

INSIDE OUT EU PROJECT

Region: Navarra (ES)

Partner: Government of Navarra

# ACTION PLAN: GOVERNMENT OF NAVARRA

Nafarroako  Gobierno  
Gobernua de Navarra

Inside Out EU   
Interreg Europe



European Union  
European Regional  
Development Fund

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## **PART 1 – GENERAL INFORMATION**

<b>Project</b>	<b>Inside Out</b>
<b>Partner Organisation</b>	<b>Government of Navarra Department for Economic and Business Policy and Labour</b>
<b>Other Partner Organisations Involved</b>	<b>SODENA EEN (AIN) CEN ICEX Navarra Chamber of Commerce and Industry ADITECH</b>
<b>Country</b>	<b>SPAIN</b>
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## **PART II – POLICY CONTEXT**

- Investment for Growth and Jobs Programme**
- European Territorial Cooperation Programme**
- Other regional development policy instrument**

### **NAME OF POLICY INSTRUMENT ADDRESSED**

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#### **ERDF Operational Programme 2014-2020 for Navarra**

The ERDF Operational Programme for Navarra includes 2 measures for driving small companies to go international under the funding priority 3.4. "Enhance SMEs competitiveness and internationalisation to grow in regional, national and international markets":

-Support to SMEs with specialized consultancy services for the internationalisation. Grants for hiring legal, commercial, administrative and fiscal advice and assistance.

-Support to establish partnerships to go international. Grants addressing co-working, co-innovation and co-internationalisation of SMEs.

The ERDF Operational Programme for Navarra includes, as mentioned, actions for supporting internationalisation. However, with this Interreg Europe project and its outcomes, we, as Managing Authority (Intermediate body), expect to incorporate new projects/ actions at programme level. The idea is to reinforce or improve public policies supporting SMEs when going international and to discover new and more effective ways to help our SMEs achieve success, especially small and micro companies.

ERDF Operational Programme for Navarra is funded by European Union ERDF fund with a total budget of 46.000.000 euros.

### **NAVARRA - WIDER STRATEGIC CONTEXT FOR INTERNATIONALISATION**

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#### **Plan Internacional de Navarra (PIN3) 2017-2020**

The aim of the Inside Out project is also to reinforce the existing support for the internationalisation of companies, its strategy, with the firm conviction that collaboration of companies in the foreign market and the coordination among support providers aim at facilitating the process and optimize the results when going international.

On one hand, coordination among export support providers achieved thanks to the PIN FORUM benefit SMEs going international. The main objective is based around achieving better coordination of export support activities between the various support providers and improved collaboration to

better support SME internationalization. Dialogue, understanding and willingness to be efficient when managing the resources available in each entity are the clue to deliver the right support and offer a full catalogue of existing activities regardless of who will provide it.

On the other hand, the cooperation is a particularly useful tool for small or even micro enterprises, as it provides resources that small companies do not have at hand or are scarce of: innovation, sharing risks, skilled people, business intelligence, knowledge of the markets...;

The plan was launched with a view to meeting three priority objectives:

- ✓ To promote the internationalisation of Navarre
- ✓ To boost the exports of Navarre- based enterprises and their establishment abroad with special emphasis on the priority sectors (S3)
- ✓ To attract foreign investment in priority areas

Therefore, in line with the S3, the PIN3 establishes the actions required to increase the number of exporting companies and the volume of exports, and to internationalize the whole society, in order to contribute to the development of its enterprises and, thus, to achieve the objectives of improving the quality of life, sustainable development and growth and jobs.

### **Smart Specialization Strategy (S3)**

Navarra Strategy for Smart Specialization includes internationalization as a crosscutting issue and plan to “develop international alliances and co-operation projects, allowing Navarra companies to export and establish a presence abroad”. Besides, the actions included in ERDF OP support specifically projects and companies working in the sectors identified and prioritized by RIS 3.

Smart specialization strategy of Navarra defines six priority sectors in Navarra:

Auto-motion and Mechatronics

Nutrition supply chain

Renewable energy and resources

Health

Comprehensive tourism

Creative and digital industries

### **HOW DID WE APPROACH THE PROJECT?**

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#### **General facts and figures:**

SMEs are the backbone of the European economy

99% of all businesses

67% of all jobs in private sector

59% of the value added to the economy

85% of all new created jobs

But only 25% of EU SMEs had been involved in exports (13% out of the EU)

Regional SMEs present limited competitiveness when trying to access international markets because of their small size. In 2015, there were 43,609 enterprises in Navarra (97% of which employed less than 10 people and 91.2% less than 5 people) but only 2,495 export companies, representing the 5.98% of them.

