



Support to SMEs - Increasing Research and Innovation in SMEs and SME Development

Work Package 2

Castilla Y León (ES)

Regional Operational Programme ERDF 2007-2013

Case Study

*Ex post evaluation of Cohesion Policy programmes
2007-2013, focusing on the European Regional Development
Fund (ERDF) and the Cohesion Fund (CF)*

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Regional Operational Programme ERDF 2007-2013

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Quotation is authorised as long as the source is acknowledged along with the fact that the results are provisional.

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LIST OF ABBREVIATIONS

| | |
|-------|--|
| 7FP | Seventh European Framework Programme on R&D |
| ADE | Regional Development Agency in Castilla y Leon |
| AIR | Annual Implementation Report |
| CDTI | Spanish National Centre for Industrial Technological Development |
| CyL | Castilla y Leon |
| CRM | Customer Relationship Management |
| E2I | Spanish National Innovation Strategy |
| ERDF | European Regional Development Fund |
| ERIDI | Regional Strategy on R&D and Innovation 2007-2013 Castilla y Leon |
| ERP | Enterprise Resource Planning |
| ESF | European Social Fund |
| EU27 | European Union 27 |
| GDP | Gross Domestic Product |
| IB | Intermediate Bodies |
| ICEX | Spanish Institute for Foreign Trade |
| ICO | Spanish Institute for Loan Financing (Instituto de Credito Oficial) |
| ICT | Information and Communication Technology |
| INE | Spanish Institute for Statistics (Instituto Nacional de Estadística) |
| MA | Managing Authority |
| NOP | National Operational Programme |
| OP | Operational Programme |
| R&D | Research and Development |
| RDI | Research development and Innovation |
| ROP | Regional Operational Programme |
| SMEs | Small Medium Enterprises |
| TP | Thematic Priority |

1 EXECUTIVE SUMMARY

Castilla y Leon (CyL) is the 7th economy in Spain accounting for a GDP of EUR 53.48 billion in 2013. The growth in Castilla y Leon between 2000 and 2008 has been higher than the average growth of the European economy. In 2000, the GDP per inhabitant of Castilla y Leon was equivalent to 74% of the UE-27 average. In 2009, the value for this indicator was equivalent to 93% of the UE-27. The regional economy is based on traditional industrial activities related to agriculture and the food and beverages processing, as well as on metal manufacturing. New sectors emerge, such as the automotive and aerospace industries, renewable energy and IT sectors. Altogether, the service sectors are most important in terms of employment and number of companies.

The overall number of enterprises in the region is 159,473, whereas 99.93% of the companies have less than 250 employees (159,361). 96.22% of all companies are micro-companies (0-9 employees). Only 1.42% of the CyL companies could be classified as part of high and medium-high technology sectors. In terms of R&D performance, Castilla y Leon is still lagging behind when compared to national and EU averages. However, since the 1990s, the region has made an important progress.

In general, SMEs in Castilla y Leon, like in other Spanish regions, suffer from structural problems. The small size of the companies, low productivity and the reduced level of innovation activities in SMEs, especially in service sectors (retail, proximity services) are the main weaknesses for business development. During the programming period 2007-2013, these structural challenges for SMEs remained widely the same, with the economic and financial crisis adding new problems, such as lack of liquidity, destruction of domestic demand and a more difficult access to funding, which affected also medium-sized and larger companies.

At regional level, the main strategic framework for the ERDF Operational Programme 2007-2013 was the Regional Strategy for Research, Development & Innovation of Castilla y León 2007-2013 (ERIDI). However, not all SME and innovation support measures in the Regional OP were linked (or prioritized) within the ERIDI Strategy and vice versa, only a limited number of activities of the ERIDI Strategy have been co-funded by the ERDF.

The initial total allocation to the ERDF Operational Programme for Castilla y León for 2007-2013 was EUR 1,175 million with a contribution of the ERDF of EUR 818 million. After reprogramming in 2013, the overall allocation was reduced to EUR 1,022.7 million (EUR 818 million from the ERDF). About 36% (EUR 366,151,669) of the overall amount of the Regional OP is dedicated to Business and SME growth and innovation support measures.

The Castilla y León Regional OP 2007-2013 aims to strengthen the links between regional and national RDI players, to promote the application of basic research in industry and new businesses based on knowledge, as well as to modernize and diversify its economy in order to increase growth and create quality jobs. It follows an ambitious intervention logic tackling different intervention areas.

The implementation of the Regional OP is carried out by regional and national bodies. In Axis 1, only regional bodies are involved (Regional Agency ADE) in 2 policy instruments related to SMEs. In Axis 2, there are regional and national bodies involved in many different policy instruments. Altogether, the OP features 23 policy instruments for SME and business support.

The current level of execution - as of 31/12/2014 - indicates a good performance in most cases, achieving an overall execution level of 72.06% for Axis 1 and of 83.97% for Axis 2. However, there are still ongoing changes in certifying projects until the end of 2015.

The main conclusions from the case study are:

In general, the Regional OP is considered effective with regard to outputs. It has been well executed, considering the effects of the crisis (reduction of public national co-

financing¹, lack of private resources to co-finance). The crisis had a significant influence on changes at macro-economic and also at enterprise level. Compared to this magnitude of economic and employment effects, the Regional OP measures had only a minor influence on the regional economy. Overall, it is difficult to say if the Regional ERDF OP had an impact that could at least compensate some of the negative effects of the crisis.

1.1 Strategy

The ERDF OP CyL 2007-2013 strategy clearly responds to the main barriers to innovation and growth faced by the regional SMEs. The ERDF OP is one instrument among others to channel grants, aids and support to regional SMEs and companies, within the regional strategic framework of the *Strategy for Research, Development & Innovation of Castilla y León 2007-2013 (ERIDI)*. The ERIDI represents a strategic underpinning for some of the SME and innovation measures co-financed by the ERDF. The intervention logic of the ERDF OP with its four intervention areas (business growth, RDI, internationalisation, information and internal capacities in SME) is ambitious in a context of limited means to achieve all proposed goals. The Regional OP priorities correspond to the overall regional priorities within the ERIDI 2007-2013, but only a share of all ERIDI support activities is integrated in the Regional ERDF OP².

1.2 Policy Instruments

In the OP, there is a gap between some measures with very high allocation of funds and other very small instruments in terms of funding, making it difficult to compare the effectiveness of policy instruments. Grant schemes or combined grant-loan schemes, i.e. direct support measures, are by far the most relevant instruments within the Regional OP. Among the smaller policy instruments, there are those based on national programmes executed in the region with a relatively small number of beneficiaries and, due to a lack of sectoral or territorial focus, less impact on the overall SME fabric in the region. On the other side, there are small yet focused actions with important service support (also called “support packages”), implemented by the Chambers of Commerce, where an impact on SME attitude and capacities is more tangible, as reported by SME and business sector representatives. Overall demand from final recipients and absorption of funds is rather high, showing the actual relevance of the policy instruments.

1.3 Outputs

The SME and innovation support measures of the Regional OP reached about 6% of the regional SMEs. All policy instruments achieved relevant outputs from the beginning or were timely reprogrammed in order to avoid a loss of funds. Despite the effects of the crisis on the number of SME projects, Castilla y León was one of the best performing regions in Spain in relation to output performance in national policy instruments³.

1.4 Achievements

There is evidence that the Regional OP was effective in addressing SMEs key barriers to growth and innovation, especially in the field of business modernisation and growth, as well as in the areas of R&D and innovation (including ICT use) and in internationalisation of SMEs, particularly of micro and small companies. However, the lack of data on impacts makes it impossible to quantify the effects of the individual instruments and of the OP.

¹ Most of the policy instruments (especially national programs) had to face a reduction of their national co-funding so that programs were closed earlier than initially planned. However, some of the reduction effects could be balanced by regional public funding. E.g. the Programme INNOEMPRESA was closed already in 2012 (by MINETUR) after elections and reprogramming of national funding. However, it was offered also in 2013 to companies in CyL by ADE with a regional public co-funding.

² Based on information from the interviews for the case study in April and May 2015. E.g. the support to innovative cluster was not included in the Regional ERDF OP after negotiations between the MA, relevant National Authorities and the CyL Regional Government.

³ Information based on data and appreciations from Interviewees at entities in charge of national policy instruments covering CyL but also other convergence, phasing-in and phasing-out regions in Spain, e.g. at the MINETUR (InnoEmpresa Programme), at the Spanish Chamber of Commerce (former National Council of Chambers of Commerce) and the ICEX (Spanish Institute for Foreign Trade).

1.5 Mechanisms

SME and business representatives indicate that direct financial aid alone is not enough to overcome barriers, especially those related to asymmetric information and lack of internal capacity of SMEs, in particular of the most disadvantaged SMEs regarding innovation (micro and small, low-tech, traditional sectors). Here, improvements of the business environment (interface structures and organisations) and permanent contact, service support and assistance (information, events, training, capacity-building, personal consulting, or “combined support packages”) are more effective measures.

1.6 Synergies and overlapping

There are synergies (with national programmes and measures, with ESF measures) which are actively exploited in the field of support to entrepreneurship/start-up support, as well as to business internationalisation. There are also agreements between regional (ADE) and national entities (CDTI) to coordinate the support to RDI in companies. However, the combination with national programmes and of regional and national measures in the Regional OP created some overlapping (support to retail sector, to internationalisation), resting overall effectiveness. This problem has been acknowledged and the new Regional programmes 2014+ will only include measures from regional Intermediate Bodies.

1.7 Leadership in regional support actions

The leadership of the Regional Development Agency ADE and several regional partnerships (also with private sectors) facilitate the efficient execution of measures and present a coherent aid framework towards the final recipients (SMEs, entrepreneurs, etc.). An efficient governance, a clear distribution of competencies among the regional public authorities, and an effective cooperation and coordination among the different Intermediate Bodies of the ERDF OP (and the regional ERIDI strategy) have shown to be critical success factors to enhance the absorption of funding in the region, public and private.

1.8 Good practices in strategic monitoring

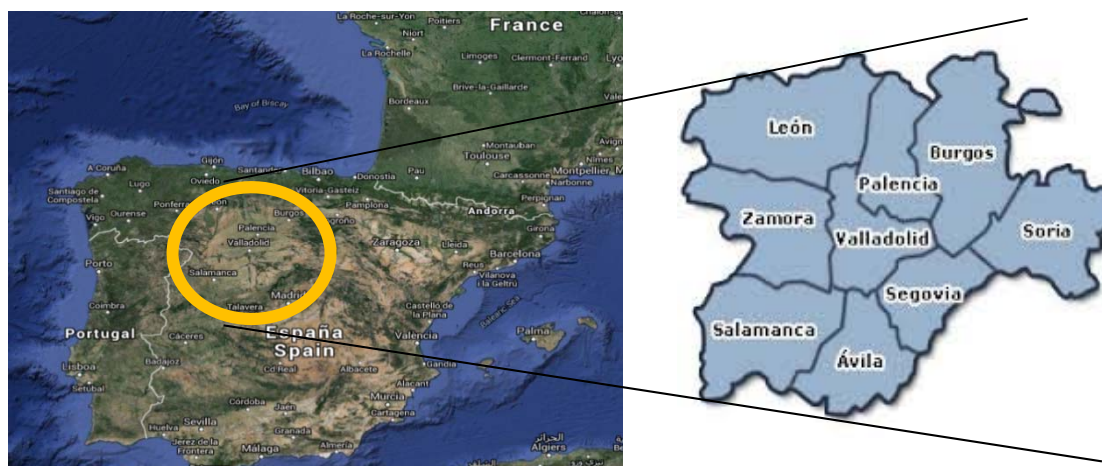
In Castilla y Leon the whole ERIDI Strategy, though not the Regional ERDF OP, was evaluated and up-dated in 2011, facilitating a feedback regarding the mid-term effectiveness of the measures and a reaction on the effects of the financial crisis. Each year, monitoring reports on the implementation of the ERIDI Strategy are published, with detailed information on outputs for each ERIDI Programme. These reports also contain strategic reflections about the rationale of each Programme and the reasons of over- and underperforming of certain measures. There is an important capacity for strategic reflection in the region that is worth to be mentioned and not common for “moderate innovator” regions. However, as an aspect to improve, almost no work has been done so far to analyse the contribution of specific measures to medium- or long term impacts at micro level (SMEs), neither for the ERIDI Strategy nor for the Regional ERDF OP.

2 CONTEXT AND BACKGROUND

2.1 Socio economic context

This section presents the socio-economic context in which the Operational Programme has been designed and implemented. Castilla y León is one of the largest European regions with 94,224 km²⁴, larger than, for instance, Holland, Denmark, Croatia or Portugal. The region embraces nine provinces (NUTS3). Valladolid is the capital of the region. Castilla y León borders in the west with Portugal, in the north, east and south with other Spanish regions. Valladolid is located approximately 200 km north-west from Madrid, the capital of Spain.

Figure 1. Situation of Castilla y León in Spain



Source: Google

Castilla y León has a population of 2.55 million inhabitants (2014). The wide geographical extension with relatively low population density (26.7 inhabitants per km², compared to 472 in the Netherlands and 110 in Portugal) affects the regional urban system, creating several minor population centres.

The predominance of rural areas, many protected natural spaces, as well as important cultural and historic heritage explains the relative importance of activities related to the agro-food and tourism sectors in the region.

Valladolid and the corridor between Valladolid and Palencia concentrate most of the population as well as of the industrial and manufacturing activities in the region. Other important centres of population and economic activity are Burgos, Salamanca and León.

Castilla y León has large peripheral (border and mountainous) areas and highly depopulated zones, factors that directly affect the production structure and economic development in the region.

⁴ Spanish Institute for Statistics INE: www.ine.es

Table 1. Most relevant cities in Castilla y Leon

| Cities | Population (INE) |
|------------|------------------|
| Valladolid | 309,714 |
| Burgos | 179,097 |
| Salamanca | 149,528 |
| León | 130,601 |
| Palencia | 80,649 |
| Zamora | 64,986 |
| Ávila | 59,258 |
| Segovia | 54,309 |
| Soria | 39,753 |

Source: Municipal Register INE 2013 *Data from 2011.

Castilla y Leon is the 7th economy in Spain accounting for a GDP of EUR 53.48 billion in 2013. Castilla y Leon has experienced a notable economic growth over the last decades. Until recently, agriculture was one of its most important economic sectors. The modernisation of the economic structure of the region during the 1980s and 1990s is reflected in the loss of significance of the primary sector and the increasing importance of the tertiary sector. The following table shows the evolution of the economic structure in the region:

Table 2. Sectorial distribution of Gross Added Value in Castilla y León in %

| Sector | 1982 | 1990 | 2009 | 2012 |
|---------------------|------|------|------|------|
| Agriculture | 30.4 | 19.9 | 5.3 | 5.8 |
| Industry and Energy | 19.4 | 20.5 | 17.9 | 19.8 |
| Construction | 9.2 | 10.1 | 12.3 | 8.4 |
| Services | 40.5 | 49.5 | 57.3 | 58.8 |

Source: RIS 3 – Regional Innovation Strategy Castilla y León 2014.

