments flowing from the Plan 2000 ESE.
- 2) A financial support line within the Energy Saving and Efficiency Action Plan (PAEE), aimed at companies taking part in the competitive dialogue, available as a premium or payment.

- 3) A line of non-refundable grants, within the PAEE, aimed at investments in energy saving and efficiency measures made in agreement with the contracts signed. The call for this line will be organised by the Autonomous Communities, up to a maximum of 80 million euros which will be transferred to them from the IDAE.
- 4) Specific funding lines for projects on thermal uses of renewable energies in residential use, via ESE's: BIOMCASA programme (8 M€), SOLCASA programme (5 M€), GEOTCASA programme (3 M€) and GIT programme (17 M€).

9.3 Fostering ICT solutions in environmental management

A new aid line was added to the Ministry of Industry, Tourism and Trade's Avanza Plan (Chapter 8) in 2011. These grants are called "Avanza Green ICTs" and are for innovation projects in high priority theme areas: ICT systems and tools for reducing greenhouse gas emissions, involving energy efficiency and smart energy management, and replacing traditional production systems with other, more efficient ones. They also cover the application and ICT systems for electric vehicles. It has a budget appropriation for 2011 of 270 million euros.

Short description of the ninth principle

<p>Aim</p>	<p>Enable SMEs to turn environmental challenges into opportunities</p>
<p>Lines of action</p>	<ol style="list-style-type: none"> 1. Increasing energy efficiency among Spanish companies, including SMEs. 2. Fostering the creation and consolidation of companies or new lines of business in activities linked to the environment and energy. 3. Fostering ICT solutions in environmental management.
<p>Ministries that were involved</p>	<ol style="list-style-type: none"> 1. Ministry of Industry, Tourism and Trade. 2. Ministry of Economy and Inland Revenue.
<p>1. Measures with economic impact</p>	<p>Increasing energy efficiency among Spanish companies, including SMEs</p> <ul style="list-style-type: none"> - 2008-2012 action plan on the energy saving and efficiency strategy (IDAE).

Promoting the creation and consolidation of companies or new lines of business in activities linked to the environment (Plan to increase the contracting of energy services, Plan 2000 ESE).

- ICO-sustainable economy line.
- Economic support line for premium and payment.
- Line for investments in energy saving and efficiency measures.
- Funding lines for thermal use projects.

Fostering ICT solutions in environmental management

- AVANZA "Green ICTs".

Tenth principle of the SBA

Encourage and support SMEs to benefit from the growth of markets.

10.1. SME internationalisation support programme measures

10.2. Support for funding the internationalisation of SMEs

10.1. SME internationalisation support programme measures

10.1.1 Through the Spanish Foreign Trade Institute (ICEX)

The Ministry of Industry, Tourism and Trade provides support for the internationalisation of business, serving 10,000 companies each year through the ICEX. As 99% of the Spanish business sector is made up of small and medium-sized companies, the activities of the Institute essentially serve them. The ICEX 2009-2012 Strategic Plan contains a series of instruments and actions grouped together into four lines of action:

- Increasing the number and quality of export and investment companies going global. Striking examples of this are “Learning to Export” and the “External Promotion Initiation Plan” (PIPE). The PIPE incorporated 782 new companies in 2009 and 778 new companies in 2010. This makes a grand total of 7,500 companies that have developed or are developing this programme since it was launched in 1997.
- Improving all kinds of competitive capacities of small and medium-sized companies that are already exporting and investing by means of other programmes such as internationalisation grants, training programmes, bespoke services, the services of the Foreign Trade Single Advice Centre (CAUCE), the

line international operative management courses for SMEs and advice concerning access to multilateral markets.

- Improving the country's image abroad to help our companies using inverse and sectorial portals, etc.

- Fostering institutional cooperation for internationalisation.

Royal Decree-law 4/2011 of 8 April 2011, on urgent measures to foster internationalisation, has turned the ICEX into a Public Entrepreneurial Body, to allow it to provide faster and more flexible support to attempts by SMEs to internationalise, meeting a growing demand from such companies, which see internationalisation as a possible exit strategy from the current economic crisis.

10.1.2 Plan to internationalise digital economy companies

The plan to internationalise digital economy companies began in 2011 and is run by the ICEX and the Red.es organisation and is a cross-cutting project that provides support to sectorial plans and programmes of both bodies. The agreement signed between both parties envisages training, promotion and revitalisation actions, and efforts to coordinate the dissemination of the International Digital Contents Forum (FICOD) internationally. The 2011 budget for this Plan is of 0.95 million euros.

