



smath

**Smart atmospheres of social and financial innovation
for innovative clustering of creative industries in MED area**

Deliverable n. 4.2.4

**“MODEL OF AGREEMENT TO SET-UP PPPS TO
STRENGTHEN CREATIVE NESTS’ OPERATIVENESS”**



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Consortium:

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Institutional Support Framework for Strengthening the Operational Functionality of Creative Nests

This document contains the deliverable for Activity 4.2.4 in the SMATH project (Smart atmospheres of social and financial innovation for innovative clustering of creative industries in MED area) under the framework of Interreg Mediterranean. In accordance, the document contains concrete recommendations for the establishment of public-private collaborations which will enable the implementation of the tested project activities related to creative nests, upon completion of the project.

1. Overview

The creative economy is an evolving concept which builds on the interaction between human creativity and intellectual property, knowledge and technology. The United Nations Conference on Trade and Development (UNCTAD) in a 2018 report states that the creative economy “is a powerful, growing economic force. Its contribution to GDP, and share of global trade, is only likely to increase as it intersects with the digital and sharing economy, e-commerce, and the many opportunities emerging in these spaces”. Creative industries can be classified¹ into four main groups as outlined in the table below.

Creative industry sectors	Industry segments	Activities
Heritage	Cultural sites	Museums, libraries, archaeological sites, exhibitions, etc.
	Traditional cultural expressions	Arts and crafts, festivals and celebrations
Arts	Performing arts	Live music, theatre, dance, opera, circus, puppetry, etc.
	Visual arts	Paintings, sculptures, photography and antiques
Media	Publishing and printed media	Books, press, music and other publications
	Audiovisuals	Film, television, radio and other broadcasting
	New media	Software, videogames, digitalised creative content
Functional creations	Design	Interior, graphic, fashion, jewellery and toys
	Creative services	Architectural, advertising, creative R&D, cultural and recreational

These segments are an important source of commercial and cultural value. They overlap and constitute the lifeblood of the creative economy. Therefore, the creative economy with its dynamic nature is the sum of all

¹ UNCTAD classification.

the parts of the creative industry segments, including trade, labour and production, providing new opportunities for entry into high-growth segments of the broader economy.

Creative industries expand the scope of "sustainability" beyond environmental protection. Production in the creative industry context is not as dependent on heavy industrial infrastructure and can be made compatible with environmental protection and preservation initiatives. The trend of ethical consumerism for instance, where producers and consumers of creative products increasingly question the cultural, economic and environmental value of what they create, buy and sell, could be an opportunity to promote responsible use of resources as well as developing the creative economy.

Creative economy is

horizontal in nature. The development dimensions of the creative economy span across all segments of society. Policy makers can help achieve the objectives of building a thriving ecosystem by supporting collaboration among key stakeholders such as government departments, industry actors and companies as shown in Figure 1.

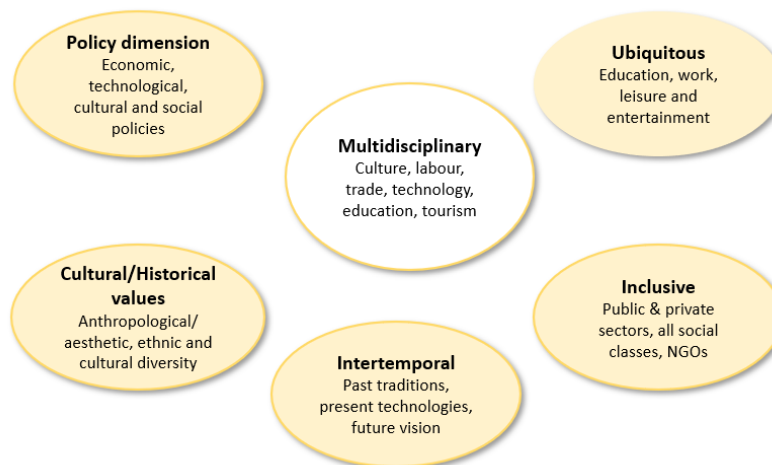


Figure 1 – Dimensions of the creative economy
Source: UNCTAD

There is no universal model for successfully developing a functional creative economy. Local context is an essential point of consideration as it determines what can be realistically achieved from investing in the development of an innovative creative economy. The recommendations in this report aim to support the desired sector and economic outcomes of the project which includes the creation of new jobs, new export opportunities and a more inclusive society in.