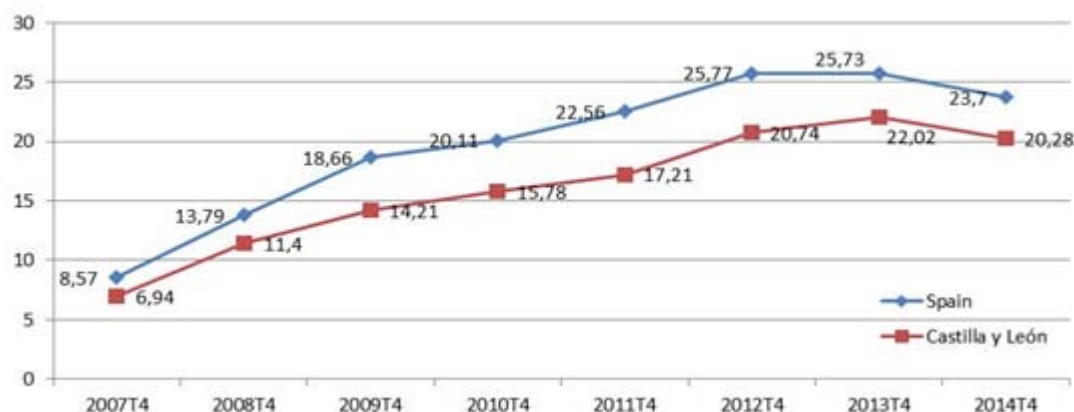
The growth in Castilla y Leon between 2000 and 2008 has been higher than the average growth of the European economy. In 2000, the GDP per inhabitant of Castilla y Leon was equivalent to 74% of the UE-27 average. In 2009, the value for this indicator was equivalent to 93% of the UE-27⁵. Due to this growth, Castilla y Leon, a former Objective 1 region in the EU Cohesion Policy, became a “competitiveness and employment” region for the funding period 2007-2013, being classified as a “more developed region” for the period 2014-2020.

However, from 2009 on, the economic and financial crisis affected its economy severely, especially in terms of job destruction. The annual GDP/inhabitant growth rate was positive with average of 7%-8% until 2007. But in 2009 the regional economy shrank by 5%. In terms of employment, regional growth turned negative (nearly -10% in 2009 and -1%/-2% yearly since then) with the subsequent job destruction. Between 2006 and 2013 regional employment declined by 10.8%, far below the European positive growth rate of 2.4%.

However, within the overall Spanish context, Castilla y Leon was not hit as hard as other Spanish regions, due to a less significant dependence on sectors such as construction, manufacturing or tourism.

⁵ Data from EUROSTAT

Figure 2. Unemployment Rate in Spain and Castilla y Leon between 2007 and 2014



Source: Data from INE (EPA Survey). (Figures for the Fourth Quarter of each year).

The region has eight universities, four of them public (Burgos, León, Salamanca and Valladolid) and four private (Catholic University of Ávila, European University "Miguel de Cervantes" in Valladolid, Pontifical University of Salamanca and SEK in Segovia), with research groups of excellence in a range of areas, including veterinary studies, engineering and medicine.

2.2 Regional industrial fabric and SMEs

The regional economy is based on traditional industrial activities related to agriculture and food and beverages processing, as well as on metal manufacturing, all considered traditional industries in Castilla y León. For several years, the region has an important automotive sector. The service sector is more and more the backbone of the economy, supporting other economic activities. The region increasingly build up new knowledge-based sectors such as the aerospace industry, renewable energy and information and communication technologies.

In Castilla y Leon, the industrial sector represented in 2012 18.9% of the regional GDP compared to 16.1% in Spain. That same year, the industrial sector accounted for 134,400 jobs, representing 17.03% of the regional employment compared to the Spanish share of 13.4%. The Castilla y León region is a rather industrialized region in the context of Spain (27% above the Spanish average), although it is still far away from other more advanced industrial regions.

In the regional **industrial fabric**, the manufacturing industry represents nearly 73.4% of the industrial employment. Castilla y Leon has an important industrial sector dedicated to agro-food activities, and nearly 26.6% of total industrial employment is employed in this sector. Other relevant industrial activities are plastics and chemical products (13.8% of industrial employment), metal manufacturing (12.4%) and automotive and components (11.42%).

The overall **number of enterprises** in the region is 159,473, whereas 99.93% of the companies have less than 250 employees (159,361). **96.22% of all companies are micro-companies** (0-9 employees), 52.46% of these are companies without employees. The relative importance of large companies is well below the national average: 0.07% vs. 0.12% in Spain. After a period of constant increase from 1999 to 2008, the number of companies in the region decreased between 2008 and 2014 by 8% (from 173,209 to 159,473), mainly due to the effects of the crisis. However, the mortality rate of companies in Castilla y Leon is one of the lowest in Spain, together with Madrid, La Rioja and Navarra⁶. Most SMEs are concentrated in the traditional sectors. 25.2% of the companies are in the retail sector, which is the most important sector by number of

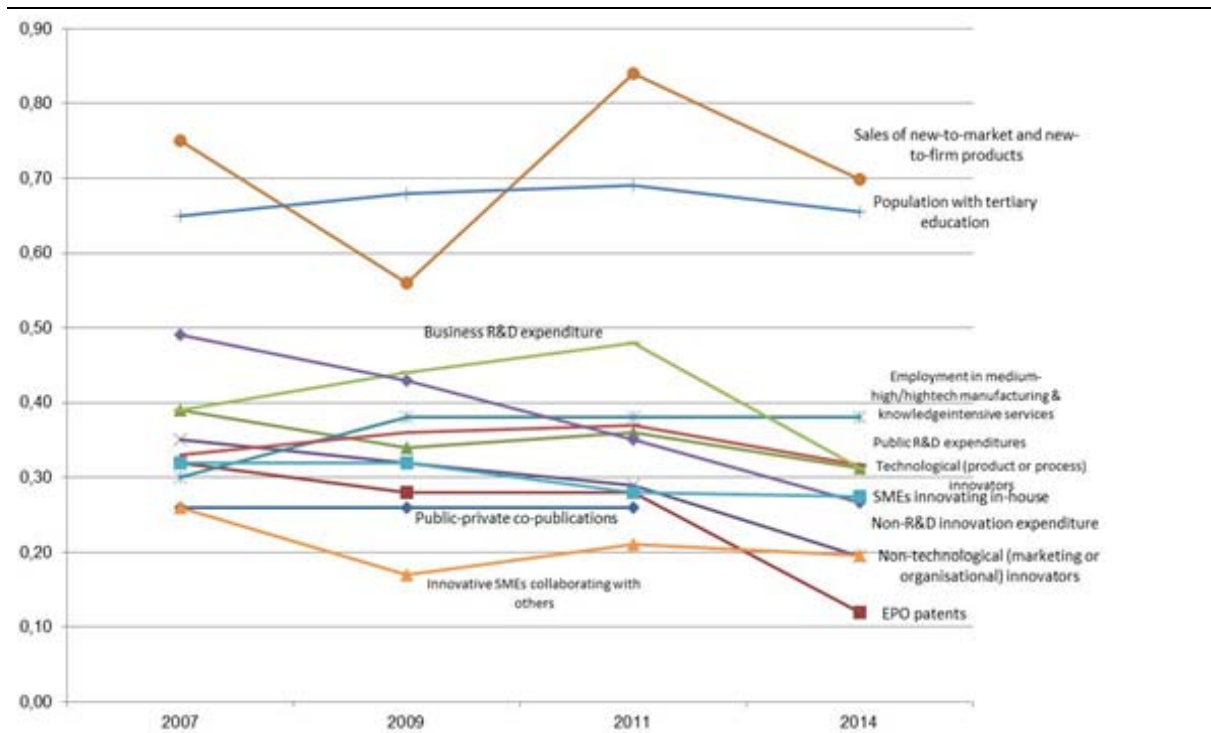
⁶ Ministry of Economy and Tourism and INE, DIRCE (Directory of Companies in Spain) January 2014.

companies. 51.5% are in other service subsectors, whereas only 7.5% are industrial companies⁷.

In 2012, only 1.42% of the CyL companies could be classified as part of **high and medium-high technology sectors** (1.94% in 2005). In Spain this percentage reached 2.33% in the same year (2.91% in 2005). The decrease between 2005 and 2012 shows the effects of the crisis, both at regional and national level. Also, as an effect of the crisis, the **number of technological innovators**⁸ in Castilla y León has decreased from 1,358 in 2009-2011 to 958 in 2010-2012. This is a significant reduction (-27.5%), although it is lower than the national average (-35%). The share of companies with technological innovations in the region has decreased from 17.7% in 2009-2011 to 13.7% in 2010-2012, while in Spain the share has fallen from 18.6% to 13.2% in the same periods. The evolution of the number of **non-technological innovators**⁹ is equally negative. The number in Castilla y León has gone from 1,662 in 2009-2011 to 1,183 in 2010-2012 with a reduction of 28.8%. This implies a decrease in companies with non-technological innovations considerably higher than the national average. In Castilla y León the share of non-tech innovators has fallen from 22.6% to 16.9%, while in Spain it has gone from 24.5 % to 20.5%.

In terms of **R&D performance**, Castilla y León is still lagging behind compared to national and EU averages. However, since the 1990s, the region has made an important progress. Gross Domestic Expenditure in R&D (GERD) grew until 2008 to reach 1.26%, though in 2010 and 2011 there was a setback, attributable to the financial crisis. Castilla y León's GERD in 2012 was 1.12% of GDP (compared to 1.30% in 2012 for Spain) with a 12% increase since 2011. In 2012, thanks to the regional companies' investment effort (with 61.8% of spending on R&D), Castilla y León has started to regain its position in the GERD ranking of Spanish regions, and reached the fifth place, behind the Basque Country, Navarre, Madrid and Catalonia.

Figure 3. Evolution of Innovation Indicators in Castilla y León 2007-2014



Source: Regional Innovation Scoreboard 2012 and 2014.

With regard to the overall **regional innovation performance**, most indicators started at rather low levels and increased until 2007/2008, that is, until the economic and

⁷ Data from Spanish Institute for Statistics INE. DIRCE 2014.

⁸ "No. of companies with technological innovations". Data Spanish Institute for Statistics INE: www.ine.es

⁹ "No. of companies with non-technological innovations". Data Spanish Institute for Statistics INE: www.ine.es

financial crisis started to affect the markets and business performance in Spain. According to the European Regional Innovation Scoreboard, Castilla y Leon is classified as a 'moderate innovator'¹⁰, together with most Spanish Regions. The following trend lines show the overall stable or negative evolution of most innovation indicators in Castilla y Leon since 2009.

In general, SMEs in Castilla y Leon, like in other Spanish regions, suffer from structural problems. The **small size of the companies**, **low productivity** and the **reduced level of innovation activities in SMEs**, in particular in service sectors (retail, proximity services) are the main weaknesses for development. SMEs suffer from a poor connection of the educational system with the productive fabric. There are **few links between public R&D centres with the productive sector**, and **low levels of interaction between smaller companies and research centres** (transfer of knowledge and technology). There is a **limited culture of business cooperation** and a **low critical mass** for investments, as well as **low levels of business internationalisation**. Most micro-companies have difficult access to information on innovation and to innovation funding.

During the programming period 2007-2013, these structural challenges for SMEs remained widely the same, with the economic and financial crisis adding new problems, such as lack of liquidity, destruction of domestic demand and a more difficult access to funding, which affected also medium-sized and larger companies.

These mostly financial problems affected both, private and public entities and led to new threats for SMEs at regional level:

- Decline in private investment, decrease in R&D investment;
- Reduction of budget earmarked for R&D that led to a reduction of public capacities for the support of structures, human resources, and development of initiatives;
- Loss of support structure for R&D due to budget cuts.

2.3 Policy Framework

The main public agent to support SME development and innovation in Castilla y Leon is ADE – *Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León*, the Regional Agency for Innovation, Finance and Business Internationalisation. ADE was created in 1994 as Regional Development Agency. It is attached to the Regional Ministry of Economy and Employment. It collaborates strongly with other public companies that emerged from ADE's work such as IBERAVAL S.G.R. (Regional Guarantee Fund) and ADE CAPITAL SODICAL SCR (Regional Venture Capital Fund). ADE aims to be the main promoter of the development of economic activity and the production system of Castilla y León. The ADE provides companies operating in the region incentives and assistance as well as a range of services in order to promote new business initiatives and to boost modernisation, innovation and competitiveness.

Over the years, ADE has become the **key interface for SME support** in the region, facilitating the integration of regional and national support, as far as this has been possible.

Castilla y Leon has a **strong track record in regional strategic planning** regarding economic development and innovation¹¹. The experience with these strategies and its

¹⁰ European Commission 2014.

¹¹ The region was one of the European pilot regions to develop a Regional Technology Plan in 1998 with support of the EU. Since then, the region applied the strategic approach to strengthen the regional innovation system, as shown by the Regional Strategy for RDI 2002-2006, the Innovative Action LEGITE (2001-2004), the Regional Strategy Regional Scientific Research, Technological Development & Innovation Strategy of Castilla y León 2007-2013, its up-date in 2011, as well as the recently adopted Research and Innovation Strategy for Smart Specialisation (RIS3) of Castilla y Leon 2014-2020.

respective evaluation of outputs and results¹², facilitated the systematic use of a holistic view on the promotion of business development, modernisation and innovation, focussing not only on the SMEs but also on the surrounding environment and necessary interface organisations (Universities, Cluster, Technology Parks, Technology Centres, etc.) to better integrate the whole regional innovation system and make it favourable for economic development.

As a coordinating unit within the Regional Government, the **Regional Commissioner for Science and Technology** was established in 2007. The Commissioner's Bureau is responsible at regional level for coordinating RDI support among the Departments for Economy, Health and Agriculture, as well as between the fields of Science and Research, Business Innovation and Digital Development.

At regional level, the main strategic framework for the ERDF Operational Programme 2007-2013 was the Regional Strategy for Research, Development & Innovation of Castilla y León 2007-2013 (ERIDI). Both, ADE and the Regional Commissioner, as important leaders in the region, developed the strategic underpinning of the regional RDI Strategy¹³, based on analytical information and requests from stakeholders. They gave also a strong impetus for the active implementation of the regional RDI strategy. However, not all SME and innovation support measures in the Regional OP were linked (or prioritized) within the ERIDI Strategy and vice versa, only a limited number of activities of the ERIDI Strategy have been co-funded by the ERDF.

At national level, there are two strategic frameworks that determine the general objectives for actions in favour of SMEs and innovation: On the one hand, there is the **Spanish Strategy for Science, Technology and Innovation** (2013-2020), setting the medium-term goals for RDTI support in Spain. This general strategy is operationalised through the **National Plan for scientific and technical research and innovation** 2013-2016 (and the previous one 2008-2011). The Plan supports research carried out at universities and public research and technology centres, but also offers instruments to support RDI in companies.

On the other hand, and with a greater focus on the business sector, in 2009 was presented the **National Innovation Strategy** (E2I), with the aim of bringing about change in the production model of the country. The initial targets set by the National Innovation Strategy were as follows: to mobilize additional 6.000 million in private research activity (1.9% of GDP); to double the number of innovative companies (40,000 companies); to balance the technological export/import trade-off. However, the economic and financial crisis brought major budget cuts to this national strategy.

¹² The focus of previous evaluations has been generally on the regional strategic Plans on RDI, but less on the overall ERDF Operational Programs or on specific ERDF co-funded measures. In addition, the focus of the evaluations has been more on outputs, relevance, efficiency but less on contribution to impact. Therefore, the evaluations are only of limited value for this case study and evaluation.

¹³ For more information on the ERIDI Strategy, please, see the information in the Annex.

