

A REGIONAL PARTNERSHIP FOR INCLUSIVE ENTREPRENEURSHIP

The Red Accent partnership has united business support agencies across the Spanish Basque country to counter the effects of factory closures. The partners have developed imaginative games to encourage a spirit of enterprise, manage an online advice portal, have negotiated cheap loans and offer an aftercare programme that boosts the survival rate of new businesses.

The Basque country has a long tradition of public-private partnerships and one of the most advanced social economy sectors in the world, based on the Mondragón Corporación Cooperativa. Both have proved remarkably successful in dealing with severe industrial restructuring in many of its urban and rural communities by encouraging the creation of new economic activities.

This has involved a two-pronged approach. On the one hand, the Basque government has intervened in a series of strategic and high technology sectors, either directly or through its prestigious regional development agency, the Sociedad para la Promoción y Reconversión Industrial (SPRI). On the other hand, at a local level, the key players have been 23 local development agencies linked into a network, called Garapen, which covers all three provinces of the Basque Country and three-quarters of the population. This is the only regional network for encouraging business creation of its kind in Spain, and is one of the most complete in Europe.

Garapen is the lead partner of an EQUAL project called *Red Accent* (Accent Network). EQUAL not only allowed Garapen to broaden the regional partnership to other actors but also to deepen it. The core of its activities has been to create an IT-based learning platform to share lessons and develop common methodologies for business creation, with a particular concern for young people and women. The platform has also allowed the partners to identify gaps in business support and develop new solutions in areas such as creating an entrepreneurial culture in schools, finance and increasing the sustainability of start-ups.

Their activities are closely in tune with the European Employment Strategy which strongly recommends “*improving awareness of entrepreneurship through the education system*”, “*the introduction of new technologies, for example for information and counselling*” and “*women’s entrepreneurship and the setting up of business by ... young people*”.¹

According to Joseba Azkarraga, the Regional Minister for Employment, Justice and Social Security, “*all the institutions that took part in the EQUAL project – local development agencies, financial institutions, chambers of commerce, non-profit organisations, research centres, provincial governments and the regional government itself – are satisfied with the work. We therefore propose to share the experience with all actors and to transfer what we have learned to the general employment policies of our region.*”

LEARNING NETWORKS

One of the distinctive features of the local development agencies is that they combine under one roof a series of labour supply activities normally associated with employment offices, and other activities focusing on the creation and modernisation of small businesses. Jesús Manzano García, of the Bilbao agency Lan Ekintza, thinks the average split is 50% of activities related to labour market integration, 30% for start-ups and 20% for the modernisation of existing businesses. This gives each agency a bird’s-eye view of the key problems in their local labour

¹ Communication: *The future of the European Employment Strategy (EES) – A strategy for full employment and better jobs for all*, COM(2003)6 final, 14 January 2003

market and allows them to develop new integrated solutions. However, the pressure of day-to-day business and the huge variety in the size of agencies (from 3-4 people to over 90) has prevented them from learning from each other.

EQUAL has allowed a clear transfer of information and know-how from one organisation to another, says Idoia Odrizola from the Urola Kosta agency. *“The large agencies have provided ideas and tools – and the small agencies have as well, but to a lesser extent. They have been able to learn”*. Before this initiative, Garapen worked mainly to improve relations with external organisations and there was little joint activity.

POOLING RESOURCES

Elisabet Urbietta, the EQUAL project co-ordinator, says the partnership works at two levels: firstly at the level of the local development agencies in Garapen, and secondly in terms of a looser network of stakeholders which can influence the opportunities for entrepreneurship over the entire region. The systematic steps that they followed are a good example for business creation partnerships in other European regions.

First of all the agencies put all their own tools and methodologies for business support on the table. To develop the levels of trust required for people to do this is in itself no mean feat. Elisabet Urbietta says that *“genuine networking not only means a different way of working within each organisation taking part, but also a new spirit of co-operation between them”*. Through a series of joint meetings Accent was able to develop an inventory of 18 different support methodologies.

The different methodologies were then organised into a menu for each of four different stages of setting up and consolidating a firm. The methodologies and comments on them are available to all the members on a common intranet, which is constantly being updated.

For example Lan Ekintza, the Bilbao agency, developed a successful programme for bringing out business ideas among unemployed people. Aitziber Aldazabal attended one of the sessions, after being out of work for six months. *“The seminar allowed me to look at things for an angle,”* she says. *“It helped me to open up new avenues and explore other lines of products and services.”* She is now working up her business plan for a company to provide alternative therapies.

The next step was to train a group of trainers to transfer the successful methods from one agency to another. Continuing with the example above, a person from Lan Ekintza trained all 22 agencies on how to carry out their programme for developing business ideas among the unemployed. Maider Ibarbia, the co-ordinator of the Enpresagune Business Centre, says: *“all of us involved in supporting new business initiatives know that supply is far greater than demand. That is why we have to ensure that the products and services developed by our student entrepreneurs have an element of originality and incorporate elements which their clients are prepared to pay for.”*



Business counselling in progress

After this, some of the agencies carried out pilot projects to test the effectiveness of the methods developed by one agency in their own local area. Each agency basically piloted the tools most adapted to the needs of its local entrepreneurs. However, most focused on the early stages of creating a business culture and on the later stages of consolidating start-ups. Nearly 700 potential entrepreneurs were involved in these tests, most of whom were women.

ON LINE ADVICE

Next, the partners started to provide a series of joint services for the whole region. For example the network jointly developed the Basque government's internet portal for entrepreneurs² and provides a system of on-line business support and advice. The portal is organised into three sections: resources and information; start-up advice; and entrepreneurship on line. It receives about 4,000 visits per month.

