



Inclusive Entrepreneurship Policies, Country Assessment Notes

Spain, 2016



Acknowledgements

This note is part of a series of notes on country-level inclusive entrepreneurship policies and programmes prepared by the Organisation for Economic Co-operation and Development (OECD) for the European Commission. These notes provide an overview of current and planned policy actions and identify some actions that could be implemented to address gaps in the current support offering, or improve current offerings.

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FOREWORD

Inclusive entrepreneurship policies aim to offer all people an equal opportunity to create a sustainable business, whatever their social group. This is an important requirement for achieving the goal of smart, sustainable and inclusive growth set out in the Europe 2020 strategy. It is also a means to respond to new economic challenges, to create jobs and to fight social and financial exclusion. Among the key targets of inclusive entrepreneurship policies and programmes are women, youth, older people, the unemployed, migrants and people with disabilities, who all continue to face challenges in the labour market and are under-represented or disadvantaged in entrepreneurship activities. ‘The Missing Entrepreneurs’ series of publications of the Organisation for Economic Co-operation and Development (OECD) and the European Union discuss how public policies and programmes can support inclusive entrepreneurship. This includes refining regulatory and welfare institutions, facilitating access to finance, building entrepreneurship skills through training, coaching and mentoring, strengthening entrepreneurial culture and networks for target groups, and putting strategies and actions together for inclusive entrepreneurship in a co-ordinated and targeted way. Governments are increasingly recognising the challenge of inclusive entrepreneurship, but there is still much to do to spread good practice.

The self-employment rate in Spain was slightly above the European Union average in 2015, and this was also true for the key target groups of inclusive entrepreneurship policy – women, youth, and seniors. These high self-employment rates can be partly explained by the relatively high proportion of entrepreneurs who started their businesses due to a lack of employment opportunities. Due to the difficult labour market conditions since 2008, the national and regional governments have been active in implementing inclusive entrepreneurship (and broader employment) policies and programmes, especially for the unemployed, youth and women. Nonetheless, there is scope to strengthen inclusive entrepreneurship in Spain, including through further development of the microfinance sector.

This note is part of a series of annual country assessments prepared by the OECD in collaboration with the Directorate-General for Employment, Social Affairs and Inclusion of the European Commission on the state of inclusive entrepreneurship policies and programmes in each European Union Member State. Each note provides an overview and assessment of policies and programmes that support people from under-represented and disadvantaged groups in business creation and self-employment and suggests policy actions to address gaps in the support system and to improve the quality of available support offers. The notes cover national-level policies and programmes and, where relevant, sub-national initiatives and actions by the non-governmental sector.

The notes are part of a wider programme of work by the OECD and the European Commission that includes ‘The Missing Entrepreneurs’ publications, a series of Policy Briefs on specific target groups, policies and issues, country reviews of youth entrepreneurship and women entrepreneurship, and the production of online policy guidance. For more information please refer to: <http://www.oecd.org/employment/leed/inclusive-entrepreneurship.htm>.

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KEY MESSAGES

- Inclusive entrepreneurship policies and programmes are increasingly seen as a tool to support under-represented and disadvantaged groups in the labour market. Many policy actions have been implemented in recent years, especially for the unemployed, youth and women. These actions have been designed and implemented under the guidance of employment strategies and objectives.
- The self-employment rate is slightly higher than the European Union (16.4% vs. 14.1% in 2015), and this is true across all social target groups. Spanish people were more likely than the European Union average to believe that they have the capabilities and skills to create a business (49% vs. 43% over 2010-14), especially women (43% vs. 35%) and youth (43% vs. 37%). However, fewer Spanish entrepreneurs exploit innovative products and services (17.6% vs 23.0% over 2010-14). This is particularly true for older entrepreneurs.
- Some gaps can be identified in the current inclusive entrepreneurship support system, including a lack of tailored schemes for older people, migrants and people with disabilities. Moreover, many actions for youth and the unemployed can be improved, notably entrepreneurship education and financial literacy. Further, microcredit remains under-developed as the banking regulations hinder lending activities by non-banks. Another challenge is that many inclusive entrepreneurship initiatives in Spain are operated on a small scale and are not well-connected with each other or a central strategy.
- Key recommendations for strengthening inclusive entrepreneurship support are to: i) develop integrated entrepreneurship support programmes for older, immigrants and persons with disabilities; ii) increase the number of microfinance institutions targeting under-represented and disadvantaged groups, especially young entrepreneurs and women entrepreneurs; iii) increase support for teachers to enhance the implementation of entrepreneurship education within the formal education system; iv) expand financial literacy training in formal education to include skills and concepts related to business start-up and self-employment; and v) further streamline regulations and procedures related to business start-up.

1. INCLUSIVE ENTREPRENEURSHIP OBJECTIVES AND TARGETS

Despite several recent reforms and increased action in promoting entrepreneurship, there is currently no overarching national plan to promote entrepreneurship in Spain. As a consequence, there are neither general entrepreneurship objectives, nor a clearly defined set of inclusive entrepreneurship objectives against which national progress may be measured. However, there is a comprehensive and coherent strategy for youth entrepreneurship support, Young Entrepreneurship and Employment Strategy (*Estrategia de Emprendimiento y Empleo Joven 2013-2016*, EEEJ), which provides some objectives but lacks concrete targets.

More broadly, the Spanish targets for inclusive entrepreneurship policy actions may be set against European strategies. Thus, the Europe 2020 strategy includes some lines of action that may be linked to inclusive entrepreneurship: the employment rate (the target being 74%) and reduction of the population at risk of poverty (aiming at decreasing the number by 1.4-1.5 million people) (EC, 2010).

In this sense, the 2016 National Reform Programme¹ (NRP) identifies five most relevant areas in which further reforms are necessary, including the support of entrepreneurship and business growth. This includes further development of policies for entrepreneurship promotion and SMEs support. The NRP considers it necessary to remove obstacles to SMEs growth, promote the use of the newly approved second chance mechanisms, facilitate SMEs access to finance, including alternative non-banking financing mechanisms or crowdfunding, and stimulate business internationalisation.

2. KEY INCLUSIVE ENTREPRENEURSHIP INDICATORS

The unemployment rate increased substantially since the economic crisis started in 2008. The overall unemployment rate rose to 26.1% in 2013, from a 30-year low at 8.2% in 2007. This has affected all segments of the labour market (Figure 1a). The construction sector (male-dominated activity) was one of the hardest hit sectors during the crisis, consequently the gap between the unemployment rate for men and women essentially closed between 2006 and 2009. However, the gap is re-emerged in 2014-15. Youth unemployed also increased greatly during the crisis. Youth also suffer from relatively high school-dropout rates (one of the Europe 2020 targets) and high NEET rates (Not in Employment, Education or Training). Older people, however, have relatively low unemployment rates, explained by high levels of inactivity and early retirement (even at the expense of reduced pension). Similarly, the unemployment rate of foreign-born more than tripled between 2007 and 2013. Consequently, approximately one million foreign-born people left Spain between 2009 and 2015. This outflow is concentrated in non-EU citizens (a 26% drop of 0.9 million people).

