



Regional action plan

„ATM for SME's – Access to Micro-finance for Small and Medium-sized Enterprises“

The project is implemented through the Interreg Europe programme co-financed by ERDF



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Certified by Director of PORA
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1 General information

1.1 Project summary

Project:	<i>ATM for SME's – Access to micro-financing for small and medium enterprises</i>
Name of partner organisation:	PORA Regional development agency of Koprivnica-Križevci County
Other partners:	Fejér Enterprise Agency (lead partner, Hungary) KIZ SINNOVA for Social Innovation GmbH (Germany) ZALA County Foundation for Enterprise Promotion (Hungary) Ministry of Finance (Hungary) European Business and Innovation Centre Burgos (Spain) Autonomous Region of Sardinia (Italy) Microfinance Norway (Norway) Marshall office of Swietokrzyskie Region (Poland) European Microfinance Network (Belgium)
State:	Republic of Croatia
NUTS 2 region	HR04 Continental Croatia
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Entity procuring the draft Regional Action Plan	PORA Koprivnica-Križevci County Regional development agency
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1.2 PORA Regional development agency of Koprivnica Križevci County as a partner organisation

As the partner organisation, PORA Regional development agency of Koprivnica Križevci County, which represents the Republic of Croatia on the "ATM for SMEs – Access to micro-financing for small and medium enterprises", is an important stakeholder in the development of the Koprivnica-Križevci County.

PORA is the central institution coordinating the management of development in the Koprivnica-Križevci County. As part of its primary activities, as a regional coordinator, it performs the following public tasks:¹

- drafts the County development strategy and other strategic and development documents for the County, as well as the implementation documents for which the founder and/or co-founders authorise it,
- ascertains the conformity of county development strategic planning documents with higher-level strategic planning documents, and adopts decisions confirming conformity,
- provides professional assistance on drafting and implementing programs of support for public administration bodies and public institutions in its county founded by the Republic of Croatia or the county in preparing and implementing development projects in the interest of the development of the county, especially projects co-financed by EU structural and investment funds,
- provides professional assistance on drafting and implementing the development projects of the public administration bodies and public institutions in its county founded by the Republic of Croatia or units of local and regional self-government – projects in the interest of the development of the County, as well as joint development projects in the interest of the development of more than one county,
- implements county development programmes for which it is authorised by the founder and/or co-founders
- implements the Ministry's and other central state administration bodies' programmes that concern more even regional development,
- enters development projects significant to the County's development into the central electronic register of development projects,
- coordinates the entry of other public bodies in the central electronic register of development projects,
- monitors and observes the status of the projects of all the users in the county in the central electronic register of development projects,
- performs professional and advisory tasks related to the implementation of the County development strategy and other strategic, development and implementation documents for the County, and report to the founders and the Ministry on their implementation,

¹ Pursuant to the Law amending the Republic of Croatia Regional Development Act (OG 123/17).



- cooperates with the Ministry and all other relevant stakeholders on tasks related to strategic planning and managing development in the County,
- harmonises the operation of local self-government units in the County related to regional development,
- performs administrative and professional tasks necessary to the County partnership, and
- participates in the work of partnership councils.

Considering PORA's role in this projects, its following functions may be singled out:²

- strengthening a positive entrepreneurial and investment climate,
- promoting the Koprivnica-Križevci County and the competitiveness of the economy in the Koprivnica-Križevci County,
- increasing the absorption capacities of all potential users in the Koprivnica-Križevci County to use EU funds,
- implementing programmes and projects to support the development of entrepreneurship and investment, active participation in designing and drafting projects focused on the development of entrepreneurship.

In the course of the project, PORA has ensured that Croatian experiences in the field of micro-financing of small and medium enterprises are presented to the other partner institutions, and, using the interregional cooperation within the framework of this project, employed the examples of good practice from other states to draft a Regional action plan for the needs of entrepreneurs in the Koprivnica-Križevci County, that is, applicable to the needs of all Croatian entrepreneurs.

1.3 The aim and objective of the project and the Regional Action Plan

The overall objective of the *ATM for SMEs* project is “to improve the implementation of policies addressing enterprise development or sustainable employment in the participating regions, so that they can contribute to better access to local micro-finance programmes for SMEs and sole proprietorships.”³

Shared good practices from different regions should be inspiring for the local authorities and business support organisations, to develop regionally-specific policies and instruments for addressing the key challenges for entrepreneurs: access to finance and availability of adequate business development services.

The Regional Action Plan, produced by each of the project partner institutions, should specify what is to be done in the specific region, taking into consideration the regional specificities in relation to the needs of the entrepreneurs and the business environment in

² www.pora.com.hr/o-nama/

³ https://www.interregeurope.eu/fileadmin/user_upload/tx_tevprojects/library/file_1503479630.pdf



general, to ensure that the lessons learnt from this interregional cooperation project would be operationalised.

The Regional Action Plan specifies how the lessons learnt from the cooperation will be implemented in order to improve policies and related instruments within the respective regions. Each action within the Regional action plan includes:

- a short description of the good example on which the action is based,
- description of the action,
- the stakeholders involved and their roles,
- the time needed for the development and implementation of the action,
- related costs and sources of finance (if applicable).

2 Environment for enterprise development

2.1 Overview of regional economy

The KKC is among the counties whose system of entrepreneurship is better developed than average. Table 1 provides an insight into the trend of the growth in the number of entrepreneurs over the past two years, which shows the potential growth in the number of entrepreneurs, which needs to be further worked on.

Table 1. Number of entrepreneurs in North-West Croatia

County	Number of entrepreneurs in 2016	Number of entrepreneurs 2017
Varaždin	3.577	1.774
Međimurje	3.105	3.233
Krapina-Zagorje	2.042	2.103
Koprivnica-Križevci	1.779	1.809

Source: Croatian Bureau of Statistics

In terms of structure of the economy, the processing industry accounts for 26%, followed by agriculture, commerce and construction. The trend for entrepreneurs' business dealings in the Koprivnica-Križevci County corresponds to economic shifts at the national level, where the rise in demand has led to larger domestic and external revenue; growing number of employed people, an investment growth rate of 35.5%, with investments having reached the highest nominal value since the County was constituted; strengthening competitiveness, with export in goods having risen by 19.3% and an external trade surplus of 153.5 million USD.

On 31 December 2017, the number of registered unemployed persons was 3,578, which is the lowest it has been since 1991.

Alongside the 1,809 companies in the County, there are also 1,242 sole proprietorships active, a majority of those, 573, in the service sector, employing a total of 3,061 persons. Out of the total area of 747 ha in the County designated as commercial zones, 502 ha are connected to municipal utilities. Of these, 289 ha are used for business activities by 170 entrepreneurs, employing around 4,900 workers.⁴

⁴ "Gospodarstvo Koprivničko-križevačke županije u 2017.godini" [The economy of the Koprivnica-Križevci County in 2017], www.kckkzz.hr



Today, there are a total of 38 entrepreneurial areas in the KKC, spread across 22 local self-government units.⁵

2.2 Policy context

In this chapter, we are presenting the overall policy context for the development of SMEs in Koprivnica-Križevci county. We are firstly presenting the opportunities for the SMEs through the Operational programme Competitiveness and Cohesion 2014-2020, financed by ERDF and then we present the overview of main strengths, weaknesses, opportunities and threats in relation to the SME environment in Koprivnica-Križevci county. In the last part, we will link to the objectives of the existing policy instruments and main challenges of the SMEs with the proposed actions in the Regional action plan.

2.2.1 Support for entrepreneurial projects from the Operational Programme Competitiveness and Cohesion 2014-2020 (OPCC), financed from the European Regional Development Fund

Overview of activities in the operational programme and the projects within the framework of the Priority Axis 3, "Business competitiveness"

The Law on Establishing an Institutional Framework for Implementing European Structural and Investment Funds in the Republic of Croatia in the Financial Period 2014-2020 (OG 92/2014), together with the Ordinance on the Authorities in Management and Control Systems for the European Social Fund, the European Regional Development Fund and the Cohesion Fund, Related to the Objective "Investment for growth and jobs" and the accompanying amendments to the Ordinance (OG 107/2014, 23/2015, 15/2017, 18/2017), regulates the system for implementing the Operational Programme Competitiveness and Cohesion. The Law and the Ordinance define the institution performing the role of the Coordinating body for managing ESI funds, bodies performing the roles of Managing authorities for each Operational Programme, the Certifying authority and the Auditing authority and their functions and responsibilities. The Law allows the Managing authority to transfer part of their functions onto Intermediate bodies. The Ordinance defines two levels of Intermediate bodies, and determines their functions. In addition, the Ordinance names the institutions that function as Intermediate bodies in Management and control systems for the European Social Fund, the European Regional Development Fund and the Cohesion Fund.

The Ministry of Regional Development and EU Funds (hereinafter: MRDEUF) is the managing authority for the Operational Programme Competitiveness and Cohesion. In addition to the MRDEUF as the managing authority (and a level 1 intermediate body for part of the investment priorities), there are five more level 1 intermediate bodies and four level 2

⁵ <https://pora.com.hr/poduzetnicke-zone/>



intermediate bodies participating in implementing the OPCC. Level 1 intermediate bodies, beside the MRDEUF, are: the Ministry of Science and Education; the Ministry of Economy, Entrepreneurship and Crafts; the Ministry of Construction and Spatial Planning; the Ministry of Environmental Protection and Energy; and the Ministry of Maritime Affairs, Transport and Infrastructure.

Level 1 intermediate bodies are responsible for a number of tasks, some of the most important of which are: participating in drafting programme documents; managing risks at the level of the priority axes; securing project financing from public funds, drafting criteria for selecting projects and participation in the selection; drafting instructions for applicants; monitoring the progress of the projects in cooperation with level 2 intermediate bodies; and ensuring that funds irregularly spent by the user are recovered. In addition, these bodies also perform a number of other tasks cited in the aforementioned Ordinance.

