

Regional Policy Recommendation Template

1. GENERAL INFORMATION

Project:	INTERVENTURES
Partner organisation:	PANNON EGTC
Other partner organisations involved (if relevant):	

2. POLICY CONTEXT

A. Main features and envisaged improvement of the policy instrument	
Policy instrument addressed	Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 “Fostering Cooperation of SMEs across the border – Beneficiary Light Grant Scheme”
Body responsible for addressed policy	Managing Authority for Interreg Hungary – Croatia Cooperation Programme, Ministry for Foreign Affairs and Trade, Hungary
What influence does your organization have over the targeted Policy Instrument?	
<p><i>Pannon EGTC has an advisory role regarding the Policy Instrument (PI). It is managed by the specific institutional structure of the EU Interreg CBC programmes, of which Pannon EGTC is not a part. However, EGTC’s territory and membership overlaps with the area and the main stakeholders of the Hungary – Croatia Interreg CBC programmes. Additionally, EGTC is supported by Hungarian Ministry for Foreign Affairs as an important organisation playing important role in developing cross-border relations in the area. The same Ministry hosts the Managing authority of the programme. Thus, EGTC’s informal relations with the MA are good, in spite of not being part of the institutional system of the programme. For the programming period 2021-2027 Pannon EGTC has been commissioned to prepare the programming documents on behalf of the bilateral partners. This way our organisation has a clear mandate to draft proposals for the partners involved in programming. However, our role in influencing any decisions on any proposals is limited to the equal level of other social and economic partners involved.</i></p>	
Evaluation of the current operation of the policy	
<p><i>In general, the PI has been implemented successfully: funds made available for the pilot are committed within the programme period, implementation of beneficiaries’ projects is ongoing. Interest in participation is sufficient, most projects supported seems to be of adequate quality. Unfortunately, formal evaluation of the PI has not been taken place so that any judgement of the programme is based on interviews and our own conclusions. As implementation is still ongoing, impact of the PI in a wider sense cannot be identified yet.</i></p> <p><i>Problems encountered have been mainly associated with the management of the scheme. Both fulfilling specific requirements to fit to the regulations for being part of an Interreg CBC programme and the pilot nature of the project brought about unforeseen difficulties in the implementation phase, e.g. setting up the technical assistance facilities for the SMEs within the project and organising</i></p>	

the application procedure properly took more time than expected and caused unforeseen delays and complications, hardly understood by the SMEs actually supported.

What kind of change do you want to achieve in the addressed Policy Instrument? How would influence/improve the targeted Policy Instrument?

Based on the generally positive results of the scheme current proposal aims at the extension of it in the next programming period, with more focus on internationalization, targeting also the support of SMEs in less advanced phase of internationalization.

Besides the basically good experiences with the pilot in the 2014-2020 programme, our recommendation has been based on our findings of the analysis of the region's SMEs. As to our conclusions, the region's economic performance depends to a great extent on the performance of the SMEs. Local and regional market is definitely not big enough to provide sufficiently strong demand to growing companies, so that the development of the SMEs capabilities to go international should increase in parallel with their increasing productivity. Thus, besides the SME's need further support to develop their productive capacities, they need to be more aware of what benefits and requirements are associated with operations on international markets. However, currently available measures do not sufficiently support this goal neither in Hungary nor in Croatia.

If you would like to change your original Policy Instrument, please explain the reasons behind the modification! Please justify why the initial policy instrument can no longer be influenced!

The original policy instrument was the "Interreg V-A Hungary-Croatia Co-operation Programme 2014-2020 "Fostering Cooperation of SMEs across the border – Beneficiary Light Grant Scheme". Current recommendation, however, refers to an instrument that could be technically and legally part of the programme of the next, i.e. 2021-2027 programming period. On the other hand, content-wise, the proposal refers to a potential extension of the PI. Extension contains in this respect an extension of the focus of the instrument to new target group, with new activities that fit the development needs of this target group. This way, technically, we recommend a new project of the new programme in terms of EU's programming circle. However, the content of the proposal is rather the adjustment of the focus of a successfully operating instrument.