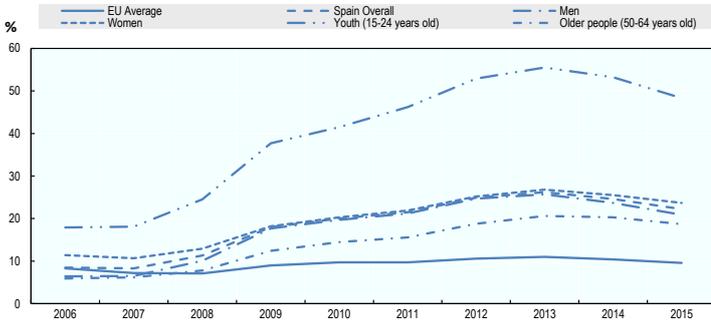
Self-employment rates have been stable over the last decade (Figure 1b). The overall self-employment rate for Spain is slightly above the overall rate in the EU (16.4% vs. 14.1% in 2015). Of all of the target groups of inclusive entrepreneurship policies, older people have had the highest self-employment rate over the last decade. However, this rate has declined slightly. The self-employment rate for men is nearly double the rate for women (20.2% vs. 11.8%).

A similar trend is observed in the Total Entrepreneurial Activities (TEA) rate (Figure 1c). Overall, the TEA rate for Spain was slightly between the average across the European Union, which is in contrast to the self-employment rates. This can be explained by differences in the two measures. The TEA rate measures pre start-up activities and new business owners, but does not pick-up the stock of entrepreneurs in an economy. This measure may also miss people who are working for themselves but do not see themselves as self-employed (e.g. artists). Men had a TEA rate that was substantially higher than the rate for women (6% vs. 4%) and youth were more active than older people (5% vs. 3%).

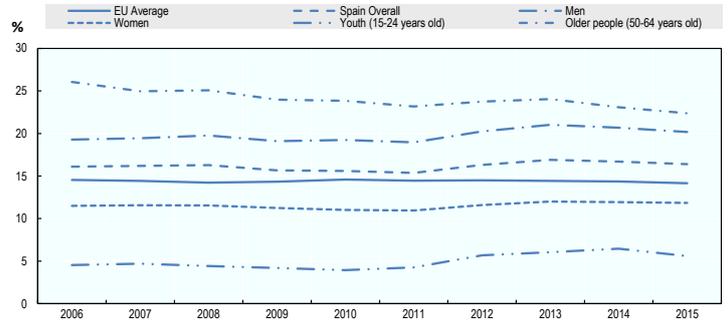
¹ *Programa Nacional de Reformas 2016. Reino de España.* Approved by the Government on April 29th, 2016. <http://www.lamoncloa.gob.es/consejodeministros/Documents/PNR%202016%20-%20SPAIN.PDF> (accessed on May 15th, 2016).

Figure 1. Key inclusive entrepreneurship indicators

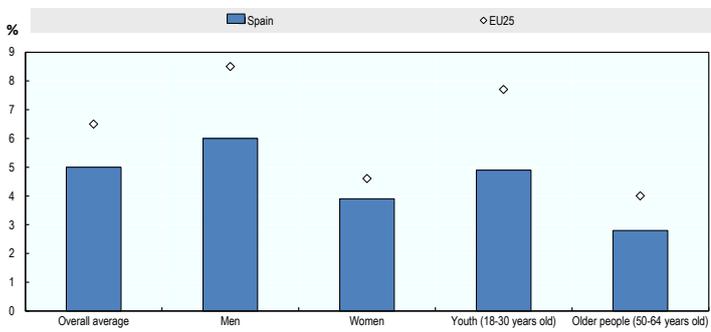
a. Unemployment rate, 2006-15



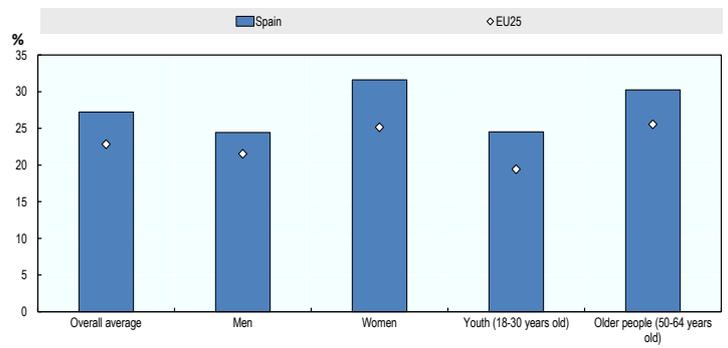
b. Self-employment rate, 2006-15



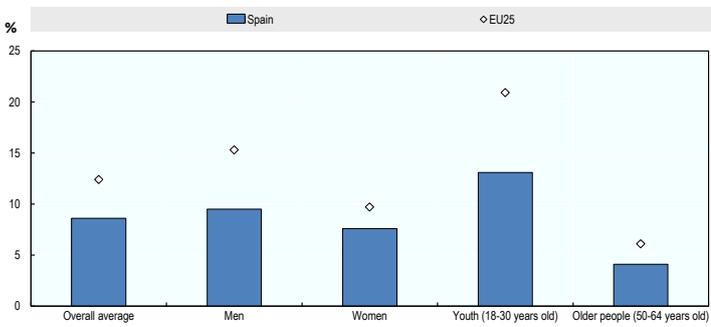
c. TEA Rate, 2010-14



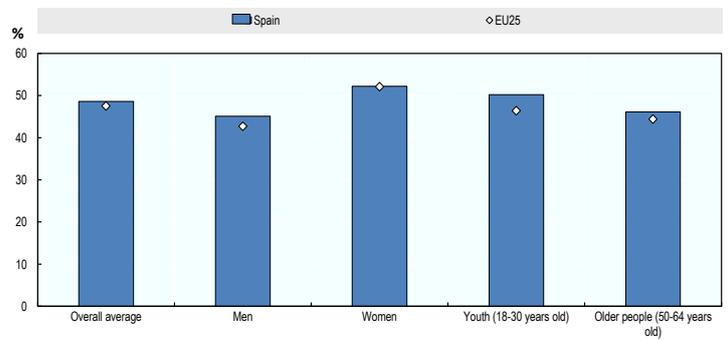
d. Proportion of TEA that is necessity entrepreneurship, 2010-14