Level 2 intermediate bodies are: the Central Finance and Contracting Agency for European Union Programmes and Projects; the Government agency for SME development, innovation and investment; the Environmental Protection and Energy Efficiency Fund and Hrvatske Vode (the water management authority). Their main tasks as level 2 intermediate bodies are: risk management at the operational level; participating in compiling instructions for applicants, participating in the selection of projects; examining and approving requests for reimbursement of funds. In addition, these bodies also perform a number of other tasks listed in the aforementioned Ordinance.

The OPCC Priority Axis 3 has the following implementation structure:

Managing authority – the Ministry of Regional Development and EU Funds

Level 1 intermediate body – the Ministry of Economy, Entrepreneurship and Crafts

Level 2 intermediate body – HAMAG BICRO.

Within Priority Axis 3 – business competitiveness, 970 million EUR have been secured from the European Regional Development Fund to support small and medium enterprises. The Priority Axis 3 comprises two Investment priorities and four specific objectives with the accompanying allocations.

The Investment priority 3a, "Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators", is focused on improving the overall business environment. It contains the following Specific objectives:

- 3a1 "Better access to finance for small and medium enterprises" (allocation value – 250 million EUR), which seeks to improve access to public financial support for small and medium enterprises through establishing various forms of financing instruments,
- 3a2 "Enabling a favourable environment for business creation and development" (allocation value – 233 million EUR), whose objective it is to support the development of enterprise through provision of services by entrepreneurial support institutions.

The Investment priority 3d, "Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes" is focussed on direct support for small and medium enterprises, with the intention of increasing competitiveness. It contains the following Specific Objectives:

- 3d1 "Improved development and growth of SMEs in domestic and foreign markets" (value of allocation – 307 million EUR), which seeks to enable investment in strengthening competitiveness and optimising production processes,
- 3d2 "Improved innovativeness of small and medium enterprises" (value of allocation – 180 million EUR), which is focussed on increasing SMEs' innovativeness by providing support in introducing innovations into products, services and production processes.

Table 6. Awarding procedures and the total value of the financing decisions (by 15 March 2018 in relation to the value of the Call by the Specific Objectives)

Specific objective	Name of awarding procedure	Number of adopted financing decisions	Value of the call/HRK	Total value of adopted financing decisions, the state on 15 March 2018 /HRK	User's contribution (personal means)/HRK
3a1	Procedure of entrusting the tasks of implementing the financial instruments to HAMAG-BICRO	n/a	1,292,000,000.00	1,292,000,000.00	342,000,000.00
3a1	Procedure of entrusting the tasks of implementing the financial instrument to the CBRR	n/a	836,000,000.00	828,263,590.00	790,615,245.00
3a2	Developing business infrastructure	43	640,000,000.00	582,077,673.69	7,111,111.00
3a2	Developing a network of entrepreneurial support institutions (SI) through the Government agency for SME development, innovation and investment (HAMAG-BICRO) – pilot project	1	7,024,000.00	7,012,151.61	0.00
3a2	Developing commercial zone infrastructure	0	76,000,000.00	0.00	0.00
3a2	Promoting entrepreneurship 2017-2019	0	38,000,000.00	0.00	0.00
3a2	Providing high-quality services for SMEs through Entrepreneurial Support Institutions (SI)	0	22,800,000.00	0.00	402,352.94
3d1	Building SMEs' production capacities and investment in	39	760,000,000.00	222,023,409.61	337,108,565.78

Specific objective	Name of awarding procedure	Number of adopted financing decisions	Value of the call/HRK	Total value of adopted financing decisions, the state on 15 March 2018 /HRK	User's contribution (personal means)/HRK
	equipment				
3d1	Investment in SMEs' technology of production	29	357,200,000.00	62,939,386.14	83,273,878.84
3d1	Improving SMEs' competitiveness and efficiency in areas with developmental specificities by means of information and communications technologies (ICT)	228	110,000,000.00	102,512,676.83	15,089,067.19
3d1	Support for the development of SMEs in tourism by increasing the quality of hotels and additional amenities	28	304,000,000.00	193,720,916.55	456,000,000.00
3d1	Competence and SME development	191	1,342,000,000.00	848,218,431.73	2,013,000,000.00
3d1	E-impulse - Enhancing the business development and technological aptitude of SMEs	1,032	250,000,000.00	237,179,008.80	83,333,333.33
3d1	Internationalisation of SMEs' business	57	38,000,000.00	31,305,183.89	9,500,000.00
3d1	Reaching the market through product certification	54	38,000,000.00	13,767,928.28	9,500,000.00
3d1	Internationalisation of SMEs' business through business support organisations	0	38,000,000.00	0.00	0.00
3d2	Innovations by newly established SMEs	62	74,000,000.00	66,687,586.78	8,222,222.22
3d2	Commercialisation of innovation in enterprise	0	114,000,000.00	0.00	114,000,000.00

Source: OPCC annual implementation report, Quarterly OPCC implementation reports

Overview of the use of OPCC Priority Axis 3, "Business competitiveness", funds in the Koprivnica-Križevci County

By May 2018, there were a total of **49 entrepreneurial projects** in the Koprivnica-Križevci County that were co-financed with grants from Priority Axis 3, "Business competitiveness". These were investments whose **admissible costs amounted to more than 123 million HRK**, and the average co-financing rate was 85%. Only one of the 49 projects concerned public

entrepreneurial infrastructure (the city of Koprivnica) – an incubator worth more than 13.4 million HRK, while the **entirety of the remaining more than 110 million HRK was used by entrepreneurs themselves, primarily micro- and small ones.**

Number of projects	Total grants/HRK	Total value of investments/HRK	Total contribution of the user/HRK	Total public expenditure/HRK	Total admissible expenditure/HRK
49	72,888,507.35	147,328,241.61	50,477,607.76	74,080,019.12	123,366,115.11

As far as using OPCC financial instrument is concerned, in the same period, there were 52 users:

Number of projects	Gross amount (total value of loan/guarantee etc.)	Net amount (value of state subsidy)
52 in total: 50 (through HAMAG BICRO), 2 (through the CBRR)	26,892,439.17	2,027,024.14

Source: www.struktturnifondovi.hr

Projects financed by European Union funds impact on the daily life of Croatian citizens, and are extremely important both to the Republic of Croatia as a whole, and specifically to the KKC. These are large infrastructural projects in the field of transport and environmental protection; projects that support the construction of the institutional and legislative foundations of the RC; projects to build civil society, which foster democratisation and raising awareness of human rights; cross-border cooperation projects encouraging partnership and cooperation between regions and neighbouring countries; and projects related to regional development.

2.2.2 Koprivnica-Križevci County Development Strategy 2014-2020

The Koprivnica-Križevci County Development Strategy 2014-2020, adopted in late 2016, gives a clear overview of the strengths, weaknesses, opportunities and threats concerning the further development of SMEs in KKC.

SWOT analysis⁶

⁶ <https://kckzz.hr/wp-content/uploads/2017/03/Županijska-razvojna-strategija-za-razdoblje-2014.-2020..pdf>

Strengths	Weaknesses
<ul style="list-style-type: none"> - developed small and medium enterprise - growing number of small companies and their growing share in overall revenues - SMEs champions of new employment - developed entrepreneurial infrastructure - stabile and continuous credit financing of entrepreneurs with subsidised interest rates - good availability of spaces in entrepreneurial areas for new investment - continuous co-financing of utilities infrastructure in entrepreneurial areas - tradition of agricultural production for the needs of the food industry - good potential for the development of cultural tourism, rural and wellness tourism and various forms of inland tourism 	<ul style="list-style-type: none"> - insufficient connectedness of small and medium enterprises both amongst themselves and with large business entities - insufficient focus of small and medium enterprises on technological development and commercial innovation, as well as marketing activities - a lack of technological infrastructure for the development of small and medium enterprise - inadequate implementation of EU standards and norms for the operation of small and medium enterprises - falling number of active sole proprietorships and the number of those employed in sole proprietorships - underutilisation of capacities in agriculture
Opportunities	Threats
<ul style="list-style-type: none"> - strengthening competitiveness and growth of export-oriented entrepreneurs - strengthening the investment environment by improving the public promotion of the County economy and attracting local and foreign investment - linking up business entities (clusters) - strengthening the initiative to connect small business entities with medium and large entities - strengthening entrepreneurial and technological infrastructure 	<ul style="list-style-type: none"> - poor demographic outlook (ageing population and diminishing workforce), as well as human flight of expert and highly-educated workers into larger economic centres leads to a growing lack of adequate workforce

Considering the outlined weaknesses of KKC economy, further investment is needed in the overall entrepreneurial and technological infrastructure, after the model of other successful investments carried out throughout the entire Republic of Croatia.

In spite of the relatively low level of nominal interest rates, capital costs are still high for many enterprises in Croatia. This is due to the fact that Croatian enterprises face overindebtedness, low profitability, insufficient security instruments (collaterals) and a need for much larger working capital than the average in European Union countries.

This situation impedes their access to capital and hinders their ability to carry out investments although there are investment opportunities in the market. The enterprises' high level of indebtedness likewise leads to delays in payments and prevents many enterprises from using banking services.

One of the reasons for the difficulties in external financing of the SME sector lies in the instability of business operation caused by the long-term inability to collect outstanding debts, on which Croatia has continuously lagged behind the EU average (in Croatia this always takes between 55 and 60 days, while in the EU, the collection period is around 45-49 days.⁷ Therefore, it is not surprising to hear that the total operating losses due to the inability to collect outstanding debts in the RC are still twice the size of the EU average.⁸

There is a high level of uncertainty in Croatia as regards the economic outlook and financial situation of enterprises, which negatively impacts on trust in the economy, and consequently also on the availability of financing, especially for SMEs, due to banks' aversion to risk.

Due to the high proportion of fixed assets in total assets, the fixed assets gap, which represents the need for investment in fixed assets, is negative. That is to say, an enterprise's fixed assets are largely antiquated, so there is a need to invest in productive assets in order to increase the firm's competitiveness.

The investment needs that need to be met at short notice (the financing gap) amount to between 308 million and 542 million EUR,⁹ including investment in long-term and short-term assets. Due to the poor financial state of SMEs, investment needs may be met through loans or grants.