These figures demand a big effort to be made in order to help regional SMEs to sell abroad, being the main agents in our economic fabric. But considering their small size, they have serious difficulties to access international markets. Collaboration among them could help them overcome the lack of knowledge, human, financial or innovative resources.

Industry, with a strong 'export orientation, is our competitive asset. Almost 1 out of 3 euro of GVA (Gross Value Added) is generated in industry, the highest proportion of all Spanish regions, also well above European standards. In terms of its size, it leads the way in 'exports (46.3% Merchandise exports / GDP) and trade balance (21.5% trade balance / GDP).

Navarra's exports have grown a great deal in recent years. In 2015 the total value of exports from Navarra grew to over 8 million euro, when it was 4 million in 2000.

The economic structure of Navarra presents a remarkable specialization in the industrial sector: Industry represents in Navarra 31% of the GVA versus the 17.5% in Spain. . Proof of this is the significant weight involving goods and automotive industry in its economy.

### **State of play:**

In 2015, the Government of Navarre carried out a survey among SMEs in order to detect the main obstacles they find and the public support they need to foster collaboration, especially when addressing internationalisation. These are the main conclusions:

-Barriers to collaborate: The most important is cultural, directly connected with the lack of confidence and experience in collaboration. Second one is competition among SMEs from the same sector, what boost them to collaborate with complementary companies. Finally, the long-time collaboration requires obtaining outcomes.

-Incentives to collaborate: the main one is the possibility for small business to sell abroad, sharing risks, resources and working on new or complementary goods or services, so that they can be more competitive.

-Public support: SMEs need Public Administration to create the climate to foster collaboration and a coaching system to accompany them in the process, as well as to find suitable partners.

### **Challenges:**

In terms of internationalisation support services, we can talk about 5 main challenges in Navarra:

1. Increase the number of companies selling abroad. Only 5,98% of companies export
2. Improve the training of SMEs human resources in order to work abroad
3. Improve collaboration among companies in order to innovate and export
4. Limited competitiveness in international markets because of small size. 97% SMEs with less than 10 people
5. Improve coordination among internationalisation agents in Navarra

**Expected outcomes:**

With this new project we pretend to foster the internationalisation of SME thanks to the so-called virtuous triangle: “collaboration-innovation-internationalisation”. Collaboration among SMEs will help to overcome the SMEs size problem and will ease and promote their internationalisation and innovation processes.

Therefore, the outcome of the project is expected to influence and improve regional policies addressing internationalisation and they should be included in our Operational programmes to ensure that the results will be sustainable in time and aligned with European priorities.

## PART III – DETAILS OF THE ACTIONS ENVISAGED

### Action 1

#### The Background

#### TRADE RELATIONS BETWEEN UK AND NAVARRA

The United Kingdom is one of our strategic markets, highlighted in the current running strategy: International Plan of Navarra 2017-2020.

It is specifically considered as a priority market for the Agro-Food, Automotive, Renewables, Health and Creative Industries sectors.

#### Exports:

In 2017, the United Kingdom was ranking, by volume of sales, as the 4th market for Navarra. However, according to the latest available data, -October 2018-, it has fallen to 6th position, being overtaken by the United States and Portugal.

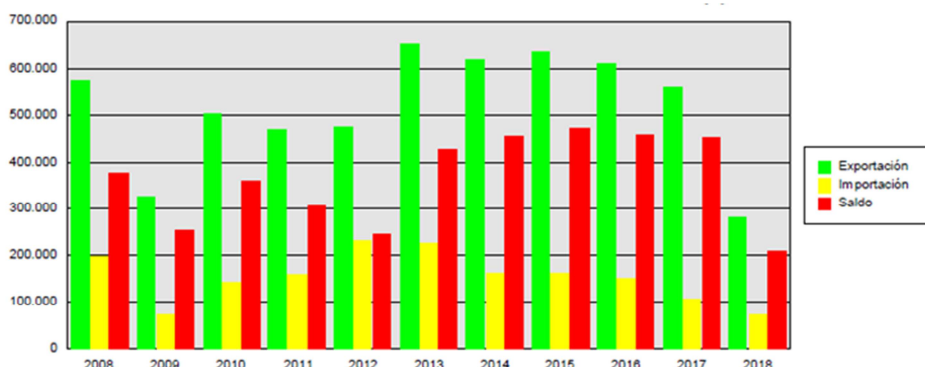
Altogether, in the period running 2013-2018, the United Kingdom has represented between 6 and 8% of the total exports of Navarra