Objectives

The overall objective of this technical activity is to develop and promote a viable creative economy for sustainable development. An avenue to achieve that is through the establishment of clustering initiatives such as the Croatian Cluster of Creative and Cultural Industries (HKKKI). The HKKKI was launched in 2013 with the mission to facilitate communication and cooperation among industry players via linkages with other industry representatives, national bodies and academic/scientific institutions.

The objective of this report is to outline key recommendations that encompass:

- viable collaboration models,
- operational functionality of such ecosystem building actions/initiatives,
- indicative results frameworks, and,

- key performance indicators with which to monitor and evaluate the performance and development effectiveness of each of the actions that would be taken to achieve the overall objective.

After completion of the project, regular data collection for the performance indicators would enable real time progress monitoring and guide any necessary course corrections and fine tuning of actions and corresponding development programs.

2. Collaboration models

Given that the project scope and overall objectives depend on collaboration between public and private sector actors, two methods of stakeholder engagement are in the form of Public-Private Partnerships (PPP) or Business Support Organisation (BSO). To choose the most appropriate model for actualising the project objectives within the Croatian context necessitates a closer look at the nature of both options.

PPP

The Organisation for Economic Co-operation and Development (OECD) defines Public-Private Partnerships (PPPs) as “long-term contractual arrangements between the government and a private partner whereby the latter delivers and funds public services using a capital asset, sharing the associated risks”.² Whereas the Croatian Agency for Public Private Partnership defines PPP as “a form of cooperation between public and private sector players – working together in the implementation of investment projects and the provision of services to the general public”. In general, PPP projects harness both the public and the private sector to provide goods and services which are conventionally supplied by the public sector, while easing the tight budgetary constraints that are placed on public expenditure.

The private sector is responsible for the initial financing of the project, its maintenance and the delivery of relevant services during the lifetime of the contract. Via PPP, the **public sector procures services or works without the obligation to finance them immediately**, since their initial financing is undertaken by the private sector. The invested private funds are returned to the private sector through periodic payments, whereas the Public sector knows beforehand the precise payments that have to be made during the contractual period.

PPP Guide Croatia HR/2007/IB/FI/03TL

Very firm and clear regulations guide the PPP model. Croatia is a best practice case in the EU for the clarity and structure of her Laws and Acts on PPP that was enacted in 2008.³ PPP models are mainly deployed for infrastructural projects (e.g. development of new infrastructure such as greenfield projects, or works on already existing infrastructure such as revitalisation of brownfield land).

Implementing successful PPP projects requires considerable administrative capacity. This is ensured exclusively through the suitable institutional and legal frameworks and long-lasting experience in the implementation of PPP projects. The European Court of Auditors found that these are currently available only in a limited number of EU

² OECD, “Principles of Public Governance of Public-Private Partnerships”, 2012.

³ Zakon o javno-privatnom partnerstvu od 24. listopada 2008; Izdanje NN 129/2008: http://narodne-novine.nn.hr/clanci/sluzbeni/2008_11_129_3679.html

Member States for standard PPP projects. Since the situation in the field does not match the aim of the EU to implement greater part of EU-funds through blended projects, including PPPs, they have made recommendations⁴ that among others, include:

- not to promote a more intensive and widespread use of PPPs until the issues identified such as cost overruns are addressed
- to mitigate the financial impact of delays and re-negotiations on the cost of PPPs borne by the public partner
- to base the selection of the PPP option on sound comparative analyses on the best procurement option