On the other hand, SMEs are faced with insufficient funds to finance their own participation, necessary to realise loans and implement the planned investments.

Public funds, that is, open tenders to award grants and subsidised financial instruments therefore make it significantly easier to realise investments. Without the aforementioned subsidies, a significant number of SMEs would not be able to realise their planned investments.

Since grants from public sources still play a key role in facilitating access to funds for financing small and medium enterprise investments that generate growth and job creation, they remain the most potent tool for enterprise growth, both in the Koprivnica-Križevci County and throughout the Republic of Croatia.

On the basis of abovementioned, Koprivnica-Križevci County has adopted a County development strategy for the period 2014-2020 (adopted by the County Assembly), which serves as basis for planning of the county budgets and related investments up to 2020.

Having recognized that the SME support policy should be one of the key drivers of the development of the County, **Koprivnica-Križevci county development strategy 2014-2020 envisages the following priorities and measures:**

⁷ <https://ec.europa.eu/eurostat>

⁸ <http://www.hgk.hr/>

⁹ According to FINA and CEPOR data.



Priority 1-3 Strengthening of entrepreneurship and entrepreneurial environment
(upgrading of existing business support institutions and creating of new business support infrastructure)

Measure 1-3-1 Strengthening and development of institutional support and business infrastructure and improvement of entrepreneurial knowledge and skills;

Measure 1-3-2 Easier access to finance.



2.2.3 Links between policy context and the Regional Action plan

As visible from the challenges of the SMEs in Koprivnica-Križevci County as well as from the overview of the most important SME support policy instrument – the Operational programme for Competitiveness and Cohesion 2014-2020 (OPCC), it was necessary to stimulate the overall investment and development climate through easier access to funds and facilitating larger and smaller entrepreneurial investments.

OPCC measures are relevant for strengthening the competitiveness of SMEs' through:

- allowing significant increase in size of entrepreneurial projects due to a larger amount of available support;
- supporting entrepreneurs in the realization of their business and development phases of their projects, either with support of grants and/or financial instruments;
- increasing availability of support (through different kinds of business support infrastructure) to all SMEs' and the ability to strengthen their competitiveness, regardless of where SME is headquartered.

OPCC provides national-wide support (it does not have regionally specific measures) but it still favours the investment in the less-developed regions through the preferential scoring system of the project applications (projects from less developed regions are receiving extra points).

It is clear that the counties themselves are expected to support their SMEs by either providing a complementary funding measures or supporting them in strengthening their capacity to prepare a good quality investment plans and successful project applications. Combination of national and regional/local measures can produce more significant synergistic effects in a way that accelerates the achievement of specific goals and increases the results and the effects of the measures.

Moreover, specific regional initiatives can serve as a pilot case and be replicated on the national level or in different regions, if shown successful. This is the main strategic thought behind the elaboration of our Regional Action Plan – to complement the national measures but also to demonstrate specific regional measures which can be replicated further. Therefore, our ambition is the following:

- to create synergies between national (OPCC) and regional measures to be able to meet all the needs of the regional SMEs,

- to test the optimal policy mix for supporting the SME development in the Croatian regions,
- with the gained experience to provide inputs to the national authorities in the process of programming of the new Operational programme 2021-2027.

In the table below we are presenting the link between OPCC and actions proposed in our Regional action plan (as described in more detail in the following chapter):

Needs of SMEs	OPCC measure	Proposed regional action	Relevance to OPCC
Access to finance, especially for the smaller-scale investments, due to the limited financial capacity of majority of SMEs)	<ul style="list-style-type: none"> - provision of subsidized ESIF¹⁰ micro and small loans - calls for project proposals for SMEs to receive grants (de-minimis aid and GBER¹¹) for investments in production equipment, training, internationalization, innovation, certification and norms, etc. 	1. County programme of loans for micro- and small entrepreneurs (for investments whose size is not covered by available OPCC support)	On the level of beneficiaries and on the level of overall results, synergistic effects can be produced due to the complementarity of OPCC measures with regional measures available to SMEs, covering together the entire spectrum of SME needs.
Lack of sufficient financial, managerial and administrative capacity for proper business development and investment planning and preparation	<ul style="list-style-type: none"> - provision of support to regional business support institutions to upgrade the training and advisory services for SMEs 	2. Establishing a County expert body and coordination for SMEs 3. County programme of support for micro- and small entrepreneurs 4. Strengthening capacities of entrepreneurial support institutions	Creating synergies between OPCC and regional measures for SMEs to be able to meet all the needs of the regional SMEs and to test the optimal policy mix for supporting the SME development in the Croatian regions. We feel that in order to achieve the expected results, the actions should be phased in steps: <ol style="list-style-type: none"> 1) Create a kind of a policy body which in-depth

¹⁰ European Structural and Investment Funds – EU-funded financial instruments

¹¹ Global Block Exemption Rules (state aid rules for public financing of SMEs)

			<p>knowledge if the needs of SMEs in the region and with decision-making power in order to propose the optimal regional policy mix for supporting the SMEs, in cooperation with the commercial partners (banks)</p> <p>2) Create and inventory of the advisory and training offer of the existing business support organizations and identify the gaps</p> <p>3) Strengthen and expand the existing business support infrastructure to be able to provide the optimal services to the regional SMEs</p>
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In addition, the Regional Action Plan will have a big impact on the county policy instrument – Koprivnica-Križevci County development strategy 2014-2020, as described in the previous chapter. The proposed regional actions will determine the way in which the measures from the county development strategy will be implemented and fine-tuned (in the period 2019-2020)

Proposed regional action	Relevance to county development strategy
1. County programme of loans for micro- and small entrepreneurs	Financed under Measure 1-3-2. Results of the regional action will influence the distribution of available funds in the period 2019-2020 (scope and size of loans will be adjusted on the basis of the demand and results of the regional action.
2. Establishing a County expert body and	Financed under measure 1-3-1 as this is the part of strengthening the overall business support

coordination for SMEs	infrastructure in the County. Results of the regional action will influence the distribution of available funds in the period 2019-2020
3. County programme of support for micro- and small entrepreneurs	Financed under Measure 1-3-1. Results of the regional action will influence the distribution of available funds in the period 2019-2020
4. Strengthening capacities of entrepreneurial support institutions	Financed under Measure 1-3-1. Results of the regional action will influence the distribution of available funds in the period 2019-2020.



3. Regional Action Plan

3.1 Introduction to the measures contained in the Action Plan

This chapter describes the Action Plan measures aimed at improving systematic support for SMEs and their micro-financing in the Koprivnica-Križevci County, with the prospect of extending them to other counties by using the institutional solutions available in the set-up of the Croatian County Union.

In designing this Action Plan's implementation measures, it was taken into account that from 2000 to 2012, Croatia has successfully implemented national programmes to stimulate the development of SMEs, in line with EU experiences and good practice; programmes within which a large share of the operational implementation of measures fell under the purview of counties and development agencies. Since 2013, the programmes have been adapted to the conditions and rules pertaining to using EU funds, while from 2016, the system of supporting SMEs has been based on the Operational programme competitiveness and cohesion 2014-2020 (OPCC), funded by the European Regional Development Fund.

Until 2014, grants and loan programmes for low cost financing for SMEs under RC Government programmes were financed through the state budget. Counties, including Koprivnica-Križevci, and cities took part as organisers and stakeholders, and likewise implemented similar incentive measures to suit the needs and capacities of their regional and local economies. In other words, national programmes to stimulate entrepreneurship were continuously implemented, ensuring adequate regional coverage. Moreover, the national programmes have supported the development of entrepreneurial support infrastructure, which provided a programme of incentives for local- and regional-level entrepreneurship.

Koprivnica-Križevci County, as well as local self-government units within the County, have actively worked on creating a positive entrepreneurial environment and, within their competences, supported the development of small and medium enterprises through entrepreneurship development support institutions (later in text:SI) including:

- PORA Regional development agency of Koprivnica Križevci County¹²
- Croatian Chamber of Economy, the Koprivnica County Chamber
- Croatian Chamber of Trades and Crafts of Koprivnica-Križevci County, with its system of sole proprietors' associations: Koprivnica chamber of trades, Križevci chamber of trades and Đurđevac chamber of trades
- Koprivnički poduzetnik d.o.o. [Koprivnica entrepreneur ltd.]
- Križevački poduzetnički centar d.o.o. [Križevci entrepreneurial centre ltd.]

¹² Active as a coordinator in designing county development strategies, for instance the Koprivnica-Križevci County human potentials development strategy 2014-2020 and the County development strategy of Koprivnica-Križevci County 2013-2020. It is engaged in the drafting of the 2030 National Development Strategy.

However, from 2016, incentives for SMEs in the spheres of competitiveness, improved financing, entrepreneurship education and entrepreneurial support infrastructure have been wholly financed through European Union funds, and no national programmes of systematic stimulation of SMEs. The macroeconomic entrepreneurial environment has displayed an inadequate level of economic growth, limited size of the domestic market, a high level of dependence on the tourism industry (especially in the coastal region), unbalanced regional development, insufficient coordination among mid-level institutions and the local and regional self-government, and an insufficient private sector share in the GNP. As Croatia no longer pays out subsidies to SMEs from its budget, and micro- and small entrepreneurs cannot use the available EU funds due to public tender conditions, especially the financial threshold and the amounts required to submit project proposals, the necessity of forcefully activating regional initiatives becomes evident.

Micro-entities are especially important to employment, as they account for one third of overall employment in Croatia, are larger than the EU average and employ an average of 4.8 workers, compared to the EU average of 3.9, with the largest share accounted for by the food processing industry, six percentage points above the EU average. Although the basic indicators for small and medium enterprises in Croatia are equal or better than EU averages, certain areas display a need for further strengthening – areas such as financing, resolving administrative obstacles and legal security, entrepreneurial second chances and family entrepreneurship, and, especially, life-long entrepreneurial learning (by acquiring skills, management know-how) and applying innovation and research and development in doing business, as well as developing cooperative enterprise.