3 ERDF STRATEGY ON SMES

3.1 OP Objectives and priorities

The European Commission approved the ERDF Operational Programme for Castilla y León for 2007-2013 with Decision C (2007) 5925 of 28 November 2007. The initial total allocation to the Programme was EUR 1,175 million with a EUR 818 million contribution of the ERDF. Due to the effects of the crisis on the public budgets, the requirements on national co-financing were reduced, leaving the ERDF amounts the same. The ERDF contribution in Axis 2 was raised from 70% to 80% (in Axis 1, it was 80% from the beginning). After this reprogramming in 2013, the overall allocation to the OP is EUR 1,022.7 million (EUR 818 million from the ERDF)¹⁴.

The ultimate goal of the program is to *"converge with the European Union through economic growth and social development"*. There were four thematic priorities of the ERDF Operational Programme that were relevant for innovation and SME development and growth:

Table 3. Priority Axis and Line of Intervention in the CyL OP 2007-2013

| Priority Axis | Intervention Line/Measure |
|---|---|
| Axis 1. Development of the knowledge economy (R&D + i, Information society and ICT) | Thematic Priority 04: Aid for R&D, particularly for SMEs Allocation: EUR 106.5 million (57.3% of the Axis 1) |
| | Thematic Priority 07: Investment in firms directly linked to research and innovation Allocation: EUR 6.2 million (3.3% of the Axis 1) |
| Axis 2. Entrepreneurial Development and Innovation | Thematic Priority 08: Other investments in firms Allocation: EUR 238.56 million (94.1% of the Axis 2) |
| | Thematic Priority 09: Other measures to stimulate research and innovation and entrepreneurial spirit in SMEs Allocation: EUR 14.86 million (5.9% of Axis) |

Source: ERDF CyL OP 2007-2013. Allocation after reprogramming of the OP in 2014.

About 36% (EUR 366,151,669) of the overall amount of the Regional OP is dedicated to Business and SME support measures. Altogether, the OP features 23 policy instruments for SME and business support as well as 2 instruments that are supposed to have an indirect influence on business development.

Axis 1 (EUR 185.86 million, i.e. 18.2% of the OP) covers not only the 2 TP presented here, but also additional Intervention lines oriented to research infrastructures, technology transfer from Universities and IT infrastructure and services. However, the two Thematic Priorities included in this analysis and oriented toward business RDI represent more than 60% of the funds allocated in the Axis 1 (EUR 112.7 million). Axis 2 (EUR 253.4 million i.e. 24.8% of the OP) dedicated 100% of its allocated funds to the two intervention lines 8 and 9, addressing business development, business growth and entrepreneurial development.

Based on a profound regional analysis in 2007, the Castilla y León Regional OP 2007-2013 aimed to strengthen the links between regional and national RDI players, to promote the application of basic research in industry and new businesses based on knowledge, as well as to modernize and diversify its economy in order to increase growth and create quality jobs.

¹⁴ The reduction of national co-funding and of the overall OP amount during the 2007-2013 period had little influence on the SME and innovation support measures in Axis 1 and 2. Reprogramming of the OP reduced, in particular, funding for larger infrastructure projects and even led to an increase in available funding for SMS and innovation support measures (see Table 5 for more detail). However, some support measures (especially national programs such as InnoEmpresa or the ICEX programs) had to face a reduction of their initially planned budget for the CyL program and, consequently, adjust their expected physical outputs. In general, these were generally rather small instruments with a moderate effect of the adjustments on the overall figures of outputs and results.

3.2 Implementation and reprogramming

The implementation of the Regional OP is carried out by regional and national bodies. In Axis 1, only regional bodies are involved. In the two Thematic Priorities 04 and 07 dedicated to business RDI, only the Regional Agency ADE implements activities.

In Axis 2, as can be observed in the table below, there are regional and national bodies involved. However, the national bodies usually execute measures for all Spanish Regions, including the share that corresponds to Castilla y Leon within this Regional OP. This explains the complex structure of the OP and the sometimes small amounts of some national bodies¹⁵. This means also, that no specific regional strategic action is implemented in these cases, but nation-wide action plans (e.g. ICEX, MINETUR).

It can be observed, that the Regional Agency ADE implements the bulk of the allocated funds with 72.8% of the relevant SME support funds. Only 27.2% correspond to the national bodies and the National Council of Chambers of Commerce who receives the funds at national level but implements them through local Chambers of Commerce in the region.

Table 4. Castilla y Leon ERDF OP 2007-2013 – Allocation per Beneficiary and related Policy Instrument

| Beneficiary of the OP Measure | Allocation 2007-2014 in EUR | Type of instrument |
|---|--------------------------------|--|
| 1.04 ADE (Regional Government) | 106,534,939 | Grants for R&D projects |
| 1.07 ADE (Regional Government) | 6,206,351 | Grants + Complementary Support Services (IT innovation, new innovative companies) |
| 2.08 PYME -MINETUR (National) | 1,250,000 | Interest rate subsidy Infrastructure grant Grants |
| 2.08 MINECO (National) | 1,013,605 | |
| 2.08 MINHAP –Regional Incentives (National) | 70,288,871 | |
| 2.08 ICEX (National) | 5,035,016 | Support for promotion Grants and services Infrastructure Complementary support services |
| 2.08 ADE (Regional Government) | 153,888,010 | |
| 2.08 Soria Town Council | 5,118,080 | |
| 2.08 Council of Chambers of Commerce | 1,960,944 | |
| 2.09 SETSI -MINETUR (National) | 3,780,391 | Grants/Loans Grants |
| 2.09 PYME -MINETUR (National) | 6,234,285 | |
| 2.09 RED.ES (National) | 1,463,659 | Pilot projects and services Loans |
| 2.09 ICEX (National) | 78,395 | |
| 2.09 INCYDE Foundation | 1,837,501 | Infrastructure + services Complementary support services |
| 2.09 Council of Chambers of Commerce | 1,461,622 | |

Source: ERDF CyL OP 2007-2013. PO and Annual Implementation Report 2014. Information from the MA.

There has been some reprogramming of the OP, mainly related to changes of detailed instruments with related financial changes. Although there was no explicit strategic shift in the OP, it has to be considered that the context changed drastically from the initial programming in 2007 (pre-crisis) to 2009 and later, due to the financial and economic crisis that hit Spain very hard and affected both, private and public spending capacity. In fact, the change of the Spanish Government after the elections in 2011, the restructuring of the former Ministry for Innovation, and the austerity plan of the new

¹⁵ The only exception is the “Regional Incentives Programme” from the MINHAP, Ministry for Treasury. These are Investments grants oriented towards disadvantaged areas and sectors in Spain, in line with the approved State Aid legislation. Here, the overall amount is considerably higher as larger investments and growth projects are supported.

Government affected severely the governance of the innovation policy in Spain, the policy mix of the OP, closing some measures and reducing the allocation for others.

Reprogramming in 2013 increased the allocation for all 4 intervention lines. In particular, Thematic Priority 1 benefitted from the reprogramming. After an initial allocation of about EUR 26.8 million for priority 4, its well-performing implementation triggered a reallocation of funds to this thematic priority (currently EUR 106.5 million).

Table 5. Castilla y Leon ERDF OP 2007-2013 – Initial allocation and reprogramming until 2015 (EUR)

| Intervention Line | A Initial Allocation 2007-2013 (2007) | B Reprogrammed Allocation 2007-2014 (2015) | B/A % of Change between initial and 2015 allocation |
|--|--|---|--|
| Axis 1.04: R&D support for companies | 26,788,233 | 106,534,939 | +297.69 |
| Axis 1.07: Investments in companies related to research and innovation | 5,675,106 | 6,206,351 | +9.36 |
| TOTAL AXIS 1 (includes also TP 1.01, 1.02, 1.03, 1.10 and 1.13) | 90,247,232 | 185,858,690 | +105.94 |
| Axis 2.08: Other investments in companies | 205,189,721 | 238,554,526 | +16.26 |
| Axis 2.09: Other measures to stimulate research, innovation and entrepreneurship within SMEs | 13,778,573 | 14,855,853 | +7.82 |
| TOTAL AXIS 2 | 218,968,294 | 253,410,379 | +15.73 |

Source: ERDF CyL OP 2007-2013. PO and Annual Implementation Report 2014.

The current level of execution - as of 31/12/2014 - indicates a good performance in most cases, achieving an overall execution level of 72.06% for Axis 1 and of 83.97% for Axis 2. However, there are still ongoing changes in certifying projects until the end of 2015.

The Managing Authority and the relevant regional beneficiaries declared that, taking into account actual implementation levels, they are confident to be able to achieve at least 100% of financial execution in all Thematic Priorities related to SME and innovation support¹⁶.

¹⁶ Information gathered during the Interviews April 2015.

Table 6. Castilla y Leon ERDF OP 2007-2013 – Level of Execution per Beneficiary

| Beneficiary of the OP Measure | Allocation 2007-2014 in EUR (2015) | Level of Execution in % (certified as of 31/12/2014) |
|--------------------------------------|------------------------------------|--|
| 1.04 ADE (Regional Government) | 106,534,939 | 81.80 |
| 1.07 ADE (Regional Government) | 6,206,351 | 123.91 |
| 2.08 PYME -MINETUR (National) | 1,250,000 | 101.06 |
| 2.08 MINECO (National) | 1,013,605 | 0.0 |
| 2.08 MINHAP (National) | 70,288,871 | 81.32 |
| 2.08 ICEX-MINECO (National) | 5,035,016 | 137.52 |
| 2.08 ADE (Regional Government) | 153,888,010 | 76.13 |
| 2.08 Soria Town Council | 5,118,080 | 29.94 |
| 2.08 Council of Chambers of Commerce | 1,960,944 | 77.99 |
| 2.09 SETSI -MINETUR (National) | 3,780,391 | 151.36 |
| 2.09 PYME -MINETUR (National) | 6,234,285 | 266.65 |
| 2.09 RED.ES (National) | 1,463,659 | 101.38 |
| 2.09 ICEX-MINECO (National) | 78,395 | 350.63 |
| 2.09 INCYDE Foundation | 1,837,501 | 109.96 |
| 2.09 Council of Chambers of Commerce | 1,461,622 | 75.02 |

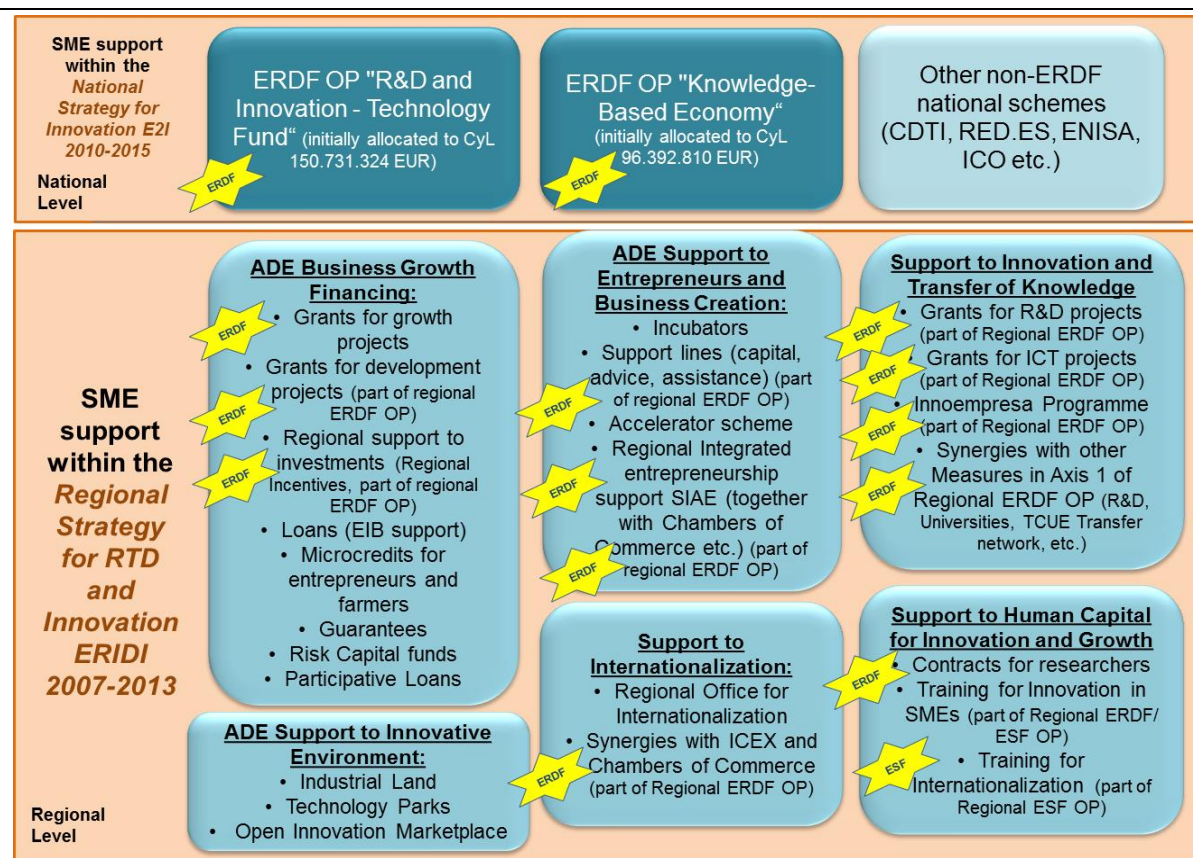
Source: ERDF CyL OP 2007-2013. PO and Annual Implementation Report 2014. Information from the MA.

3.3 Synergies with other OPs and strategies

There are important synergies between this regional OP, the national OP on "R&D and Innovation - Technology Fund" and the national OP on "Knowledge-Based Economy" (public RDI and ICT promotion). Synergies with national and regional public funds are at a high level, since national resources are usually channelled through the OPs, co-financing the European Funding. The national programmes aim at some general weaknesses of SMEs and barriers to innovation that are common to most smaller companies in the transition and convergence regions in Spain (weak cooperation, weak innovation capacity and awareness, weak level of ICT use, weak level of internationalisation activities). The synergies are complex, since national intermediate bodies are intervening in the National OPs but also in the Regional OP.

At regional level, there are important synergies between the SME-support measures of the Regional ERDF OP, other knowledge-oriented measures within the Regional OP (e.g. Thematic Priority 3 aiming at the Universities or Technology Centres to improve their service offer towards SMEs), other support measures from the ADE (e.g. loan schemes with EIB support), and ESF-supported measures. There are synergies with the Regional ESF OP, as they tackle the barriers to innovation related to human capital and training (e.g. Axis 1 in the Regional ESF OP is "Promotion of Entrepreneurship and improving the adaptability of workers, businesses and entrepreneurs aimed to strengthen the skills level of workers, enterprises and entrepreneurs, to promote the stable and quality employment and promote self-employment and social economy").

Figure 4. SME and Innovation Support in Castilla y Leon 2007-2013 – Synergies



Source: Own elaboration based on information from OP, ADE, ERIDI 2007-2013.

The *Regional Strategy on RTD and Innovation ERIDI 2007-2013* helps structuring the support to SMEs and Innovation and dealing with the growing complexity of the Regional Innovation System. It represents the strategic underpinning of the diverse support lines. It helps focusing on specific weaknesses and barriers and to channel national support towards the (geographical and sectoral) areas of strategic interest.

The activities aiming at a wider use of ICT in companies and business are related to the Regional Strategy for a Digital Knowledge Society 2007-2013 which is partially executed through Action Lines within the Regional ERDF OP 2007-2013 (Thematic Priorities 10 and 13).