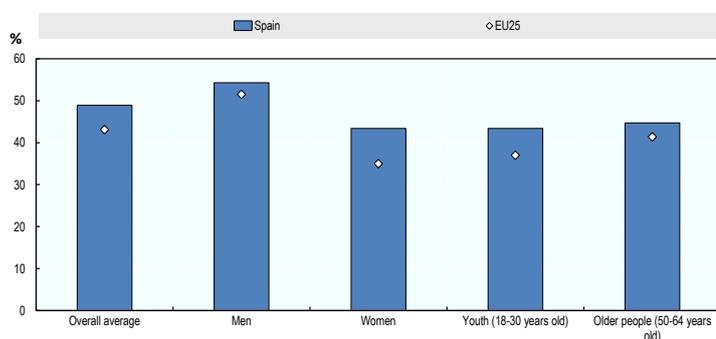
e. Proportion who expect to start a business in the next 3 years, 2010-14



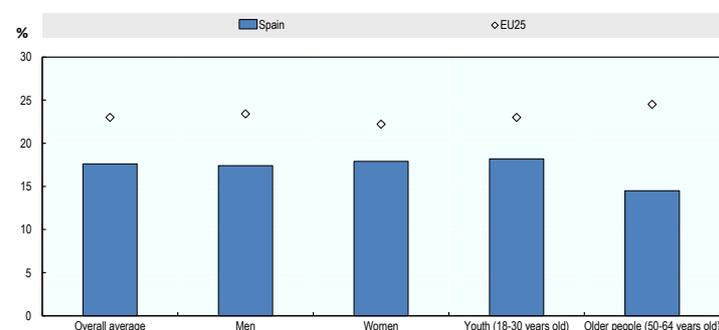
f. Proportion who report that a fear of failure prevents them from starting a business, 2010-14



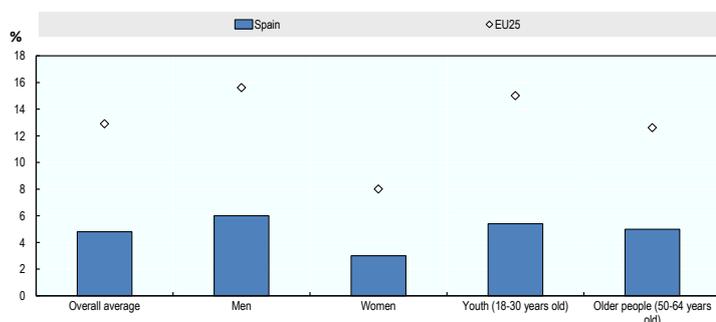
g. Proportion who perceive that they have the skills to start a business, 2010-14



h. Proportion of new entrepreneurs whose products or services are new to all or some customers and who have few or no businesses offering the same products or services, 2010-14



i. Proportion of early-stage entrepreneurs who expect to create more than 19 jobs in 5 years, 2010-14



Note: The self-employment rate is defined as the proportion of those in employment who are self-employed. The TEA rate is the Total Entrepreneurial Activity rate, which is defined as the proportion of the population actively involved in pre start-up activities and those who have started a new business within the last 42 months. The proportion of TEA that is necessity entrepreneurship is the proportion of entrepreneurs involved in setting-up a new business or operating a business that is less than 42 months old, who were motivated to start their business because they had no better options for work. Data for panels c, d, e, f, g, h and i were pooled for the period 2010-14, producing an unweighted average. The EU25 average in panels c, d, e, f, g, h and i covers all EU28 countries, except Bulgaria, Cyprus and Malta.

Source: Panels a and b contain data from Eurostat (2016), Labour Force Survey; Panels c, d, e, f, g, h and i contain data from the 2010 to 2014 Global Entrepreneurship Monitor household surveys that were tabulated for the OECD (2016).

A relatively high proportion of new entrepreneurship activity (i.e. TEA) in Spain over the 2010-14 period was driven by people who did not have other employment opportunities (27.2% vs. 22.8% for the EU) (Figure 1d). While this is true for all key social target groups, nearly one-third of women and older entrepreneurs active in pre start-up activities or managing a new business were driven by necessity (31.6% for women and 30.3% for older people), i.e. a lack of other opportunities in the labour market.

Relative to the average across the European Union, entrepreneurs in Spain were more likely to view themselves as capable to start a business (Figure 1e). This is true for all of the key social target groups: women, youth and older people.

In terms of barriers to entrepreneurship, people in Spain were as likely as the average across the European Union to cite a fear of failure as an obstacle to business creation over the period 2010-14 (Figure 1f). Women were slightly more likely than men to cite this (52% vs. 45%), and approximately half of youth and older people did.

Half of the people in Spain felt that they had sufficient skills to start a business over the period 2010-14, which was higher than the average across the European Union (43%) (Figure 1g). This observation holds across all target groups.

However, entrepreneurs from all groups are less likely to exploit innovative products and services in their businesses (Figure 1h). This suggests that the risk of displacement is quite high in Spain. Moreover, few entrepreneurs in Spain expect to create a substantial number of jobs from their new business (Figure 1i). The gap between new Spanish youth entrepreneurs and those across the EU was particularly large: 5.4% vs. 15.0%.

3. ASSESSMENT OF CURRENT AND PLANNED INCLUSIVE ENTREPRENEURSHIP POLICIES AND PROGRAMMES

3.1. Policy framework

Legal reforms to promote and foster entrepreneurship are relatively recent. One of the first significant initiatives was to create one-stop shops for aspiring or nascent entrepreneurs, called *Ventanilla Única Empresarial* (VUE),² and created in 1999. In 2003, the process of creating limited liability companies (LLC) was simplified by establishing a specific “fast-track” modality: *Sociedad Limitada Nueva Empresa* (SLNE, New Enterprise LLC),³ and since 2007 it has been possible to create a standard LLC through the online service CIRCE.⁴

More recently, the Government approved the *Programa de Estabilidad y Plan Nacional de Reformas* (Stability Programme and National Reforms Plan) in April 2013. This programme contains measures related to the promotion and support of entrepreneurship, including entrepreneurship education, the promotion of business creation, self-employment supports and measure to simplify the start-up procedures and requirements. Within this general framework of structural reforms, new laws and strategies have been subsequently developed, including:

- Law 4/2013 (Royal Legislative Decree, 22 February 2013) to approve the Youth Entrepreneurship and Employment Strategy 2013/2016 (EEEJ);
- Law 11/2013 (26 July 2013) on measures to support the entrepreneur, and to stimulate growth and employment creation (“Entrepreneurs’ Law”);

² “One-stop shop”: created by an agreement between the Ministry for Economic Affairs and the Chambers of Commerce.