The policy of stimulating the development of entrepreneurship is still in the incipient stages of development, it is uncoordinated; stimulus programmes and measures are either not being implemented or there is a gap in incentive measures for special forms of enterprise and entrepreneurial networking (cooperative, social, cultural and creative, agricultural enterprise, clusters), for novice entrepreneurs as well as a number of social groups that can become entrepreneurs, those intending to, or who have already become entrepreneurs:

- unemployed young people,
- unemployed older people,
- women entrepreneurs,
- entrepreneurs with an entrepreneurial project who have not founded a business entity (pre-startup),
- students preparing to embark on entrepreneurship,
- young people with vocational degrees,
- employed people wishing to become entrepreneurs,
- people who are in a disadvantaged position in the labour market,
- existing micro-entrepreneurs, people whose employment contracts were cancelled due to an initiated insolvency proceeding,
- unemployed people not on the records of a competent institution,

- entrepreneurs facing difficulties of a kind other than insolvency, who have a high-risk status as they are not recognised seekers of funds to start or develop a business,
- entrepreneurs-to-be, that is, those who are independently (outside the support system of the Croatian employment service, which has carried out ESF measures for self-employment by founding a business entity) establishing a business entity,
- self-employment, and
- people in a disadvantaged social position, national minorities (ethnic entrepreneurship) and people with disabilities.

3.2 Action Plan

This action plan is inspired by the numerous examples of good practices of all project partners, as presented in the frame of *ATM for SMEs* project, but also on the additional elaboration or revision of ongoing activities of the KKC, on the international experience acquired through this project, and on opinions of other project partners in the *ATM for SMEs* project. Nevertheless, the measures proposed reflect on the regional specificities of the KKC as well as the specific needs of SMEs in Croatia and do not represent the direct application of a measure already available in some of the other regions.

In addition to the measures based on the practices presented by the partner institutions from *ATM for SMEs* project, we are presenting few additional new measures whose direct beneficiaries are not entrepreneurs (although they are the final beneficiaries) but instead they target the business support institutions themselves. Namely, in Croatia there is a recognized need to further strengthen the capacities, coordination and cooperation within the existing network of business support institutions. Through their cooperation it would be possible to create additional synergies and increase the relevance, efficiency, effectiveness, coherence and sustainability of concrete financial and advisory services offered to the entrepreneurs. Nevertheless, some of the action points as well as models of cooperation can be found in several good practices as shared in the frame of *ATM for SMEs* project (e.g. Hungarian Ministry of National Economy, Sardinia's Coopfin programme, FEA, KIZ SINNOVA, etc.) .

Given the time and budget constraints, **the Action Plan contains 4 implementation measures**, but all of them are of integrated nature and require cross-institutional cooperation, thus creating opportunities for synergies and spin-off initiatives:

- Measure 1 – County programme of loans for micro- and small entrepreneurs
- Measure 2 – Establishing a County expert body and coordination for SMEs
- Measure 3 – County programme of support for micro- and small entrepreneurs
- Measure 4 – Strengthening capacities of entrepreneurial support institutions

The measures are described in five points:

1. Previous experiences and practice
2. Description of measure



3. Stakeholders
4. Time-frame
5. Necessary funds

Measure 1

County programme of loans for micro and small entrepreneurs

A 1.1. Previous experiences and practice

National loan programmes to improve SME financing have been implemented in the periods from 2001-2004, 2004-2014 and from 2014 until today. PORA has become actively involved in coordination, organisation and operational implementation, along with the competent County body and the regional chamber system according to certain credit lending models. Easier access to external financing also applies to loan guarantee programmes of the Croatian Agency for SMEs, Innovations and Investments (HAMAG BICRO). The practice of implementing such programmes in Croatia has shown that small, and especially micro-entrepreneurs in Croatia are mostly focused on traditional forms of external financing, that is, bank credits.

The implementation models for improved SME financing in the aforementioned periods are described as follows:

- a. by pooling the funds of the ministry in charge of SMEs and local and regional self-administration units, the **deposit model** allows local self-government to participate in the national loans programme and creation of a joint lending potential in commercial banks by increasing their deposits through a credit multiplier.
- b. the **guarantee deposit model** allows local and regional self-government units to participate in the national loans programme for SMEs and create lending potential in commercial banks by increasing their deposits through a credit multiplier, where the deposit simultaneously functions as a guarantee fund, and
- c. the **subsidised interest payments model** is carried out by the ministry in charge of SMEs, along with local and regional self-government units, implementing the national small business financing programme on a contract basis, where commercial banks use their own funds to create a credit fund from which credits for enterprise loans are funded. The funds allocated by the competent ministry, as well as own funds planned and disbursed from the national and county budgets, are used by the County to subsidise interest payments on enterprise loans. The interest subsidies on enterprise loans constitute state subsidies.

Credit and interest subsidy users are registered in the Central small enterprise information system (Središnji informacijski sustav malog gospodarstva – SSIMG), handled by the ministry in charge of SMEs. Part of this system is implemented through a distributed technological model, that is, it contains a distinct programme subsystem for enterprise loans to which counties, including Koprivnica-Križevci County through the relevant administrative bodies, are connected so as to allow them to enter data on users of loans and interest subsidies in their territories; monitor the operational implementation of loans programmes and planning the necessary funding for disbursement of interest subsidies; and draft reports for the Finance Ministry's Central register of state subsidies.

Small business entities, especially micro-entities and novice entrepreneurs have highlighted the following issues relating to external financing:

- difficulties with a lack of credit guarantees,
- inadequate range of banking products and services
- complex demands by banks and necessary loan documentation
- improper, that is, high interest rates and
- insufficient information on the available financial products.

The availability of various types of sources of financing for starting, growing and developing entrepreneurial activities in Croatia is highly limited. Although securing easier access to finances is one of the chief goals of the National entrepreneurship development strategy 2013-2020, analyses have shown a low level of diversity of sources of SME financing, reduced funds for financing novice entrepreneurs, poor analytical tools for monitoring business lending, a lack of initial capital to enable easier financing of projects that have no adequate security instruments, no existing project financing and schemes regulating grants and micro-financing, and an undeveloped micro-credit system and institutions.

The inadequate provision of micro-financing makes it difficult for small enterprises to obtain loans worth from 10,000 to 100,000 HRK. Initial capital and financing young people and micro-entities through banks are constrained by security instruments and other conditions that such entrepreneurs have difficulties fulfilling. The existence of loan guarantees has not significantly diminished the need for security instruments, as banks are still very cautious with regard to risk, while interest rates are significantly above those of the European Common Market.

Relevant experience gained within ATM for SMEs project:

*Several of the good practices presented in the frame of the project were dealing with the regional schemes to support SMEs, combining microcredits and guarantees. The most relevant examples studied were from **Zala County Foundation for Enterprise promotion (ZMVA)**, which demonstrated fruitful relationship between region (municipality) and MFI, with the aim of facilitating access to financing products, especially for microenterprises and young entrepreneurs. It proved to be excellent investment from the municipality side, with multiple effects on the promotion of the economy and with tangible return on investment through new jobs and taxes. Another good practice was **CEEI Burgos and its SODEBUR Microcredit facility**, again a regional initiative, taking into consideration regional specificities in terms of the needs of SMEs, primarily focused on rural and smaller towns economy. Again, this good practice demonstrates establishment of successful partnerships between public authority and business incubator (mainly its microfinancing services).*

As presented below (and also in the previous chapters), through the learning experience by studying the relevant examples in the frame of this project, we have acknowledged the need for improved offer to the SMEs in our region. In this measure, our main learning points from the above-mentioned good practices presented in the frame of ATM for SMEs project, which have been adopted in this measure are the following:

- *improving the access to finance for SMEs cannot be done not solely by looking at what the regional administration itself can do but this has to be achieved through building and strengthening partnerships with other stakeholders – other business support organizations (for example with the incubator as in CEEI Burgos) and other financing institutions (for example MFI in Zala) which can also be commercial banks. Therefore we have envisaged the involve both the commercial bank as the intermediary financial institution as well as the representatives of the business support organizations, to facilitate the distribution of the microloans (as presented below).*
- *The offer for microfinance has to be well-targeted in order to justify public spending for the private sector. Therefore the focus on rural economy (as in CEEI Burgos) is highly applicable also in Koprivnica-Križevci county.*

A 1.2. Description of the measure

The programme implements measures of low-cost financing of SME entities through micro-crediting at County level. Micro-crediting at low interest rates should allow financing current business activities of micro- and small business entities in Koprivnica-Križevci County, with the aim of improving their business and payment capacity. The main aim of the Programme is to expand the sources and forms of financing SMEs through regional incentive measures due to the gap in systematic solutions for financing micro- and small entrepreneurs.

In order to implement this Programme, it is necessary to establish a special County micro-credit fund, which would include public funds from the County budget. The pooled funds are to be placed in a deposit account at a commercial bank, and comprise a subsidy fund and financial deposit that is increased by a credit multiplier (the overall credit fund is formed by being increased by the agreed credit multiplier).

This new model of county-level micro-crediting SMEs in the deposit contains a transferable financial mechanism – it is possible to divert funds within a single micro-credit fund according to users and purposes of a loan (multi-user account) with the option of revolving (continuous lending by linking the fund to incoming loan repayments). The model was constructed on the basis of a 10 million HRK example, but can be applied to any other amount, as well as different commercial bank multipliers.

Financing model and working collaboration between the Koprivnica-Križevci County and a commercial bank

Deposit in a single bank worth 10,000,000 HRK (MODEL) Guarantee fund = 8 mil. HRK Interest subsidy fund = 2 mil. HRK	Commercial bank Multiplier = x 6 Bank risk fund = 40 mil. HRK
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RATE OF PARTICIPATION

the KKC and the local self-administration (1/6) ↔ BANK (5/6)

Interest rate for the end-user = 2%

Total loan fund = 48 mil. kn Potential of a minimum of 480 loans

The legal grounding for the Programme is provided by articles 6 and 10 of the Law on stimulating the development of small enterprises (Official Gazette, no. 29/02, 63/07, 53/12, 56/13 and 121/16) and the Entrepreneurship Development Strategy 2013-2020, strategic objective 2, Improved access to financing, which determines the development of various financial options for small business entities and the removal of the financial gap for the SME sector.