The PPP model involves calculation and balancing of risk burden vs. financial contribution. These elements are absent in the project framework for the creative economy. In cultural heritage, PPP model is mostly used for digitisation, digital preservation and online access, managing cultural services, and conservation of immovable heritage. In the European Union, EU-funded or co-funded projects can be categorized as a form of PPP for cultural heritage. The models used in heritage conservation is either the Buy-Build-Operate (BBO) or the Buy-Conserve-Operate (BCO) which are similar to the one used for infrastructural development. In this model, the private or third sector partner purchases the heritage asset. There are usually strict requirements, especially regarding aspects like easements or maintenance standards and the government protects the heritage asset, regulates standards of conservation and maintenance. This model is beyond the scope and objectives of this project.

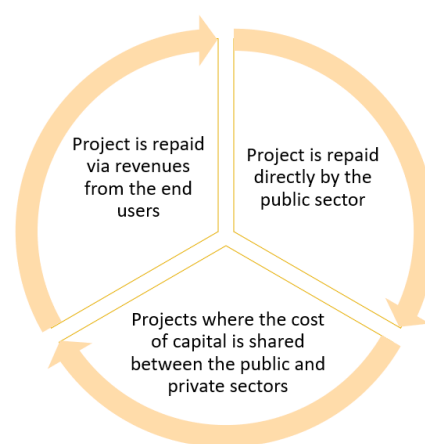


Figure 2 – PPP project categories according to financing scheme

Source: PPP Guide Croatia HR/2007/IB/FI/03TL

Cooperation between public and other sector actors is considered a PPP when it includes:

- I. Risk allocation between the parties
- II. Contribution of each involved party, including the remuneration of the private partner from the public budget
- III. Maintenance and management of the asset which is the subject of the enterprise, including change of ownership of the asset in question as a remuneration

Key elements of a PPP are missing from this project, as the implementation phase has neither a financial or infrastructural dimension. The PPP model as generally understood is therefore unsuitable.

Considering the above, the recommendations in this document does not refer to PPP at all, in order to avoid the financial implications. It presents instead a collaborative ecosystem involving public and private partners, utilising existing infrastructure.

⁴ Special Report: Public Private Partnerships in the EU: Widespread shortcomings and limited benefits. 2018

BSO

BSOs are organisations dedicated to supporting the creation and growth of businesses for clients that comprise of start-ups, entrepreneurs and SMEs operating locally. Studies have shown that entrepreneurs are most successful when they have access to the human, financial and professional resources they need, and operate in an environment in which government policies encourage and safeguard entrepreneurs.⁵ BSOs are usually in the form of business incubators, innovation centres, accelerators, chambers of commerce & industry, international hubs, etc.

BSOs enable a fast-track environment for business acceleration by providing key linkages and building essential capacities. The implementing organisation of this creative industry clustering initiative should have the capacity to help with reducing industry fragmentation, improving financing/investment mechanisms, and strengthening coordination of the public/research sector. This would promote excellence and networks with the business sector and enable a more dynamic creative enterprise sector to emerge via new approaches to creative sector and SME collaboration. Given that BSOs are ecosystem developers, the figure below shows how they are equipped to provide key services to stakeholders in each stage of development. It highlights the interlinked nature of services, how they fit together, as well as the areas they overlap.

