



**IVACE – MASDE Action plan (Innova-FI INTERREG EUROPE project) –
DETAILED ARGUMENTATION**

Project MASDE – Strategic plans for recovery, based on innovation, digitalization and new business and social environment.

Partner organisation: **IVACE** -

Other partner organisations involved (if relevant):

Country: SPAIN

NUTS2 region: Valencian Community

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The Action Plan aims to impact:

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

Name of the policy instrument addressed: Valencia Regional Operational Program
Regional Government – Generalitat Valenciana

Extension of argumentation

1. **The background** (please describe the lessons learnt from the project that constitute the basis for the development of the present Action Plan)

INNOVA-FI made a deep analysis about Financial Instruments.

The project made a qualitative mapping of different instruments available in each country.

Results confirmed that Valencian Financial Ecosystem is a mature one, and public policies are being focused on consolidation and growth, this has an strong reason why, due to the small size of the companies in the region.

It is needed a bridge between companies and financial institutions, they need to speak the same language in other to understand and measure the level of risk on their investments. Specially after COVID-19 financial aspects of the company may cause the failure of the company but do not guarantee their success. **Financers and Investors need to evaluate the company as a whole**, and most of the times they do not have trained professionals neither the tools to do this analysis.



1 Comparative analysis Valencia Financial Ecosystem vs Average InnovaFi Partners

With the previous diagnosis, we reviewed InnovaFi Best practices in order to inspire us on the definition of the new solution to promote. Hereafter we do list the main insights we took from InnovaFi partners experiences:

1. **Co-investment Fund II (Lithuania)**. The objective of the Co-investment Fund II is not only to facilitate funding for companies, but also to: (a) **assist them** in their development in order to increase their **growth** possibilities and to evolve successfully; and (b) to attract and leverage additional private resources.

- a. ***We did need to design a programme that could provide funds and assistance to companies to face the future, competitiveness and growth***
2. ***Portugal Ventures – Venture Capital Fund (Portugal)***. Portugal Ventures formed a **network of more than 70 partners**, allowing them to connect with the main actors of the entrepreneurial ecosystem. This network helps to materialize a program of regular interaction and close proximity to universities, R&D and interface centres, incubators and accelerators, detecting opportunities for the entrepreneurial ecosystem.
 - a. ***This supported the vision to connect all key stakeholders in a Regional Observatory for Funding***
 3. ***Guarantee Fund For Investments In Venture Capital (Friuli Venezia Giulia Region)***. The objectives were reached thanks to the work done at the **local level with the stakeholders**, the intense exchange of opinions and the profitable exchange, also with the partners, during the EOE.
 - a. ***This do confirm the success factor of not only involving local stakeholders but actively integrate them on the solution design and implementation. Our programme MASDE involves clusters and technological institutes.***
 4. ***RIS3 One Stop Liaison Office: supporting the Innovation and Entrepreneurship Ecosystem (Central Macedonia)***. Small, medium, and large companies use innovation regarding their business/production processes, products, or services as a way of boosting their performance and competitiveness. Small and medium-sized enterprises (SMEs) are often lacking competencies, know-how and resources and need to rely to a certain extent on external partners to reduce innovation risks and costs. The **office** acts as an **information point and an instrument of mediation**, while undertaking the completion of a series of procedures until the final approval and licensing of an investment plan.
 - a. ***IVACE is the public institution in charge of the SME policies for Valencia Region. We took the idea to extend our capacity to 'reach' closer the final beneficiaries SME through the cooperation of cluster association.***
 5. ***Programme of Financial Engineering Instruments for SMEs***. These financial incentives can be replicated, further explored, elaborated and used to **finance activities** such as starting an enterprise, development and innovation in an enterprise, fast global growth, female entrepreneurship, creative industries, business model renewal and socially beneficial products and services.
 - a. ***This confirmed the hypothesis of provide a very clear focus to the funding provided to beneficiaries...going behind the yearly approach, and considering entrepreneurial milestones in their roadmap (growth, internationalization, ...)***

With all these ingredients, InnovaFI allowed the creation of a **Regional Stakeholders Group**, in which all those analysis, best practices and insights were exchanged, and that has been in the base of the definitions, developments and deployments based on MASDE.

MASDE is the result of a combination of learnings and shared evaluation from key stakeholders on the financial ecosystem, on top of that, recent COVID'19, stressed the need for such new instrument.

There is a crucial need to go one step beyond the scheme in which public efforts are just focused on projects, it is mandatory to know the viability of the company, its strategic plan for future; this will be of value for both sides, the company will have a roadmap to adapt to the new market and social conditions, the public administration will take this knowledge to adapt their support instruments to contribute to finance the implementation of the plan, going beyond the project based and annual financial schemes.

Stakeholders meetings confirmed this gap, the need to choose good companies and to support from public funding their strategic transformation, supported by knowledge providers and mid-long term roadmaps.

As a result, InnovaFI MASDE Action plan was launched and time is demonstrating its success.