Description of the main characteristics of the programme

A. Loan users

Users of micro-crediting with guarantees are micro-entities in the SME sector, freelancers, cooperatives, social enterprises, users of CES self-employment measures and family agricultural holdings (FAH), regardless of the registered commercial activity, whose total annual income does not exceed 750,000.00 HRK over two years prior to submitting a loan and guarantee request.

Entities that have been active for up to two years can become loan users.

The user may use a loan that is smaller than the maximum amount determined in this Programme, but overall, the loan may not exceed 50,000.00 HRK per entity.

B. Loan conditions

Loan purpose	A loan may be used for the following purposes: <ul style="list-style-type: none"> – financing current liquidity and permanent working capital and – purchase of movables.
Size of loan	A loan cannot be used to refinance or settle bank loans. From 10,000.00 to 50,000.00 HRK
Nominal interest rate	Up to a maximum of 3%
Loan processing costs	Up to a maximum of 0.5%
Loan repayment deadline	Permanent working capital up to 4 years Movables up to 5 years

Loan utilisation deadline	Up to 6 months
Level of guarantee	<ul style="list-style-type: none"> – the highest guarantee percentage amounts to 70% of the loan principal – the lowest guarantee percentage amounts to 10% of the loan principal
Security instruments	<p>The annual fee for issuing a guarantee is up to 1%</p> <ul style="list-style-type: none"> – personal guarantees by the owner of the micro-entity, bonds, promissory notes, deposits and other instruments
The period of grace	lasts for up to 6 months
	Loans may be approved for acquiring second hand movables to be used for business activities (cars, delivery vehicles, trailer vehicles, tractors, utility vehicles, tools, work equipment, mowers and other smaller machines, etc.).

- C. Purposes, that is, activities, exempted from the regulations on state subsidies will not be granted credit.

A 1.3. Programme stakeholders

In order to implement this Programme, Koprivnica-Križevci County concludes contracts with commercial banks. The County is the organiser of the implementation of the Programme, it implements coordinating and operational tasks, as well as regular tasks concerning budget financing. In addition, a county Micro-crediting commission is established, made up of representatives of the County, commercial bank, and entrepreneurial supporting institutions.

A 1.4. Time-frame

The time needed to implement the Programme and its duration is determined pursuant to decisions made by the County and tied to the established loan repayment and interest subsidy deadlines. Program plans to start with the realization by the end of 2019.

A 1.5. Necessary funds

To provide an overview of the model, the example of the pooled funds from the County and local self-government unit budgets amounting to **10 million HRK** was used. Nevertheless, the model is flexible and can be adapted to different amount and different commercial bank multiplier, depending on the available funding. For the realization of the Programme by the beginning of year 2019, approximately 1.000.000,00 HRK will be needed. The Programme will be planned in the budget of Koprivnica Križevci County for 2019.

A 1.6. Impact of the action to the policy instrument

We needed to analyse and take into consideration the linkages with the national SME support measures (mainly funded through OPCC) and consider an active dialogue with the national policy makers to ensure the synergies between the national and regional measures. This means that either the regional measure could be funded through the OPCC or the regional measure will target those beneficiaries which are not sufficiently covered by the national measures because of the regional specificities. We will aim at producing synergistic effects. If



proven successful, the regional measure will be advocated on the national level as a good practice which can be replicated elsewhere and would be able to influence the future design of the OPCC (post 2020).

In relation to the regional/county policy instrument – the Koprivnica-Križevci county development strategy, the action will influence the implementation of the measure 1-3-2 and provide good practice of the distribution of county funds to entrepreneurs. The demand and results of this programme in 2019 will influence the design of the measure in 2020 in terms of fine-tuning (e.g. refining the focus on specific target groups, min and max size of the loans, grace period etc.).

A 1.7. The main steps necessary for the implementation

- *Signing contracts with commercial banks;*
- *Publication of a call for the formation of a county Micro-loan commission;*
- *Publication of a Public Call;*
- *Selection and award of funds.*
- *Monitoring of the implementation*
- *Refining the measure in line with the effects achieved,*

Partners will monitor the following:

- Number of grants /loans awarded;
- The amount of funds allocated.

Measure 2
Establishing a County expert body and coordination for SMEs

A 2.1. Previous experiences and practice

As part of its primary activities, the **PORA – Regional Development Agency of the Koprivnica-Križevci County** performs tasks of the regional coordinator. Pursuant to the Law amending the Republic of Croatia Regional Development Act (OG 123/17), PORA as the regional coordinator performs the following public tasks¹³:

- drafts the County development strategy and other strategic and development documents for the County, as well as the implementation documents for which the founder and/or co-founders authorise it,
- ascertains the conformity of county development strategic planning documents with higher-level strategic planning documents, and adopts decisions confirming conformity,
- provides professional assistance on drafting and implementing programs of support for public administration bodies and public institutions in its county founded by the Republic of Croatia or the county in preparing and implementing development projects in the

¹³ <http://pora.com.hr/>



interest of the development of the county, especially projects co-financed by EU structural and investment funds,

- provides professional assistance on drafting and implementing the development projects of the public administration bodies and public institutions in its county founded by the Republic of Croatia or units of local and regional self-government – projects in the interest of the development of the County, as well as joint development projects in the interest of the development of more than one county,
- implements county development programmes for which it is authorised by the founder and/or co-founders
- implements the Ministry's and other central state administration bodies' programmes that concern more even regional development,
- enters development projects significant to the County's development into the central electronic register of development projects,
- coordinates the entry of other public bodies in the central electronic register of development projects,
- monitors and observes the status of the projects of all the users in the county in the central electronic register of development projects,
- performs professional and advisory tasks related to the implementation of the County development strategy and other strategic, development and implementation documents for the County, and report to the founders and the Ministry on their implementation,
- cooperates with the Ministry and all other relevant stakeholders on tasks related to strategic planning and managing development in the County,
- harmonises the operation of local self-government units in the County related to regional development,
- performs administrative and professional tasks necessary to the County partnership, and
- participates in the work of partnership councils.

The Koprivnica County chamber of the CCE is engaged, among other things, with representing the interests of the business sector, through the activities of the Business council, vocational associations and the Businesswomen's club ALFA; it represents and protects the interests of businesspeople in the County, participates in task forces and committees of the Koprivnica-Križevci County, provides services in the field of enhancing the functioning and business activities of firms, regularly organises educational activities, seminars, workshops, round-tables and various professional events concerning current economic issues, conducts business counselling for entrepreneurs, provides expert assistance and consulting regarding starting a business, financing entrepreneurial projects, obtaining grants and incentives, taxes, implementing laws, provisions and norms on doing business, EU issues etc. It also has Information services (it has at its disposal and handles databases on companies, at both the county and the national levels) and conducts macroeconomic analyses monitoring the state of the economy of the Koprivnica-Križevci County.

The CCE implements the project named the **Digital chamber**. This is a new information-communication platform for the CCE's e-services, available to members and the business community, as well as the public administration and citizens, with which the CCE seeks to contribute to increased use of information and communication technologies in the field of provision of e-services throughout Croatia. Thus, the project, that is, the implementation of **seven e-services** will speed up communication and improve relations with member institutions, the publication of documents for public competences will be digitised, and it will allow entrepreneurs to become even more active in participating in creating and changing the legislative and regulatory framework. In addition, the **Digital chamber will make potential sources of financing more accessible to its members**, and will allow Croatian entrepreneurs to better promote their products and services. The first functionality initiated within the framework of the **Digital chamber** project is the Business network web portal, which gathers in one place all information essential to entrepreneurs, such as:

- macroeconomic indicators at both the Croatian and individual county levels – GNP, average monthly net salary, registered unemployment rate, export of goods and foreign direct investment
- separate indicators for RC for real growth-rates, inflation, average mean exchange rates for EUR and USD, number of active business entities and gross foreign debt
- general information about Croatia and its economy, and
- browsable database of business entities – on which basic data and current financial indicators and business activity analyses are available; business entities may be searched by name, persons responsible or statistics of activities, and can be compared to other entities with the same BAC (business activity classification).

Information available at <https://digitalnakomora.hr/hr/enterprise>.

Among other activities, the **Croatian Chamber of trades and crafts – the KKC Chamber of trades and crafts** is involved in providing services, promotional activities for products and services, organising fairs, exhibitions and business contacts; it fosters development and research as well as innovation, represents its members' interests in defining economic policies in local and regional self-government units, monitors and analyses economic policy and its effects on the development of sole proprietorships and small enterprise, collects data for the Chamber's IT system, provides expert assistance in establishing and conducting the business activities of sole proprietors' and proprietorships associations, and manages the registry of sole proprietors' associations.

The Koprivnica entrepreneur ltd is engaged in informing and counselling, education, designing plans and studies, programmes of subsidies, development projects. It also exchanges all current information in cooperation with partner and support institutions, state bodies, agencies, non-governmental organisations, the academic community, potential investors and others.

The Koprivnica entrepreneurial centre performs the above-mentioned activities, in addition to managing a development centre and technology park.

Many analyses of SMEs and international evaluations of Croatia's competitiveness (Global Entrepreneurship Monitor (GEM) project), framed by the elements comprising the surroundings of an entrepreneurial ecosystem, have highlighted the lack of cooperation and simultaneity of action using the principle of open coordination among the stakeholders in the

system comprising multiple levels, as well as the necessity to harmonise public strategies, programmes, instruments and policies at all levels. Without this, many problems due to which a significant number of elements comprising the entrepreneurial environment function as barriers rather than support to citizens' entrepreneurial intentions and entrepreneurs' activities, cannot be solved, which is especially relevant to the regional level in Croatia.

Relevant experience gained within ATM for SMEs project:

Most inspiring example was found in KIZ SINNOVA (DMI Trust-based Partnership Model) where four strategic partners have joined forces to offer integrated services to entrepreneurs: MFI, the bank, guarantee fund and quality risk and network manager (QRN), very innovative element of such partnerships. Such model offers efficient and effective sharing of roles and responsibilities, whose distribution is based on the core competences of each partner (everybody does what they know best). Combination of financial support with start-up business services seems to be the winning formula, offering well-targeted services to the entrepreneurs at lower cost.