³ Created by law 7/2003.

⁴ *Centro de Información y Red de Creación de Empresas* (Information Centre and Business Creation Network): <http://www.circe.es>. CIRCE depends on DGIPYME. It has allowed the creation of SLNE online since 2003, standard LLCs since 2007, and the registration of self-employed workers since 2010. The creation of firms using some additional legal forms have been made possible by the Royal Decree 44/2015.

- Law 14/2013 (27 September 2013) to support entrepreneurs and their internationalisation; and
- Law 31/2015 (9 September 2015) to update regulations on self-employment and to promote self-employment and the social economy.

However, this institutional support framework for entrepreneurship has been largely developed on an *ad hoc* basis. The main objectives of most of the noted institutions are not directly related to entrepreneurship, and have only incorporated entrepreneurship activities as complementary activities. This is the case, for instance, of INJUVE (the public agency the Young Persons' Institute, *Instituto de la Juventud*) or the Women Institute. Similarly, the publicly supported financial institution *Instituto de Crédito Oficial* (ICO) has several funding programmes, and only one of them is focused on entrepreneurs and SMEs. Furthermore, ENISA (*Empresa Nacional de Innovación*, another publicly supported financial institution) was originally focused more on expansion of existing companies than on new business creation.

The recent creation of an online registration service for new businesses can be considered as a success. The proportion of total new firms registered with the online procedure is growing quickly and reaching 8% of new start-ups (both corporations and self-employed worked) in 2015.

Among the more recent reforms, the most ambitious is the “Entrepreneurs’ Law”,⁵ which includes a set of measures grouped into five categories:

- *Creating entrepreneurial motivations*: several initiatives have been launched, including entrepreneurship training in the educational system⁶; new legal business forms⁷; a network of Entrepreneur Assistance Points (*Puntos de Atención al Emprendedor*, PAE)⁸ offering online venture creation services; and facilitation of extrajudicial payments agreement with creditors;
- *Tax and social security incentives*: new incentives were implemented, including different deductions for investment (re-investment of profits, R&D and innovation activities, licencing property rights); tax incentives to business angels; and reductions in social security contributions;
- *Financial supports*: new measures include more flexible mechanisms for refinancing agreements to allow banks to securitise internationalisation loans;
- *Support for the growth and development of entrepreneurial projects*: measures include reducing the administrative burden and simplifying the accountancy; facilitating SME participation in public contracts; and

⁵ Law 14/2013 “to Support Entrepreneurs and their Internationalisation” (approved on September 27th).

⁶ Law 8/2013, “The Organic Law for the Improvement of the Quality of Education” (adopted in December 2013).

⁷ They include the *Emprendedor de Responsabilidad Limitada* (limited liability entrepreneur/self-employed whose home is not liable for business debts), and the *Sociedad Limitada de Formación Sucesiva* (Successive Formation LLC, with no minimum social capital).

⁸ They are now connected to CIRCE online system, and manage new-venture registration applications through this online portal.

- *International mobility*: easier establishment of foreign entrepreneurs in Spain.

Since the Entrepreneurs' Law was adopted, several complementary policy actions have been launched to provide tailored support to groups that face greater barriers to business creation and self-employment.

In the case of women, the Equal Opportunities Strategic Plan 2014-16 (*Plan Estratégico de Igualdad de Oportunidades*) was approved in March 2014. Its first axis is promotion of equal labour conditions, including one objective of “fostering female entrepreneurship, supporting business creation and self-employment”. To achieve this objective, the co-ordination of several ministries is needed. The development of this line of action will be implemented through specific measures to support female entrepreneurs in the different phases of their project.

With respect to youth entrepreneurship, the Youth Guarantee (*Garantía Juvenil*) programme and the Strategy for Youth Entrepreneurship and Employment 2013-16 (*Estrategia de Emprendimiento y Empleo Joven 2013-16*, EEEJ) include the promotion of entrepreneurship. The Government published the Youth Guarantee (YG) Implementation Plan following the recommendations of the European Council. This YG National Plan is fully coherent with the promotion of youth entrepreneurship established in the EEEJ. Although the YG and the EEEJ plans are formally independent, they are highly integrated in the sense that entrepreneurship and self-employment is one of the main lines of action through which the Youth Guarantee is to be implemented. Both YG and EEEJ are to benefit from European funding, notably the Youth Employment Initiative and the European Social Fund.

Relevant for the unemployed is the Spanish Employment Activation Strategy 2014-16 (*Estrategia Española de Activación para el Empleo 2014-2016*) was approved in September 2014, following the recommendations of the EU Council for Spain. It establishes the transition to a result-based system for active labour market policies, initiated with the 2012 and 2013 Annual Employment Policy Plans. The Strategy constitutes a multi-year framework for programming and co-ordinating active labour market policies (ALMPs) nationwide. In particular, it sets both strategic objectives and long-term goals for active policies in the different public employment services. The funds distributed by the central Government to the regions for them to implement these policies will increasingly depend on their degree of compliance with the established common goals. One of its strategic objectives is to promote entrepreneurship.

There is no specific legislation or action plan to promote entrepreneurship among people with disabilities. However, the General Law of Persons with Disabilities and their Social Inclusion⁹ includes a call to public authorities for them to adopt policies to promote self-employment of persons with disabilities, in particular with respect to social economy initiatives.

There is currently no framework for entrepreneurship support for older people and immigrants. There is no specific plan or legislation aimed at promoting self-employment and business creation for these two groups and only a small number of initiatives have been launched. These actions are frequently disconnected from supports that are available to other groups (e.g. youth, women, the unemployed).

In addition, there is a need to identify quantifiable targets and measure the impact made by support by strengthen monitoring and evaluation actions. For example, the Equal Opportunities Strategic Plan foresaw an intermediate evaluation report to be published in mid-2015 but it has not yet been published.

⁹ Royal-Decree 1/2013 (November 29th) approved the consolidated text of this law.

3.2. Government regulations

Changes to regulatory measures to encourage or facilitate business creation and self-employment have been a recent development. One of the first actions was to implement an unemployment insurance scheme for self-employed workers, which was launched in 2010.¹⁰ It provides a limited amount of coverage for when business activities are abandoned. However, implementation has been slow.