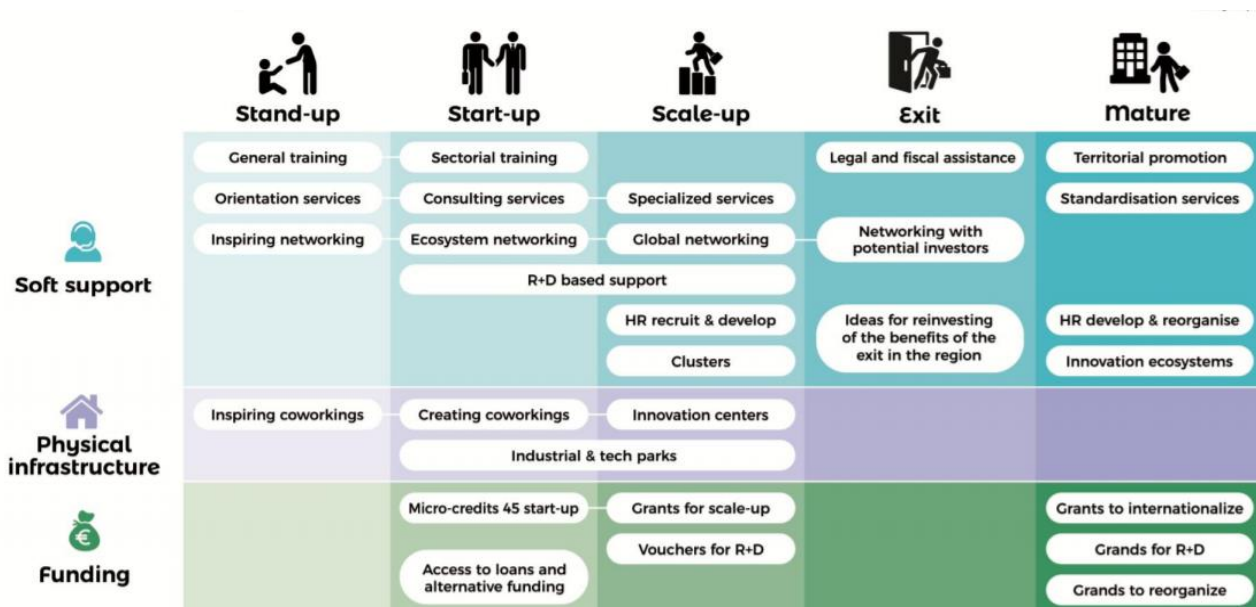


Figure 3 – Business support ecosystem phases and associated services

Source: TRINNO Business Support Ecosystem Components report

The creative ecosystem needs to be strengthened to encourage further collaboration and investments in ecosystem development activities, while quickly building the capabilities of stakeholders. Many of potential stakeholders from the creative sector and SMEs have expressed their desire to achieve something concrete with their ideas.

A BSO is more equipped to determine the interests and fulfil the expectation of stakeholders in the Nest. The BSO model typically performs this coordinating role, as well as the function of integrator by providing a range of customisable services that enable faster development. **This model aligns with the overall objectives of the SMATH project and is thus the most suitable and recommended model.**

⁵ Isenberg, Daniel (2010). How to Start an Entrepreneurial Revolution, Harvard Business Review

3. Key challenges and Theory of Change

This section outlines a comprehensive description of how and why a desired change is expected in a specific context. It is based on a situational analysis which involves identifying:

- the problem that the recommendations seek to address
- the causes and consequences of this problem, and
- the opportunities, e.g. synergies with other initiatives, or existing resources that can be leveraged or strengthened

The creative economy inherently fulfils a dual role in society. On one hand, it is a tool for socio-economic growth, and on the other, a vehicle for well-being.

Building a theory of change begins with clear identification of a problem the development intervention is trying to solve. The observed problem is usually due to a market failure which occurs when free markets alone are unable to achieve an efficient economic outcome. **Market failures occur when commercially viable goods and service are underdeveloped or non-existent.** Incomplete or missing markets can be due to failures on either the supply or demand side and correcting market failures typically presents a strong rationale for public sector intervention. Major categories of market failures include non-competitive markets, information asymmetry, coordination failures, or externalities.

The recommendations herein are designed to correct particular identified market failures, using the Theory of Change methodology. The Theory of Change diagram for the creative economy is represented in the figure below.