Through the learning experience by studying the relevant good practices in the frame of this project, we have acknowledged the need for improved offer to the SMEs. In this measure, our main learning points from the above-mentioned good practice presented in the frame of ATM for SMEs project, which has been adopted in this measure are the following:

- *Koprivnica-Križevci county has acknowledged that the support to SMEs has to include different activities (as in KIZ SINNOVA: finances, guarantee fund and advisory services) and different stakeholders.*
- *Following the example of KIZ SINNOVA it is clear the the County (through PORA Koprivnica-Križevci County Regional development agency, as the „regional coordinator“¹⁴) needs to strengthen the partnerships with all relevant stakeholders, not only public sector institutions (business support institutions) but also with the private sector (e.g. commercial banks). Therefore we have learnt from studying this good practice that the most logical first step would be to establish (as a precondition to all other measures) a strong coordination body for such partnerships, very knowledgeable about the current needs of SMEs as well as what is offered currently to them (nationally, regionally, locally) and with the task of identifying the gaps in the current support schemes for SMEs and also initializing the optimal policy mix.*

A 2.2. Description of measure

Establishing an Expert group and coordination for Koprivnica-Križevci County SMEs should be the beginning of improved coordination among all stakeholders involved in support for SMEs, in order to improve the conditions for completing projects from the EU 2014-2020 financial perspective, prepare activities in the KKC connected to the Republic of Croatia's EU presidency and entering a new EU financial perspective from 2020 onwards, in which the

¹⁴ As per Law on Regional Development (Croatian Official Gazette NN [147/14](#), [123/17](#), [118/18](#))

strategic goals of the National development strategy 2030 and activities on its implementation are especially important.

Therefore, the open questions of inadequate sources of data and information on SMEs, as well as the scope of the necessary information, including poor analytics for monitoring SME credit financing, are gaining relevance. The activities should include building an analytical and statistical system for SMEs in the KKC, as, similar to the national level, it is lacking in necessary data and information, fragmented and is not publicly available, and linking statistical databases on entities' business activities, ownership, import/export activities, adding indicators on innovativeness, investment and similar. Without this it will not be possible to provide comparative information for designing measures and instruments for regional public policies under the conditions of EU financing, nor will it be possible to allow business entities comparative measuring and evaluating against the others (grouping, the best). Otherwise, at the regional level, the availability of statistical and comparative information on SMEs is highly incomplete and temporally out of step, which makes it significantly more difficult to manage regional development.

The basic tasks of the Expert task force and county coordination for SMEs are:

- coordinating activities/measures and departmental policies/programmes connected to this Action Plan, and sources of information on SMEs, Action Plan stakeholders and other official sources
- initiating activities on creating a statistical underpinning for SMEs in the KKC, by linking sources of information, systematically addressing statistical monitoring of entrepreneurial activities, especially rural social groups, those in a disadvantaged social position, women and women's and young people's enterprise, as well as developing statistical and other indicators
- conducting analyses of needs for education and training in the field of grants and other forms of financing, financial, digital and media literacy and financing special forms of enterprise and cooperative enterprise
- coordinating activities with the education system with the aim of introducing broader informal and formal programmes for acquiring entrepreneurial capabilities and self-employment, as well as know-how on initiating business endeavours for young people, programmes of education and training specific to managing associated business entities, development of educational and advisory programmes for managing family enterprises, with a special emphasis on the problems of generational transfers and transferring management and ownership, as well as the development of new models of education, training and professional development of women for managerial positions in ICT businesses, new technologies, creative industries, innovation application etc.
- organising a structure and partnerships for providing education and training services for all stakeholders
- Monitoring and researching alternative sources of micro-financing and new forms of micro-entrepreneurship.



A 2.3. Stakeholders

The coordination should reflect a quad-helix concept and, alongside county administration bodies and PORA, encompass entrepreneurial support institutions, the Croatian Centre for Cooperative Entrepreneurship, the chamber system, the Croatian Employers' Association (HUP), the Croatian Information Technology Association, representatives of associations (citizens), LAGs and higher education institutions.

A 2.4. Time-frame

The County expert body and coordination for SMEs should be established for a period of 4 years, lasting from 2019 to 2023. The Koprivnica Križevci County expert body and coordination for SME's will be established by December 31st 2019, by the Decision of the County mayor.

A 2.5. Necessary funds

The necessary funds and financing sources for Measure 2 could possibly be established on the basis of a more detailed elaboration of the activities necessary to fulfil the tasks of this Body, both within the framework of its activities and through project financing, but since the measure relies on the capacity of already existing institutions, there is no need to fund the additional salaries and therefore currently no funding is necessary to fulfil this measure.

A 2.6. Impact of the action to the policy instrument

We are making use of all the analytical basis used for programming the OPCC and identifying whether all the regional needs have been indeed taken into consideration. We feel that in Croatia, due to the vast socio-economic diversity of its regions, there is indeed a need for a regionally specific measures to create an optimal policy mix between the national and regional support to the SMEs. Therefore with the establishment of such an expert and coordinating body we would like to demonstrate that this is a necessary precondition to identify the needs and gaps in the offer and not to allow for any duplication of efforts or gaps not covered.

Establishment of County expert body and coordination for SMEs could be established using the Technical Assistance funds of the OPCC, aimed at regional coordinators (PORA, among others). As in the previous measure, we will aim at producing synergistic effects. If proven successful, the regional measure will be advocated on the national level as a good practice which can be replicated elsewhere and would be able to influence the future design of the OPCC (post 2020), for example by suggesting to make such coordination body mandatory if OPCC funds for SMEs would be used, to ensure full complementarity and efficiency.

In relation to the regional/county policy instrument – the Koprivnica-Križevci county development strategy, the action will influence the implementation of the measure 1-3-1 and provide good practice of the approach to strengthening the business support infrastructure by starting with the expert body in charge of strategic planning of such support. Activities of this body will be funded by the county budget, in line with the measure 1-3-1.

Measure 3

County programme of support for micro- and small entrepreneurs

A 3.1. Previous experiences and practice

The regional dynamism of the entrepreneurial structure is equally based as that of the overall, that is, national structure on entrepreneurial endeavours that have their own individual life cycles, from the genesis of an entrepreneurial endeavour, through its growth, to maturity and termination. Securing their sustainability directly depends on economic stability, and the economic structure can be stimulated with an adequate level of intensity of initiation of business endeavours that are to replace those discontinuing business activities. The fact that the mortality of business endeavours is highest in the earliest stage of development (the first three years) should bring attention to the need to pay special attention to each stage of development of a business endeavour (from starting up, through "maturing" to growth and terminating business activities). In other words, strong entrepreneurial activity in initiating a business endeavour must be accompanied by a capacity of such businesses endeavours for sustainability and growth, but also by appropriate action with regard to the reasons why the vitality of an economic structure would be endangered (business failures, difficulties in doing business, obstacles to terminating business activities etc.)

In implementing national stimulus measures for small business entities (trading companies, sole proprietorships and cooperatives other than those performing primary production of agricultural products and fishery), and pursuant to the Law on stimulating small enterprise development in the period 2003-2013, the ministry in charge of enterprises and sole proprietorship has implemented special projects/programmes for young people's and women's entrepreneurship, novice entrepreneurs, persons with disabilities, Croatian war veterans, social enterprises employing people with diminished work capacity or provide assistance to people in disadvantageous personal, economic, social or other circumstances and help include them in the wider social community, and whose users meet one or more of the following conditions:

- they do not have sufficient funds to settle their basic needs, nor can they acquire such funds with their work, income from assets or other sources
- physically or mentally disabled, elderly, infirm or other persons who, due to permanent changes in their health status, cannot satisfy their basic needs
- other persons who are in distress due to disrupted family relations, addiction to alcohol, drugs or other opiates, or other forms of socially unacceptable behaviour and other sources.

In 2013, the measures have covered small business entities employing or planning to employ persons with diminished work capacity, persons with disabilities, persons in disadvantageous personal, economic, social or other circumstances, and members of the Roma national minority, and include them in work processes. Applications under the national Programme were submitted by entities headquartered in all the counties of Croatia (regional focus of the national programme), and county development agencies and federations of cooperatives took part in its organisation and implementation.

Initiating ("swarming" in the GEM project) new business endeavours is an essential precondition for the vitality of an economic structure. New business endeavours bring new ideas, new technologies, new products, entry into new markets, and thus contribute to increasing productivity and competitiveness. Information on terminating business activities (ceasing work due to business failure, going into retirement, desire to initiate a new business endeavour, inheritance and other) is also important to the demographic dynamism of an economy. The GEM project monitors entrepreneurial activities through the initiation of a business endeavour and its development, and indicates the visible results of a process that begins considerably earlier than entrepreneurship, and is frequently ignored. This "invisible" part of the process of building individuals' entrepreneurial capacity includes education, experience, networking and interaction with the entrepreneurial ecosystem.

From 2003 until 2012, the ministry in charge of enterprises and sole proprietorships has implemented special measures and programmes for target groups through its system of subsidies, while from 2013 until today, it has included these groups in horizontal questions in all public tenders, in line with EU rules, assigning them additional points (preferential scoring system). The ministry data show that at the Croatian level, in the period from 2008 to 2013, 15,261 requests for grants by target groups were received, and 5,448 subsidies were approved, a little over a third (35.7%). The number of requests and the number of approved grants indicate a great need among entrepreneurs in the target groups for grants, which however could not be approved wholesale because of budget restrictions. On the other hand, the majority of these are self-employed people and micro-entrepreneurs, who due to risk assessment in commercial banking were unable to access low-cost financing sources to develop their enterprises, as banks estimate that novices represent the highest risk as they do not have financial records and thus do not approve them loans, while the same happens to sole proprietorships because they operate as natural persons.