Inequality also exists with respect to pension schemes. Pensions are granted based on social security contributions during working life and self-employed workers are able to freely select their contribution level, provided it is above the minimum legal level. The vast majority (82%) pay this minimum legal level, leading to a substantially lower retirement pension. Overall, the pensions of self-employed retirees are 41% lower to that of employee retirees.¹¹ This situation is more evident in the case of people with disabilities because early retirement (at 52 years old) from employment is possible depending on the number of years worked, but this is not possible for the self-employed (<http://cominet.org/cocemfe-favorece-la-inclusion-educativa-mas-600-ninos-ninas-discapacidad/>COCEMFE, 2015).

In addition to these changes that apply to all self-employed people, a number of targeted actions have been launched to target specific social groups. One of the first efforts was to reduce the level of social security contributions for young entrepreneurs, including a gender equality component (eligible entrepreneurs were males under 30 years old or females under 35 years old, to recognise additional difficulty for women to access entrepreneurship). In 2015, these incentives have been extended to any new entrepreneur, and contributions are reduced for 18 months.¹² This reduction is highest the first six months (a flat contribution of EUR 50 is paid) and the reduction is phased out until the 18th month. Although the measure is now applied to all entrepreneurs, some differences still exist:

- For males under 30 years old and women under 35, the reduction is applicable for up to 30 months;
- Self-employed with a disability may apply this reduction for up to 5 years; and
- No specific incentives for older people, except for the possibility to continue active after 65 years old (for those that have been contributing 36 years or more) with reduced social security contributions.

Another recent action was to create a residence visa for entrepreneurial activity in 2013.¹³ These visas are available for those who present a business or entrepreneurial project to be carried out in Spain and considered of “general interest”.

More recently, a 2015 reform created a welfare bridge scheme for the unemployed that allows them to continue receiving unemployment benefits for 270 days (subject to some restrictions such as

¹⁰ Approved by Law 32/2010 (August 5th) establishing a specific protection system for the discontinuation of activities of self-employed workers.

¹¹ http://cincodias.com/cincodias/2017/01/09/autonomos/1483975875_024177.html

¹² Approved by Law 31/2015, which modifies the Self-employed Worker Statute (*Estatuto del Trabajador Autónomo*, approved by Law 20/2007).

¹³ Approved by Law 14/2013 to Support Entrepreneurs and their Internationalization.

joining an existing business) after creating a business.¹⁴ It is also possible to interrupt the benefits and later resume them if the business activity is ceased.

This 2015 reform also included special provisions for all entrepreneurs to reduce social security contributions who have children up to seven years old and other dependents. Further, social security contributions are also reduced while the entrepreneur is on parenthood leave.

More generally, there have been some recent efforts to simplify the business start-up and registration procedures. There are, however, no specific measures to streamline procedures further for specific groups or to provide them with support in complying with regulatory obligations. The “Doing Business” Project ranks Spain 82nd out of 189 countries in the starting a business category (World Bank, 2016). For instance, seven procedures are needed to start a business in Spain, while the average across all countries was 4.7. Therefore, there is still substantial room for improvement and simplification of the start-up procedures and associated costs.

3.3. Financing entrepreneurship

Financing the new venture is frequently cited as one relevant problem faced by new entrepreneurs in Spain (Kelley et al., 2016), and this problem has been especially relevant during the financial crisis. Current approaches to supporting access to finance for entrepreneurs include the direct provision of funds, and the facilitation of private financing for new businesses.

Regarding the direct provision of funds, some public institutions offer subsidies or loans for business creation applying favourable conditions. These are generic to any entrepreneur. In particular, the Ministry for Employment and Social Security offers grants of up to EUR 10 000 to new entrepreneurs.¹⁵ This programme is managed by the regions, which have scope to adjust the limits of the grants and to establish different grant levels for specific groups of beneficiaries.

For the unemployed, the most important support measure is the possibility to “capitalise” unemployment benefits to invest in the new venture.¹⁶ That is, the full pending amount of unemployment benefits can be received in a lump sum for the purpose of starting a business.

Fewer grants are available to other groups. There are no additional subsidies specific for women at the national level, although there are some regional and local subsidies. In addition, there is a grant for young artists offered by INJUVE. Finally, *FSC Inserta* (part of the ONCE Foundation, supported by the European Social Fund) offers grants of up to EUR 12 000 for business creation by people with disabilities.

Loans are not frequently offered by the public sector. However, ICO offers a credit line for all entrepreneurs and SMEs and ENISA offers participative loans and a specific line of credit for young entrepreneurs under 40 years old.

The private sector also supports access to start-up financing for under-represented and disadvantaged groups in a limited way. MicroBank (a subsidiary of *La Caixa*) offers microcredit programmes for the implementation, promotion and financial support of business projects, with no collateral required. This initiative is open to any entrepreneur, although MicroBank has signed

¹⁴ Law 31/2015.

¹⁵ Initially regulated by Order TAS/1622/2007, modified by Law 18/2014.

¹⁶ These measures have been updated by Law 31/2015

agreements with INJUVE and PAEM to facilitate access for young or female entrepreneurs. Other banks such as *Banco Popular*, *Laboral Kutxa* and *Caixa Pollnça* have also started to offer microcredit for entrepreneurs from disadvantaged groups with the support of the European Investment Fund connected with the European programme Employment and Social Innovation (EaSI). The development of the microcredit sector has been slow due to a lack of a specific regulation for microcredits,¹⁷ but sub-national governments are beginning to launch schemes (e.g. the regional government is currently planning a microcredit scheme that will be co-financed by the European Social Fund).

At the same time, there are 20 Reciprocal Loan Guarantee Societies (SGR, *Sociedades de Garantía Recíproca*) in Spain.¹⁸ These institutions operate at the regional level, with the exception of one national organisation (CreaSGR) that operates in sectors with high levels of self-employment, e.g. audio-visual, cultural, tourist and entertainment and games sectors. CreaSGR has recently signed an agreement with the State Corporation for Innovation and Tourist Technologies (SEGITTUR), supervised by the Ministry of Industry, Energy and Tourism, to provide guarantees to entrepreneurs and SMEs in the tourism sector for funding and participation in the different *Emprendetur* programmes (*Emprendetur Young Entrepreneurs*,¹⁹ *Emprendetur R & D*; and *Emprendetur Innovative Product Development*).

The government has also promoted networks of business angels since 2010, with an annual call.²⁰ The aim is increasing and facilitating access of SMEs to this source of funding without any focus on specific social target groups. More recently, crowdfunding has been regulated²¹ as a new form of access to credit configured as participative investments. Crowdfunding platforms have to register and comply with certain requisites. No special support for crowdfunding is established, and no platform is yet especially dedicated to under-represented or disadvantaged groups.