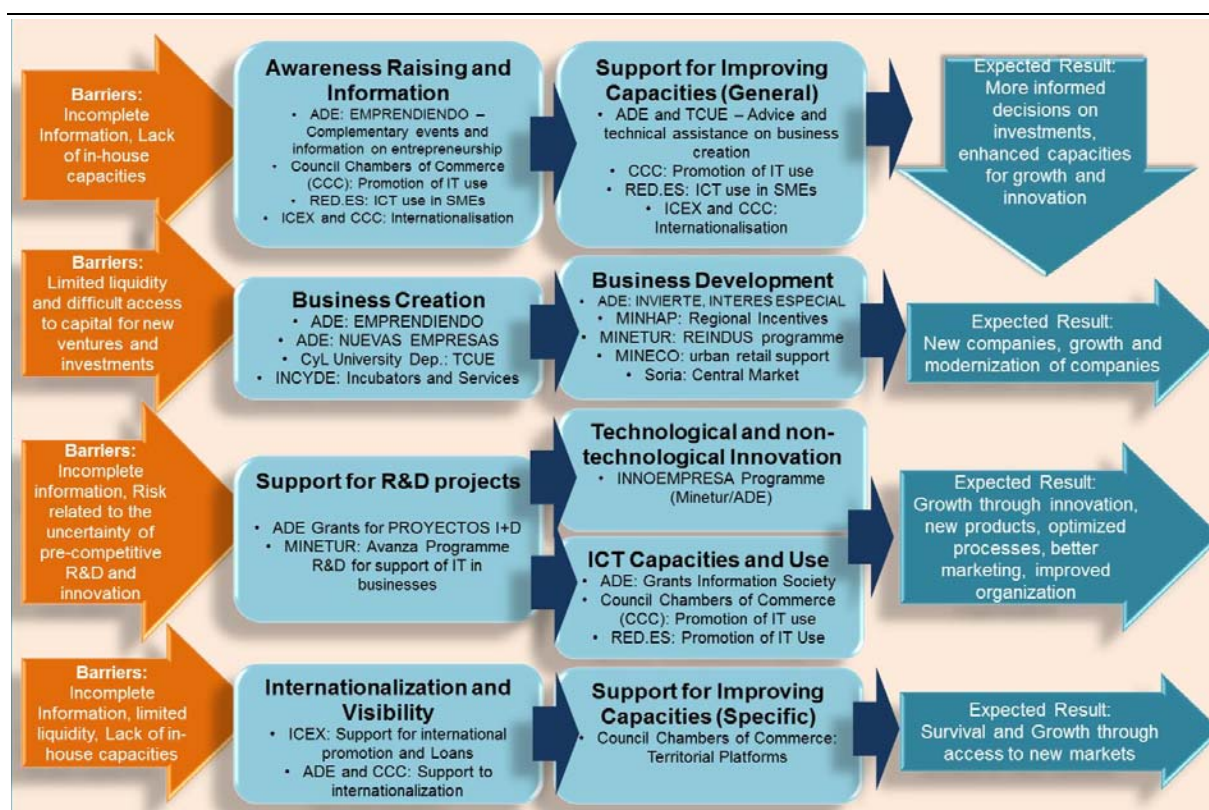
Some measures of the Regional ERDF OP have important synergies with the 7th Research FP, in fact, there is regional and national funding (within the ERDF OPs) to promote and stimulate the participation of Spanish companies and research institutions in the 7th FP.

3.4 Intervention logic

The measures of the OP are expected to have an effect on the R&D and innovation capacity of CyL companies, translated into more effective innovative activities and use of technologies (such as ICT), new products and services, an increased export share, improved and more efficient processes, higher productivity, access to new markets and clients.

As can be observed in the following figure, the Regional OP is structured along four intervention lines, all supposed to contribute to SME growth and development.

Figure 5. Intervention Logic of the Castilla y Leon ERDF OP 2007-2013 measures



Source: Own elaboration.

The first line of intervention aims at supporting **creation of new companies and business development through investments**. This line includes several measures of the 07-13 OP. It tackles the initial barriers of limited liquidity and a difficult access to capital among SMEs to develop major investments for modernisation or growth. These barriers were already important in 2007, but have become real obstacles during the financial crisis in Spain. The expected results are new companies, modernized companies, safeguarded and new jobs in new and existing companies.

The second line of intervention covers the **support to R&D projects, to innovation and to a wider use of ICT** in SMEs. It focusses on low-tech and medium-tech companies, as high-tech companies are more directly addressed by the National Programmes ("Technology Fund" ERDF OP). The initial barriers are incomplete information and innovation management capacities, but also the high risk related to RDI activities and the difficulties to access commercial funding for this kind of projects. The expected results are new and better products, optimized processes, higher productivity, better marketing and, in general, increased sales and reduced costs for the companies. Sometimes the measures in this area are linked up, e.g. the Avanza programme supports R&D projects to stimulate the use of ICT in SME and business.

The third line of intervention covers support activities to **business internationalisation** and the development to specific capacities in this field. Here, again, the initial barrier of incomplete information and a lack of internal capacities shall be overcome. The expected result is a better access to new markets, and a related growth through increased sales.

A fourth, complementary line of intervention is the **support to capacity-building and to enhance knowledge** in SMEs, as there are important barriers based on incomplete information (on innovation, investment opportunities, access to finance, internationalisation) and also a related lack of in-house capacities, due to the reduced number of staff in SMEs, especially micro and small companies. The expected results are better informed decisions on investments and enhanced capacities in SMEs to support development and innovation capacities. This complementary line is related to the

previous three intervention areas, as it tries to enhance the absorption capacity of SMEs which is normally one of the bottlenecks to promote SME growth and innovation.

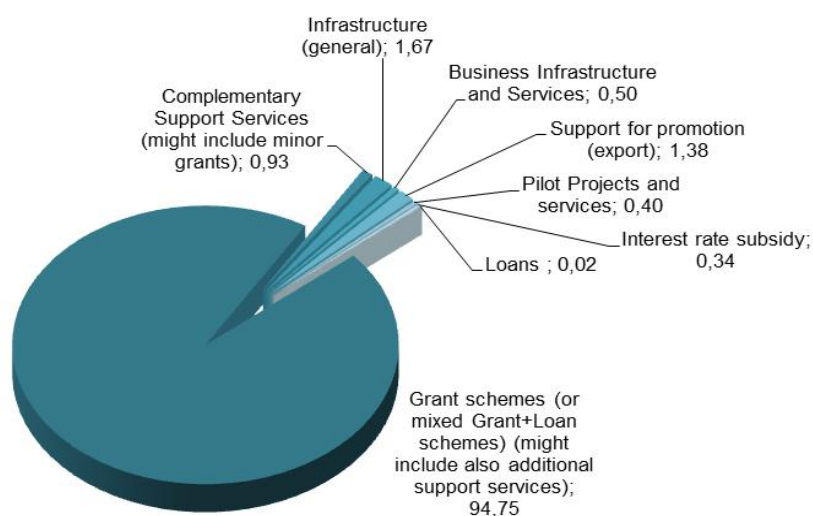
These four intervention lines tackle a wide range of barriers identified in the regional and national context. Therefore, the intervention logic of the OP is considered as adequate, defining relevant and meaningful measures and activities. Nevertheless, there are business representatives and companies pointing out the need for more specific support, attending the gap between R&D support and commercialisation (proof of concept, market entry, etc.)¹⁷.

3.5 Policy mix

The OP promotes a diverse mix of policy instruments that should tackle the multiple barriers to innovation and growth for companies, in particular SMEs.

The OP combines financial incentives (mostly grants and loans) for R&D and innovation projects with more indirect support such as dissemination of information, expert advice, access to incubators and support programmes for entrepreneurs, incentives for investments in small service companies (retail), awareness-raising activities, technical assistance through intermediate bodies and professional consultants, and the support to participate in international markets. In general, the measures try to overcome specific disadvantages, especially for SMEs, to carry out innovative activities and invest in innovation.

Figure 6. Type of policy instruments by financial allocation in % of the OP total (distribution as of 2015)



Source: Own elaboration. Based on information from the MA on Allocation 2007-2014.

As can be observed, almost 95% of the financial allocation corresponds to grant schemes or combined grant-loan schemes, i.e. direct support measures. The other 5% can be divided among the different other types of instruments from infrastructure measures to complementary support services (combined consulting, advice, awareness-raising, technical assistance that might also include minor grants).

By number of policy instruments, the Regional CyL OP features 6 grant or grant+loan schemes (with an emphasis on grants), 2 combined support service packages¹⁸, 2

¹⁷ Information offered by business representatives in Interviews (April 2015). See also a survey to companies in Consejo Superior de Camaras 2013: 63.

¹⁸ The two packages (information, technical assistance, training, financial support) are managed by the National Council of Chambers of Commerce through local Chambers of Commerce and cover each different action lines within two overall thematic fields (internationalisation and use of IT in small companies). However, given the

Infrastructure instruments, 1 Business Infrastructure and Service measure, 1 Support for promotion for export scheme, 1 Combined pilot projects and service scheme, 1 Interest rate subsidy scheme, and 1 minor loan scheme for internationalisation activities.

With regard to the funding available, an important part of the 2007-2013 CyL OP offers direct support (grants) to SMEs and companies. However, in the opinion of various regional players, experience over years has shown that direct financial aid alone is not enough to overcome barriers, in particular those related to asymmetric information and lack of internal capacity of SMEs, in particular of the most disadvantaged SMEs regarding innovation (micro and small, low-tech, traditional sectors)¹⁹. Here, improvements of the business environment and permanent contact and assistance (information, events, training, capacity-building, personal consulting) are important. This improvement of the environment and permanent support in specific areas is the task of intermediary organisations such as Chambers of commerce, ICEX, RED.ES, whose work combines service packages (information, events, training, advice, small grants) or instruments (information + pilot projects). In addition, there is indirect support via cluster organisations (not included in the 07-13 regional OP, but covered through a measure in the National "Technology Fund" OP) and the Technology Transfer Offices of the Universities (TCUE Programme as measure of the Regional OP in Thematic Priority 03²⁰), that should help SMEs to have better access to specific innovation-relevant knowledge and better contacts to potential partners for innovation projects.

Another indirect support (not included in the 07-13 ERDF OP) is the one channelled through the Regional Technology Parks and Centres that are an important tool to offer technological support to SMEs in the relevant sectors in the region. In turn, indirect support through infrastructure measures has been less important in the 2007-2013 OP, as most business support infrastructures have been built earlier and now offer service support.

3.5.1 Target Groups

The policy mix of the measures within this OP in Axis 1 and 2 is orientated towards CyL companies, mainly SMEs. Most measures directly address individual enterprises (or groups of enterprises or company-research partnerships, e.g. in collaborative projects). Some measures are open to all kind of companies (e.g. grant for R&D projects with preference for smaller companies without previous innovation projects). Others are only for SMEs. Most measures are open to all²¹ or multiple sectors (e.g. manufacturing, construction, services, retail and tourism). Some measures address traditional and low-innovative sectors such as retail or urban services (e.g., grants for urban retail and the restoration of the market place in Soria). A few measures address specific target groups such as new entrepreneurs.

In addition, small and medium-sized companies with more innovation capacity, experience in previous RDI projects, and with higher technological intensity are mainly addressed by National Instruments and Programmes managed by the national innovation support organisation CDTI (co-financed by the ERDF through the National "Technology Fund" OP)²².

In general, it can be said that the Regional OP addresses the most disadvantaged companies and their needs regarding innovation and growth (micro and small SMEs). However, many of the most relevant measures address also larger SMEs and even large companies. Generally, the instruments do not have a specific sectoral or territorial focus

small dimension and amount of allocated funds to each action line, they are counted here as two service packages.

¹⁹ Information gathered during the interviews to SME representatives, executing agencies and experts (April 2015).

²⁰ See the information in the Annex on the TCUE instrument for more detail.

²¹ All sectors eligible for ERDF support in the ERDF/state aid framework.

²² There is an agreement between the Regional Development Agency ADE and the national entity CDTI in order to coordinate services and reception of companies, according to their needs.

with regard to target groups. This might have rested effectiveness in eventually reaching the companies that need support most urgently.

In the annex, some exemplary measures, actions and programmes of the Regional OP are presented with more detail in order to show the logic of the interventions.

4 EVIDENCE ON ACHIEVEMENTS

The aim of the present section is to present evidence on the expected or actual achievements.

4.1 *Measuring achievements*

With regard to the Regional ERDF OP Castilla y Leon 2007-2013 and the actions related to SME and Innovation, there are different monitoring and evaluation systems in place: first, the one related to the follow-up and control of the ERDF actions in Spain, based on the IT system FONDOS 2007. All interventions have to be introduced in this nation-wide system. The IT System has to be fed with information on expenditure and physical indicators (outputs) that are part of the OP.

Furthermore, each executing agency also has its own internal monitoring system, however, in rather few cases follow-up analyses of the monitoring data are carried out. The National Intermediate Bodies participating in the Regional ERDF OP usually have their own monitoring system with less detail for each region, as they cover projects in different regions of Spain.

Not all detailed data available is fed into the general ERDF implementation reports, so it is difficult to get a detailed overview on the existing data. Measuring is systematic and continuous, but evaluation and reflection on this information, if any, is carried out internally, not on a regular base and not shared with other executing agencies or with the public²³.

The quality and reliability of the ERDF monitoring system in Spain (FONDOS 2007) is generally high. The information on accomplished physical indicators is introduced by beneficiaries (in this case, by the executing entities) after the completion and certification (and control) of the projects. The IT System allows filling in data earlier (on a rolling base) on physical and financial indicators, but it does not become visible in reporting until the projects have been fully checked during the control processes. This makes the monitoring system reliable, but also it makes it difficult to have definitive information on achievements until after 2015 when also the last projects have been checked.

Another important point is the quality of the ex-ante quantification of expected results for physical and financial indicators. Here, as some managers of intermediate bodies and the MA admit, that precise estimation of meaningful and realistic results on physical indicators was not easy for the 2007-2013 programmes (as this was new to most Intermediate Bodies) and was not achieved in many cases²⁴. This led to a need for reprogramming of expected results, not only because of changes in the overall financial allocation, but also due to inadequate ex ante estimations in some cases.

Overall, the monitoring system of the ERDF Programme is reliable, although it is limited to basic information (output indicators) which makes it difficult to link information on financial execution, physical achievements, implementation types, impacts or characteristics of final recipients for evaluation purposes.

MA representatives stated that the programming process for 2014-2020 with the need to develop a performance framework helped to improve the usability of the monitoring system and the quality and precision of ex ante quantification of expected results²⁵.

However, there is also a second monitoring and evaluation system in place in Castilla y Leon, which has been constructed around the Regional RDI Strategy ERIDI 2007-2013.