Experts participating in MASDE definition	100
Clusters and intermediate institutions participating in MASDE definition	8
Technological Centres participating in MASDE definition	5
Companies participating in MASDE piloting	5
Strategic questionnaires	6

2. **Action** (please list and describe the actions to be implemented)

MASDE is a mechanism to help and train companies in the process of strategic planning and especially those that are going to face difficult times due to the impact of COVID-19 and its economic consequences; it has different targets:

Focus at a sectorial level.

- To help the company in his internal and external analysis, with emphasis in the red lights, strength, weakness, opportunities and danger from the strategical point of view.
- To generate a signed document or memo, about the viability of the company business plan. Evaluated and signed by the cluster, technological Institute and Development Agency.
- Generation of a document (certificate) about strategic position plan of the company with evaluation from cluster and Technological Institute of the sector. This document make it easy to evaluate the project to the investor or financial institution.
- To promote agreements with public and private financial institutions as IVF, SGR, ICO, ENISA and banks; also with business angels networks and venture capital. Those agreements will put into value or in their scoring the fact of having a MASDE certificate.

The essence of this mechanism is based on the need for an strategic reflection within the company and the possibility of contrasting it in a context of cooperation with the relevant agents in its sector, cluster, technological institutes and institutional framework. in our case the Regional Development Agency, IVACE.

In this framework, it will be much easier for the company to find the most appropriate strategic combination for recovery and sustainable development.

With the result of this assessment, the company will have a plan for future, it will help both, the company and the public administration. Public instruments will use this 'strategic plan' to provide a combination of financial tools to help the best companies, overcoming the punctual and myopic vision of supporting only projects, and becoming in real, a partner for the recovery.

MASDE I provides to a tool and expert assessment to make a diagnosis on the following areas of the company:

- Talent & People Management
- Market (customers, suppliers, ecosystem,...)
- Production & Innovation
- Digital Strategy

- Finance
- Business model
- Sustainability (in process)
- Creativity (in process)

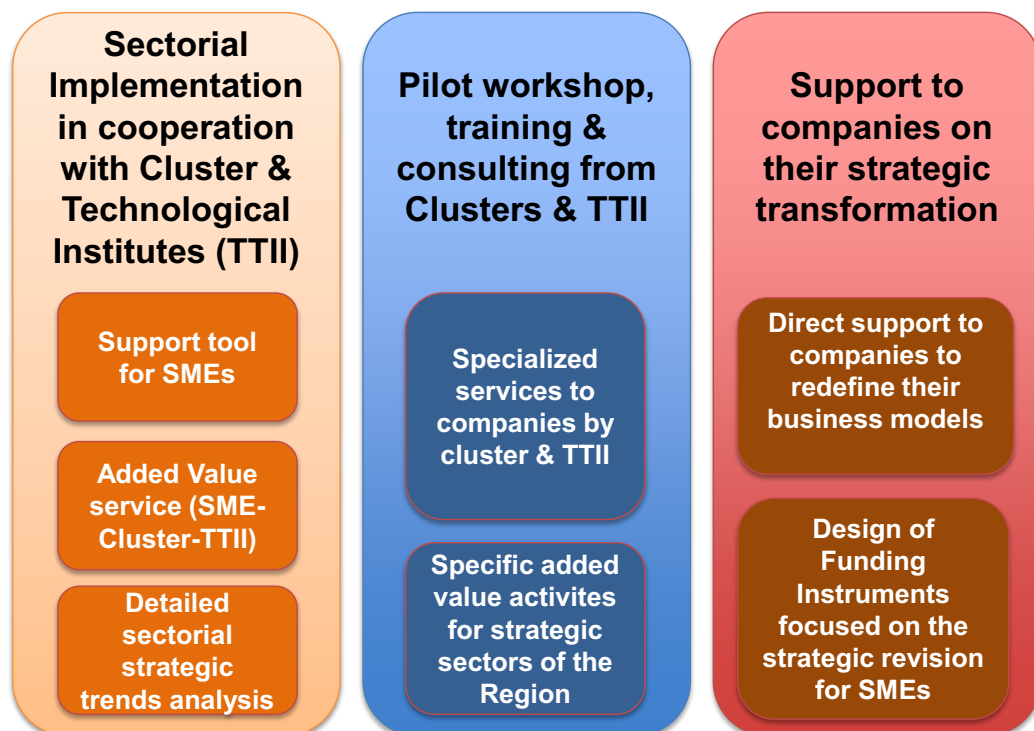
As a result, each company will get a basic Plan elaborated with a tool, but complemented with the assessment of an expert from three key experts, one from the cluster, another from the technological centre and from the Regional Development agency.

This initiative is also encouraging the cooperation among the four participants, company-cluster-IT-Development Agency, and making them share a vision and a commitment to overcome actual crisis period.

Regional Development Agency, IVACE, but also IVF, public financial body, get valuable information, to later define their financial instruments, and also get the risk evaluation made for the companies, including both technological and business.

The tool uses smart mechanism and algorithms and after as a conclusion creates strategic questions for the company to be answered.

