

Introduction of the Competitiveness
OPs in the relevant countries.
Sharing the closing experiences with
the 2014-20 programming period.



**Spomenka Đurić, State Secretary
Ministry of Regional Development and EU
Funds, 27/11/2019**

Financial progress of OPCC – 31.10.2019

| FUND | TOTAL ESIF ALLOCATION | Number of Calls for Proposals launched | ESIF in launched Calls for Proposals | % | Number of signed contracts | ESIF in signed contracts | % | Paid to beneficiaries | % |
|-------|-----------------------|--|--------------------------------------|------|----------------------------|--------------------------|-----|-----------------------|-----|
| | (EUR) | | (EUR) | | | (EUR) | | (EUR) | |
| ERDF | 4.321.499.588 | 146 | 4.152.484.666 | 96% | 5076 | 3.201.245.229 | 74% | 1.252.073.438 | 29% |
| CF | 2.509.755.644 | 110 | 3.121.221.090 | 124% | 383 | 2.321.848.174 | 93% | 402.154.505 | 16% |
| TOTAL | 6.831.255.232 | 256 | 7.273.705.756 | 106% | 5459 | 5.523.093.403 | 81% | 1.654.227.943 | 24% |

Operational Programme Competitiveness and Cohesion 2014 – 2020 Priority Axes

664,792,165 €

• Strengthening the Economy through Application of Research and Innovation

307,952,676 €

• Use of Information and Communication Technologies

970,000,000 €

• Business Competitiveness

531,810,805 €

• Promoting Energy Efficiency and Renewable Energy Sources

245,396,147 €

• Climate Change and Risk Management

1,987,360,608 €

• Environmental Protection and Sustainability of Resources

1,260,415,428 €

• Connectivity and Mobility

356,500,000 €

• Social Inclusion and Health

270,914,791 €

• Education, Skills and Lifelong Learning

236,112,612 €

• Technical Assistance

6,831,255,232 €

• TOTAL

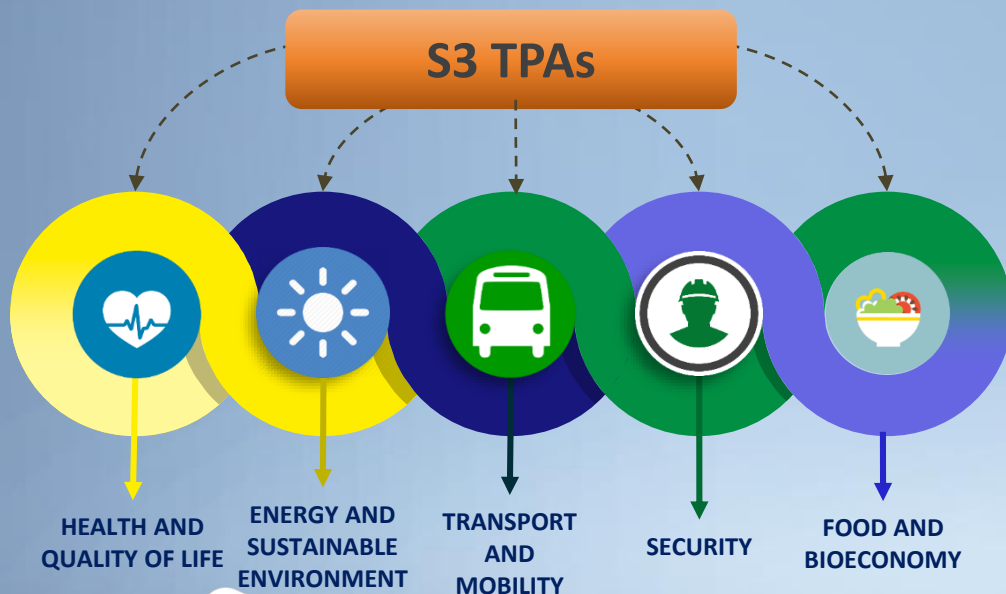
Financial progress per priority axis – 31.10.2019