In 2017, exports reached 558,1 million euros, a figure significantly lower when compared to recent years and which is expected to even fall further this year, as until October 2018 there had been sales of 370.5 million of euros, 26% less than in the same period of the previous year.

However, this decline in exports is difficult to be only attributed to Brexit, given that other factors that should be taken into account:

- There has been a significant drop in the export of passenger cars to the United Kingdom. This drop is due to a readjustment of the production directed to the British market among the several Volkswagen Group production plants. Therefore the vehicles formerly manufactured in Pamplona, were derived, in July 2017, to a plant located in South Africa

-Regarding the agricultural sector there is a noticeable decrease in the number of exporting companies, which nevertheless maintain a volume of sales similar to previous years Imports





### **Imports:**

Imports reach 106.18 million euros in 2017, which is a very favourable trade balance for Navarra. However we do have to take into account the weight of imports when dealing with sectors such as the automobile, as there is a double flow of purchase and sales between Navarra and the United Kingdom.

### **Companies:**

Last year, 274 Navarre companies exported goods to the United Kingdom, a number that has remained stable over the last few years.

70% of those companies, 192, were experienced exporters (exporting for at least four consecutive years). Thus, the British market is quite consolidated among our companies.

### **More vulnerable sectors:**

The food industry and the automobile sector account for almost 70% of the Navarre export to the United Kingdom (69.05%). Food is the sector with the greatest weight. In 2017 it accounted for 37% of the total.

20% of exports to the United Kingdom are automobiles (hence the influence on statistics of any change in this export tariff heading) and 10% components.

Therefore, due to this high concentration in very few branches of activity, those two sectors are the most exposed to any change for the new trading relationships as a result of Brexit negotiations.

## **Action 1**

### **Policy context**

This action will not impact the policy instrument formerly described in the application form, ERDF P.O. However, the action will be integrated and supported by a different instrument: the Plan Internacional de Navarra (PIN3 2017- 2020), the strategy being implemented in the region to boost internationalization.

In today's business environment, there is an evident need to support enterprises in their internationalization processes and to offer the tools required to adapt to an increasingly more demanding, ever-changing global market.

In this context, the PIN3 new International Plan for Navarra embodies the commitment of the Government of Navarra to the internationalization of Navarra-based enterprises, and SMEs in particular. The plan was created with a view to meeting three priority objectives:

- = To promote the internationalization of Navarra.
- = To boost the exports of Navarra-based enterprises and their establishment abroad, with emphasis on the priority sectors for Navarra.
- = To attract foreign investment in priority areas.

Therefore, in line with the S3, the PIN3 International Plan for Navarra establishes the actions required to increase the number of exporting companies and the volume of exports, and to internationalize Navarra Society as a whole, in order to contribute to the development of its enterprises and, therefore, to achieve the objectives of improving the quality of life, sustainable development and prosperity.

Pin 3 establishes 4 key strategic axes. These priority areas of action must ensure that public policies are in line with the needs determined by the social and economic development of our Autonomous Region. Besides, each axe encompasses a series of actions to be implemented for the duration of the plan.

**•AXIS 1. GOVERNANCE AND LEADERSHIP**

Actions directed at strengthening the clear and express leadership of the Government of Navarra in relation to the internationalization policy of this Autonomous Community, in addition to maintaining and improving coordination with other actors concerned.

- 1.1 INTERNATIONALISATION DAY
- 1.2 BRAND AND IMAGE POSITIONING
  - 1.2.a PIN3 brand positioning
  - 1.2.b External image of Navarra S3
- 1.3 TRADE DIPLOMACY
- 1.4 STRENGTHENING THE OFFICE OF THE GOVERNMENT OF NAVARRA IN BRUSSELS
- 1.5 IMPLEMENTATION OF A PERMANENT REPRESENTATION IN MADRID

**•AXIS 2. SUPPORT FOR NAVARRA-BASED ENTERPRISES IN THEIR INTERNATIONALIZATION PATH**

A range of measures directed at facilitating the entry of Navarra-based SMEs into foreign markets, and providing assistance in overcoming any difficulties encountered in such markets.