As a complementary task, MASDE also generates strategical seminars with MASDE TOOL II, they are a mix from a tool, in this case with more than 600 questions which go deeper into the company, supposing not only an 'X-ray' but a 'CAT (Computed Axial Tomography)', with the results of the smart questioner there is training in strategical planning, block of assessment and sectorial inferred conclusions. It is supposed to have at least one of these seminars for each of the sectors selected.



2 MasDe Programme Phases

3. **Players involved** (please indicate the organisations in the region who are involved in the development and implementation of the action and explain their role)

- **Regional Development Agency - IVACE.** Coordinating the programme, involving all the players involved, defining the concept of the tools & methods to be developed, piloted and later implemented, financing the initiative, evaluating and scaling up the programme.
- **Individual SMEs.** Going through the diagnosis and defining their Strategic Plan.
- **Cluster.** Providing the perspective of the overall value chain, feedback and assessment about collective measures and initiatives to generate solutions for companies.
- **Technological Institutes.** Technical assesment, from their advanced vision on the state of the art of the technology and market trends.
- **IVF.** Public Financial Regional Institute. Providing funds for startups and SMEs.

Before InnovaFi Action Plan, IVACE had the intention to generate a tool to facilitate companies to make a diagnosis, and that was all.

After INNOVA-FI project, MASDE was created as a full process, not just to help companies to make a 'DIAGNOSIS', but to engage Technological Institutes, Cluster representatives and individual SMEs into this challenge, FINANCIAL instrument should really serve to implement a full Recovery & Strategic Plan, that should include innovation solutions in alliance with knowledge providers and clusters. Insights and learning came out from:

- Exchange of Experience from other parthers at InnovaFI,
- the creation of the Regional OBSERVATORY and
- different meetings with Financial Ecosystem Stakeholders,

4. **Timeframe**

- **Testing experience**
 - Evaluation Tool Technical Specification Definition. May'20
 - Evaluation Tool Implementation. June'20
 - Methodology & Support training material for Workshops. June'20
 - Workshops with intermediary organizations. September-November'20
 - Individual interviews and assessment to selected SME. December'20
- **Programme implementation**
 - 2021-2022
 - a. Pilot Action will be extended to 11 industrial sectors
 - 2023-2025
 - a. Companies participating will have access to specific grants for their strategic plans

5. **Costs** (if relevant)

- **Testing experience year 2021 – 99.393,64 €**
(public funding detailed in following table from IVACE – Regional Goverment)

- Programme implementation – 500.000 €

6. Funding sources (if relevant):

- Year 2021 has been covered by Public Budget from the Regional Government, as IVACE is part of the Regional Government
- Hereafter the detailed public budget lines affected on MASDE Phase 1

1ST PHASE

Public Budget Line (Regional Government – IVACE)	Title	Supplier – Tender Awardee	Concept	Amount	
2021.16201.2	MASDE Convenios Sectoriales (MASDE Clusters)	ATEVAL (Textile Business Association)	Textile sectorial cooperation agreement - MASDE	24.000	CC2/2021
2021.16201.2	MASDE Convenios Sectoriales (MASDE Clusters)	AITEX (Textile Technological Institute)	Textile sectorial cooperation agreement - MASDE	9.400	CC2/2021/2
2021.16203.2	Project Management	UT Improven – FI Group	Methodology design and workshops (with Technological Institutes, strategic individual assessment to companies with an online advanced support tool	65.993,64	ASI/2021/4
2021.10001.31	IT Department IVACE	F.Iniciativas	AZUBE hosting of MASDE tool	6.952,43	
			TOTAL	106.346,07	

2ND PHASE

Year 2022	COST	UDS	Total	Number Companies per sector
Clusters. Personnel. (11 CLUSTERS)	24.000,00 €	11	264.000,00 €	96,00
Technical assistance from Technological Institutes. (11 Technological Institutes)	12.000,00 €	11	132.000,00 €	
Training Material elaboration for workshops	50.000,00 €	1	50.000,00 €	
Cluster Workshops and specific training	10.000,00 €	10	100.000,00 €	96,00
		Total	546.000,00 €	SME beneficiaries

3RD PHASE

FUNDING FOR COMPANIES ON THEIR STRATEGIC PLAN IMPLEMENTATION – FINE TUNING THEIR BUSINESS MODEL	Yearly budget (from 2023)	SME beneficiaries	Cost per SME	
To be defined final Budget and Target number of companies	1.200.000,00 €	200	6.000,00	MASDE Boucher for accredited consultancy EXPERTs
TOTAL	1.200.000,00 €			

4TH PHASE

FINANCING THROUGH THE RESILIENCE PLAN FOR DERIVATIVE INVESTMENTS STRATEGIC PLANS

	Credit reserve year 1	Credit reserve year 1	Credit reserve year 2	Credit reserve year 3
MASDE participation (MASDE Label) will be either required or positively evaluated to provide access to this funding.	FUNDING for the execution of the actions defined in STRATEGIC PLANS of Companies. (up to three years)	10.000.000,00 €	15.000.000,00 €	15.000.000,00 €

Date: Valencia, December 21, 2021

Signature: Julia Company Sanus

Stamp of the organisation (if available): _____