To complement the provision of finance, there is a need for a greater financial literacy among entrepreneurs. In 2008, CNMV (Spanish National Stock Exchange Commission) and *Banco de España* signed a collaboration agreement to implement the Financial Literacy Plan. It aims at improving the financial education of Spanish citizens by providing them with the tools, skills and knowledge to adopt informed and appropriate financial decisions. This plan followed the guidelines and principles of the European Commission and OECD. The agreement has been renewed up to 2017.²² The Plan has led to the launch of a website with information and tools,²³ and a pilot Financial Education Programme has been developed for Secondary Education students. The Financial Education Plan is integrated into the Entrepreneurship Project of the Ministry of Education, Culture and Sports, designed and developed from the National Centre for Educational Research and Innovation (CNIIE).

¹⁷ The regulation applicable is that of consumer credit: Law 16/2011 (June 24th) on consumer credit contracts.

¹⁸ See <http://www.cesgar.es/sgr-3/>

¹⁹ Operative from 2012-2015, but it is not open in 2016.

²⁰ Offered by the Ministry for Industry, Energy and Tourism:
<http://www.minetur.gob.es/portalayudas/business/Paginas/Index.aspx>

²¹ Law 5/2015 (April 27th) on the Promotion of Entrepreneurial Finance.

²² *Plan de Educación Financiera* (Financial Literacy Plan) 2013-2017.
<http://www.cnmv.es/portal/Publicaciones/PlanEducCNMV.aspx>

²³ www.finanzasparatodos.es

Overall, public policy actions to facilitate access to finance for entrepreneurs tend to favour mainstream approaches; limited tailoring for under-represented or disadvantage groups is made. While implementing tailored programmes is costly, there is scope to increase the extent to which these mainstream offers are targeted to different groups. There is also a need to build stronger linkages between financial supports and entrepreneurship training, or coaching and mentoring support to increase the chances of success of entrepreneurs who receive financing.

There is also a need to address some gaps in the range of financial instruments used to support entrepreneurs from under-represented and disadvantaged groups. The most significant gap is an almost non-existent microcredit sector. There is also little support for self-financing groups despite their prevalence in large cities.

3.4. Entrepreneurship skills

The promotion of entrepreneurship in Spain has been increasingly accompanied with training measures. This initially occurred outside of the formal education system, but and more recently within it. In this sense, recent legal reforms to reinforce the development of entrepreneurial skills in the education system have been approved,²⁴ following the European Strategic Framework for Education and Training (ET2020).²⁵ This reform is in line with the objectives of the Youth Guarantee and the EEEJ programmes and tries to improve competences concerning the ability to recognise available opportunities, as well as building skills such as analysis, planning, decision making, problem solving and leadership. This requires the development of attitudes and values such as creative predisposition, self-knowledge and self-esteem, independence, interest and effort, and entrepreneurship. Despite these ambitious objectives, though, the implementation of specific changes in the curriculum to achieve them are still in the early stages.

In addition, the Directorate General for SME Policy (DGPYME) of the Ministry of Industry, Tourism and Trade is working with EOI Business School (a public postgraduate business school) to strengthen the provision of entrepreneurship training for post-graduate university students. This effort is developing a specific module for post-graduate students through agreements with their universities. DGPYME also offers additional training resources open to any entrepreneur. Similarly, the Entrepreneurs Assistance Points (PAEs) also offer training and basic consultancy services for entrepreneurs. SEPE (Public Employment Service), in turn, offers a wider training for the unemployed and, in particular, through the YG scheme. For instance, those in the YG initiative are offered some entrepreneurship coaching. The private sector is also undertaking some complementary actions. For example, *Lanzaderas de Empleo y Emprendimiento*,²⁶ provides training and coaching to unemployed people for employment and entrepreneurship.

Outside of the education system, there are a number of entrepreneurship training initiatives for youth. In particular, INJUVE launched “*emprende XL*” social network (www.emprendexl.com) including training and counselling for young entrepreneurs. It offers more than 2100 hours of free training thorough e-learning, as well as links to further resources for training and advice. INCYDE²⁷

²⁴ Law 8/2013 (December 9th) for the improvement of the quality of education (LOMCE).

²⁵ Council conclusions of 12 May 2009 on a strategic framework for European cooperation in education and training (ET 2020).

²⁶ Launching Pads for Employment and Entrepreneurship. This initiative is highlighted as a good practice by OECD/EU (2016), *Inclusive Business Creation: Good Practice Compendium*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264251496-en>

²⁷ The INCYDE Foundation is an Initiative of the Chambers of Commerce of Spain.

also offers training to young entrepreneurs but more focused on business consolidation. Additionally, there are some regional or local programmes offering specific consultancy (e.g. *Andalucia Emprende* offers “senior” consultancy for young entrepreneurs). Some private and third sector institutions are also active in this respect, although they act on a much smaller scale. The association of Young Entrepreneurs (CEAJE) implements AJEimpulsa,²⁸ a programme to promote entrepreneurship among the youth. It includes training on business plan and related topics.

There has also recently been a substantial increase in the availability of business incubators for all entrepreneurs. While none are dedicated for entrepreneurs from under-represented or disadvantaged groups but they are used heavily by young entrepreneurs. This is unsurprising given that many of the new incubators are managed by universities. In addition, there are several recent private initiatives that support young entrepreneurs with innovative projects, including YUZZ (*Banco Santander*); Open Future (*Telefonica*) and INNprende (*Fundacion Cruzcampo*).

In the case of women, *Instituto de la Mujer* and the Business Support Programme for Women (*Programa de Apoyo Empresarial a las Mujeres*, PAEM), which is supported by the Chambers of Commerce, Ministry of Health, Social Services and Equality and the European Social Fund) offer support and coaching, but there are few women-specific entrepreneurship training initiatives. The only specific training is offered by INCYDE to women for business consolidation (within the EU 2020 strategy) but not start-up courses. PAEM also offers information on support programmes, subsidies, financial aid, micro-loans, etc., as well as online consultancy available for women entrepreneurs who are registered in the platform. Additionally, several regional programmes offer similar services (e.g. www.womanemprende.org in Galicia, or *Andalucia Emprende* in Andalusia)

There are no national public programmes that aim to build entrepreneurship skills for older people, immigrants, and persons with disabilities. There are some local initiatives, such as EGESocial,²⁹ offering entrepreneurial training for older people. Google Campus³⁰ offered monthly sessions on different topics, specifically addressed to entrepreneurs over 50 in 2015 but this does not appear to be offered in 2016. Some non-governmental organisations offer short training courses for immigrants in collaboration with the EEEJ initiative: e.g., *Acción contra el Hambre*³¹ offers workshops for immigrant entrepreneurs. The programme includes a line of technical assistance for projects, to help them assess the viability and comply with start-up procedures. *Movimiento por la Paz*³² in collaboration with EEEJ offered counselling and information, but does not seem to be active at present. On the other hand, the *Programa Emprendedores*³³ may be highlighted. This programme provides training and support, including coaching and mentoring with entrepreneurs, as well as with students from the Entrepreneurship Master at King Juan Carlos University (Konecta Chair). The programme includes technical assistance for projects, to help them assess the viability and comply with start-up procedures. It also provides business pre-incubation services.