- 2.1 PROGRAM FOR DRIVING FORCE COMPANIES
- 2.2 MENTORING PROGRAM
- 2.3 AWARENESS RAISING AND SELF- ASSESSMENT
- 2.4 “FIRST EXPORT” PROGRAM
- 2.5 COMPANIES GROUPING/COLLABORATION
  - 2.5.a building clusters to export
  - 2.5.b call addressing clusters ‘internationalization
- 2.6 FOREIGN TRADE PROMOTION (CALL)
- 2.7 SPECIFIC SUPPORT SERVICIES FOR INTERNATIONALIZATION

### •AXIS 3. PRIORITY MARKETS

The new plan has established a series of priority markets for public action and support within a short time-frame, making a distinction based on size and internationalization experience.

#### 3.1 WORKSHOPS AND/OR ACTIVITIES FOR PRIORITY MARKETS

#### 3.2 BREXIT OBSERVATORY

### •AXIS 4. TALENT

Individuals and their training are a fundamental aspect of internationalization. This axis includes actions directed at training professionals and providing enterprises with the human resources required to achieve success when on the path towards internationalization.

#### 4.1 TALENT POOL

#### 4.2 RECRUITEMENT OF QUALIFIED STAFF IN FOREIGN TRADE

#### 4.3 PROGRAM FOR EXPORT MANAGERS

#### 4.4 INTERNATIONAL INTERNSHIP PROGRAM

#### 4.5 NAVARED-(A NETWORK FOR EXPATS)

The action is fully endorsed by our politicians. In our case, the policy responsible body is the legal representative in INSIDE OUT EU, and is responsible for both instruments: ERDF O.P. (intermediate body) and PIN3. It has been agreed to include the new action within the current strategy running 2017-2020, priority Axe number 3, "priority markets".

### **BREXIT OBSERVATORY**

In this context, the Government of Navarre is decided to take measures to support Navarre companies concerned by Brexit.

In November 2018, the **Brexit Observatory** in Navarra was presented to the public at large. Due to the great concern and the uncertainty regarding the negotiations and expected impacts, we launched a web platform to a) answer Brexit related questions, b) give advice/ guidance, c) prepare and anticipate our companies selling to the United Kingdom.

This measure was implemented after the study visit of representatives from Navarre to **INTERTRADE IRELAND**, within the framework of Inside Out EU.

InterTradeIreland is a Cross-Border Trade and Business Development Body funded by the Department of Business, Enterprise and Innovation in Ireland and the Department for the Economy in Northern Ireland.

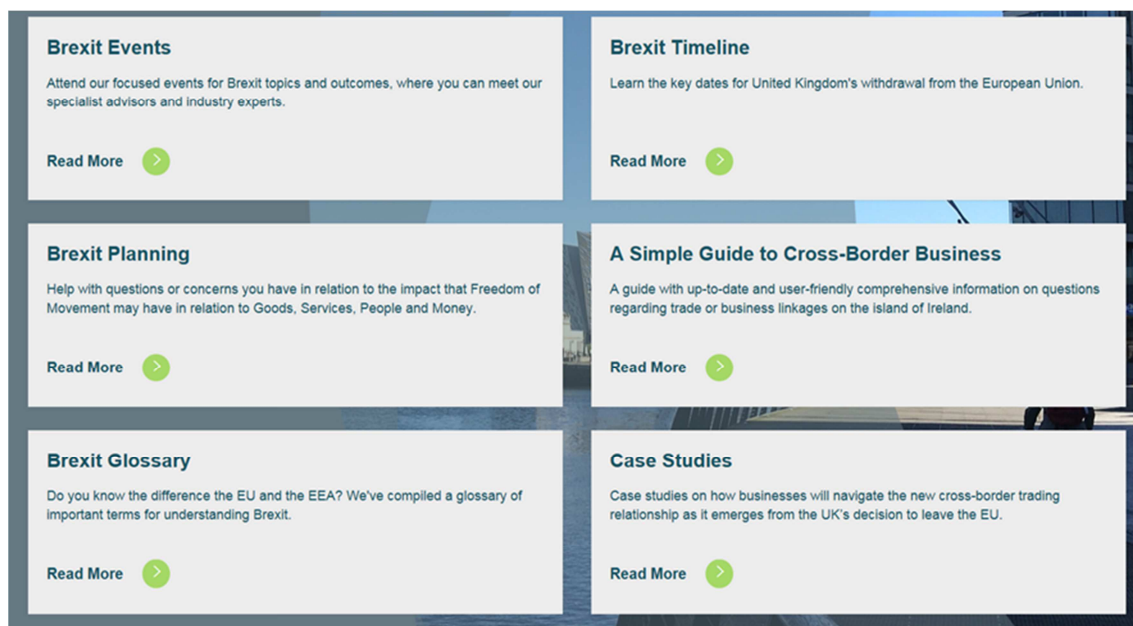
InterTradeIreland has been helping small businesses in Ireland and Northern Ireland explore new cross-border markets, develop new products, processes and services and become investor ready over the last 20 years.