No.	Industry Development Challenge	Actions to Respond	Intermediate Results (Outputs)	Change Materialization (Outcome)	Benefit for the Private Sector	Benefit for the Economy
1.	Lack of information on new opportunities that is specific enough to help industry stakeholders create and pursue new activities.	Early business Intelligence	Relevant industry information given to the companies. Example topics ○ Improving access to consumer-facing markets; ○ Recognizing good partnership models for joint innovations.	○ Improved instances of strategic decision making ○ Improved capacity to identify opportunities	○ Industry transformation via investments in new, innovative and more profitable ventures ○ Potential creation of new value chain activities	○ Enhanced economic productivity ○ Diversification of the economy ○ Reduction of unemployment
2.	Lack of collaboration among industry participants	'Sandbox' activities focusing on inter-industry collaboration, as well as collaboration with other entities in other industries	More ecosystem collaboration resulting in innovative solutions	○ Reduced industry fragmentation ○ Increased export opportunities		
3.	Lack of business knowledge of some industry players	○ Business mentoring and support ○ Specialised trainings and certification	○ Matchmaking between advisors and firms ○ Bridging the knowledge gap	○ More knowledge-based industry for small players ○ Easier cooperation between creative and business stakeholders		

Figure 4 – Theory of Change of the creative industry in Croatia
Source: Author

4. Recommendations

The recommendations are geared towards effective public-private collaboration to support the development of creative ventures into viable and sustainable businesses. In many countries, the cultural and creative industries are heavily dependent on public funds and incentives. This is mainly because the industry has been traditionally viewed from a cultural perspective, rather than a commercial one. The reality is that the creative industry is a multi-billion Euro business, and such profitable economic activity is capable of creating jobs, generating revenue and increasing exports.

Partnerships or collaborative activities that would enable SMATH project implementation rest on a clear definition of what the creative industry actors and other partners would like to achieve. The measures to boost ecosystem development in this document are geared towards: (i) encouraging general R&D; (ii) establishing a positive enabling environment for the creative sector; (iii) strengthening the cluster's technical and collaborative framework; or (iv) helping individual firms within the cluster.

Based on the Theory of Change diagram above, the main market failures impeding the development of the creative economy are:

1. Lack of concrete action about new opportunities, often because one party does not have sufficient information and insight (**information asymmetry**),
2. Undeveloped and highly fragmented ecosystem due to lack of collaboration among industry participants (**coordination failure**),
3. A prevalent lack of knowledge about the process of transforming creative ideas into viable and sustainable businesses especially in new and untested segments (**innovation failure**).

These market failures emerged from a needs assessment that identified what must be in place for success, as well as a broader ecosystem analysis aimed at uncovering challenges and opportunities. The recommendations attempt to address questions such as:

- How can the different sectors of the creative industries create partnerships to leverage overseas opportunities?
- How can existing infrastructure be better used to foster collaboration and innovation?
- What emerging technologies and innovations will spread globally over the next decade?
- In what ways can the sector support other industries to develop and integrate creative thinking through collaboration and the transfer of skills?
- How can start-ups, mentors, investors, government agencies and markets be more effectively connected?

The measures described in this document can be viewed according to two parameters: (a) the problem they solve, and for whom (in economic terms, the underlying market failure and social utility); and (b) their function in strengthening a cluster's competitive position. Given the local context, current stage of ecosystem development, and existing implementation of programmes such as the Croatian Smart Specialisation Strategy, which builds on innovative clustering for economy wide development, the recommended activities focus on solving the aforementioned market failures.

a) Framework for combating information asymmetry

‘Information failure’ or ‘information asymmetry’ describes a situation where one party to a transaction lacks the information needed to confidently price the transaction. This not only makes it difficult to price a good or service correctly; it may prevent the good or service from being offered at all.

Market information is scarce and not formally collected, resulting in lost opportunities for domestic and regional cooperation. There is a lack of information on new opportunities that is specific enough to help industry stakeholders create and pursue new activities. Firms will generally need to find new product and market niches in order to survive, preferably in global value chains to enable them move beyond local markets.

Activities

Access to early business intelligence could help shape strategic decision-making process by establishing a series of industry-specific events to foster access to new industry knowledge, capital and key enabling technologies (KETs). The events will aim to create hybrid activities across industries that are necessary for the newer activities in the value chain—i.e. by ensuring the events are multi-sector (for example: visual artists, public sector & ICT; or tourism & creative services, etc.). This will be done by increasing access to relevant market information, generating new ideas, establishing contacts via networking, and increasing access to “intelligent” financing opportunities.