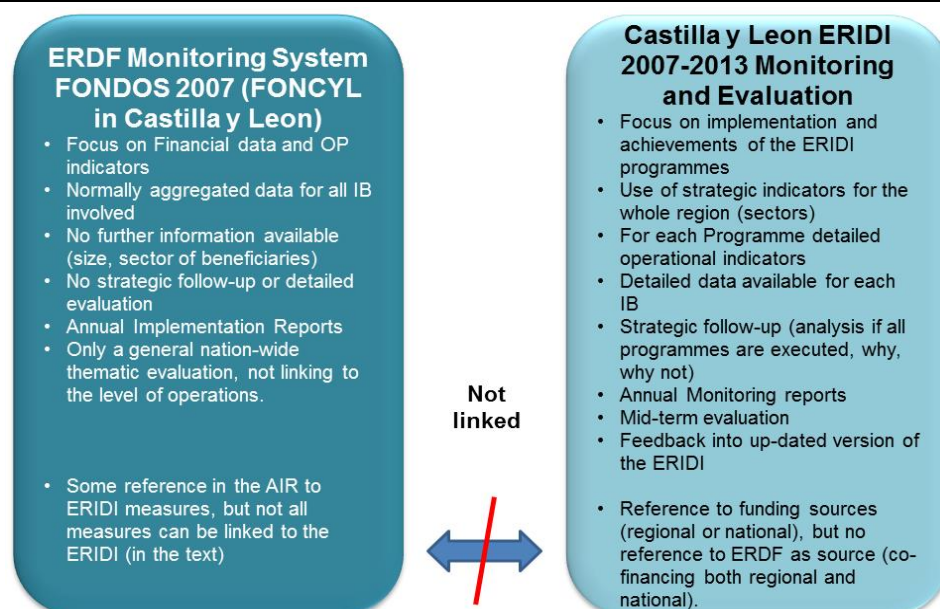
²³ E.g. some agencies such as ICEX or the MINETUR's SME Department do not carry out internal studies or evaluations on their data or on the supported projects. Others, such as the Regional Agency ADE or the National council of Chambers of commerce gather the information and carry out evaluations on their programme or action lines from time to time, although not on a periodic base. This information was gathered during the interviews for this evaluation (April 2015).

²⁴ Information gathered during the Interviews for this evaluation (April 2015).

²⁵ Ibid.

As mentioned before, the ERIDI is the strategic underpinning for most SME and innovation support measures (mainly from regional intermediary bodies – national intermediary bodies follow usually their own strategic planning). Together with the ERIDI implementation, a comprehensive follow-up and reflection mechanism was set up in 2007. It entails yearly monitoring reports on all actions carried out in each of the ERIDI Programmes and a mid-term evaluation in 2010 that led to an up-dated version of the ERIDI in 2011.

Figure 7. Monitoring Systems in Castilla y Leon 2007-2013



Source: Own elaboration based on information from OP, ADE, ERIDI 2007-2013.

In Castilla y Leon, there are three main bodies of monitoring information, normally structured within the ERIDI monitoring system: 1. Regional Development Agency ADE (regarding SME and business innovation), 2. Regional Ministries and Departments (regarding Science and Education, Agricultural SMEs and Health RDI), 3. The CyL Chambers of Commerce. Monitoring reports and evaluations usually focus on efficiency and effectiveness of the single instruments, not on long-term impacts or a comparative analysis of instruments. The level of absorption and the level of accomplishment of the initially defined targets (outputs) are seen as critical success factors.

4.2 Achievements

The information on achievements of the Regional ERDF Op Castilla y Leon is limited to the level of outputs, i.e. the level of physical indicators that have to be reported within the ERDF monitoring system in Spain. In this sense, the **achievements** of the CyL ERDF OP, as of 31/12/2014, are: (more disaggregated data can be found in the annex)

Table 7. Castilla y Leon ERDF OP 2007-2013 – Achievements in Axis 1 and 2 (as of 31 December 2014)

| Indicators | A Target 2007-2013 | B Achieved (31/12/2014) | B/A % of Accomplishment |
|---|-----------------------|-------------------------------|-------------------------------|
| Axis 1. | | | |
| No. of RDTI Projects | 1,248 | 1,281 | 102.64 |
| No. of cooperation projects (companies and research centres) | 1,105 | 1,127 | 101.99 |
| No. of beneficiary companies | 2,270 | 2,322 | 102.29 |
| No. of beneficiary companies with an Environmental quality system | 170 | 139 | 81.76 |
| No. of people employed in supported projects | 9,585.5 | 7,755.36 | 80.91 |
| No. of women employed in supported projects | 2,009.5 | 1,715.08 | 85.35 |
| Private Investment induced (in Mill. EUR) | 459.84 | 377.5 | 82.09 |
| Axis 2. | | | |
| No. of projects (TP08) | 6,008 | 5,454 | 90.78 |
| No. of projects (TP09) | 3,431 | 3,103 | 90.44 |
| No. of beneficiary companies | 11,210 | 10,612 | 94.67 |
| No. of beneficiary companies with an Environmental quality system | 248 | 248 | 100.0 |
| No. of new companies supported | 2,015 | 1,947 | 96.63 |
| No. of beneficiary self- employed people | 2,954 | 1,705 | 57.72 |
| No. of beneficiary self- employed women | 1,414 | 856 | 60.54 |
| Companies assisted in Fairs and other external promotion actions | 503 | 515 | 102.39 |
| No. of people employed in supported projects | 1,509 | 1,005 | 66.60 |
| No. of women employed in supported projects | 263 | 97 | 36.88 |
| Private Investment induced (in Mill. EUR) | 2,848.20 | 1,867.76 | 65.58 |
| No. of jobs created (gross) | 9,739 | 7,518.75 | 77.20 |
| No. of jobs created (gross) (women) | 971 | 1,521 | 156.64 |

Source: ERDF CyL OP 2007-2013. Monitoring System. AIR 2014.

Despite the effects of the crisis on the number of SME projects, Castilla y Leon was one of the best performing regions in Spain in relation to output performance in national policy instruments²⁶.

²⁶ Information based on data and appreciations from Interviewees at entities in charge of national policy instruments covering CyL but also other convergence, phasing-in and phasing-out regions in Spain, e.g. at the

Additional information on impacts and benefits at the level of the final recipients (SMEs, entrepreneurs, business intermediary organisations) is almost impossible to collect, as only very few executing agencies carry out studies to gather data at the level of medium or long-term impacts. And those who carry out studies focus usually on their specific programmes or strategies as a whole, and not on the specific measures or actions that are part of a (or this specific) Regional ERDF OP²⁷.

At national level²⁸, there has been no intent to evaluate the final results or impacts of the Regional CyL ERDF OP 2007-2013 so far. Within the overall Spanish ERDF framework 2007-2013, only some thematic evaluations have been carried out, including, for instance, an evaluation of the Multi-regional Programme on RDI 'Technology Fund'²⁹. The 'Technology Fund' OP is the Programme that complements the RDI support measures in the regional Spanish programmes – focussing on the more advanced companies with more ambitious RDI support measures. Although the evaluation analysed the impacts of the OP at company level, it seems not justified to translate the results of this evaluation directly to the CyL Regional OP. However, as complementary evidence, the conclusions of the study are presented in the annex.

At regional level, as explained above, the monitoring and evaluation efforts are focussed on the Regional ERIDI Strategy and not on the Regional ERDF OP which co-finances rather few ERIDI actions. On the contrary, the Regional OP contains also actions that are not linked to the ERIDI (interventions of the national executing agencies). So, it is also not appropriate to link the Intermediate Evaluation of the Regional ERIDI Strategy 2007-2013 (2010) to the Regional OP³⁰.

The main source of information to assess the achievements of the Regional ERDF OP is the information gathered from the interviews and some anecdotal evidence, which can be summarized as follows:

- The Regional OP supported modernisation and growth processes in a considerable number of regional SMEs³¹ facilitating investments and therefore, the maintenance and creation of jobs. Final beneficiaries estimate that the contribution, due to the crisis, seems to be more related to the maintenance of employment and the survival of companies than to the actual growth of companies.
- The Regional OP helped to change the attitude of a limited group of regional SMEs towards innovation, inducing private expenditure for RDI activities (to approx. 1,000 or 0.6% of all SMEs in the region), in particular related to innovation and ICT systems and applications, less to R&D (more demanded by larger companies). However, if this can be translated into a continuing change of behaviour or a cultural change with regard to on-going RDI activities in the SMEs remains questionable for at least a part of the benefitting companies.
- The Regional OP helped to introduce a shift towards more internationalisation in a relevant number of SMEs (estimated under 1,000) through a support to increase capacities for international business activities and to start with actual exports.

MINETUR (InnoEmpresa Programme), at the Spanish Chamber of Commerce (former National Council of Chambers of Commerce) and the ICEX.

²⁷ E.g. the National Council of Chambers of Commerce carried out in approx. 2005 an impact analysis of its PIPE programme to support internationalization. This study focussed on the whole Spanish territory and the areas where it was implemented. However, within the CyL Regional OP 2007-2013, the PIPE action line is only one part of their service package in the area of internationalisation with 240 benefitting SMEs. So the possibility to derive conclusions from the impact analysis on the achievements of the Regional OP is rather limited. See info box in the annex.

²⁸ The Managing Authority of the OP is a National Ministry (MINHAP). Although the regional level is very active in OP programming and implementing, the responsibility to decide on OP evaluations lies at the MA in Madrid.

²⁹ MINHAP 2014.

³⁰ In addition, this Evaluation does not identify impacts at micro level (SMEs, beneficiaries), but tries to evaluate the ERIDI results with the changes at meso (RDI and economic evolution in sectors, cluster) and macro-regional level.

³¹ The numbers gathered from the executing agencies add up to an estimated 5-6% of all regional SMEs.

SME representatives estimate that the support has been effective and has led many SMEs to enter new markets and to become international. Also, due to the crisis and the decrease of domestic demand, exports have been a way to survive for SMEs in crisis. However, data on impacts with regard to on-going internationalisation activities of the supported SMEs are not available. There were many on/off actions in this field (e.g. support to participate in one international fair), and, although there might be a contribution from the OP measures, it is difficult to establish causality links. Whereas combined support packages (information, technical assistance, financial support, training) are considered as having contributed to behaviour changes at SMEs regarding internationalisation. However, the support packages only reach a small number of companies, so that overall impact in the region is low.

- The level of effectiveness of the support to SME growth and innovation within the Regional OP is estimated as intermediate. The policy instruments with important allocation of funds (grants for RDI and productive investments) have been effective in reaching a considerable share of the targeted SMEs. However, many other policy instruments, mainly national ones, had only small allocations without any specific territorial or sectoral focus, so that the effects are widespread and not likely to generate an observable impact in the region.
- On the other hand, examples for effective instruments, in the opinion of the beneficiaries, are the service package managed by the Council of Chambers of Commerce (on for internationalisation with ICEX and on ICT use in SMEs). The network of Chambers of Commerce in the region implemented focussed action lines addressing a reduced number of micro and small companies with a territorial focus. This allowed developing a more specific and tailor-made support (within the overall schemes) and achieving more profound changes in behaviour and business culture. Final beneficiaries appreciated the high value-for-money of these schemes. This is sustained by the evidence on the relatively low support intensity per final recipient (see table I.6 in the annex).
- SME representatives valued also regional interface structures that have been partially or indirectly supported by the Regional OP, such as the TCUE Technology Transfer Offices of the Universities, the Entrepreneur Support System SIAE, or the information portal of the ADE, as important tools to establish an overall favourable environment for their development. These interface structures also seem to add stability to the support, which increases the confidence of SMEs to start new ventures or to invest in new and less-known activities such as innovation.
- It is difficult to estimate the impacts for the individual companies, but the information from surveys and interviews indicate that companies are satisfied with the support, though commenting an important bureaucratic workload associated with the funding (e.g. grants and loans)³².

4.3 Characteristics of the assisted SMEs

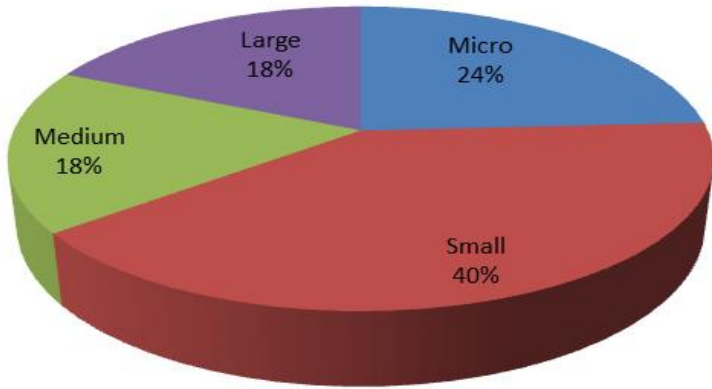
As mentioned before, the relevant measures of the Regional OP target regional companies, mostly SMEs. Most Calls have been open to all sectors, without a specific sectorial focus. Also, apart from one minor policy instrument (Soria Town council), there was no territorial focus, either.

It is not possible to give a general overview on characteristics for all SMEs assisted within the Regional OP, as not all executing agencies have disaggregated data on the final recipients available. Sometimes the data is not available, as programmes have been closed some time ago. Occasionally, the national executing agencies know for each region the global figures, but without further details. Therefore, it is not possible to draw conclusions from the differences between policy instruments.

³² Information offered by business representatives in Interviews (April 2015). See also a survey to companies in Consejo Superior de Camaras 2013.

In general, there are some policy instruments that supported mainly medium-sized or larger companies (2.08 MINHAP Regional Incentives, 2.08 ADE investment support), as well as other instruments that supported by definition entrepreneurs and start-ups (micro) companies (2.08 ADE support to entrepreneurs and 2.08 INCYDE business incubators and services). The services packages of the Chambers of Commerce supported especially micro and small companies.

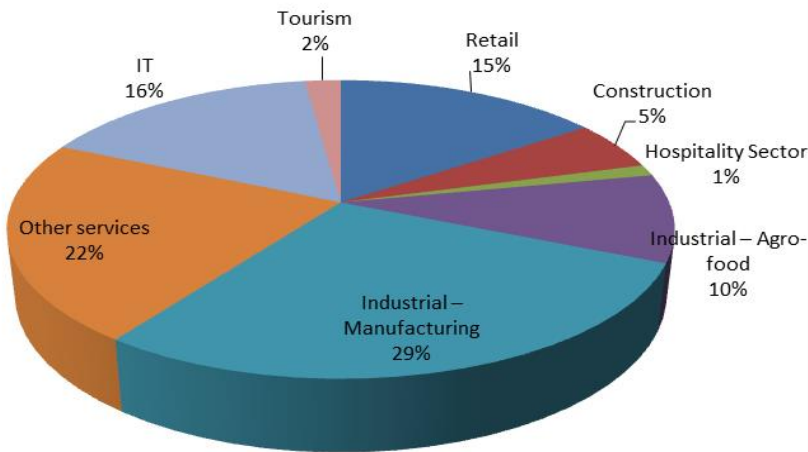
Figure 8. Assisted companies per size of the ADE policy instruments (1.04 and 2.08) in the Castilla y Leon OP 07-13



Source: Own elaboration based on information from AIR 2014 and ADE.

Data on the regional measures managed by ADE, give some insight into the characteristics of the assisted SMEs. It can be observed, that 18% of the beneficiaries of the grants are large companies, 82% are SMEs and, of that, almost 50% are small companies with up to 9 employees.

Figure 9. Assisted SMEs per sector of the ADE policy instruments (1.04, 1.07, 2.08) in the CyL OP 07-13



Source: Own elaboration based on information from AIR 2014 and ADE.

The assisted SMEs belong to the most relevant (because of size and impact potential) sectors, such as retail, agro-food industry, manufacturing industry, IT services, other services and tourism. It is positive to notice that also many SMEs from the service sectors benefit from the regional policy instruments and that there is not a disproportionate diversion towards industrial sectors.

4.4 Mechanisms and conditions for behavioural changes

This section explores mechanisms and conditions affecting behavioural change within beneficiary SMEs and whether support was able to facilitate or hamper the materialisation of a significant change in the development patterns of assisted SMEs.

As mentioned before, the measures within the regional ERDF OP in Castilla y Leon focus on four areas to contribute to development and innovation in SMEs:

1. Promoting business creation, growth and development,
2. Promoting **R&D, to technological and non-technological innovation**, and stimulation of ICT use in companies.
3. A third area of SME development is the **internationalisation** of businesses.
4. In order to increase the absorption capacity of SMEs and to **improve their preparedness** to define projects, ask for grants and respond to support measures, there is a **fourth support area** which focusses on awareness-raising, information, diffusion, training and capacity-building (in particular, regarding the three areas mentioned before).

