

GOOD PRACTICE TEMPLATE

(for use within the project Inter Ventures)

1. Your organisation	
Name of your organization	Pannon European Grouping of Territorial Cooperation
Country	Hungary
Region	Southern Transdanubia
City	Pécs

2. Organisation in charge of the good practice		
<i>[If your organization is not the one in charge of the good practice, you can indicate the relevant organization in this section of the form.]</i>		
Is your organisation the main institution in charge of this good practice?	No	
In case 'no' is selected indicate the the organisation in charge:	<i>Country</i>	Croatia
	<i>Region</i>	Zagreb
	<i>City</i>	Zagreb
Main institution in charge	HAMAG-BICRO–Hrvatska agencija za malogospodarstvo, inovacije i investicije as Lead Beneficiary of the project (Croatian Agency for SMEs, Innovations and Investments) Address: Ksaver 208, Zagreb Phone: +385 1 4881001 E-mail: hamagbicro@hamagbicro.hr	

3. Good practice general information		
Title of the practice	Support scheme „Fostering value added business cooperation between SMEs operating on different sides of the Hungary-Croatia border”	
Thematic objective of the practice	<i>SME's capacities for internationalization, or Governance models and support schemes for the SME internationalization</i>	
Geographical scope of the practice	Regional	
Location of the practice	<i>Country</i>	Hungary / Croatia Crossborder
	<i>Region</i>	Counties of Baranya, Somogy, Zala (HU) and Osijek-Baranja, Vukovar-Srijem, Virovitica-Podravina, Požega-Slavonia, Koprivnica-Križevci, Bjelovar-Bilogora, Međimurje and Varaždin counties (HR)
	<i>City</i>	n.a.

4. Detailed description	
Short summary of the practice	A funding scheme designed for HU-HR cross-border cooperation (CBC) programme that provides non-refundable grant for SME's cooperating across the border.
Detailed information on the practice	<p>Analyses around 2012-3 have shown that SMEs the enterprises of the programme's area have financial, innovation and networking problems, with almost no internationalisation. Cross-border business cooperation had multiple obstacles: language barrier, traditionally isolating borders hampered by the wartime period of the formerly Yugoslav countries, depressed socio-economic situation of the area, low inclination of SMEs for building international connections, problems with entrepreneurial skills and financing. On the other hand, the existence of crucial assets in the region (like the network of small and medium sized towns, the Pécs and Osijek agglomeration, Universities, high number of SMEs in parts of the area, rich natural and cultural values) formed a business environment that could support the development of the SME sector. On this basis, a pilot scheme has been designed.</p> <p>Non-refundable grant is provided for consortia of at least two SMEs, at least one from each country, to develop joint product, technology or service, processes and productive capacities or carry out common marketing activities. A two-step selection process is being operated. Support is provided by County Development Agencies (HR) and Enterprise Development Agencies (HU) to promote the scheme and carry out specific B2B consultations to identify the potential SMEs and develop project concepts. Separate project development and management support is also given for partners receiving funding.</p>
Background of the good practice	<p>Certain level of activities of SME's in the target area seems to be essential, at least to a level that ensures that a couple of "early success" companies / projects can be selected. The existence of a sound network of institutions that can reach and understand the problems of the SME's and have the necessary trust accumulated and capacities built up to effectively support them.</p> <p>In crossborder context, a generally reasonable level of trust between the people in the two countries also seems to be a prerequisite.</p> <p>To carry out a pilot, the availability of the INTERREG CBC funds was essential, by pure national resources the scheme could not have been implemented.</p>
Activities carried out within the practice	Technically the scheme acts as one single CBC project implemented by a consortium of project partners that changes (grows) throughout the project period. The project is initiated and launched by the Project Partners (PP's): the Lead Beneficiary (LB) and the Beneficiaries (Bs), which are Hamag-Bicro Croatia (a national SME Development Agency) as LB, and the Enterprise / County Development Agencies from both sides of the border, as B's. They as PP's submit the detailed project proposal regarding the scheme as a whole to the Monitoring