Example topics

- Improving access to consumer-facing markets;
- Good practices in intelligent financing of innovations;
- Recognizing good partnership models for joint innovations.

Proposed format

Format	Events will serve as vehicles for creating partnerships. They could be structured to be very targeted (e.g. roundtable breakfasts), and may include meeting with particular kind of investors, industry experts, research hubs, etc.
Host	Events will be hosted by companies in the broader creative economy hub on a rotational basis. Companies will volunteer to provide a meeting space, ideally at their offices or production facilities. This means that attendees gain from learning more about the host firm, as well as learning from the material presented and discussed by the speaker. A tour of the facilities can be included in the programme, as such firm-to-firm visits can help build knowledge for collaboration.
Speaker(s)	Should be selected for their international expertise on a relevant topic, which can be transformational for the industry.
Attendees	Invitees should be a mix of public, private, academic, investors with interests in the STPA—in order that all required parties are in the room.
Organizer(s)	Business support organizations, chambers of commerce, etc.

Participants – A small working group (consisting of representatives of the Creative Nest and relevant clusters, private sector, public sector, academic/research institutions) will determine the topics and speakers for each event.

Calendar – Monthly events, or determined as needed.

Funding – Subscription and/or ad hoc admission charges (to be determined as appropriate). This will help raise funds to support the objective of reducing information asymmetry by increasing access to valuable market intelligence.

Outputs

Key outputs include relevant industry information given to the companies. Example topics could be:

- Improving access to consumer-facing markets,
- Recognizing good partnership models for joint innovative activities.

Another output could be a database of market information that details industry players in and overseas that could potentially offer partnership opportunities to local businesses. An industry outreach program that creates a platform for information sharing and potential partnerships could be a logical next step.

Outcome

The outcome of this process will be reflected in the improved instances of strategic decision making, as indicated by the number of new activities by stakeholders, as well as documentation of the business intelligence gathered over a period of time.

Additionally, stakeholders will show an improved capacity to identify opportunities and take advantage of them.

b) Framework for dealing with coordination failures

Coordination failures exist when parties fail to collaborate even when doing so would bring mutual benefits.

There are numerous examples where firms could benefit by offering a combined good or service or otherwise exploiting complementarities, but have not coordinated their activities. ZICER is a leading ecosystem development organisation in Croatia and there are many existing infrastructures within such organisations that could be leveraged to deal effectively with coordination failures.

Activities

Establish a testbed aka ‘Sandbox’ within a hub, which will be a safe space where stakeholders can ‘play’ and test how their different offerings might come together to produce an integrated solution. This will provide fast-track environment for business acceleration of ideas. The Sandbox can be carried out without the involvement of government bodies i.e. there are options for a private consortium of firms that want to collaborate on a potential business opportunity to create their own sandbox under the guidance of the Hub.

Sandbox activities bring together different firms and other participants for the coordinated testing of new technologies, products, and services. Testbeds address coordination failures by bringing the goods and services of several providers together into an integrated solution.

The relationship between the partners should be defined upfront, including their division of responsibilities and benefits through contractual agreements. In this joint initiative, several partners would share the commitment to reach a common goal, by pooling their resources or coordinating their activities. Such an initiative is harder to define and monitor compared to more traditional relational contracts, and breaches are harder to detect and prove—thus contracts are harder to draft. The choice of project structure depends on the parties' respective tax and accounting circumstances, business objectives, and financial needs, as well as national and EU laws and regulations. The contractual agreement would be formed around the project being developed.

Implementing this Activity requires careful management of a number of issues. These issues often create hazards for joint innovation projects, thus should be addressed upfront.⁶ Some typical challenges to be overcome by such joint project development activities include:

- **Mismatched goals.** The testbed may engage with a critical area of each partner's business, but not necessarily constitute their core business. The sandbox project would take place at a locus where each partner's goals overlap. Not aligning the goals puts the sustainability of the project at risk.
- **Governance and control.** Governance rules, decision-making power, management styles, rifts over contribution, and transfer/use of technology could endanger the smooth functioning of the project. The testbed should have a clear governance structure that covers matters that need voting or unanimity.
- **Monitoring and progress metrics.** Concrete results may take time, so some interim metrics should be in place to be able to check progress until results are available. These might include sharing information and further developing innovative ideas.