It might be useful to note that the "original" instrument has a number of weaknesses, that are mostly related to the difficulties of implementation of such a novel scheme as summarised in the relevant paragraph above. The Interventures project, however, cannot efficiently influence these weaknesses mostly by the following reasons: 1. by the time Interventures became operational, the implementation process reached a stage when any changes would have caused rather an unwished complication than any advantage for the stakeholders. 2. The experience our project partners delivered in the Inter Ventures project was relevant rather to improve the focus of our policies than to learn smooth implementation practices from them. In this respect, Italian example "Internationalization line" by Region and Chamber (Unioncamera) of Lombardy regarding the systemic role of evaluations provided us ideas and arguments to introduce the role and maybe models of evaluation in the Hungarian practice. However, we were not able to explore these aspects of the practice, mainly due to the reduced intensity of contacts between partners, as a consequence of the pandemic. Thus, as the PI is in the phase of implementation, by losing the opportunity of influencing its evaluation, we have lost our opportunity to influence it generally. Next calls would be opened technically and legally as part of a new instrument.

3. PLANNED ACTION

Action title:	<i>Extending Beneficiary Light Grant Scheme to less prepared SMEs with internationalization focus</i>
Nature of the action	
<p><i>EGTC prepares and submits official proposal for the MA and the Programming Group of the Hungary-Croatia Interreg CBC programme 2021-2027 to include a potential support scheme for the SMEs of the programme area by extending the scope of current support scheme “Fostering Cooperation of SMEs across the border – Beneficiary Light Grant Scheme”.</i></p> <p><i>Based on our involvement in the process of programming for Interreg Hungary-Croatia programme, a proposal will be submitted to the Programming Group (PG) in charge of preparing and taking official decisions regarding the content of the programme. Besides the elements listed in current recommendation, some arguments will be compiled also to support the inclusion of an EU Specific Objective “SME competitiveness” under Policy Objective “Smarter Europe”, in line with requirements for thematic concentration. Outcome of the discussion and the final decision of the PG cannot be predicted for the time being as financial framework of the programme has not been adopted yet and many partners might be interested in other thematic focuses of the programme.</i></p> <p><i>We recommend to expand the scope of the existing policy instrument by a new component that provides support for SME’s wishing to extend their international activities. Besides current practice of receiving grant-financing for extending their productive capacities of joint marketing, SME’s in an earlier phase of cooperation could apply for assistance to increase their capacities to become more active on international markets. Support could serve to prepare a “preparedness test” to assess the applicant SME’s (or consortium of cooperating SMEs) preparedness for internationalization, in accordance with its aspirations or goals, then to draft a development plan on how to increase the preparedness to a level that makes it realistically possible to go international. Then, in a possible second round of application, the SMEs can get non-refundable funding to implement key element of this plan.</i></p> <p><i>Beneficiaries of this proposed new component could be single SMEs or cooperating consortia. In the context of the cross-border programme, cooperation of Hungarian and Croatian SMEs would be the most desirable. Support could be made available either for SMEs active in almost every sector, or a more targeted approach in sectoral terms could be taken. In the latter case, SMEs in sectors of “strategic importance” could be preferred, like companies in health industry, renewables or the circular economy. To define the scope of the scheme, including the identification of beneficiaries and eligibility criteria, further analysis is needed. This could be made still in in the programming phase or in the implementation phase of the 2021-2027 Hungary-Croatia cross-border cooperation programme.</i></p> <p><i>Currently the PI supports SMEs cooperating across the border. Recommended extension of the scheme could contribute to building more awareness of the more general benefits of internationalization among the SMEs of the region, extending the scope of internationalization to other markets beyond the scope of Hungary-Croatia cooperation. Furthermore, it could actually improve the preparedness of the supported SMEs for operating in an international context. Besides, as a pilot scheme implemented in our particular region, it could provide useful information on how national “mainstream” instruments could be made more effective, to national authorities both in Hungary and Croatia.</i></p>	

Interregional exchange of experience

Inspiration came from two European good practices (GP), both learnt in the framework of Inter Ventures project. The first of these GPs is the Xpande Programme, run by Chamber of Commerce of Burgos and the local public authority to support the internationalization processes of local SME's. The success of this project inspires us to recommend a two-step process that first help prepare SME's by offering a combination of drafting the individual (company-specific) plan and, secondly, offers funding and expertise to implement key tasks identified in the planning phase. Idea about importance of increasing awareness of benefits of the internationalization for SMEs in a rural setting came from this Spanish Partners' GP.

The other GP is the project "Adelante", implemented by the Podkarpackie Voivodship in Poland. The GP provides training and counselling support to SMEs in operating in the sector of renewable energy in the region. Idea about taking an approach focusing on most promising and strategically important sectors with projects supporting the internationalization of SMEs has been inspired by this Polish Partner's GP.