In May 2017, InterTradeIreland launched their Brexit Advisory Service to help companies to prepare for the British Exit from the EU through a range of supports and services suited to all businesses no matter what stage they are at with their Brexit plans.

In 2016 a UK decision was made to exit the EU and it is anticipated that it will impact on businesses with research showing that SMEs are deferring investment with nearly one in four saying that it will have an influence on this area of decision making, while 30% say they are concerned about the impact on sales.

InterTradeIreland therefore launched the Brexit Advisory Service to assist SMEs to navigate the uncertainties caused by Brexit and to become better equipped to manage the potential impact it may have on their business by providing free, impartial, independent and up-to-date Brexit-related information to any business located in Northern Ireland or Ireland.

The Brexit Advisory service currently offers information and support via start to plan vouchers, a tariff checker, glossary of key Brexit terminology, research, networking and information events and video case studies.



## Get Ready For Brexit

The Brexit Observatory launched in Navarra -very close to a helpdesk feature- provides companies with:

- Brexit general news and updates.
- Information regarding Brexit impact in Navarra. It provides up to date and user friendly comprehensive information on questions regarding trade
- Diagnosis/ Self-assessment. A tool for business guidance on how Brexit might impact SMEs business
- Frequently asked questions (FAQs)

Tailor made assistance and guidance is one of the main assets of this Observatory. Specialized staff gives personalized tips and guidance to the companies addressing questions through the web.

On the other hand, we have hired the expertise of KPMG well reputed for its monitoring of Brexit and insights in its implications for companies, to offer tailor made services to Navarre companies. Thus, the implementation of a self-diagnosis tool has been planned so that companies can know their degree of exposure to Brexit. This tool has entered into force in April 2019.

Likewise, the Government of Navarra will offer a voucher scheme that provides our companies with financial support to hire professional advice and guidance in relation with how to plan and adopt new trading relationship with the UK. They will be coached on how to manage new regulatory barriers which might come up in a near future. Companies will build their own action plan and take up a proactive role to prepare for impact.

### Players Involved

Regional Government of Navarra and 2 stakeholders:

- *Icex (support for awareness raising activities and dissemination)*
- *Chamber of Commerce (support for awareness raising activities and dissemination)*

### Steps to be undertaken

Design and launch of the web – Brexit Observatory

Design and kick-off of a self-assessment tool for companies

Call: grants for vouchers , target: SMEs

### Timeframe

November 2018: Brexit Observatory

April 2019: Self-assessment tool

May – August 2019: 1st call vouchers scheme

Spring 2020: New call vouchers scheme

### Costs

1. Staff: 2 people, 1 project manager (10%) and 1 project officer (20%)
2. Public procurement: 18.029 euros for the self-diagnosis platform
3. Call for subsidy/ financial support: up to a maximum of 3.000 euros/ company to build an action plan and anticipate and adopt a strategy to manage the withdrawal of the UK and the future of their trade relationship.