All stakeholders confirmed that this last support area, focussing on the internal strategic and operational capacities within the companies is a key complementary support, since most companies – especially those with no or little experience in the areas of RDI and internationalisation) – require assistance to fully benefit from the support available.

SME and business representatives indicate that direct financial aid alone is not enough to overcome barriers, mainly those related to asymmetric information and lack of internal capacity of SMEs, in particular of the most disadvantaged SMEs regarding innovation (micro and small, low-tech, traditional sectors). The conditions to change behaviour in regional SMEs are, according to regional business representatives:

- Availability of information for business owners to be able to understand what innovation or internationalisation could be (in the framework of their own company), why it is important (possible impacts for their company), and how it could be achieved (knowledge and understanding of support programmes).
- Tailor-made personal support to build up the first internal operational capacities to innovate, grow or export (to see their own weaknesses or potential compared to others and to work on them).
- A good (inexpensive) access to expert advice (finance, legal, property rights, marketing, IT etc.) in order to overcome specific barriers in projects.
- For more advanced SMEs: to have knowledge of and access to specific knowledge services and technology (mainly through Universities or Technology Centres).

With regard to these conditions, there are services offered by local and regional intermediary entities (Chambers of Commerce, Technology Parks, Technology Centres, Local Innovation centres), focussing on these necessary conditions within SMEs. The ERDF in the CyL OP 2007-2013 allowed offering some of these services (by the Chambers of Commerce) and extending them throughout the territory to reach also remote areas – for it is quite easy to offer them in the capital of the region, but not in the peripheral and rural hinterland.

In general, mechanisms that facilitate the behavioural change of SMEs are a supportive business environment (interface structures and organisations with face-to-face contacts and “one-stop” entry points) and capacity-building service support and assistance (information, events, training, personal consulting, or “combined support packages”).

The analysis of long-term developments, described in the 1994-1999 and the 2000-2006 Programmes, as well as in several Regional Innovation Strategies in Castilla y Leon,

shows that there is **progress and a slow behavioural change** among Castilla y León SMEs and business fabric:

- The challenge a) to create and develop **innovative companies (high-tech)** in the region – and – b) to attract innovative companies to the region –and – c) to help regional companies becoming more innovative.

Here, among the SMEs with the potential to grow and to become high-tech (knowledge-intensive), important behavioural changes can be observed in the region, especially if the observation period is extended. From 2003 to 2013, total expenditure on innovation by CyL companies increased from EUR 316 to EUR 474 million (+50%), whereas the national increase was only 18%. This supposed a process of convergence towards national averages, so that expenditure on technological innovation in Castilla y León has gone from representing 2.82% of the national total in 2003 to 3.59% in 2013. This is an important increase, keeping in mind that the financial crisis affected also private expenditure on R&D and innovation after 2008 (R&D expenditure as % of GDP in CyL was 0.88% in 2003, reached 1.26% in 2008 and fell down to 0.99% in 2013). The attraction of innovative companies was particularly successful within the Technology and Science Parks of CyL that offer a supportive environment and almost perfect conditions. New programmes such as TCUE Programme, work on specific mechanisms to foster knowledge transfer from the universities and to stimulate the creation of new knowledge-intensive companies³³.

- The challenge to increase the **interest and the capacity of SMEs** to carry out investments in innovation and /or development in the traditional sectors and especially in the rural and scarcely populated areas of Castilla y León.

In this area, it is difficult to achieve behavioural changes, both because of the need to change mentalities of mostly male, older proprietors of SMEs in the traditional sectors (agro-food, woodwork, metal, etc.) and because of the difficulty to offer a constant, pro-active support in remote areas to a limited number of potential beneficiaries. Several outreach measures have been implemented over the years by the Regional Government. Nowadays, the local Chambers of Commerce work with a territorial approach to bring support into the remote areas. Also, the support to the creation and development of regional clusters is a means to integrate SMEs in larger cooperation networks to facilitate change and increase their collective capacity. However, only few changes can be observed so far. For instance, the share of R&D expenditure performed by low-tech sectors with regard to the total R&D business expenditure evolved from 32% in 2009 to 37.6% in 2012, and fell back to 30.4% in 2013, being the objective 50% in 2013)³⁴. It seems extremely difficult to find the correct combination of mechanisms to change the behaviour of SMEs in traditional sectors.

- The challenge to make the regional SMEs more competitive internationally and to increase their **activity at international markets**. In this area, important improvements can be observed. Regional exports increased from EUR 8,652.5 million (2003) to EUR 11,331.4 million in 2013. An important indicator for the shift in the regional economy is the increasing participation of products with high-tech content among the total exports, which were traditionally concentrated on agricultural products, food, beverages etc. The high-tech products increased their share among the total exports from 64.8% (2010) to 66% in 2013. However, the

³³ Figures from INE. Source: Annual Implementation Report 2013 on the "Estrategia de Investigación Científica, Desarrollo Tecnológico e Innovación de Castilla y León 2007-2013".

³⁴ Ibid.

initial goal to reach in 2013 was 72%³⁵. Here, conditions such as the European Single Market, the use of the EURO as currency in many countries, but also on-going support and capacity-building through information, training, advice and grants helps to change behaviour. The drop of internal demands during the crisis was another factor to boost exportation.

An important change can also be observed with regard to the internationalisation of RDI activities in Castilla y León. The return from the 7th Framework Programme on R&D to the region evolved from EUR 3.5 million (1.4% of Spain) in 2007 to EUR 18.3 million (3.9% of Spain) in 2013³⁶. Here, it seems that the specific support to internationalisation of R&D activities from ADE and the national agency CDTI and the available information on European partners and projects through networks and databases helped to improve knowledge and capacities within SMEs to

To sum up, it is difficult to turn an economy based on traditional agricultural and industrial activities into an innovative economy. This requires a long-term development towards new priorities and economic goals, and also the building of a new mind-set within the region, within the SMEs, but also within the innovation support services in the public administration, the Chambers of Commerce and the Universities.

³⁵ Ibid.

³⁶ Figures from CDTI. Source: Annual Implementation Report 2013 on the "Estrategia de Investigación Científica, Desarrollo Tecnológico e Innovación de Castilla y León 2007-2013".

5 MAIN FINDINGS AND CONCLUSIONS

Overall, the Regional OP was effective with regard to outputs, as well as, well executed, considering the effects of the crisis (reduction of public national co-financing³⁷, lack of private resources to co-finance). However, the crisis and the emergence of new needs and priorities for many SMEs (R&D became less a priority, internationalisation became more relevant as a measure to assure survival of the business) made the Regional OP in the hindsight less effective than originally planned, since more complex and value-added instruments (R&D projects, new IT technologies) had a smaller uptake than expected.

In general, the crisis had a significant influence on changes at macro-economic and also at enterprise level. Compared to the magnitude of economic and employment effects, the Regional OP measures had only a minor influence on the regional economy. Overall, it is difficult to say if the Regional ERDF OP had an impact that could at least compensate some of the negative effects of the crisis on SME development and growth or innovation activities in SMEs in Castilla y Leon.

Strategy: The ERDF OP CyL 2007-2013 strategy clearly responds to the main barriers to innovation and growth faced by the regional SMEs. The ERDF OP is one instrument among others to channel grants, aids and support to regional SMEs and companies, within the regional strategic framework of the *Strategy for Research, Development & Innovation of Castilla y León 2007-2013 (ERIDI)*. The ERIDI represents a strategic underpinning for some of the SME and innovation measures co-financed by the ERDF. The intervention logic of the ERDF OP with its four intervention areas (business growth, RDI, internationalisation, information and internal capacities in SME) is ambitious in a context of limited means to achieve all proposed goals. The general Regional OP priorities correspond to the overall regional priorities within the ERIDI 2007-2013. Despite the strategic similarity, the instruments of the ERDF OP are not totally consistent with the ERIDI measures (some OP measures correspond to national objectives and not to the ERIDI, whereas important ERIDI measures were not funded through the ERDF OP)³⁸.

Policy Instruments: In the OP, there is a gap between some measures with very high allocation of funds and other very small instruments in terms of funding, making it difficult to compare the effectiveness of policy instruments. Grant schemes or combined grant-loan schemes, i.e. direct support measures, are by far the most relevant instruments within the Regional OP. Among the smaller policy instruments, there are those based on national programmes executed in the region with a relatively small number of beneficiaries and, due to a lack of sectoral or territorial focus, less impact on the overall SME fabric or the business culture in the region. On the other side, there are small yet focused actions with important service support (also called “support packages”), implemented by the Chambers of Commerce, where an impact on SME attitude and capacities is more tangible, as reported by SME and business sector representatives. Overall demand from final recipients and absorption of funds is rather high, showing the actual relevance of the policy instruments.

Outputs: The SME and innovation support measures of the Regional OP reached about 6-7% of the regional SMEs. All policy instruments achieved relevant outputs from the beginning or were timely reprogrammed in order to avoid a loss of funds. Despite the effects of the crisis on the number of SME projects, Castilla y Leon was one of the best

³⁷ Most of the policy instruments (especially national programs) had to face a reduction of their national co-funding so that programs were closed earlier than initially planned. However, some of the reduction effects could be balanced by regional public funding. E.g. the Programme INNOEMPRESA was closed already in 2012 (by MINETUR) after elections and reprogramming of national funding. However, it was offered also in 2013 to companies in CyL by ADE with a regional public co-funding.

³⁸ Based on information from the interviews for the case study in April and May 2015. E.g. the support to innovative cluster was not included in the Regional ERDF OP after negotiations between the MA, relevant National Authorities and the CyL Regional Government.

performing regions in Spain in relation to output performance in national policy instruments³⁹.

Achievements: There is evidence that the Regional OP was effective in addressing SMEs key barriers to growth and innovation, in particular in the field of business modernisation and growth, as well as in the areas of R&D and innovation (including ICT use) and in internationalisation of SMEs, especially of micro and small companies. However, the lack of data on impacts makes it impossible to quantify the effects of the individual instruments and of the OP.

Mechanisms: SME and business representatives indicate that direct financial aid alone is not enough to overcome barriers, mainly those related to asymmetric information and lack of internal capacity of SMEs, in particular of the most disadvantaged SMEs regarding innovation (micro and small, low-tech, traditional sectors). Here, improvements of the business environment (interface structures and organisations) and permanent contact, service support and assistance (information, events, training, capacity-building, personal consulting, or “combined support packages”) are more effective measures.

Synergies and overlapping: There are synergies (with national programmes and measures, with ESF measures) which are actively exploited in the field of support to entrepreneurship/start-up support, as well as to business internationalisation. There are also agreements between regional (ADE) and national entities (CDTI) to coordinate the support to RDI in companies. However, the combination with national programmes and of regional and national measures in the Regional OP created some overlapping (support to retail sector, to internationalisation), resting overall effectiveness. This problem has been acknowledged and the new Regional programmes 2014+ will only include measures from regional Intermediate Bodies.

Leadership in regional support actions: The leadership of the Regional Development Agency ADE and several regional partnerships (also with private sectors) facilitate the efficient execution of measures and present a coherent aid framework towards the final recipients (SMEs, entrepreneurs, etc.). An efficient governance, a clear distribution of competencies among the regional public authorities, and an effective cooperation and coordination among the different Intermediate Bodies of the ERDF OP (and the regional ERIDI strategy) have shown to be critical success factors to enhance the absorption of funding in the region, public and private.

Good practices in strategic monitoring: In Castilla y Leon the whole ERIDI Strategy, though not the Regional ERDF OP, was evaluated and up-dated in 2011, facilitating a feedback regarding the mid-term effectiveness of the measures and a reaction on the effects of the financial crisis. Each year, monitoring reports on the implementation of the ERIDI Strategy are published, with detailed information on outputs for each ERIDI Programme. These reports also contain strategic reflections about the rationale of each Programme and the reasons of over- and underperforming of certain measures. There is an important capacity for strategic reflection in the region that is worth to be mentioned and not common for “moderate innovator” regions. However, as an aspect to improve, almost no work has been done so far to analyse contribution of specific measures to medium- or long term impacts at micro level (SMEs), neither for the ERIDI Strategy nor for the Regional ERDF OP.

³⁹ Information based on data and appreciations from Interviewees at entities in charge of national policy instruments covering CyL but also other convergence, phasing-in and phasing-out regions in Spain, e.g. at the MINETUR (InnoEmpresa Programme), at the Spanish Chamber of Commerce (former National Council of Chambers of Commerce) and the ICEX.

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LIST OF INTERVIEWEES

| Name | Position | Affiliation | Date |
|--------------------------------------|---|--|-----------|
| Claudio Pérez-Olea Meyer-Döhner | Sub-Director ERDF Management | Directorate General European Funds (DGFC), Ministry of Treasury and Public Administration (Managing Authority) | 28/4/2015 |
| Emilio Arribas | Sub-Director Evaluation and Programme Planning. | Directorate General European Funds (DGFC), Ministry of Treasury and Public Administration | 28/4/2015 |
| Carmen Tejero Bados | Desk Officer OP Castilla y Leon | Directorate General European Funds (DGFC), Ministry of Treasury and Public Administration | 28/4/2015 |
| Eva Martin Delgado | Head of Service, European Funds, DG Budget and Statistics | Junta Castilla y Leon (Regional Government) | 15/4/2015 |
| Gregorio Muñoz | In charge of the Regional RDI Strategy in the Regional Government | Junta Castilla y Leon (Regional Government) | 17/4/2015 |
| Ana Rodriguez | Desk Officer, INNOEMPRESA Programme | Sub-Directorate Institutional Environment and SME development, MINETUR, Ministry of Industry and Tourism | 28/4/2015 |
| Ana Isabel Menendez and Manuel Perez | Desk Officers, Internationalisation Support Measures with ERDF | ICEX, Spanish Institute for Foreign Trade | 28/4/2015 |
| Carmen Ayllon | Senior Advisor | Spanish Chamber of Commerce | 28/4/2015 |
| Carmen Verdejo | Head of Innovation Unit | ADE – Regional Development Agency | 17/4/2015 |
| Cristina Cabrera | Desk Officer in charge of ICT and Information Society support | ADE – Regional Development Agency | 17/4/2015 |
| Ana Atienza | In charge of PIPE Program (Internationalisation) | Chamber of Commerce Valladolid (PIPE) | 17/4/2015 |
| Francisco Javier Díaz Ricón | General Secretary | Chamber of Commerce Zamora | 24/4/2015 |
| Belen Gallardo | In charge of Measure “Restauration project Central Market Place in Soria” | Local municipality of Soria | 24/4/2015 |
| Itziar Martin Alonso | General Director | Boecillo Technology Park | 16/4/2015 |
| Jose Peran Gonzalez | General Director | Cartif Technology Centre | 24/4/2015 |
| Maite Fernandez | Head of Diffusion and Technology Transfer Department | Cidaut Technology Centre | 28/4/2015 |
| Agustin Lorenzo | President | AETICAL – SME association | 17/4/2015 |
| Juan Carlos Martínez | Manager | Association Centro Comercial Palencia Abierta – Final Recipient | 16/4/2015 |
| Víctor López Vieira | Director Institutional Relations | Renault – Final Recipient | 16/4/2015 |
| David Cano | Director of Innovation | COTESA – Final Recipient | 24/4/2015 |
| Juan Jose Garcia | Manager | CTME Technological Centre – Final Recipient | 12/5/2015 |
| | Technical Secretariat | CBECYL Cluster – Final recipient | 12/5/2015 |
| Fernando Antunez | Financial Director | COBADU – Final Recipient | 14/5/2015 |

ANNEXES

The annex includes additional information that underpins or extends the information and judgements made in the main part of the report.