Thus, there is room to develop more support for older, immigrants and persons with disabilities to help them learn about entrepreneurship and to develop entrepreneurship skills. This need is likely to

²⁸ www.ajeimpulsa.es

²⁹ Private association linked to San Antonio Catholic University. <http://www.escuelaegesocial.es/>

³⁰ <https://www.campus.co/madrid/en>

³¹ www.luisvivesces.org

³² <http://wapa.mpdl.org/>

³³ Developed by FSC Inserta in collaboration with Konecta Foundation.
<https://www.portaento.es/candidatos/emprendedores/Paginas/emprendedores.aspx>

become more pressing due to several reasons, including population aging, integration of migrants and increasing participation of disabled in the labour market. The most effective approach would be to offer an integrated package of supports, including training and more intensive personal support (i.e. coaching).

More generally, training programmes should have stronger links with other business development services and financing. There is therefore a need to further integrate training into other schemes (in particular, financing, subsidies or unemployment benefits). These other types of support could be offered conditionally on participation in a basic entrepreneurship training course.

3.5. Entrepreneurial culture and social capital

As described in previous sections, there have been several legal reforms in recent years to facilitate and promote entrepreneurship. At the same time, large-scale programmes have also been launched to promote entrepreneurship. This includes YG, EEEJ or *Activación para el Empleo*, but also more specific initiatives such as PAEM or INJUVE actions. The amount of resources devoted to entrepreneurship has increased substantially, both in terms of funds (e.g. loans, subsidies, microcredit) and facilities (e.g. incubators). Even in the education system, the Law on the Improvement of the Quality of Education has set the pace for a much larger presence and importance of entrepreneurship-related contents in primary and secondary schools. Most universities are organising a Business Proposal Contest and offering specific entrepreneurship education (either as part of the DGPYME-EOI *Emprendimiento Universitario* initiative, or on their own). Simultaneously, increased media attention and actions to give visibility to entrepreneurs are also evident. Several TV or radio stations are including specific entrepreneurship-related content. An entrepreneurs' day was organised in every region, but this initiative has been discontinued due to recent budget shortages. The EU has implemented a programme to address risk aversion called FACE Entrepreneurship.³⁴ This initiative is open to anyone who is interested, although the main target is young Europeans. In the private sector, *La Caixa* (a bank) has organised the annual *Emprende XXI*³⁵ awards since 2007. They grant 17 regional prizes, and five sectoral prizes to new firms (less than three years in operation). Similarly, the magazine *Emprendedores* (Entrepreneurs) has annual “*emprendedores*” awards.

Overall, therefore, a significant cultural change is taking place towards entrepreneurship. However, all these actions are addressed mainly to the general public, with very little specifically for the under-represented and disadvantaged groups (except partly for the young, and to a smaller extent for women). In the case of youth, national entrepreneur competitions are taking place and receive larger attention. This includes the National Young Entrepreneur Award (granted by the Confederation of Young Employers annually from 2001), with the Prince of Asturias attending the ceremony and presenting the prize. INJUVE also organises the Young Entrepreneurs National Contest (from 2015). Further, as already noted, there are several university-level programmes or private initiatives (e.g. YUZZ, Open future, INNprende) that aim to promote entrepreneurship to youth.

There are also some public initiatives for women, such as *Instituto de la Mujer* (Women Institute), which has elaborated didactic materials on *Emprender y Educar en igualdad* (starting-up and educating in equality) developed for its use in high school and VET. However, it is not known how widely this informed is used. There are also initiatives at the regional level such as *Woman Emprende*, which is an agreement between Women Institute and University of Santiago de

³⁴ Failure Aversion Change in Europe: www.face-entrepreneurship.eu

³⁵ www.emprendexxi.es

Compostela to integrate the gender approach into university technology-based entrepreneurship processes.

There are no public initiatives to promote entrepreneurship to older people, unemployed, immigrants or persons with disabilities. In the private sector, however, *FSC Inserta's Programa Emprendedores* promotes the entrepreneurship culture, by giving support and visibility to disabled entrepreneurs. Within the *Emprendedores* magazine awards, a special prize to entrepreneurs with disabilities is awarded with the support of *FSC Inserta*.

Regarding social capital and the promotion of networks of entrepreneurs, there are few public policy actions aside from ENISA Be to Biz³⁶ (a collaborative platform to facilitate the connexion between the members of the ENISA community) and *Emprende Verde* (Green Start-Up network supported by the Ministry for Agriculture, Food and Environment to act as meeting point for these entrepreneurs and to offer a set of free services for them). Both of these are for all entrepreneurs. In the private sector, there are two main professional associations of self-employed workers in Spain,³⁷ which both offer services to their members, but limited networking and interaction activities.

These mainstream initiatives are complemented by a small number of networks for youth and women entrepreneurs. For example, PAEM includes a network of women-led businesses³⁸ in which the members are showcased, and they can offer or demand services to other members. INJUVE, in turn, develops *Emprende XL Social Network*, which allows young entrepreneurs to share ideas, receive counselling from experts and learn about the experience of other entrepreneurs. These are complemented by a few private sector initiatives such as the Confederation of Young Employers and Spanish Association of Women Entrepreneurs (*Asociación Española de Mujeres Empresarias*).³⁹

For other groups, the Association of Self-employed Workers has a special section for immigrants members, but it is mainly used to disseminate information rather than facilitate interaction among members. Meanwhile, some associations of persons with disabilities exist but only the Spanish Association of Entrepreneurs with Disabilities⁴⁰ aims to support disabled entrepreneurs in developing their activities.

To further build an entrepreneurship culture, there is a need to strengthen the presence of entrepreneurship in the education system. This process has been launched, but more training and support (e.g. learning materials, good practice exchange platforms) for educators is needed. Substantial resources should be devoted to this, together with recognition and promotion of active participation of educators in the teachers' training.