The site allowed Garapen to launch the first on-line initiative to improve entrepreneurship skills in the Basque region. One hundred and seven participants took part in this programme leading to the creation of 65 companies.



Jon Félix Urigoitia

The Red Accent project also highlighted the fact that many potential entrepreneurs living in rural areas or who had poor access to transport found it difficult to get to the offices of the local development agencies. So they developed a system of on-line business advice. A network of business advisers answer all questions put to them within a maximum of 48 hours. During the first 8 months, 290 people received on-line advice, of whom 47% were women.

Jon Félix Urigoitia says: *"I had a business idea in my head but I did not know how to put it into practice. I heard on the radio news that there was going to be an on-line course on business creation. When I started I thought that the most difficult thing would be to raise the money, but I soon realised that the most important thing was to ensure that I had a distinctive product that satisfied my clients. The course taught me about the different aspects of running a business like marketing and accounting. Now my business is under way and I use the computer to communicate with several of my suppliers".*

TOOLS THAT REACH THE PARTS OTHER BUSINESS SUPPORT CAN'T REACH

The actions above have helped the partners to become more aware that improving what goes on *inside* the development agencies is only one small part of the equation leading to business creation. Entrepreneurship in any region depends upon a wider culture of entrepreneurship, shaped by many other actors. According to Elisabet Urbieta *"Without the project it would have been far harder to establish contacts with other institutions. It allowed us to form a series of strategic alliances which increased our ability to affect the general conditions for entrepreneurship."*

The sharing of support methodologies also highlighted the fact that the agencies were generally strong in start-up advice and helping to develop the business plan, but far weaker in the earlier stages of creating an entrepreneurial culture in schools and training centres, and in the later stages of building bridges with the world of finance and post start-up advice.

"Until recently becoming an entrepreneur was considered to be a risky and socially less attractive option," says Elisabet Urbieta. *"Our educational system has focused not on developing an entrepreneurial spirit, but on producing employees for large companies or the public sector. But an entrepreneurial spirit should not just be seen as necessary for creating a new firm but as a general attitude that can be useful in daily life and in all kinds of professions."* So Red Accent has focused on methodologies that build up the appropriate certain personal qualities. *"We have to teach our young people to be creative and proactive,"* says Ms Urbieta. *"To plan, take initiative, put ideas into practice and take risks. In order to change mind sets we must act at the earliest possible stage at the roots of the education system."*

² www.lanbide.net

Once again different agencies in the partnership spearheaded and tested specific methodologies, which were then applied throughout the network. These included visits to firms by students, creativity workshops, business idea contests and business simulation games. Through partnership with NGOs such as the Red Cross, they have been able to show that these methods work with groups like ethnic minorities. Their activity was not limited to students, but also created training and support material for teachers, as recommended by the European Union's Entrepreneurship Action Plan.

IMAGINATIVE LEARNING MATERIALS

Five imaginative products stand out as aids to students and teachers entering the world of business:

- A comic to kick off discussions among groups of young people learning about starting a business;
- A *Monopoly*-style board game called *Imagine your own company* which takes young people of 14 years and over through the key decisions involved in each stage of setting up a company;
- Two computer games: one called *Aukera+* for primary students and a more complex computer simulation called *Trueke* for 14-18 year olds, which offers more opportunities for practicing the concepts. Both games include imaginative story lines and graphics. One involves a school class setting up a local market in order to raise money to replant a forest that has been burned down, while the other involves going through all the steps required to turn Bilbao into the main wool trading port of the Middle Ages;
- A resource manual for teachers, which guides them through the different practical and theoretical activities envisaged for students in the different phases of creating a business.

These materials were tested on nearly 3,300 students in 42 different schools right across the Basque country. One of the students commented that the materials “*were not only interesting but fun, and helped to clear up many doubts about setting up a business. It is good to see that there are simple ways of finding new ideas and enriching them in a group.*” The high quality of the work has also helped to win teachers over to entrepreneurship education. “*The materials are very attractive. They are in tune with the tastes of our young people and have helped us to raise their interest*”, said one teacher.

CHEAP LOANS

In terms of increasing the viability of firms and building bridges with the world of finance, the network has been able to reach a series of agreements with major financial institutions to provide favourable terms and conditions for all its members. For example, it has negotiated a range of cheap loan and guarantee facilities with three savings banks.

These agreements allow entrepreneurs to obtain loans at a 2-2.5% interest rate for up to ten years with no additional commission. People without collateral are also able to obtain guarantees through a mutual guarantee fund created by Red Accent. People from under-represented groups can also obtain microcredits provided by the Official Credits Institute (ICO) and certain other financial institutions that have signed an agreement with the network. In 2004, 70 % of the start-ups supported by the agencies requested finance through these schemes, and just over 77% of applications were approved.

Finally, another innovation introduced to consolidate newly created firms has been a simple six-hour programme of aftercare and follow-up, which is reported to significantly improve survival rates. So far 228 firms have benefited, and their survival rate is 93%, 7% better than normal.

DP name: Creación de empleo y nuevas tecnologías: claves para el desarrollo territorial (Red Accent)

DP ID: [ES-ES 329](#)

National partners: Basque Government (lead), 2 provincial governments, 8 local authorities or national authority federations, the Basque Women's Institute, Caritas, the Basque Network of Local Development Agencies (Garapen), several individual development agencies and NGOs

Transnational partnership: TCA 1016 – Local Hallmark Network. Partners: IT-IT-G-BAS-013, NL -2001/EQUC/0012, PT-2001-322

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