10.1.3 INNTERNACIONALIZA programme (CDTI)

In 2011 the CDTI launched a new instrument to support the internationalisation of SMEs: INNTERNACIONALIZA. This programme finances comprehensive internationalisation plans for small and medium-sized companies by awarding zero-interest loans with a non-reimbursable tranche of 15% of the aid disbursed, a ten-year amortisation and two-year grace period.

Eligible expenditure relates to protection of industrial property and the hiring of advisory services and support to innovation for the internationalisation of their technology. The 2011 budget for the programme is 6.5 million euros.

10.1.4 Identifying trade barriers in third countries

The Secretary of State of Foreign Trade has a Trade Barriers Portal (www.barrerascomerciales.es/), through which it works to improve access to third markets in which there are tariff and particularly non-tariff barriers. These barriers are analysed and communicated, working bilaterally and multilaterally, to remove them. The portal received 21,132 visits in 2009 and 325 barriers were identified. In 2010 there were 39,994 visits and 355 barriers were detected.

The economic and commercial foreign offices take part in the Market Access Teams, which specialise in a particular sector along with the European Commission, the other Member States and interested companies.

10.2. Support for funding the internationalisation of SMEs

10.2.1 Financing internationalisation

- Company Internationalisation Fund (FIEM). Law 11/2010 of 28 June 2010, on the reform of the system of financial support to the internationalisation of Spanish companies, set up the Company Internationalisation Fund (FIEM) to support the internationalisation of Spanish companies, paying special attention to small and medium-sized companies.
- FAD-SME line. 2008 saw the adoption of the FAD-SME credit line under the FAD for funding foreign customers of goods and services supplied by Spanish SMEs, with a budget of 40 million euros. Once the funds had run out, the significant demand for funding of SME internationalisation projects led the Council of Ministers to adopt a 55 million euro extension in December 2009 (FAD-SME II line).

10.2.2 Spanish Export Insurance Credit Company (CESCE)

The Export Boosting Measures Package, approved on 23 January 2009 in the Council of Ministers as part of the Plan to Stimulate the Economy and Employment of Spain (Plan E), included adding some flexibility to the export credit insurance provided by the State and managed by CESCE.

Article 9 of Royal Decree-Law 6/2010 of 9 April 2010 concerning measures to foster economic recovery and employment added a first additional provision to Law 10/1970 of 4 July 1970 to change the export credit insurance scheme, empowering CESCE to extend coverage to exports in the form of guarantees.

CESCE-SME support. The State facilitates the entry of Spanish companies into export operations by covering political and commercial risks in export credit.

This credit insurance is administered by the State via the Spanish Export Insurance Credit Company CESCE, which offers products to cover exporters' needs. CESCE has signed several agreements with business associations and Chambers of Commerce to streamline export operations for small and medium-sized companies.

10.2.3 COFIDES

COFIDES is a company set up in 1988 with public and private capital to finance projects in emerging economies or developing countries in which Spain has an interest.

Its purpose is to foster the internationalisation of Spain's companies and economy and to contribute to the economic and social development of the countries receiving the investments.

Over more than 20 years, COFIDES has approved a total of 507 investment projects in more than 65 different countries, in which it has committed more than 1.4 billion euros.

In the area of small and medium-sized companies, COFIDES manages a specific State fund called FONPYME (Fund for Small and Medium-sized Enterprise Foreign Investment Operations). This Fund makes it possible to finance private sector investments abroad through equity capital or quasi-capital instruments up to a ceiling of 4 million euros and a minimum of 250,000 euros per operation.

Five projects were approved in 2009 from FONPYME resources to the tune of 5.28 million euros, while in 2010 there were ten further projects located in nine different countries for a total of 7.39 million euros.

The accumulated budget of the Fund at 31 December 2010 was 45 million euros, which was the same level as 2004, as no additional appropriations had been made in the interim.

The FONPYME's overall portfolio of projects at 31 December 2010 was valued at 13.14 million euros, an increase of 50% year on year.

At the end of 2009 the Fund had financed 37 projects to the tune of 20.59 million euros. At the end of 2010, it had financed 44 projects valued at 25.46 million euros.

10.2.4 Official Credit Institute (ICO) lines

As already stated in the chapter corresponding to principal 6, the ICO - Internationalisation of Spanish Companies line was set up in 2009 with a budget of 200 million euros and offers all companies two tranches of loans, regardless of their size: companies with fewer than 250 workers, and all other companies, with different interest rate characteristics in each tranche.

The International Investment Line was re-established in 2010 to provide interest relief for self-employed persons and SMEs with fewer than 50 employees to help such companies to go global. The loans provided under this line was just over 365 million euros, with a total of 495 operations (an increase of more than 27% year on year), spelling an estimated investment of slightly more than 840 million euros.