Relevant experience gained within ATM for SMEs project:

The most relevant examples for this measure we have found in the practices of ZMVA – credit support scheme and CEEI Burgos - SODEBUR (all described earlier). Again, these are all regional initiatives relying on the network of regional partners, very relevant for Koprivnica-Križevci county. These good practices are promoting entrepreneurship for young entrepreneurs who have the potential to create sustainable businesses and jobs. Main learning point is that types of services provided are mixed and integrated: Mentoring, coaching and training; Access to finance/investors; Access to professional network. Additional inspiration was found in the example of Marshal office of Swietokrzyskie Region (Poland), its "Cash on Start" programme, targeting unemployed and inactive citizen and promoting entrepreneurial activities, through offering investment capital, operational costs, modernization of production, intangible assets, etc.

Therefore the most important learning points and the parts of the good practices which we have adopted in this measure are the following:

- *all 3 mentioned good practices demonstrate the need to establish a strong network of regional partners and maintain the pro-active approach to business support offer in the*

region (County should play a more active role, not only observe what individual municipalities/cities or national institutions are doing but to identify the gaps in provision of necessary services to SMEs and make sure those gaps are covered).

- *The good practices have shown that the dialogue with both the public sector but also the private sector is necessary in this respect. They are looking at the start-ups as well as promoting entrepreneurship to potential entrepreneurs (who are still only considering entering the entrepreneurship world) in order to stimulate jobs creation.*
- *For Koprivnica-Križevci county it was very useful to learn from the experience with these specific target groups. We have therefore identified in this measure the specific target groups relevant to our region (as described under 3.2.).*

A 3.2. Description of measure

A special Programme for micro- and small entrepreneurs is drafted at County level, intended for the target groups (cooperatives, social, cultural and creative enterprises), novice entrepreneurs, young unemployed people, older unemployed people, women entrepreneurs, entrepreneurs who have an entrepreneurial project but have not founded a business entity (pre-startup), students preparing to embark on entrepreneurship, young people with vocational degrees, employed people wishing to become entrepreneurs, people who are in a disadvantaged position in the labour market, existing micro-entrepreneurs, people whose employment contracts were cancelled due to an initiated insolvency proceeding and who are seeking a way out through self-employment, unemployed people who were removed from the records of a competent institution or never registered with it, and entrepreneurs facing difficulties of a kind other than insolvency, persons who are independently (outside the support system of the Croatian employment service, which has carried out ESF measures for self-employment by founding a business entity) establishing a business entity, self-employment and people in a disadvantaged social position, national minorities and entrepreneurs with disabilities. When programming the measures, the following activities may be taken into consideration in approving grants:

1. Facilitating the initiation of business activities and employment

- assistance/mentorship in drafting a business plan, project documentation and a design study for the revitalisation and/or adaptation of business premises for persons with disabilities
- founding capital
- costs of purchase of basic assets such as machinery, equipment, tools, IT equipment, IT softwares and systems
- costs of establishing of businesses entities in childcare and care for the elderly
- co-financing of costs of services of childcare and care for the elderly for unemployed women and single mothers planning to become self-employed



- costs tied to investments in non-material property – acquiring patents, authors' rights, knowledge or other forms of intellectual property, licences, special knowledge and skills – know-how, or unpatented technical knowledge
 - costs of establishing and co-financing investment in non-material property of a cooperative.
- 2. Assistance in creating market positions and strengthening competitiveness of newly established business entities**
- costs of business promotion according to the choice of promotional mix
 - designing visuals and brand identities of newly established business entities, including signs bearing an entity's name for the business premisses and calling cards
 - costs of organising conferences, expert conferences and gathering with the aim of promoting successful examples of women's entrepreneurship
 - costs of professional training connected to investment.
- 3. Entrepreneurial education**
- the cost of education for entrepreneurial, sole-proprietorship, cooperative and cultural and creative entrepreneurship and freelance activities

A 3.3. Stakeholders

PORA, County/cities'/municipalities' administrative bodies, commercial banks.

A 3.4. Time-frame

The grant program is planned for 2020.

A 3.5. Necessary funds

The example of the **250.000 HRK pooled funds** from County and local self-government unit budgets on annual basis was used for an overview of the model, but for the concrete implementation of the measure approximately 500.000,00 HRK is planned. The flexibility of this measure (adaptability to the available funding) is its biggest strength.

A 3.6. Impact of the action to the policy instrument

Also in this measure we are making use of the opportunities in the frame of OPCC - the business support organizations in our county can apply for OPCC funding in order to develop new services for the SMEs or strengthen/upgrade the existing ones. Again, if proven successful, the new/upgraded services can be shown as a good practice which can be replicated in other regions or on national level, this influencing not only the future use of OPCC but also of other national or regional policy instruments. The aim of these good regional practices is to identify the optimal way of supporting the business support institutions to create an offer for the SMEs which addresses all their needs and would lead to



equal opportunities no matter when the SMEs are located, contributing thus to the balanced regional development of Croatian regions.

In relation to the regional/county policy instrument – the Koprivnica-Križevci county development strategy, the action will influence the implementation of the measure 1-3-1 and provide good practice of the approach to strengthening the business support infrastructure by developing and providing highly relevant advisory services aimed at the needs of the start-ups and fresh entrepreneurs. Activities will be funded by the county budget through providing support to individual business support organizations or through subsidizing the cost of advisory services for entrepreneurs, in line with the measure 1-3-1.

A 3.7. The main steps necessary for the implementation:

- *Establishing a County expert body and coordination for SMEs;*
- *Publication of a Public Call for County programme of support for micro and small entrepreneurs;*
- *Selection and award of funds;*
- *Monitoring the implementation and effects of funds;*
- *Revising the action in line with results achieved.*

Measure 4

Strengthening capacities of entrepreneurial support institutions

A 4.1. Starting point and previous experience

The professional infrastructure that provides services for those embarking on entrepreneurial activities and those wishing to develop an innovative business endeavour with a potential to grow must ensure a greater range and higher quality of services, especially those contributing to reducing business failures and those contributing to greater competitiveness and internationalisation. The number of institutions and satisfactory coverage of the territory of the county do not solve the problem of lacking good quality services for entrepreneurs.

Over various stages of growth, SMEs need professional support from entrepreneurial support institutions (SI). It is usually considered that SI provide services that most SMEs cannot afford. Furthermore, different needs for specialised support for SMEs have been recognised in various regions of Croatia. However, it has turned out that SI do have sufficient capacities for providing high quality services and contemporary/modern approaches in solving SMEs' problems. SMEs' demands include relatively specific services, as well as relatively high-end services and other forms of business support. An additional problem lies in the status entrepreneurship has in the Croatian society, as well as a general lack of entrepreneurial skills. Although access to professional services is considered one of the most important functions of support institutions, such institutions also facilitate access to sources of financing, allow the transfer of knowledge and skills necessary for successfully starting entrepreneurial endeavours, provide information necessary for making important decisions regarding setting up an enterprise or planning its growth and development. It is precisely these services



provided by support institutions that are the most important to entrepreneurs in the stage of starting an entrepreneurial endeavour (link:

http://www.cepor.hr/HR_cijeli_rad_Oberman%20Peterka_Alpeza_Delic_2012.pdf).

It is necessary to secure additional support for entrepreneurial support institutions, which should be focussed on improving the quality of service provision, developing new services and balancing the availability of services to entrepreneurs in all counties.

HAMAG BICRO has implemented a pilot-project called "Business Organisations Network Development" (BOND), worth 7,012,151.60 HRK, financed entirely by the European Regional Development Fund (link: <https://hamagbicro.hr/mrezom-poduzetnickih-potpornih-institucija-do-rasta-poduzetnistva-u-cijeloh-hrvatskoj/>). By means of thorough and specialised education of employees in entrepreneurial support institutions, the project aims to develop high-quality services that would be equally available to entrepreneurs in all regions of Croatia. One of the results of the project should be a Network of entrepreneurial support institutions, as a platform through which HAMAG BICRO will coordinate the development of SI competencies by means of a system of trainings. HAMAG BICRO has analysed the current situation, citing that more than 65% of SIs need to engage outside experts to assist their work, while 54% do so due to a lack of necessary expertise. For this reason, 34.21% of SIs have highlighted the strengthening of their staff's capacities through education, along with securing funding for the implementation of certain activities, as a factor necessary to increase the quality of the SIs' services, and ultimately to improve the entrepreneurial climate in Croatia. PORA has applied to take part in the aforementioned Project.

Relevant experience gained within ATM for SMEs project:

*Several identified good practices in the frame of ATM for SMEs project were dealing with institutional capacity building activities, in order to create an efficient network on business support institutions throughout the region/country. We have found the most relevant examples in the **Hungarian National Ministry for National Economy**, putting efforts into capacity building of business support institutions to whom they can then delegate part of the activities aimed at supporting the entrepreneurs. In addition, we can find similar efforts from the **Autonomous region of Sardinia** in its Coopfin project, where partnership building (public-private – between the regional authorities, banks and cooperatives) and capacity building are at the base of its operation. Coopfin also emphasised the necessity to offer non-financial services to the beneficiaries, in order to strengthen the sustainability of positive impact of financial support.*

The most important learning points and the parts of the good practices which we have adopted in this measure are the following:

- *the County must play a proactive role in strengthening also the other partners which are relevant for supporting the SMEs, mainly the publicly-owned business support organizations (owned by the County itself or different municipalities and cities). We have seen the examples how this is done on national level (Hungary) and on the regional level (Sardinia) so we have now acknowledge the need to upgrade the dialogue with all*

relevant partners from public and private sector (national, regional and local) and put effort in strengthening and maintaining the partnerships.

- *By smart distribution of tasks, the national and regional governments can maintain the policy making role and delegating the execution tasks to the respective partner organizations (especially visible in the Hungarian practice).*
- *There is the necessity to offer the combination of financial and non-financial services to the beneficiaries, in order to ensure the long-term positive impact of the support (very evident in the Sardinian case).*

The measures 2.-4. are very interconnected and actually present the different steps in establishing the optimal policy mix for supporting the SMEs in Koprivnica-Križevci county.

