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Deepening UNiversity Cooperation Osijek-Pécs

ASPECTS OF LOCAL AND REGIONAL DEVELOPMENT

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**STRENGTHENING SMALL AND MEDIUM SIZED ENTERPRISES AND
INSTITUTIONAL ENTREPRENEURSHIP SUPPORT THROUGH THE IPA
FUND**

Kristina Glumac, M.Phil

Senior specialist for EU-funded projects, City of Vukovar



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Purpose of the research paper:

To examine how was the pre-accession assistance of the EU used in cross-border cooperation of eastern Croatia and BiH to strengthen SMEs and institutional entrepreneurship support



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Instrument for Pre-Accession Assistance - IPA

- single financial instrument for pre-accession process in the EU (2007- 2013)

- main aim: support institution-building, rule of law, human rights, minority rights, gender equality and non-discrimination, administrative and economic reforms, economic and social development, reconciliation and reconstruction, regional and cross-border cooperation



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Five components

1. Transition Assistance and Institution Building
2. Cross-Border cooperation
3. Regional Development
4. Human Resources Development
5. Rural Development (IPA-RD)



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Cross-border cooperation

Cooperation of the Republic of Croatia with:

- Member States - Hungary, Italy and Slovenia

- Candidates/potential candidates - Bosnia and Herzegovina, Montenegro and Serbia

+ participation of Croatia in the European Territorial Co-operation transnational programs:

1) "South-East Europe"

2) "Mediterranean"



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IPA CBC CRO-BIH

Main objectives:

- 1) to encourage creation of cross-border networks and partnerships and the development of joint cross-border actions with a view to revitalizing the economy, protecting the nature and the environment and increasing social cohesion of the programming area;
- 2) to build the capacity of local, regional and national institutions to manage EU programmes and to prepare them to manage future cross-border programmes.



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Implementation of actions under the following set of Programme priorities and measures:

| Priority 1 | Priority 2 | Priority 3 |
|---|---|--|
| Creation of a Joint Economic Space | Improved Quality of Life and Social Cohesion | Technical assistance |
| Measure 1.1: Joint development of tourism offer | Measure 2.1: Protection of nature and environment | Measure 3.1: Support to Programme Administration and Implementation |
| Measure 1.2: Promotion of entrepreneurship | Measure 2.2: Improved accessibility of community based services in the border area | Measure 3.2: Support to Programme Information, Publicity and Evaluation |
| Horizontal Theme: Cross-Border Capacity Building | | |



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Priority 1– Creation of a Joint Economic

Situation analysis:

- majorities of SMEs are very small and lack professional support and services as an assistance to build up performance and strengthen competitiveness
- problems of insufficient assistance and support to entrepreneurship: administrative barriers in various phases of an enterprise life cycle, absence of education for entrepreneurs, lack of business support institutions - business centers, business incubator, technological parks,



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inconsistency in implementation of education/training for entrepreneurship needs,
lack of coordination between government policies in creation of supportive environment for entrepreneurial activities,
underdevelopment of financial market for fulfilling needs of the SME sector,
insufficiently developed institutional support on regional level for entrepreneurship development.



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Overall objective of the Priority 1 *“To contribute to the integration of the economy in border areas by encouraging cooperation in the field of tourism and SME support and entrepreneurship promotion.”*

Two measures:

- Measure 1.1: Development of joint tourist offer;
- Measure 1.2: Promotion of entrepreneurship.



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Output indicators:

Number of business support centres created,

- Number of supported knowledge transfer projects,
- Number of projects encouraging the development of cross-border business cooperation, networks and clusters,
- Number of implemented joint cooperation projects on development of skills and knowledge,
- Number of SMEs/science/R&D networks established,
- Number of promotional events and trade fairs for local/regional products,
- Number of SMEs involved in/benefit of cross-border projects.



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Result indicators:

Increase in the number of SMEs located within programming area,

Increase in number of new jobs creation,

Increased number of permanent business contacts,

Increased number of common strategies and plans,

Increased level of business innovation through transfer of technology via university and R&D institutions to SMEs.