In 2011, assistance is still provided to companies for their internationalisation drives through different lines of financial support, some through associated financial institutions, others requested directly from the ICO, and still others claimed through other organisations.

Through associated financial institutions:

- ICO Internationalisation (Point 6.1.1): loans for Spanish companies investing abroad. Up to 10 million euros per customer per year in one or more operations. Amortisation up to 20 years. Preferential interest rates.

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- ICO–ICEX: one line in 2009 with a budget of 100 million euros to finance current expenses of internationalisation projects, which helped to finance 383 projects. In 2010 the line had a budget of 75 million euros and benefited 260 projects. From 2011 onwards, this line also incorporates CERSA, the Spanish Re-guarantee Company, and CESGAR, the Spanish Confederation of Mutual Guarantee Funds. This line, which in 2011 had a budget of 100 million euros, is designed to facilitate access to guarantees issued by the mutual guarantee funds, for operations to finance companies seeking to bolster their international presence, which have been given a positive technical assessment by the ICEX and belong to the ICEX PIPE Club or have subsidies approved under the PIPE programme or any other company programme or project to start production outside Spain. The maximum ICO loan available from the ICEX, via the SGR, is 400,000 euros per operation.

Other types of procedures:

- FESpyme fund (Point 6.2): Direct equity capital quasi-capital participations in the companies to finance their external growth requirements.
- ICO CAF: Loans to finance Spanish companies seeking to invest in the countries belonging to the CAF action area. Minimum 10 million USD. Amortisation up to 10 years.

Future events

Law 2/2011 of 4 March 2011 on the sustainable economy sets new internationalisation policy guidelines to orient public support and management of the company's internationalisation policy, and simultaneously define operations of special interest to the economic and commercial policy. It brings in elements such as brand image, technology transfer or the impact of the company's activity on the environment, which complement the traditional export concept. Article 66 of the Law points out that internationalisation of companies,

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especially SMEs and self-employed workers, will be a priority element of Spanish commercial policy.

Short description of the tenth principle

Aim	Encourage and support SMEs to benefit from the growth of markets.
Lines of action	<ol style="list-style-type: none"> 1. SME internationalisation support programme measures. 2. Support for funding the internationalisation of SMEs.
Ministries that were involved	<ol style="list-style-type: none"> 1. Ministry of Industry, Tourism and Trade. 2. Ministry of Science and Innovation. 3. Ministry of Economy and Inland Revenue.
<ol style="list-style-type: none"> 1. Measures with economic impact 	<p>SME internationalisation support programme measures</p> <ul style="list-style-type: none"> - Through the ICEX (Learning to Export, PIPE, grants, training, CAUCE, on-line courses, advice, etc.). Budget not quantified. - Plan to internationalise digital economy companies. - INNTERNACIONALIZA programme. <p>Support for funding the internationalisation of SMEs</p> <ul style="list-style-type: none"> - FIEM fund. No economic data. - FAD-SME line. - Activity of CESCE. No economic data.

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	<ul style="list-style-type: none">- Activity of COFIDES-FONPYME.- ICO lines (ICO-internationalisation, ICO-ICEX, FES-Pyme, ICO CAF).
2. Measures with no impact on the budget	SME internationalisation support programme measures <ul style="list-style-type: none">- Identifying trade barriers in third countries-- Reform of the ICEX to turn it into a Public Entrepreneurial Body.
Other related principles (chapters)	<ul style="list-style-type: none">- ICO lines (see principal 6).

ANNEX I

MINISTERIAL DEPARTMENTS THAT WERE INVOLVED IN PREPARING THE REPORT

Ministry of Industry, Tourism and Trade

- DG for Small and Medium-Sized Enterprise Policy
- DG for Trade and Investment
- DG for Internal Trade
- DG for Industry
- DG for Telecommunications and the Information Society
- Spanish Patent and Trademark Office (OEPM)
- Institute for Diversification and Energy Saving (IDAE)

Ministry of Economy and Inland Revenue

- DG for Economic Policy
- DG for State Heritage
- DG for Taxation
- Official Credit Institute
- Comptroller General of the State Administration (IGAE)

Ministry of Science and Innovation

- DG for Technology Transfer and Entrepreneurial Development

Ministry of Labour and Immigration

- State Public Employment service

Ministry of Education

- DG for Vocational Training
- DG for Attention, Participation and Employability of University Students
- DG for Territorial Assessment and Cooperation

Ministry of Culture

- DG for Cultural Policy and Industries

Ministry of Health, Social Policy and Equality

- DG for Equal Opportunities in Employment and Fighting Discrimination
- Youth Institute

Ministry of the Environment and Rural and Marine Affairs

- DG for Food Industries and Markets

Ministry of Justice

- DG for Modernising the Justice Administration

Ministry of Territorial Policy and Public Administration

- DG for Administrative Organisation and Procedures
- DG for Fostering Electronic Administration