| PA | FUND | MAIN ESIF ALLOCATION | Number of launched Calls | ESIF in launched Calls EUR | % | Number of signed Contracts | ESIF in signed Contracts EUR | % | ESIF Payments to Beneficiaries | % |
|--------------|------|----------------------|--------------------------|----------------------------|-------------|----------------------------|------------------------------|------------|--------------------------------|------------|
| PA 1 | ERDF | 623.353.884 | 14 | 514.345.389 | 83% | 130 | 340.142.191 | 55% | 73.388.405 | 12% |
| PA 2 | ERDF | 287.924.765 | 2 | 110.504.598 | 38% | 12 | 69.884.172 | 24% | 4.031.344 | 1% |
| PA 3 | ERDF | 910.079.249 | 38 | 1.041.763.285 | 114% | 2.928 | 709.062.358 | 78% | 515.077.404 | 57% |
| PA 4 | ERDF | 498.361.406 | 14 | 451.093.530 | 91% | 1.592 | 433.219.882 | 87% | 132.616.177 | 27% |
| PA 5 | ERDF | 229.131.628 | 10 | 161.634.877 | 71% | 9 | 157.134.877 | 69% | 16.627.638 | 7% |
| PA 6 | ERDF | 316.198.418 | 23 | 425.670.594 | 135% | 134 | 322.121.303 | 102% | 79.494.807 | 25% |
| | CF | 1.550.379.803 | 72 | 2.067.279.553 | 133% | 320 | 1.746.832.326 | 113% | 186.357.786 | 12% |
| PA 7 | ERDF | 374.359.249 | 9 | 486.758.596 | 130% | 9 | 485.664.627 | 130% | 128.815.156 | 34% |
| | CF | 808.790.503 | 38 | 1.053.941.537 | 130% | 63 | 575.015.848 | 71% | 215.796.719 | 27% |
| PA 8 | ERDF | 333.569.249 | 24 | 462.463.904 | 139% | 183 | 270.032.177 | 81% | 102.568.280 | 31% |
| PA 9 | ERDF | 253.119.153 | 3 | 222.788.816 | 88% | 15 | 169.226.610 | 67% | 115.496.614 | 46% |
| PA 10 | ERDF | 236.112.612 | 9 | 275.461.077 | 117% | 64 | 244.757.031 | 104% | 83.957.614 | 36% |
| TOTAL | | 6.421.379.919 | 256 | 7.273.705.756 | 113% | 5.459 | 5.523.093.403 | 86% | 1.654.227.943 | 26% |



Priority axis 1 „Strengthening the Economy through the Application of Research and Innovation” and the Croatian Smart Specialisation Strategy 2016 – 2020 (S3)

S3 is an **integrated strategic document** enabling the **transformation of the Croatian economy and the growth of its competitiveness** by concentrating knowledge resources and linking them to a limited number of identified priorities. It was also an **ex ante conditionality** for the funding of operations within OPCC Priority Axis 1.



S3 consists of:

- 5 Thematic Priority Areas (TPAs)
- 13 Sub-Thematic Priority Areas (STPAs)
- 2 Horizontal Themes (KET and ICT)
- Indicative R&D&I themes in each STPA

Preference is given to projects with elements of KET and ICT within each S3 (S)TPA.



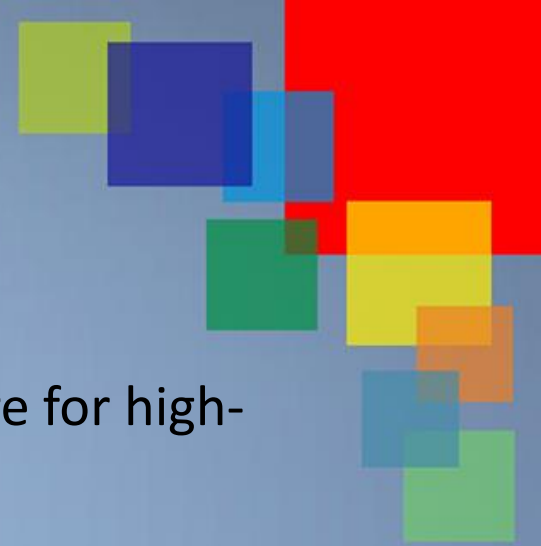
Priority axis 1 „Strengthening the Economy through the Application of Research and Innovation” – overview of operations

- **The Ministry of Science and Education (MSE)**
 - „Increased R&D Capacities of the R&D Sector“ (368.8 mil. EUR)
 - **13 planned operations, including 3 strategic projects & 2 major projects**
- **The Ministry of Economy, Entrepreneurship and Craft (MEEC)**
 - „Increased Development from R&D Activities”
 - „Creation of a Favourable Innovation Environment” (309.9 mil. EUR)
 - **5 planned operations, including 2 strategic projects.**

Priority axis 1 „Strengthening the Economy through the Application of Research and Innovation” – notable grant schemes

- **Centres of Research Excellence** (50 mil. EUR)
 - 10 grant contracts signed in October 2017 with an implementation period of 5 years.
- **Major Project at Children's Hospital Srebrnjak** (56.87 mil. EUR)
 - grant contract signed in July 2019, implementation until April 2022.
- **Development of New Products and Services Resulting from R&D – Phase 1 & 2** (232.64 mil. EUR)
 - 87 projects contracted
 - Phase 2 of this Call is being drafted as we speak, with a view on publishing it by the end of November 2019.