4. Web: 850 for web design and programming

### **Funding Sources**

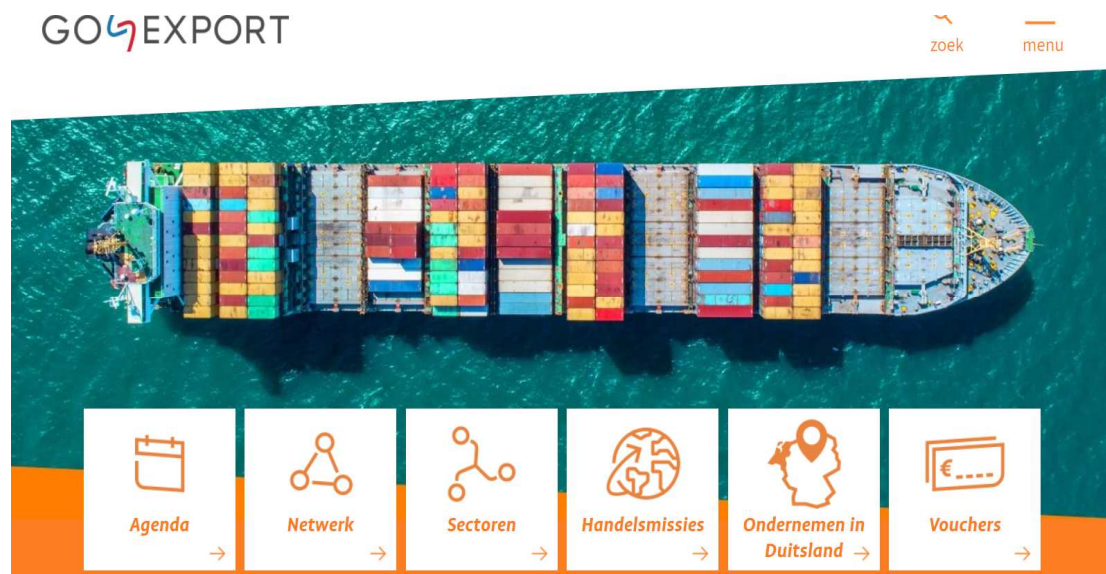
The action is being financed with regional funds and not co financed with ERDF. To include the action in the current O.P, we were expected to start reprogramming by the end 2018 when the current period was almost over and the ERDF budget assigned.

Own resources/ Regional government budgetary allocation to:

1. staff costs
2. public procurement to hire KPMG consultancy services and expertise
3. the self-diagnosis tool
4. the web
5. the grants

## Action 2

### The Background



#### GO4EXPORT

During our study visit to Overijssel in The Netherlands, we were introduced to the GO4EXPORT programme.

The province of Overijssel led the initiative of bringing private and public organisations providing support and services to SME's going international (national, regional and local level) together. All these parties started exploring the needs of SME's regarding internationalisation.

**Gathering them led to jointly create a program to support internationalisation of SME's, a program/ an umbrella under which all the organisations are offering guidance and providing services to SME's.**

The partners organise activities and workshops, trade missions, they share an information portal and marketing strategies. The program offers a variety of instruments that reinforce and seek complementarities with the existing national, regional and local ones. The programme is "client-oriented", in accordance with the need of the SME's.

GO4EXPORT therefore supports Gelderland, the neighbouring province, and Overijssel entrepreneurs in taking the right steps when going international. The partners of GO4EXPORT offer a wide range of instruments with which you can use opportunities. GO4EXPORT is an export program for entrepreneurs from Gelderland and Overijssel, commissioned by both provinces, carried out by East NL in close collaboration with the following regional partners: Food Valley, Health Valley, Saxion University of Applied Sciences, HAN University of Applied Sciences, Chamber of Commerce, Kiemt, Metaalunie, MKB Deventer, Novel-T, Trade Office Zwolle, Verenigde Maakindustrie Oost, VNO-NCW Midden, World Trade Center Arnhem and Nijmegen and World Trade Center Twente.

**One outstanding support provided by GO4EXPORT addresses measures to strengthen sells and activities abroad.**

**SUBSIDIES**

**E-commerce voucher**

Met een internationale E-commerce voucher van de provincie Overijssel versterkt u uw online...

**De Groeiversneller Export Voucher**

Binnen het programma De Groeiversneller is er voor ondernemers uit Gelderland de mogelijkheid om...

**Land**

China

Duitsland

### **E- Commerce Vouchers**

The fact that our Dutch partners had implemented the voucher scheme to address the issue of e-commerce / digitalization of companies did draw our attention. Our Irish partners presented a similar initiative when we visited Belfast.