Annex 1. Details of relevant Regional Strategies in Castilla y Leon in the period 2007-2013

The **Regional Strategy for Research, Development & Innovation of Castilla y León 2007-2013 (ERIDI)** is based on a Strategic Competitiveness Framework had been developed with the participation and the agreements of relevant economic and social players in the region in 2006. The Frame Agreement of 2006 pointed out the need for a series of specific instruments. It also identified the sectors on which Castilla y Leon needed to concentrate in the following years, these being, among others the biotechnology, aerospace, ICT and automotive industries. The ERIDI 2007-2013 took these suggestions on board and developed a theory of change and a set of measures and action lines⁴⁰.

Table 8. Programs of the ERIDI 2007-2013

| ERIDI 2007-2010 | Up-date ERIDI 2011-2013 |
|--|--|
| PROGRAMME 1: Human capital as source of competitive advantage | PROGRAMME 1: Human capital as source of competitive advantage |
| PROGRAMME 2: Promoting R&D+i of excellence in the national and international context | PROGRAMME 2: Promoting R&D+i of excellence in the national and international context |
| PROGRAMME 3: Financing and support for developing and managing R&D+i | PROGRAMME 3: Financing and support for developing and managing R&D+i |
| PROGRAMME 4: Implementing, using and developing ICT in SME and businesses | PROGRAMME 4: Creation, development and consolidation of support infrastructures |
| PROGRAMME 5: Promoting entrepreneurial capability: creating businesses | PROGRAMME 5: Transfer and valorisation of knowledge |
| PROGRAMME 6: Creation, development and consolidation of support infrastructures (Technology Centers, Technology Parks, Innovation areas, support services) | PROGRAMME 6: Promoting entrepreneurial capability: creating businesses |
| PROGRAMME 7: Cooperation (Transfer, Clusters, cooperative research) | PROGRAMME 7: Diffusion |
| PROGRAMME 8: Diffusion | |

Source: ERIDI 2007-2013.

Concrete measures and actions were coordinated with several other regional strategies that have an indirect relationship to SME development and innovation, in particular:

- the **University-Business Strategy 2008-2013 Castilla y Leon**: focussing on the technology transfer from the University to the regional companies, including SMEs, but also on the feedback from the business environment towards the Universities in order to improve education and research. In this context, the regional network TCUE was created in order to better organise and strengthen University-Business integration. One priority is the stimulation of start-ups and spin-offs out of University.
- the **Regional Strategy for the Digital Information Society 2007-2013**: focusing, among others, on the promotion of IT use in SMEs and companies.

⁴⁰ Suggestions regarding human capital and education were specifically included into the Regional Employment Plan and a specific Plan on Vocational Training. (ERIDI 2007-2013, p. 28).

Annex 2. Details of the policy instruments for SME and Innovation support within the Regional ERDF OP 2007-2013

The specific policy instruments to support SMEs, business development and innovation in the Regional OP are, according to axis and thematic priorities:

Table 9. Policy instruments in the CyL ERDF OP 2007-2013

| Priority Axis and Intervention Line | Action/Scheme |
|--|--|
| Axis 1. Development of the knowledge economy (RDI, Information society and ICT). Thematic Priority 04: Support for R&D, particularly for SMEs | <ul style="list-style-type: none"> • (Policy Instrument no. 1 in the OP fiche) ADE: Programme R&D Projects (Grants to companies for projects of industrial research and / or experimental development PROYECTOS I+D) |
| Axis 1. Thematic Priority 07: Investment in firms directly linked to research and innovation | <ul style="list-style-type: none"> • (Policy Instrument no. 2 in the OP fiche) ADE Programme Information Society (Grants to companies to promote the use of ICT in SMEs) • (Indirect Instrument, not in the OP Fiche) CyL Regional Department for Universities and Research (Support services to Business Creation out of Universities) |
| Axis 2. Entrepreneurial Development and Innovation. Thematic Priority 08: Other investments in firms | <ul style="list-style-type: none"> • (Policy Instrument no. 3 in the OP fiche) ADE: Programme to support Business Creation (Grants to stimulate the creation of new companies EMPRENDIENDO) • (Policy Instrument no. 4 in the OP fiche) ADE: Grants for business development (support to investment for growth projects with line NUEVAS PYMES and line INVIERTE EN CRECIMIENTO) • (Policy Instrument no. 5 in the OP fiche) ADE: Grants for modernisation projects in strategic sectors in the region (ESPECIAL INTERES) • (Indirect Instrument, not in the OP Fiche) Soria Town Council: Restauration of central Plaza and Market. • (Policy Instrument no. 6 in the OP fiche) MINECO (Nacional): Grants for urban retailer business and Improvement of inner city surroundings • (Policy Instrument no. 8 in the OP fiche) ICEX (National): International Promotion Support • (Policy Instrument no. 7 in the OP fiche) MINHAP (National): Regional incentives (State Aid in disadvantaged areas) • (Policy Instrument no. 13 in the OP fiche) MINETUR (National): REINDUS programme (support to industrial development) • (Policy Instrument no. 9, 10, 12 in the OP fiche) National Council of Chambers of Commerce (National, through Chambers in the region): Support to internationalisation (three lines) • (Policy Instrument no. 11 in the OP fiche) National Council of Chambers of Commerce: Support to participate in international procurements |
| Axis 2. Thematic Priority 09: Other measures to stimulate research and innovation and entrepreneurial spirit in SMEs | <ul style="list-style-type: none"> • (Policy Instrument no. 14 in the OP fiche) MINETUR (National): InnoEmpresa Programme – support to innovation in SMEs (managed in CyL by ADE) • (Policy Instrument no. 22 in the OP fiche) MINETUR (National): Avanza Programme to support IT in companies, industry and business. • (Policy Instrument no. 21 in the OP fiche) ICEX (National): Loans for internationalisation with ICO • (Policy Instrument no. 17, 18, 19, 20 in the OP fiche) Support to integrate and use of IT in small companies (various lines), studies (SaaS Methodology), grants, advice and assisted evaluation in Innocommerce package. • (Policy Instrument no. 16 in the OP fiche) National Council of Chambers of Commerce: Support through territorial platforms • (Policy Instrument no. 15 in the OP fiche) INCYDE: Development of Business Incubators in the region. • (Policy Instrument no. 23 in the OP fiche) RED.ES (National): Promotion of IT in Business with 3 sectoral pilot projects. |

Source: ERDF CyL OP 2007-2013. NOTE: In bold, the most relevant actions according to their overall budget.

In this table we present the details of the OP SME support measures according to their mode of delivery, target groups and areas of support.

Table 10. Details of the SME support actions in the CyL OP 2007-2013

| | Mode of delivery | Target Group | Area of support |
|--|--|--|---|
| 1.04 ADE: Programme R&D Projects (Grants to companies for projects of industrial research and / or experimental development PROYECTOS I +D) | Grants | Companies, including SMEs | Support for R&D projects |
| 1.07 ADE Programme Information Society (Grants to companies to promote the use of ICT in SMEs) | Grants | SMEs | Access and Diffusion of ICT |
| Regional Department for Universities and Research | (+ related Consulting, advice, Information and Events) | University staff, researchers, students | Business creation |
| 2.08. ADE: ADE: Programme to support Business Creation (Grants to stimulate the creation of new companies EMPRENDIENDO) Grants for business development (support to investment for growth projects with line NUEVAS PYMES and line INVIERTE EN CRECIMIENTO) Grants for modernisation projects in strategic sectors in the region (ESPECIAL INTERES) | Grants (and some loans) (+ related Information and awareness-raising activities) | Entrepreneurs Young SMEs Companies, especially SMEs (manufacturing, agro-food, tourism, energy) | Business creation, Business development |
| Soria Town Council: Restauration of central Plaza and Market. | Infrastructure | Soria retail and urban services SMEs | Infrastructure and related services |
| MINECO (National): Grants for urban retailer business and Improvement of inner city surroundings | Infrastructure | Urban retail SMEs and Local entities | Business development |
| ICEX (National): International Promotion Support | Support to participate in fairs and international promotion events | Companies, especially SMEs | Internationalisation and Visibility |
| MINHAP (National): Regional incentives (State Aid in disadvantaged areas) | Grants | Companies | Business development |
| MINETUR (National): REINDUS programme (support to industrial development) | Interest rate subsidy for Infrastructure | Local entities, Development Agencies | Business development |
| National Council of Chambers of Commerce (National, through Chambers in the region): Support to internationalisation (three lines) | Service Package: Consulting, advice, technical assistance, information, events, seminars | Companies, especially SMEs | Internationalisation and Visibility |
| 2.09: MINETUR (National): InnoEmpresa Programme – support to innovation in SMEs (managed in CyL by ADE) | Grants | Companies, especially SMEs | Development of Technological and non-technological innovation |
| MINETUR (National): Avanza Programme for support of IT in companies, industry and business | Grants/ Loans | Companies | Access and Diffusion of ICT |

| | Mode of delivery | Target Group | Area of support |
|--|---|---|-------------------------------------|
| National Council of Chambers of Commerce : Support to integrate and use of IT in small companies (various lines), studies (SaaS Methodology), grants, advice and assisted evaluation in Innocommerce package and to territorial platforms | Service Package: Information, Events/ Studies / Consulting, advice and Technical Assistance | Companies, especially SMEs | Access and Diffusion of ICT |
| ICEX (National): Loans for internationalisation with ICO | Loans | Companies | Internationalisation and Visibility |
| INCYDE: Development of Business Incubators in the region. | Business Infrastructure and related services | Entrepreneurs and young SMEs | Infrastructure and related services |
| RED.ES (National): Promotion of IT in Business with 3 sectoral pilot projects. | Pilot Projects and related services | SMEs, especially in sectors: Transport, Retail, Agro-food | Access and Diffusion of ICT |

Source: ERDF CyL OP 2007-2013. NOTE: In bold, the most relevant actions according to their overall budget.

Annex 3. Examples of intervention logics and mechanisms of specific policy instruments within the Regional ERDF OP 2007-2013

Below, some exemplary of policy instruments are presented with more detail in order to show the logic of some of the interventions.

Example IDEA Y DECIDE: I+D+I (Thematic Priority 4 of the ERDF OP CyL 2007-2013)

The ADE support 2007-2013 was structured through 3 main programmes: INICIATIVA (business creation and young SMEs), IMPULSO (business growth), and IDEA Y DECIDE (R&D, innovation, talent, and ICT). The IDEA Y DECIDE Programme has the overall objective to contribute to building the competitive advantage of Castilla y León through a commitment to research, technological development and innovation, contributing to shaping a knowledge-based economy, competitive and capable of generating employment and wealth. This should be achieved through more companies doing innovation in products and services: i.e., increasing the number of innovative enterprises and the R&D expenditure and personnel in the region. The Programme covered several action lines (including support to contract R&D and highly-qualified personnel, support to young technology-based companies, advice to innovation, support to intellectual property protection, etc.), of which 2 were included into the CyL regional ERDF OP: grants for R&D projects (1.4) and grants for ICT projects (1.7).

In line 1.4, R&D projects in companies, especially SMEs, were financed. If the projects were considered of good quality and large dimension, they were channelled towards national (CDTI) or European funding (7FP). This kind of funding is considered as being very relevant to stimulate innovation in smaller companies (information from interviews with beneficiary companies and intermediaries). However, it is important to control the implementation in order to make sure that the funding is really used on R&D. The management of R&D funding requires experienced staff in the intermediary bodies (ADE) in order to evaluate project proposals and to follow up and control project implementation.

In line 1.7, the grants for ICT development within SMEs had a double purpose, first for the SMEs to improve their processes and become more competitive, and the other for the development of the ICT consultancy (also mostly SMEs) in the region. The object of funding was the implementation of technologies with a certain degree of sophistication, such as advanced solutions (ERP, CRM, etc.), cloud solutions, etc. Eligible expenditures were software purchases, minimum hardware related to new software and external consulting for the adaptation of the solution.

In addition to the grant schemes, ADE works more and more with other financial instruments (not included in the ERDF OP 07-13). In 2013, 28 projects were approved for R&D loans with a total approved budget of EUR 12.96 million with a total loan of EUR 9.07 million. This line has supported the creation of 24 jobs of which 24 are highly skilled jobs related to RDI (researchers and technologists). The equivalent of loans represents a total net grant equivalent of about EUR 242,000. Specific guaranteed loans are offered to start-up companies through IBERAVAL. Similarly ADE approved in 2013, with funding from the European Investment Bank, 9 loans to companies with R&D projects for a total amount of EUR 48.6 million.

As complementary measures, in order to increase the capacity of companies, especially SMEs, ADE offered two RDI training schemes (not included in the ERDF OP). First, a training programme for RDI Managers (GESTIDI) was offered in four editions 2010-2013. This programme focused on the provision of science-technology-business related contents specializing in the management of R&D and innovation projects. Participants should be able at the end to support companies in RDI initiatives, especially in cooperation with other RDI players. In the four editions, GESTIDI trained more than 120 young graduates of the region in the field of innovation management that joined afterwards different companies or innovative business groupings (cluster) of Castilla y León. Secondly, ADE offered in 2013 for the first time a training scheme for more than 250 SME managers and staff of 172 companies, intended to train specialists in RDI

management, in order to reduce the shortage of skilled human resources in this area, which is one of the barriers to business access to funding. The free training was conducted in two ways: in person and online. With this line of action a virtual learning space for RDI was created, supporting networking among participants in this training program and exchange of information on technology transfer projects and R&D ideas.

Example: TCUE Programme (Thematic Priority 3 and 7 of the ERDF OP CyL 2007-2013)

The TCUE Programme has not been considered in this report among the support measures for SMEs, since it aims primarily at Universities and their Technology Transfer Offices. However, it is expected to have an important indirect impact on SMEs and on the relationship between University research and business sectors. That is why it is presented here as a significant measure, complementing the direct support to SMEs and business associations/cluster. Actions within the Universities were presented in Thematic Priority 3 of the regional OP, activities to support business creation and entrepreneurship in Thematic Priority 7.

The main objective of the TCUE programme is the promotion of the connection between the universities and the businesses in the region, promoting a more 'entrepreneurial' university in its task of creating and transferring technology. It is linked both, to the ERIDI Strategy 2007-2013 and to the University-Business Strategy CyL 2008-2013.

The activities tackle different areas of knowledge transfer: Consolidation of human resources specialized in knowledge transfer; Development of strategic planning and implementation of work tools results-oriented; Analysis of supply and demand; Establishment of communication protocols that promote effective identification of business demand and technological universities offer; Creating catalogues and databases of technological offer; Database available on the Internet to research groups and technology offer; Personalized support for participation in national and European projects with companies - creation of units and specific procedures; Identification of inventions and intellectual property at universities in the region; Actions related to the protection of intellectual property - Creating specific units and establishing support procedures; Promoting licensing of intellectual property protection; Awareness of society towards research, technological development and innovation and bringing people to the results of scientific, technological and innovative activity; Dissemination of supply and demand in the university system - company (informative material).