Priority axis 2 „Use of Information and Communication Technologies” – overview of operations



- **Broadband infrastructure** (209 mil. EUR)
 - Two complementary operations for development of nation-wide infrastructure for high-speed broadband Internet access:
 - **backhaul network in gray and white NGN areas (*major project*)**
 - **access networks deployment in NGA white areas**
 - **key precondition for national digital development and economic growth of less developed areas**
- **Public ICT and e-services** (99 mil. EUR)
 - improve and modernize insufficiently managed public ICT infrastructure
 - tackle lack of data and policy delivery together with the low availability of e-services
 - **Specific objective fully contracted**

Priority axis 2 „Use of Information and Communication Technologies” – notable grant schemes

- **Establishment of Shared Service Centre (SSC)**
 - Consolidation of state ICT infrastructure
- **Scheme for deployment of access networks in NGA white areas**
 - Increase of broadband penetration and coverage levels in NGA white areas

Priority axis 3 „Business Competitiveness” - overview of operations

- **Better access to finance for SMEs (7 Financial Instruments)**
- **Enabling favorable environment for business creation and development**
- **SMEs' development and growth improved in domestic and foreign markets**
 - Project value 773 mil. EUR, 2698 Grants,
- **SMEs innovativeness enhanced**

- **PA3 Total allocation of 970 mil. EUR and 3054 awarded Grants;**

Priority axis 3 „Business Competitiveness” - notable grant schemes

- **Improving the competitiveness and efficiency of SMEs in assisted areas through ICT – 2 (26.7mil. EUR)**
 - Goal was increasing the competitiveness and efficiency of SME through ICT business solutions
- **S3 Innovations (85 mil. EUR)**
 - Commercialization of new products resulting from research and development of sectors associated with S3 Strategy
- **Integrator (13.3 mil. EUR)**
 - Planned to be launched
 - Transfer of new technologies and innovative SMEs’ products through partnerships
 - Establishing long-term supply chains with other entrepreneurs (Integrator).

Priority axis 3 „Business Competitiveness” - Financial instruments

| FINANCIAL INSTRUMENT | TOTAL MEUR | ESIF MEUR | NATIONAL MEUR | PRIVATE MEUR | PAID to FI |
|--|---------------|------------|---------------|---------------|------------|
| 1. ESIF Micro Loans | 12.5 | 12.5 | - | - | 75% |
| 2. ESIF Small Loans | 42.5 | 42.5 | - | - | 100% |
| 3. ESIF Individual Guaranties | 29 | 14 | 15 | - | 50% |
| 4. ESIF Individual Guaranties with interest rate subsidies | 38 | 38 | - | - | 100% |
| 5. ESIF Portfolio Guaranties | 58 | 28 | 30 | - | 25% |
| 6. ESIF Growth and Development Loans | 215 | 110 | - | 105 | 50% |
| 7. ESIF Risk Capital Fund | 47.2 | 35 | - | 12.2 | 100% |
| PA3: SO 3a1 Access to Finance | 442.2 | 280 | 45 | 117.2 | 52% |
| 8. ESIF EE Loans for Enterprises | 67.24 | 35 | - | 32.24 | - |
| 9. ESIF EE Loans for Public Buildings | 25 | 25 | - | - | 25% |
| 10. ESIF EE Loans for Public Lightning | 20 | 20 | - | - | 25% |
| PA4: SOs 4b1&4b2, 4c1, 4c4 | 112.24 | 80 | - | 32.24 | 10% |
| TOTAL OPCC | 554.44 | 360 | 45 | 149.44 | 43% |

Challenges and problems in the OP implementation

- Avoiding de-commitment by ensuring the right amount of expenditure through contracting and timely implementation of projects to reach „n+3” target
- Ensuring sufficient “reserve” to cover irregular expenditure detected by Managing Authority/Certifying Authority during the preparation of Expenditure declaration

Challenges and problems in the OP implementation

- Lengthy project preparation processes
 - Unsettled property-legal issues,
 - Complicated administrative procedures
- Delays in project implementation
 - Duration of procurement procedures
 - Inadequate implementation of the contracts themselves
- Challenging implementation
- Perception that EU funds are easily accessible and can be used for any kind of project
- Securing the non ESIF part of project financing



Lessons learned

- Do reasonable overbooking (contracting of 20 -30 % above allocation)
- Consider horizontal problems when planning
- Need to align calls for tenders with current market conditions / opportunities (prices)
 - Issue of auditable evidence of increase of market prices via specific market assessments or other studies (independent expert evaluation).
- Avoid over-reliance on external assistance (consultants)
- Take a deeper look into projects to avoid focusing of the EU funds system just for procedural correctness (in order to avoid corrections and penalties) and less on the content, i.e. sustainability and purpose of projects.

Conclusion

- In 2014 - 2020 full allocation available for **the first time** – this was and still is a challenge
- Implementation status allows us to be satisfied, but there are still challenges ahead of us
- Gained experience from 2014 – 2020 for better performance in 2021 - 2027 period

Status of planning 2021-2027 planning period

- In March, the EC presented a Country Report Croatia 2019 in Zagreb and a related Annex D entitled "Funding Investment Guidelines".
- Ministry of Regional Development and EU Funds started an informal dialogue with the EC on programming the next generation of programming documents.
- In the forthcoming period, the Government of the Republic of Croatia will, on the proposal of the MRDEUF, adopt a Decision on the number and content of operational programs.
- The first drafts of the Partnership Agreement as well as the operational programs are foreseen for the end of the second quarter of 2020 and finalization by the end of 2020.

Thank you for your attention