A 4.2. Description of measure

In this Action Plan, activities to strengthen capacities of SIs and improve coordination between, and management of, different strategic fields and objectives of the Koprivnica-Križevci County, will be implemented in four directions:

1. enhancing the strategic-management and coordinating structure with adequate human resources and capacity for comprehensive and integrated management of developmental processes in the County
2. improving the management of projects (co-)financed with EU grants, and developing continuous support in the field of preparing and using EU funds
3. strengthening activities to attract investors to the KKC and improve coordination with those carrying out activities of stimulating investment at all levels
4. developing higher-level services (quality management, marketing plans, investment and project assessment, support for intellectual property rights, support for developing clusters and products, innovation); developing services contributing to a reduction in business failures (spotting opportunities, competence, financial literacy), to increasing competitiveness and internationalisation (design, higher financial and digital/media literacy, strengthening management, competitive intelligence) and to SME dynamism (financing, entrepreneurial education, second chances, family entrepreneurship, early signs of business troubles etc.).

The aim is to provide adequate products and services to SME subjects, depending on their position in the growth cycle, with an emphasis on developing capacities for providing support to entrepreneurs so that they can enhance their managerial capacities for strategic business planning and innovation. Implementing these activities encompasses developing employees' capacities, as well as employing more people in order to satisfy the needs of SMEs in the County.

Strengthening capacities and recruiting implies that it will be necessary to secure additional funds for the work of the development agency. The structure of the activities also has to be reconsidered, especially as regards working on EU projects (securing funds for pre-financing



and implementing EU projects, potential inclusion in preparing and implementing EU projects of the existing County institutions, possibilities and volume of execution of development agency activities for the needs of administrative bodies and County institutions, possible rewards for employees for successful approval and implementation of projects co-financed with EU funds).

The first step in the strengthening of the capacities of the entrepreneurial support institutions will be achieved by the establishment of County expert body as described in the Measure 2. The County expert body will be, among others, consisted of entrepreneurial support institutions from Koprivnica Križevci County.

A 4.3. Stakeholders.

Koprivnica-Križevci County, county local self-government bodies, SI in the KKC.

A 4.4. Time-frame

The measure will be implemented by 2021.

A 4.5. Necessary funds

The funds need to be planned with regard to the planning and realisation of SIs' income, by structure and by specific activities and needs of financing the implementation of each activity. In addition, non-financing (so-called soft subsidies) also need to be utilised, for instance, PORA's participation in projects such as the HAMAG BICRO project "Business Organisations Network Development" (funded through OPCC). It is estimated that the annual financial cost of such measure would amount to **ca. 200.000 HRK own funding/annually**.

A 4.6. Impact of the action to the policy instrument

As mentioned above, in this measure we are making use of the concrete opportunity in the frame of OPCC (via HAMAG BICRO). In addition, the Technical Assistance budget of the OPCC aimed at regional coordinators (PORA among others) could be used for different kinds of training and capacity building activities, including additional study visits if necessary.

This measure should create the optimal capacities and offer of business support organizations in the Koprivnica-Križevci county liked to the needs of the SMEs. It could be the showcase for other regions in terms of what kind of institutional capacities they would need for providing the optimal support to the regional SMEs.

Therefore this measure can be funded by OPCC but can also serve to demonstrate what would be the optimal network of business support organizations throughout Croatia to ensure job regional competitiveness and balanced regional development.

In relation to the regional/county policy instrument – the Koprivnica-Križevci county development strategy, the action will influence the implementation of the measure 1-3-1 and provide good practice in strengthening of the business support infrastructure by training



individual organization in development and management of an institution whose purpose is to provide the support to SMEs. Activities will be funded by the county budget through providing support to individual business support organizations, in line with the measure 1-3-1. Once the regional actions 2 and 4 will be under implementation, the results will provide basis for further refining of the measure 1-3-1 and budget planning in 2020.

3.3. Endorsment of the policy maker in the action plan making progress

Policy maker for Croatia for the Operational programme Competitiveness and Cohesion 2014-2020 is the Ministry of Regional Development and EU Funds, but one of the intermediate bodies, relevant for Priority Axis 3 (Business competitiveness) that has been addressed in the ATM for SME's project is the Ministry of Economy, Entrepreneurship and Crafts. The Ministry is cooperating in the ATM for SME's project from the very beginning – the representatives of the Ministry participated on five out of six meetings of local stakeholders during the first phase of the project. On each of the stakeholder meetings PORA Regional development agency of Koprivnica Križevci County presented the good practices that were shown by other project partners in the process of interregional learning (study trips).

This is important because later some of the shared GP's were adopted in the Regional action plan for Koprivnica Križevci County created within this project. The Ministry showed a great interest in the overall implementation of the project and its goals - also, the policy maker showed the support to the project by organizing a presentation on all available microfinancing possibilities in Croatia in the premises of the Ministry of Economy, Entrepreneurship and Crafts during the study trip in Croatia organized in October 2018. Considering all of that, the Ministry has recognized the importance of various microfinance sources for SMEs as an important tool for entrepreneurship development at the regional and local level. In order to confirm their support to the project and Regional action plan, as an important project output, the Ministry of Economy, Entrepreneurship and Craft signed a special letter which is attached to this Action plan.

By signing the support letter Ministry of Economy, Entrepreneurship and Craft confirmed that the implementation of the “ATM for SMEs” project and the sharing of good practices between project partners is important for the development of microfinance in Croatia.

3.4 Concluding remarks

Participation in the *ATM for SMEs* project has offered PORA Koprivnica-Križevci County Regional development agency opportunity to conceptualize and further improve the regional policies related to the promotion of entrepreneurship in the rural and urban areas of the county and support in increasing the competitiveness of the regional economy. PORA is keen to disseminate further the lessons learnt in the frame of the *ATM for SMEs* project, both to the relevant National Authorities (e.g. Ministry of Economy, Entrepreneurship and Crafts,

Ministry of Regional Development and EU Funds, National Agency for SMEs) dealing with SME support policies, as well as to the other Regional Authorities.

As already indicated, there are already numerous valuable initiatives and programmes existing in Croatia but as visible from the choice of measures presented in the Chapter 3.2., based on a large number of good practices from different project partners in the *ATM for SMEs* project, the main focus can be summarized in few key issues:

- Further tailoring of the offer of financial instruments according to the regional specificities and regional needs
- Further capacity building of business support institutions
- Strengthening the cooperation and synergies between different institutions and programmes, to enhance their efficiency, effectiveness and sustainability in terms of positive effects on the regional economy.

3.5. Important documents

- County development Strategy for the period 2014-2020 - Summary: https://www.pora.com.hr/images/doc/2017/SA%C5%BDETAK_%C5%BDRS_KK%C5%BD_-_ENGLJSKI.pdf

- Objective 1: Increase the competitiveness of the economy and resource efficiency

DEVELOPMENT PRIORITY	1-3 Strengthening of entrepreneurship and entrepreneurial climate
OBJECTIVE	The priority for Strengthening of entrepreneurship and entrepreneurial climate seeks to improve existing institutional support for entrepreneurs, to encourage more intensive use of knowledge and innovation and technological development. Building, equipping and putting technology parks and incubators, innovation centres, centres of knowledge, excellence and quality into operation, together with increasing the availability of new knowledge and skills for entrepreneurs encourages development. One of the objectives is to improve access to finance and support at all stages of SME development.
JUSTIFICATION	In order to strengthen the competitiveness of the county economy it is important to establish a comprehensive service that helps entrepreneurs, especially SMEs, in their development, provide them with financial resources to facilitate their business, create new investments and work places, strengthen their skills so that they could further develop their business.
DESCRIPTION	The priority for Strengthening of entrepreneurship and entrepreneurial climate is consisted of two measures. The measures relate to strengthening and development of institutional support, business infrastructure and advancement of entrepreneurial knowledge and skills and easier and improved access to financing for entrepreneurs.

Measure	Indicator			Target value		Frequency of monitoring	Source
	Definition	Unit	Description	Value	Year		
1-3-1 Strengthening and development of institutional support, business infrastructure and advancement of entrepreneurial knowledge and skills	Business infrastructure	Number	Number of technology parks and development centres/ business zones / incubators / development agencies / business centres	2/20/2/1/1	2020	Per year	Administrative department for economy, utility services and agriculture
	Organized trainings and seminars	Number	Number of organized trainings and seminars for improvement of entrepreneurial knowledge and skills	15	2020	Per year	PORA Regional development agency
1-3-2 Easier and improved access to financing	SME's benefiting from public financial support	Number	Number of SME's benefiting from public financial support	100	2020	Per year	Administrative department for economy, utility services and agriculture
	Newly registered SME's benefiting from public financial support	Number	Number of newly registered SME's benefiting from public financial support	20	2020	Per year	Administrative department for economy, utility services and agriculture



In accordance with Article 13. Paragraph 2. of the Law on Croatian Regional Development (Official Gazette No. 147/14) and Article 37. of the Ordinance of Koprivnica Križevci County (Official Herald of Koprivnica Križevci County No. 7/13., 14/13., 9/15. and 11/15.), County Assembly of Koprivnica Križevci County at its 23rd session held on December 14th 2016 made the

DECISION

of adopting County Development Strategy
of the Koprivnica Križevci County for the period 2014 – 2020

I.

County Assembly of the Koprivnica Križevci County adopts the County Development Strategy of the Koprivnica Križevci County for the period of 2014 – 2020 (hereafter: County Development Strategy).

II.

PORA Regional Development Agency of Podravina and Prigorje for promotion and implementation of development activities in KKC as regional coordinator appointed for preparation of the County Development Strategy, is in charge for monitoring the implementation of the County Development Strategy, together in cooperation with the County Partner Council, as well as for preparation of annual reports on the implementation of County Development Strategy for County Assembly.

III.

County Development Strategy is an integral part of this Decision and is attached.

IV.

This Decision will be published in the „Official Herald of Koprivnica Križevci County“.

COUNTY ASSEMBLY OF THE KOPRIVNICA KRIŽEVCI COUNTY

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REG. NUMBER: 2137/01-04/07-16-3
Koprivnica, December 14th 2016

PRESIDENT
Verica Rupčić