As achievements, the programme reports the following: 1. Significant increase of human resources and effort devoted to knowledge transfer in universities: New technical expertise in certain sectors: technology developers, technological facilitators (technicians with more commercial profile, contact companies and business associations), managers of international projects (implementation consultants increasing the participation of researchers and companies in Castilla y León in collaborative international R&D initiatives), business creator technician (professionals who work with business training, personal advice for the consolidation of companies created); 2. Increased contact structures of knowledge transfer with investigators; 3. Prospective Technological Studies in sectoral areas elaborated; 4. Awareness and motivation raised; 5. Increased professionalisation of the interface agencies with trained specialists in knowledge transfer, entrepreneurship, RDI project development collaborative; 6. Greater participation by research staff of universities in knowledge transfer activities and creation of technology-based companies; 7. Better management of knowledge that can be transferred to companies.

Some quantitative results achieved by end of 2009 (end of ERDF co-funding) are: No. of companies in programs for technology transfer: 1,073 (mostly SMEs), No. of projects in university-industry collaboration: 1,127, Induced private investment: EUR 27.5 million, No. of new contracts for university-industry R & D and consulting: 1,263, Revenue from contracts for univ-company R&D and consulting: EUR 22.5 million, No. of patents filed in Spain 27, No. of patent applications at the European Patent Office: 4, No. of new entries in the Register of Intellectual Property: 19, No. of new patent licensing agreements 3.

TCUE used ERDF funds of the 2007-2013 CyL OP during 2008 and 2009, after that, the allocated amount was consumed. However, since then, the TCUE network maintains and expands its activities with regional public and private funding. In 2014-2020 and as part of the Regional RIS3 Strategy (and of the Regional ERDF OP 2014-2020), the activities of the TCUE network will continue, as it is officially approved, understanding that a long-term support is needed to achieve a real impact on the university-business interface within the Regional Innovation System.

Example: InnoEmpresa Programme (Thematic Priority 9 of the ERDF OP CyL 2007-2013)

The national InnoEmpresa Programme is part of a policy oriented towards strengthening the Spanish business network, increasing the innovative capacity of companies as a means to increase their competitiveness, contributing to sustainable growth, leading to job and wealth creation. The development of the InnoEmpresa Programme took into account the experience gained with its previous actions in the period 2000-2006.

It is a jointly managed program between the National Ministry MINETUR (previously the DG for SMEs) with the Regions. The coordination is through the SME Sector Conference, a joint Working Group with Director Generals working with SME support and SME policy and Joint Committees for project appraisal and selection. In Castilla y Leon, the executing agency of the Programme is ADE.

The program targets at SMEs and / or Intermediate Bodies as final beneficiaries to promote projects with SMEs in any of the following areas: 1. Organisational Innovation and Advanced Management; 2. Technological Innovation and Quality; 3. Collaborative Innovation. It funds almost all material aspects related to innovation in the fields of process, product, organisational innovation and business management.

By the end of 2013, a total of 465 projects (170% of the initial target value) have been funded, benefitting a total of 1,445 participating companies (124%). Investment induced sums up to EUR 15.54 million (114%). Companies that have obtained grants for the implementation and certification of environmental management systems have been 149 (144%). There have been 274 direct jobs created (185%), 101 of them female (180%).

In 2013, the InnoEmpresa Programme was closed. The opinion of the program among stakeholders is that it is a helpful and necessary instrument, demonstrated by the positive reception and the high number of requests for subsidies and the level of fund absorption which was very high (information from interviews).

Annex 4. Complementary information and details on achievements

In addition to the presentation of achievements in the report, there is interesting complementary information with regard to impacts of the National OP Spain 2007-2013 to support RDI in companies, in particular SMEs in various Spanish Regions. In this context, the final conclusions of the Thematic Strategic evaluation on RDI of the Spanish OP 'Technology fund' 2007-2013 (MINHAP 2014) can be summarized as follows:

In this work the effects of ERDF-supported R&D activities financed by the ERDF Technology fund OP in the period 2007-2013 on the business growth of beneficiary companies have been studied. For this, data from Spanish companies was used to clarify the impact that European funds have on different business variables of particular relevance, both economic, staff development and innovative production. A quasi-experimental design studying differences-in-difference has been used. By using a panel data model the effects that the realisation of these co-financed activities have on different impact variables under study were calculated. The results show that these measures have a marked positive effect on increasing revenue and domestic investment in the company. It also has positive effects on the workforce, both of the whole the company and of the research department, although the impact is not as clear as that obtained for the monetary variables. Finally, the study shows that there is no clear impact on the number of patents generated by a company, although this result deserves some clarifications in further specific studies.

The results of the evaluation cannot be directly transferred to the Regional ERDF OP, but it would be interesting to apply this evaluation approach also in the evaluation of Regional OPs or in a national-wide thematic evaluation where the combined effects of National and Regional OPs could be examined.

Furthermore, more detailed information on achievements and effectiveness was gathered during the **interviews** for this study. The SMEs and Business Associations, but also the Intermediary Entities who know well the situation and needs of the SMEs consider, for instance, that:

- The OP support is fragmented. The link between the ERIDI/Regional measures and the ERDF OP is not visible.
- There are many small actions, difficult to make a real change in the region. Many are based on national programmes (ICEX, RED.ES, REINDUS, AVANZA, INNOEMPRESA), so, at overall national level maybe they make a change, but the effect on the SMEs in Castilla y Leon is quite limited. Also, these are singular activities (grants, participation at fairs) and it is difficult to image that an SME really changes its behaviour because of this.
- There are some programmes that respond well to the needs of regional SMEs, had a larger impact, as they reached more SMEs and also well inserted into the overall regional complementary support system (information, training), such as the RDI grants and the investment grants from ADE. Within the RDI grants, the focus is on innovation and less on pure R&D, as the capacity of regional SMEs it too low for private R&D activities.
- The investment support was really important, especially during the crisis. The support helped to maintain SMEs alive and to maintain jobs. There was some growth of companies but not so much.
- There was a good and effective support for internationalisation, mainly through the PIPE programme and the combined support though Chambers of Commerce and ICEX. Here, the results are visible among the SMEs, due to the combined services + grants + information +training for internationalisation. It has made

more SMEs international and made the whole regional a little bit more international.

- It is important to have interface structures such as the TCUE Technology Transfer Offices of the Universities, the Technology Parks or Technology Centres, the Entrepreneur Support System SIAE, or the information portal of the ADE, as important tools to establish an overall favourable environment for the business development. It is important to have here a continuous support and point for information, related to areas where it is difficult for small companies to stay informed (innovation, internationalisation).
- Overall the support is fine and adequate to SME needs. However, support through European funds is very bureaucratic, a lot of paper work and control activities.

During the interviews, the Regional Development Agency ADE considered that:

- The Grants to support R&D and investments are important measures as they respond to a great demand by the SMEs, even during the crisis. As can be seen in supported companies, they have positive impact on business productivity, and they contribute to the survival of the company, maintaining or even increasing the number of jobs, and to make investments to expand the product portfolio of the beneficiary SMEs.
- The support of entrepreneurs has not been so successful when it was based on grants, as the grants oblige the entrepreneurs to reach quick results, even without being fully ready, and sometimes (mainly during the crisis) this led to failure and a devolution of the grant. Entrepreneurs require a more hand-on support approach (service packages, long-term support) and maybe better loans or equity financing.
- Support to important intermediary organisations such as sectoral innovation clusters help to promote behavioural changes among SMEs and to create a culture of innovation in the region. SMEs need a constant input to change their attitude towards innovation and cluster organisations are the most suitable vehicles to do this, especially in a vast and rural territory as it is Castilla y Leon.
- Overall, over the last years a cultural change towards innovation has been achieved in a small group of SMEs, facilitating now constant innovation activities. However, SMEs still need a lot of public support for RDI, especially after the reduction of the public spending on RDI has had a negative impact on private RDI spending. The RDI expenditure by SMEs is volatile and needs continuing support over longer periods of time.

Regarding the **achievements for the specific policy instruments**, it is difficult to obtain detailed information, since (a) sometimes the executing agencies work with different (sometimes combined) support lines, (b) national bodies do not have disaggregated regional data ready, as they work with many regions at the same time, or (c) there are still on-going projects (and control processes), so that it is difficult to get a "final" figure at this stage. The disaggregated number of beneficiary enterprises and, in particular, SMEs, for each measure and action line of the OP CyL 07-13 can be estimated as follows:

Table 11. Achievements of the SME support actions in the CyL OP 2007-2013 (until 11/2014)

| No. Instru-ment in OP Fiche | Policy Instrument | No. of benefi-ciary compani-es | No. of benefi-ciary SMEs | Other achievements |
|-----------------------------|---|--------------------------------|--------------------------|---|
| 1 | 1.4 ADE: Programme R&D Projects (Grants to companies for projects of industrial research and / or experimental development PROYECTOS I+D) | 901 | Of that 759 SMEs | No. of cooperation projects: 204 No. of people employed in supported projects: 5,551 No. of jobs created (gross): 2,175 |
| 2 | 1.7 ADE Programme Information Society (Grants to companies to promote the use of ICT in SMEs) | 779 | Of that 779 SMEs | nd |
| Not in fiche (indi-rect) | 1.7 Regional Department for Universities and Research | - (indirect) | - (indirect) | No. of business plans for new companies: 110 No. of advised entrepreneurs: 165 |
| | 2.8 | | | |
| 3 | ADE: Programme to support Business Creation (Grants to stimulate the creation of new companies EMPRENDIENDO) | | | No. of SME created: 1,437 |
| 4 | ADE: Grants for business development (support to investment for growth projects with line NUEVAS PYMES and line INVIERTE EN CRECIMIENTO) | | 2,846 | No. jobs created: 5,726 |
| 5 | ADE: Grants for modernisation projects in strategic sectors in the region (ESPECIAL INTERES) | 159 | Of that 107 SMEs | nd |
| Not in fiche (indi-rect) | Soria Town Council: Restauration of central Plaza and Market. | - (indirect) | - (indirect) | nd |
| 6 | MINECO (National): Grants for urban retailer business and Improvement of inner city surroundings | - (indirect) | - (indirect) | No. of beneficiaries: 84 |
| 8 | ICEX (National): International Promotion Support | 1,074 (750 target) | nd | No. of projects 1,834 Number of new businesses supported 218 |
| 7 | MINHAP (National): Regional incentives (State Aid in disadvantaged areas) | nd | 56 | Private induced investment: EUR 470 million (in SME: EUR 220 million) No. jobs created: 1,340 (in SME: 760) No. jobs maintained 2,948 (in SME: 1,200) |
| 13 | MINETUR (National): REINDUS programme (support to industrial development) | 9 | Of that 8 SMEs | nd |
| 9, 10, 12, 11 | National Council of Chambers of Commerce (National, through Chambers in the region): Support to internationalisation (three lines + support to international procurement) | - | 240 | nd |
| | 2.9 | | | |
| 14 | MINETUR (National): InnoEmpresa Programme – support to innovation in SMEs (managed in CyL by ADE) | - | 1,742 | Total no. of beneficiaries: 1,816 No. of beneficiary intermediate bodies: 73 |
| 22 | MINETUR (National): Avanza Programme for support of IT in companies, industry and business | - | 92 | nd |

| No. Instru ment in OP Fiche | Policy Instrument | No. of benefi- ciary compa ni es | No. of benefi- ciary SMEs | Other achievements |
|-----------------------------|---|--|---|---|
| 17, 18, 19, 20 | National Council of Chambers of Commerce: Support to integrate and use of IT in small companies (various lines), studies (SaaS Methodology), grants, advice and assisted evaluation in Innocommerce package | - | 2,641 | nd |
| 16 | Promotion of territorial support platforms | | 400 | nd |
| 21 | ICEX (National): Loans for internationalisation with ICO | 137 | nd | nd |
| 15 | INCYDE: Development of Business Incubators in the region. | - | - | 2 incubators in total Number of business projects: 42 Number of entrepreneurs: 34 Number of female entrepreneurs: 10 |
| 23 | RED.ES (National): Promotion of IT in Business with 3 sectoral pilot projects. | - | 193 | % of beneficiaries satisfied with the project = 95.92% % of enterprises with administrative management improved: 71.43% % of enterprises that have improved the quality in the delivery of the instrument: 67.35% |
| | TOTAL | 1,406 (large comp. or SME not specifie d) | 9,863 SMEs = 6,185% of CyL SME (2014)* | |

Source: AIR 2013 and AIR 2014 ERDF CyL OP 2007-2013. Interviews with IB. NOTE: In bold, the most relevant actions according to their overall budget. NOTE: Here, a possible double counting of SMEs who benefitted from different policy instruments has not been considered. To the actual number of beneficiary SMEs is probably slightly lower.

Only for some of the policy instruments, there is specific data on outputs and results available. The following table shows the achievements linked to projects from the Regional Development Agency ADE action lines 1.4 (Grants for R&D projects), 1.7 (Grants for ICT projects) and 2.8 (grants for investments of special interest).

Table 12. Achievements of ADE action lines within the CyL ERDF PO (until 11/2014)

| Indicators | Action Line 1.4 | Action Line 1.7 | Action Line 2.8 |
|--|-----------------|-----------------|-----------------|
| No. of beneficiary companies | 901 | 779 | 159 |
| No. of beneficiary SMEs | 759 | 779 | 107 |
| Total Subsidy granted (EUR mill.) | 203.334 | 8.707 | 166.460 |
| Subsidy granted to SMEs (EUR mill.) | 111.466 | 8.707 | 61.903 |
| No. of cooperation projects (companies and research centres) | 204 | - | - |
| No. of people employed in supported projects | 5,551 | - | - |
| No. of women employed in supported projects | 1,035 | - | - |
| No. of jobs created (gross) | 2,175 | - | - |
| No. of R&D jobs created (gross) | 1,488 | - | - |
| No. of R&D jobs created (gross) (women) | 207 | - | - |

Source: ADE communication 2014.

The following table presents the support intensity for each executing agency (mostly associated with 1 or 2 policy instruments or support packages). As can be observed, the intensity is remarkably high in the investment and innovation grant schemes of ADE and MINHAP. It is considerably low for the support service packages offered by the Chambers of Commerce and ICEX.

Table 13. Castilla y Leon ERDF OP 2007-2013 – Support Intensity of policy instruments

| Beneficiary of the OP Measure | Allocation 2007-2014 (2015) in EUR | Support Intensity in EUR/final recipient (as of 31/12/2014) |
|--------------------------------------|------------------------------------|---|
| 1.04 ADE (Regional Government) | 106,534,939 | 118,241 |
| 1.07 ADE (Regional Government) | 6,206,351 | 7,967 |
| 2.08 PYME -MINETUR (National) | 1,250,000 | 138,889 |
| 2.08 MINECO (National) | 1,013,605 | 12,067 |
| 2.08 MINHAP (National) | 70,288,871 | 1,255,158 |
| 2.08 ICEX-MINECO (National) | 5,035,016 | 4,688 |
| 2.08 ADE (Regional Government) | 153,888,010 | 34,644 |
| 2.08 Soria Town Council | 5,118,080 | nd |
| 2.08 Council of Chambers of Commerce | 1,960,944 | 8,171 |
| 2.09 SETSI -MINETUR (National) | 3,780,391 | 41,091 |
| 2.09 PYME -MINETUR (National) | 6,234,285 | 4,314 |
| 2.09 RED.ES (National) | 1,463,659 | 7,584 |
| 2.09 ICEX-MINECO (National) | 78,395 | 572 |
| 2.09 INCYDE Foundation | 1,837,501 | 54,044 |
| 2.09 Council of Chambers of Commerce | 1,461,622 | 481 |

Source: ERDF CyL OP 2007-2013. PO and Annual Implementation Report 2014.

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