	<p>Committee and, after its approval, the LB signs a Subsidy Contract with the Managing Authority on behalf of the LB and the B's. After these preliminary arrangements, the general process of selection of SME's projects (technically, as new partners – often called “light partners”) was carried out according to the following steps:</p> <p>Concept Notes have been submitted by cooperating SME's, assisted by local County Development Agency's (HR) / Enterprise Development Agencies's (HU), after a general awareness-raising campaign in the target region. Then, technical evaluation of Concept Notes was carried out that included both administrative and eligibility compliance and project quality assessment. On this basis decision by a Selection Board was taken. For selected projects, the phase of elaboration of detailed Project Proposals followed, with external technical assistance available. Then, the assessment of and selection of Project Proposals followed, on the basis of which the support contracts with the SME's were concluded and implementation of their projects started. It is expected to last for 6 – 18 months.</p> <p>The scheme started in 2017, since then three rounds of applications have been organised. The contracting process with the projects supported in the third round is underway, to be finalised soon, thus, in the pilot no further beneficiaries are going to be selected.</p>
Resources needed	<p>The total cost is 12,510,299 €, out of which 7.65 €,million has been paid to the SME's as ERDF contribution, the rest covers the costs of the management of the scheme as well as costs of the supporting services for the SME's. Staff requirements depend on the actual status of the implementation. Coordinated work of Managing Authority, Joint Secretariat has been regularly involved, while in Hamag-Bicro 2-4 persons are in average busy with the scheme. Additionally, at least one full-time manager is employed in each CDA / EDA that was more in the period of launching the scheme and assisting the potential partners.</p>
Timescale (start/end date)	<p>7 September 2015 (approval of HU-CR Interreg Cooperation programme) –ongoing</p>
Evidence of success (results achieved)	<p>In the three rounds of applications 122 proposals have been received, 69 Project Concepts have been approved. Out of this 61 completed Project Proposal have been elaborated and 30 approved. In the first and second round 13 support contract has been made, with the participation of 15 Hungarian and 13 Croatian SME's. Contracting procedure is going on in the third round. Data confirms the expected interest for the scheme, impact of the scheme on the SME's and local economy have not been evaluated yet.</p>
Challenges encountered	<ul style="list-style-type: none"> – Challenging pre-conditions for Lead Beneficiary made the selection of the LB complicated and lengthy – No simple implementation mechanism exists (existed) to carry out crossborder support scheme for SME's. Standard rules of implementation of a CB project are not appropriate (lengthy, over-complicated) for a CB grant scheme

<p>Limitations</p>	<ul style="list-style-type: none"> - Certain SMEs have strong distrust regarding cooperation, or, do not have the skills / capacities to cooperate - It needs to operate a strong local supporting network make the pilot relatively expensive making the repetition / extension of the scheme less attractive for decision makers - Competing support schemes – both via ERDF-funded programmes and domestic initiatives - for SME’s in both countries that make available funding with no condition of cooperation tend to prove more attractive - Overly complicated implementation mechanism and rules mainly as a consequence of the scheme being a CB project - - Size of the grant is limited to “de minimis” thresholds - Language barrier proved to be more difficult to handle than expected <p>Further limitations may be revealed if / when evaluation of the scheme takes place.</p>
<p>Potential for learning or transfer</p>	<p>Practice shows</p> <ul style="list-style-type: none"> – how decision-making and management processes can be operated to provide grant-financing for SMEs in the context of a crossborder programme – what local support shall be given to SME’s to effectively involve them in direct cooperation with other companies – provide an insight in what type of cooperation of SME’s are realistically expected in similar schemes.
<p>Suggestions</p>	<p>Design the evaluation of the impact of the schemes upfront, including timing and making resources available.</p> <p>Put clear success criteria (apart from / built into) the obligatory indicator values to make decision on further operations more transparent and effective.</p> <p>Consider thinking on a bigger scale, maybe in stages, to spread relatively high “overhead” costs (costs of operation of the complex decision-making system and enabling support for SME’s) over more money actually provided for investments by the SME’s</p> <p>Try to be as simple as possible (under actual regulative environment) in each element of the process of operations and documentation.</p>
<p>Further information</p>	<p>Managing Authority: Ministry of Foreign Affairs and Trade/ Budapest, Hungary, Department for Cross-border Cooperation Programmes</p> <p>Joint Secretariat (JS): Széchenyi Programiroda Nonprofit Kft.</p> <p>Szép utca 2, IV. em. (floor), H-1053 Budapest, Hungary</p> <p>E-mail: info@huhr-cbc.com</p> <p>Lead Beneficiary: HAMAG BICRO Croatia (http://www.hamagbicro.hr/)</p> <p>Programme’s webpage: http://www.huhr-cbc.com/en/</p>

	<p>Grant Scheme Web Platform: https://www.b2match.eu/blight/pages/19299-home-hu</p>
<p>Keywords related to your practice</p>	<p>grant scheme, INTERREG crossborder programme 2014 - 2020, cooperating SME's, Hungary, Croatia</p>
<p>Insert image(s)</p>	<p>Responsibilities</p> <ul style="list-style-type: none"> Subsidy Contract with the LB <ul style="list-style-type: none"> Overall monitoring Decision on Call for Light Concepts and Call for Light Project Proposals Approval of changes on level of the Scheme Approval of annual reports Project coordination Partnership Agreements Launching call for proposals Coordinating evaluation and decision on Light Concepts and Projects Financial transfers to Beneficiaries and Light Partners Maintenance of database Submission of project level progress reports and final report <ul style="list-style-type: none"> Promotion and awareness-raising activities Active project generation Evaluation of Light Project Proposals Organisation of events, conferences and seminars for the Light Partners Submission of partner level progress report and final report
<p>Contact details</p>	
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