The promotion of networks of entrepreneurs is another important gap in which more should be done. Supporting entrepreneurs from under-represented and disadvantaged groups in building networks is an important form of support as it allows members to access resources and ideas that they would not otherwise have. It is, however, important to ensure that these networks do not reinforce the separation between these groups and the mainstream.

³⁶ <http://www.betobiz.enisa.es/>

³⁷ The National Federation of Self-employed Workers -ATA (www.ata.es), and the Union of Professionals and Self-employed Workers – UPTA (www.upta.es).

³⁸ <http://empresarias.camara.es/tu-espacio/empresas-paem/>

³⁹ <http://aseme.es/>

⁴⁰ <http://www.emprendedorescondiscapacidad.com/>

4. POLICY RECOMMENDATIONS

Inclusive entrepreneurship policies in Spain have undergone a remarkable development in the last few years. This has been part of the implementation of an ambitious policy to facilitate and promote entrepreneurship in general. While much has been achieved, there is a need continue with policy development in this area. At the same time, the recent financial and economic crisis has caused a substantial increase in unemployment which increases the need for policy responses for specific disadvantaged groups, notably youth, older people, people with disabilities and migrants. The following actions are recommended:

1. *Develop integrated entrepreneurship support programmes for older people, immigrants and persons with disabilities.* While a considerable set of measures is addressed to youth, women and the unemployed (though not always conforming a coherent programme), there is a notable lack of public initiatives that address the challenges faced by older people, immigrants and people with disabilities. In the design of such initiatives, alternative forms of provision may be considered. In some cases, specific programmes and facilities could be implemented when then potential target group is large enough. However, if the scale of potential beneficiaries is small (e.g. people with disabilities), or a risk of “stigma” effect is present, positive discrimination or preferential access for disadvantaged groups into general programmes could be considered.
2. *Increase the number of microfinance institutions targeting under-represented and disadvantaged groups, especially youth and women entrepreneurs.* The development of the microcredit sector is hampered by restrictive banking regulations that prevent non-bank institutions from granting and collecting loans. Recent regulatory changes have led to the creation of a small number of microfinance programmes and there is a need to scale-up these initiatives. Although support from the European Union is being used, these recently launched initiatives are quite small-scale operations. Therefore both the national and regional governments should support microfinance institutions in accessing EU support through The Employment and Social Innovation (EaSI) programme.
3. *Increase support for teachers to enhance the implementation of entrepreneurship education within the formal education system.* There is a need to provide more intensive training for teachers of entrepreneurship so that they are equipped to deliver entrepreneurship education. This should include both training as part of professional development, as well as training in initial teacher training. This could be complemented with the creation of a national observatory of entrepreneurship teaching practices and good practice exchange networks in entrepreneurship education for schools.
4. *Expand financial literacy training in formal education to include skills and concepts related to business start-up and self-employment.* The new impetus for financial literacy education in secondary schools is encouraging, driven by the National Strategy for Financial Education. However, these modules focus on personal and household financial management and there is a need to broaden the content to include business and start-up financing.
5. *Further streamline regulations and procedures related to business start-up.* Despite important changes already implemented, international rankings such as Ease of Doing Business rank Spain very low in the “starting a business” sub-index (82 out of 189). This represents a relatively unfriendly environment for new business creation. Simpler and easier

regulation would benefit all entrepreneurs, especially those from under-represented and disadvantaged groups, and will contribute to generating a more favourable entrepreneurial culture.

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ANNEX: METHODOLOGY

Each note was prepared by a national expert in co-operation with the OECD Secretariat. Information was collected through desk research and interviews (i.e. telephone, face-to-face, email) with key stakeholders and government representatives. The information was then verified by government partners, programme managers and other inclusive entrepreneurship stakeholder groups through email exchanges and one-day seminars in selected countries.

The notes are based on an assessment framework that was developed by the OECD Secretariat. The assessment framework provided a common analytical framework and report structure for the 28 notes that are in this series.

The framework contains 5 pillars:

1. Policy framework

- Is there an entrepreneurship strategy or action plan that explicitly covers the promotion and support of entrepreneurship for people in under-represented and disadvantaged groups?
- Is there a mechanism for co-ordinating inclusive entrepreneurship policy actions across relevant national ministries, and with regional and local governments and civil society organisations?
- Is there a systematic monitoring and evaluation process for the policies, programmes and schemes that promote and support entrepreneurship for people in under-represented and disadvantaged groups?

2. Government regulations

- To what extent are entrepreneurs from under-represented and disadvantaged groups treated equally with employees by social security schemes?
- Do measures exist that temporarily cover the loss of state income supports (e.g. unemployment benefits, disability allowances) for entrepreneurs amongst under-represented and disadvantaged groups when they start a business?
- Do measures exist to support under-represented and disadvantaged entrepreneurs in dealing with administrative procedures for entrepreneurship amongst under-represented and disadvantaged groups (e.g. information provision, support with administrative requirements)?
- Are there any entrepreneurship policy initiatives or schemes to address group-specific institutional challenges related to dependents (e.g. childcare, eldercare)?

3. Financing entrepreneurship

- Are there grants for business creation offered to support entrepreneurs from under-represented and disadvantaged groups?
- Is microcredit for business creation available to support entrepreneurs from under-represented and disadvantaged groups?
- Are there loan guarantee schemes for business creation to support entrepreneurs from under-represented and disadvantaged groups?

- Are there self-financing groups for business creation to support entrepreneurs from under-represented and disadvantaged groups?
- Are there public policy schemes that encourage and support business angel networks to support entrepreneurs from under-represented and disadvantaged groups?
- Are there schemes that encourage and support crowdfunding and peer-to-peer lending to support entrepreneurs from under-represented and disadvantaged groups?
- Is financial literacy training offered to support entrepreneurs from under-represented and disadvantaged groups?

4. Entrepreneurship skills

- Are there entrepreneurship training initiatives for entrepreneurs from under-represented and disadvantaged groups?
- Do high potential entrepreneurs from under-represented and disadvantaged groups have access to one-to-one or group coaching and mentoring?
- Are there public initiatives that provide information on available support programmes or on business start-up procedures for entrepreneurs from under-represented and disadvantaged groups?
- Are there business consultancy and advisory services for entrepreneurs from under-represented and disadvantaged groups?
- Are there business incubators for entrepreneurs from under-represented and disadvantaged groups?

5. Entrepreneurial culture and social capital

- Is entrepreneurship actively promoted as an employment opportunity amongst under-represented and disadvantaged groups through the education system, media, role models, etc.?
- Are there public policy actions that attempt to build specific business networks for entrepreneurs amongst under-represented and disadvantaged groups?