Analysis of implemented EU cross-border projects CRO - BIH (measure 1.2.; first call for proposals)

- 1) Joint Effort for Innovative Environment
- 2) Innovative networking and economic collaboration of Tuzla and Vukovar regions



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Innovative networking and economic collaboration of Tuzla and Vukovar regions

Main aim: to strengthen institutional and economic collaboration between Vukovar and Tuzla, focused on the development of economical systems and development of SMEs network

Specific objectives of the Project were:

1. To strengthen competitiveness of SMEs in cross-border area in the area of ICT, innovation and export orientation,
2. To network SMEs and institutions that provides development of existing and support to establishment of new SMEs in targeted regions,
3. To empower instructional capacities for provision of support to development of existing and support to new SMEs.



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Activities I

- 1) production of “Analysis of existing capacities of support institutions for small and medium entrepreneurship in the region of Vukovar-Srijem County and the City of Vukovar”, and “Analysis of available capacities for providing support for small and medium enterprises and entrepreneurship in the area of Tuzla Municipality”
- 2) workshops/trainings for SMEs, unemployed persons and students





Activities II

- 1) formation of web based database on SMEs in the areas of Tuzla and Vukovar
- 2) production of SMEs catalogues (1000 pieces), containing general and contact information on SMEs in the areas of Tuzla and Vukovar
- 3) project website with all information and news about the Project
- 4) organization of 4 business meetings for entrepreneurs and business support institutions from Vukovar and Tuzla areas (two business meetings were held in Tuzla and two in Vukovar),





Activities III

- 1) 3 study tours with the purpose of exchanging experiences and visiting examples of good practice in local economic development (Tuzla, Vukovar and AREA Science Park in Trieste, Italy)
- 2) production of manuals (10 in total, 5000 copies) for the purposes of training for representatives of SMEs, unemployed persons and students
- 3) production of technical documentation for the Business Incubator (BIC) Vukovar and renovation of 160 m² of the Development and Entrepreneurship Centre “Lipnica” in Tuzla



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Project results

- 1) empowered capacities and business skills of SMEs in targeted areas,
- 2) established effective contacts among SMEs from Tuzla and Vukovar regions,
- 3) established virtual cluster of collaboration of business support service providers and business infrastructure,
- 4) strategically strengthened 2 Centres for provision of support services in cross-border cooperation (RPC Lipnica in Tuzla and VURA Vukovar)
- 5) identified and presented entire service support to SMEs in both regions.





Project indicators achievement:

- Number of SMEs/science/R&D networks established - 1 non-formal network established for business service providers (30 providers signed a Memorandum of understanding) compared to planned network of at least 20 institutions of business support services,
- Number of promotional events and trade fairs for local/regional products – 4 out of 4 planned mutual meetings of SMEs and business service providers organized,
- Number of SMEs involved in and benefiting from cross-border projects Directly, 363 SMEs participated on mutual business meetings; 380 participants attended training for SMEs trainings. Planned target number was lower - 300 participants on 10 trainings in Vukovar and 10 trainings in Tuzla,





- Number of permanent business contacts increased - 69 contacts through SMEs web based data base established; 273 direct business contacts on mutual meetings (compared to planned target number of 100 business linkages),
- Number of business support centres created – technical documentation for business incubator in Vukovar produced.



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Conclusion

Analyzed projects were 100% successful in achieving planned outputs and results.

The projects have:

- strengthen connections between Croatian and BiH enterprises,
- achieved higher involvement of regional development agencies and business support institutions in SME development activities,
- strengthened innovativeness and partnership between SMEs and business support institutions,
- further developed SMEs support services.



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Based on the project indicators that are defined as measure of achievement of implemented project in the key strategic document of the IPA CBC CRO-BIH, it can be concluded that the result of implemented projects is positive impact and foster of the economic progress of concerned area: improvement of the economic prospect of border areas, creation of new opportunities for cooperation, joint support to the SMEs, improvement of competitiveness of existing SMEs and encourage for setting-up new companies.



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Thank you for your attention!



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The projects have:
strengthen connections between Croatian
and BiH enterprises