Key success factors

Successful innovation testbeds have similarities in certain key areas. The partners have among others:

- I. Free flow of information and clear communication habits that help build trust and foster a lasting relationship
- II. Compatible partners in goals and abilities and a clear sense of purpose
- III. Division of labour, progress measurement and monitoring of activities
- IV. Conflict management capabilities

Outputs

More collaboration among industry participants resulting in innovative projects would be a clear output of this collaborative space. Definite outputs are:

- Create the collaboration platform for the testbeds and adoption rate of digital technologies
- Developed financial and business models
- Partnerships created and rate of clustering in complementary/non-complementary activities

⁶ Detailed guidance for joint initiatives can also be found in the European Commission Cross-border Collaboration Decision Guide (CREST).

- Enhanced ecosystem via integration of local and international knowledge

Outcome

Several clear outcomes expected from this activity include:

- I. Increased volume of private sector investment
- II. Integrated products or solutions introduced to the market
- III. Increased export opportunities and economic value added
- IV. Reduced industry fragmentation

c) Framework for resolving innovation failure

Innovation market failures often arise in relation to new products and services. The ‘failure’ has to do with insufficient knowledge or understanding of novel business segments. In fast-changing or emerging segments, firms sometimes hesitate over introducing innovative products and services because of uncertainty over market demands, or over how to commercialise the product or service. This type of market failure tends to affect sectors where new business and financial models are emerging and untested.

Innovation market failure has some conceptual overlap with information asymmetry; while the latter emphasizes difference in knowledge between parties, the former is more concerned with knowledge gaps generally. The situation persists because some creative industry actors are part of the gig economy and have no opportunities to innovate, or they are firms focused on day-to-day demands of servicing loans, product marketing, customer management, etc. They all either lack the internal capacity, are not fully aware of opportunities, or are unwilling to take on additional risks. Additionally, their small size makes them a higher risk to banks to consider lending for speculative investments in new areas.

International experience suggests several good practices in the design and implementation of an effective skills and training ecosystem:

- A clear and consistent legal framework that is in line with the needs of a modern, flexible training system.
- Strong links between institutions providing technical and vocational education and training (TVET), on the one hand, with industry and firms, on the other, are critical to the success and sustainability of training programs. In Ireland, vocational schools collaborate closely with employers and their curricula are embedded in the national qualification framework.⁷ Collaboration between employers and TVET institutions could come in the form of equipment/labs, human resources, advice, and the offering of internships and apprenticeships. Funding of TVET institutions could be linked to quality and performance measures like post-completion employment rates of trainees.
- Automation, machine learning and other technological advances raise the premium on higher-order cognitive skills like complex problem solving, team work, reasoning, self-efficacy; critical thinking and advanced communications. Incorporating soft skills and socioemotional skills into workforce training design has also shown promise.⁸

⁷ Quality and Qualifications Ireland (QQI) 2014

⁸ World Bank Group, 2018

Apprenticeships and on-the-job training are important components of skills development systems around the world. For example, Germany's public TVET system has established strong partnerships with employers through industry bodies and trade unions. Firms pay a large share of the training costs, including through the offering of apprenticeships. The legal framework should recognize the status of the apprentice as a learner and ensure his/her right to high-quality training that develops strong, transferable skills.

Activities

Since lack of general business knowledge is a major characteristic of innovation failure, a two-pronged approach of activities would be necessary.