In the Netherlands, they are not "monitored/guided" programs but vouchers for companies to hire experts, not necessarily approved/ "chartered" by the institutions, but proven experienced and successful, both for a prior diagnosis and, as a second step, for the implementation of measures to create **an e-commerce business plan**.

Our Dutch partners conducted a regional market research to get to know the potential of e-commerce. In Overijssel, the survey respondents affirmed that more than 50% SMEs started exporting thanks to online sales channels.

Online business is an effective means to grow. E-commerce is an additional and scalable distribution and sales channel for both existing companies and start-ups.

### **Policy context**

We are improving the scope of an existing grant, co -financed with ERDF funds and therefore included in the current Operational Programme. We have introduced **a special mention to the financing of an e-commerce business plan and activities deployed and supported by online sales channels**.



The action is fully endorsed by our politicians. The policy responsible body is the legal representative in INSIDE OUT EU, and is responsible for the policy instrument addressed within the framework of Inside Out EU: ERDF O.P. (intermediate body).

## Action

### CALL FOR “SPECIFIC/ SPECIALIZED SERVICES”

The call, “Specific/ specialized services” offered, so far, financial support to SMEs, -usually experienced exporters-, requiring more specific services for trade missions and group stands or support to usually establish a market presence on the ground or eventually, to ensure in- market contacts. In such cases, they proceed with the hiring of specialized services for translation and legal services, accounting, financial, homologation, market analysis, etc.

This call, co-finance by ERDF, also covered the expenses generated by the commercial or productive implementation abroad; a risky decision which also requires hiring specialized assistance/ consultancy and generates specific costs to establish a market presence on the ground.

The grant along with some other services provides to SMEs contributes to increase:

- the value of sales,
- the number of “experienced companies”

However, until now the eligible expenses did not include online internationalization. After learning about Overijssel's experience supporting internationalization through e-commerce (go4export), the possibility of including this aspect of internationalization in the call was raised. The idea is encouraging online internationalization by financing e-commerce plants through this call.

It should be underlined that despite the great potential of e-commerce for the internationalization of companies, this way was not being used by navarrese companies, as is the case with the Dutch companies. In the absence of specific data from Navarra, in Spain only 20% of companies use the online channel for sale, and only 37% of them export, according to ICEX data, one of the Inside Out EU stakeholders.

Thus, the 2019 call specifically includes the following section (point 3.3.c of the call):

"Consulting costs associated with its online and offline internationalization plan are financed, as well as the implementation of the international e-commerce plan"<sup>1</sup>

With this specific inclusion regarding e-commerce, we do believe that online activities will ensure that local companies maximise sales in a wider and more diverse range of global markets.

## Players Involved

Main players: Regional Government of Navarra and the PIN forum, our stakeholders, as key actors for raising awareness and knowledge among companies.

## Steps to be undertaken

Designing the new call with the improvements/amendments

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<sup>1</sup> Further info: [https://www.navarra.es/home\\_es/Actualidad/BON/Boletines/2019/168/Anuncio-3/](https://www.navarra.es/home_es/Actualidad/BON/Boletines/2019/168/Anuncio-3/)

Sharing and managing the changes with stakeholders

Launch of the improved call

### **Timeframe**

January – March 2019: Drafting the new call

April 2019: Sharing the improvements and checking the call with stakeholders - PIN forum for validation

August - September 2019: Call “Specific Services” is open

October – November 2019: Assessment of the new call with the amendments done.

January 2020: Preparing next year call with new amendments if applicable

### **Costs**

Budget allocated to the call:

2019: 150.000 €

2020: 150.000 €

Staff: 1 project manager (10%) and 2 project officers (20%)

### **Funding Sources**

ERDF, Operational Programme for Navarra 2014-2020 with a co-financing rate of 50% and a regional contribution for the remaining 50% from the regional government budgetary allocation for 2019 and 2020.

Even though it should have seemed logical to tackle the co-financing of the e-commerce vouchers and to amend therefore our current operational programme, we will only improve the scope of an existing co-financed call. According to the people in charge of the implementation and monitoring of the ERDF O.P., the funds have been allocated and reprogramming is not envisaged by the Intermediate Body at that time.

## **SIGN OFF SHEET**

**Date**

**Name**

**Position**

**Signature**

**Organisation Stamp**