Ministry of Defence

- DG for Economic Affairs

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Ministry of Foreign Affairs and Cooperation

- DG for General Affairs and Coordinating Policies of the Treaty on the Functioning of the EU

Prime Minister's Economic Office

ANNEX II

LEGISLATIVE INITIATIVES AFFECTING SMES REFERRED TO IN THE REPORT

Laws

1. Organic Law 2/2006 of 3 May 2006, on Education (LOE)
2. Organic Law 4/2007 of 12 April 2007 amending Organic Law 6/2001 of 21 December 2001, on Universities.
3. Law 41/2007, amending Law 2/1981 of 25 March 1981 regulating the Mortgage Market.
4. Law 11/2007 of 22 June 2007 on the Electronic Access of Citizens to Public Services.
5. Law 20/2007 of 11 July 2007 on the Statute of Self-employed Workers
6. Law 30/2007 of 30 October 2007 on Public Procurement
7. Law 17/2009 of 23 November 2009 on Free Access and Exercise of Service Activities, transposing the Services Directive (Umbrella law).
8. Law 25/2009 of 22 December 2009, amending several laws to adapt them to the law on Free Access and Exercise of Service Activities (Omnibus law).
9. Law 26/2009 of 23 December 2009 on General State Budgets for 2010.
10. Law 1/2010, amending law 7/1996 of 15 January 1996 on the organisation of Retail Trade.
11. Law 6/2010 of 24 March 2010, amending the recast text of the Law on Environmental Impact Assessment.

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12. Code of Civil Procedure under Royal Decree-Law 6/2010 of 9 April 2010 concerning Measures to Foster Economic Recovery and Employment.
13. Law 15/2010 of 5 July 2010 amending Law 3/2004 of 29 December 2004 on Measures to Combat Late Payment in Commercial Transactions.
14. Law 34/2010 of 5 August 2010, amending Laws 30/2007 of 30 October 2007 on Public Procurement; 31/2007 of 30 October 2007, on Procurement Procedures in the Water, Energy, Transport and Postal Services Sectors, and 29/1998 of 13 July 1998 regulating the jurisdiction of the Administrative Courts to adapt to the Community regulations of the first two.
15. Law 2/2011 of 4 March 2011 on the Sustainable Economy.
16. Law 5/2011 of 29 March 2011 on the Social Economy.
17. Law 14/2011 of 1 June 2011 on Science, Technology and Innovation.

Draft legislation

1. Draft Law on Insolvency.
2. Draft Law on Measures for Facilitating Procedures.
3. Draft Law on Mediation in Civil and Commercial Matters.
4. Draft Law adapting the Law on Public Procurement to the particularities of the safety and defence areas.

Royal Decree-Laws

1. Royal Decree-Law 2/2008 of 21 April 2008 on measures to foster economic activity.
2. Royal Decree-Law 3/2009 of 27 March 2009 on urgent taxation, financial and bankruptcy measures in the light of the economic situation.
3. Royal Decree-Law 5/2009 of 24 April 2009 on extraordinary and urgent measures to help local organisations to settle outstanding debts with companies and self-employed persons.
4. Royal Decree-Law 5/2010 of 31 March 2010 extending the validity of certain temporary economic measures.
5. Royal Decree-Law 6/2010 of 9 April 2010 on measures to foster economic recovery and employment.
6. Royal Decree-Law 13/2010 of 3 December 2010 on actions in the areas of taxation, labour and liberalisation to foster investment and job creation.
7. Royal Decree-Law 1/2011, of 11 February 2011 on urgent measures to promote the transition to stable employment and professional requalification of unemployed persons.
8. Royal Decree-Law 5/2011 of 29 April 2011 on measures for the regularisation and control of undeclared employment and promoting the refurbishment of houses.

Royal Decrees

1. Royal Decree 395/2007 of 23 March 2007 regulating the subsystem of vocational training for employment.
2. Royal Decree 1975/2008 of 28 November 2008 on urgent measures to be adopted in the economic, taxation and employment areas and access to housing.
3. Royal Decree 1083/2009 of 3 July 2009 governing regulatory impact assessment reports.
4. Royal Decree 1671/2009 partially enacting Law 11/2007.
5. Royal Decree 404/2010 of 31 March 2010 regulating the establishment of a system of reductions in contributions for professional contingencies.
6. Royal Decree 368/2010 of 26 March 2010 regulating the specifications and conditions for using the Single Electronic Document (DUE).
7. Royal Decree 1000/2010 of 5 August 2010 on mandatory professional board certification.
8. Royal Decree regulating the working of the Intellectual Property Commission (in the pipeline).