1. Skills development platform and certification – **finding the right training programs to meet current and future skills requirements may call for widening the scope of available training delivery options.** For example, it may be necessary to first start by 'training the trainers' outside project partnership. It may also be necessary to partner with international academic and teaching institutions. Additionally, a certification scheme to encourage private investment in enhancing quality in products and processes through conforming to the highest international standards. **Such standards can be either public or codified by private industry to help buyers/users quickly differentiate between varying grades of product quality, thus saving them transaction costs and reducing information and coordination failures along the value chain.**
2. Business mentorships – **according to some indicators, entrepreneurs trail their regional counterparts in basic entrepreneurial skills.** Key indicators from the Global Entrepreneurship Index⁹ show that entrepreneurs in neighbouring countries like Slovenia, Poland, Romania, and Austria surpass their Croatian peers in terms of the ability to capitalise on innovations and commercialise them. Data is not yet available on the separate category of managerial skills.

Proposed format of activities

Skills development platform	Public interventions to address the above market failures could focus on (a) linking firms and workers with suitable training programs and (b) creating an enabling environment that supports effective collaboration to grow the talent that is needed in Croatia. <ul style="list-style-type: none"> ○ Create research, training and business services divisions, with input from the private sector ○ Define the governance structure and technical mandate ○ Create a formalised mechanism to affiliate firms with academia ○ Conduct awareness on identified international standards that are missing or underutilised in the industry
Business mentorship and support	This activity is a scheme for specialist consultants on marketing, operational management, strategy, etc., to provide independent advisory services to companies in the ecosystem through a mentoring program. The program would provide a technical adviser to firms that apply for such support, for a mentoring relationship lasting up to 12 months. The

⁹ <https://thegedi.org/global-entrepreneurship-and-development-index/>

adviser should be contracted to support the firm in overcoming a specific challenge related to entering a new market segment.¹⁰ The main activities include:

- Create and design a business mentoring program
- Identify matches between advisors and firms
- Manage the business mentoring program

Business mentoring and support activities will help with consolidation of product/service range around the best market opportunities. It will help with business process reengineering to improve quality and lower production costs; offer operational support to commercialize innovations; and ensure success in obtaining innovation financing. Organisations such as ZICER already have the capacity to carry out such activity.

Participants – To be determined

Calendar – 6 months to design and establish the program, then rolled out for a 3-year period or as necessary.

Funding – Financial support would be provided to companies on a cost-sharing basis as part of the Operational Programme Competitiveness and Cohesion (OPCC). Support would be allocated to firms that demonstrate growth potential and a provide a firm commitment by the CEO and managers to act on the advice received. The cost of the advice would be co-financed between the OPCC and the company on a ratio to be determined.

Key success factors for such business mentoring scheme include:

- A critical mass of mentors, to ensure a good match between the adviser and the company (based particularly on sector experience),
- A record of success in international business, preferably in different countries, and specifically in the area of interest to the applicant company,
- Commitment to a medium-term relationship (12–18 months including a one-week site visit every two months, concluding with an action plan for follow-up before the next visit), and
- Financial contribution from the advisee company.

Outputs

Skills development and certification

- open innovation systems, which drives the upgrading of local knowledge and skills building and technology transfer.
- Identify and align with international standards regimes
- Establish research partnerships
- Conduct training
- Provide business support services to firms

Business mentoring

¹⁰ Example case is the Enterprise Growth Program of the European Bank for Reconstruction and Development (EBRD) that matches an adviser with a firm for a mentoring relationship lasting 12–18 months, including a one-week long visit to the company every two months. An evaluation has found that participation by firms in this program has increased company revenue by 50 percent on average.

- Matchmaking between advisors and firms
- Support in finalising action plans
- Increased volume of financial contribution by firms

Outcome

- Increased number of academic-private collaboration and co-publications
- Introduction of new or improved processes
- Introduction of new or improved products/services to the market
- Increased volume of private sector investment
- Integration of other, newer types of financing

5. Monitoring and Evaluation

Most programs are unsuccessful because they lack adequate monitoring and evaluation mechanisms. A customised scorecard is recommended. Such document, no longer than one page can be helpful to monitor the progress of activities and the ensuing results. It should be used by upper management, while a more detailed results framework will be required to manage the daily implementation of the project.