



Action Plan

Podkarpackie Region

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1. General information

Project: Policies to promote the internationalisation of SMEs for more competitive regional ecosystems in border areas of the EU

Partner organisation: Rzeszow Regional Development Agency

Other partner organisations involved: Association of the Carpathian Euroregion Poland

The Ministry of Infrastructure and Development

Voivodship Labor Office in Rzeszów

Region: Podkarpackie Region

NUTS2 region: Podkarpackie Region

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2. Background

INTER VENTURES project

INTER VENTURES aims to help SMEs located along national borders to internationalise their activities. This will spur growth and make EU cross-border regions more competitive. The present Action Plan is prepared in the frame of INTER VENTURES project.

Executive Summary

The main goal of the Action Plan is to increase the competitiveness of Podkarpackie Region by enhancing the number of enterprises, put more emphasis on the support and encouragement, and as a result, promote and develop entrepreneurship and transnational cooperation of SMEs of the Podkarpackie Region and other border regions. This improvement is necessary to trigger activities that will increase the visibility of the Podkarpackie Region on the international market. The INTER VENTURES project has contributed to that improvement via the development of a new project implemented under **Operational Programme Knowledge Education Development for years 2014-2020 (OP KED)**. The project's actions are: improving the entrepreneurial competences (in the form of trainings) of 48 professionally inactive young people aged 18-29, including disabled people living in the Podkarpackie Region who lost employment after March 1st, 2020, as well as improving the labor market situation of 40 people who will start a business by June 30, 2023. 40 out of 48 project participants **will be granted non-returnable funds** to start business activity, plus a **small amount distributed each month for the period of six months to cover the business management costs**. Women will be granted additional point during application evaluation to encourage their entrepreneurship. The fact that working women are particularly affected by the COVID-19 crisis leads to further risk of exacerbating gender inequalities in the labor market. Globally, almost 40% of all female employment works in sectors facing difficulties with pandemic restrictions. The training programmes provided under this Action Plan include elements related to SME internationalization. Project participants will be advised on **the sources of funding** and on the **forms of assistance** available for starting a business abroad (e.g. in case of **export activities**). Project participants will also be provided with assistance in creating business plans to target potential activity abroad. In addition, interested participants will have the possibility to meet with representatives of **European Enterprise Network (EEN)** and the **Investor Service Center (COI)** operating under RARR. These organizations will help the successful applicants find foreign contractors, choose the international market or advise on the possibility of obtaining EU funding for internationalization activities, e.g. Go to brand under the Intelligent Development Operational Programme for years 2014-2020 or Internationalization under Operational Programme Eastern Europe for years 2014-2020.

3. Baseline situation

Policies and strategies targeted to internationalization of SMEs

There are a few strategies that target SMEs' internationalization, the following are among them

1. Strategy for Responsible Development to 2020 (with perspective for 2030), approved by the Council of Ministers, aims at creating conditions for the growth of income of Polish residents, increasing social, economic, environmental and territorial cohesion. **Main objectives:** sustainable growth based on knowledge, data and organizational excellence, socially sensitive and territorially balanced development, effective state and institutions for growth, **social and economic inclusion**. The connection between the strategy and the policy instrument is to permanently integrate young people in the labour market, in particular those at risk of social exclusion. **Internationalization activities:** export and promoting SME-based economy having the highest potential for developing cross-border cooperation, increasing links with international markets through expanding the group of entities participating in international exchange also with non-EU countries and increasing exports of technologically advanced goods.

2. The Strategy of Podkarpackie Region Development 2020, created by Podkarpackie Region authorities, aims at increasing national/international competitiveness of the region's economy, boosting income and the population's standard of living, intensifying cooperation with neighboring countries and **creating conditions for higher employment**. The connection between the strategy and the policy instruments to permanently integrate young people in the labour market, in particular those at risk of social exclusion. **The perspective for 2030** targets the support in region's economy internationalization, including SMEs, support of local exporters in entering international markets; support in the development of business models for international activity; support of local government in attracting foreign investors; strengthening international partnership with Slovakia and Ukraine; intensification of activities within the Carpathian Macroregion and for the Macroregional Strategy for the Carpathian region; effective use and development of the achievements of the Carpathian Euroregion; participation in international organizations, establishing partnerships to strengthen the region's competitiveness.

Instruments and tools for internationalization

Currently, the operational programmes targeting SMEs internationalisation in Podkarpackie Region are as follows:

1. Operational Programme for Podkarpackie Region for years 2014-2020 is financed from the ERDF and the ESF, **implemented by** the Board of the Podkarpackie Region and Voivodeship Labor Office in Rzeszów that is responsible for education, personal development or social integration. **The objectives/aims:** strengthening and use of economic and social potential of the region for its sustainable and intelligent development, strengthening innovation and competitiveness of the region's economy,

developing region's entrepreneurship, disseminating information and communication technologies, equalizing educational opportunities for students, modernizing and adapting education processes to the needs of the regional labor market, increasing the number of people prepared to enter/re-enter the labor market, increasing the number of newly established companies, improving access to social services and health services in the region.

2. The Operational Programme Eastern Poland 2014-2020 - financial support instrument for five voivodships of Eastern Poland: Lubelskie, Podlaskie, Podkarpackie, Świętokrzyskie and Warmińsko-Mazurskie, that strengthens activities carried out under the regional/national 2014-2020 programmes. Aim: increasing the competitiveness and innovation of the Eastern Poland macroregion.

3. Operational Programme Knowledge Education Development 2014-2020 (OP KED), financed from ESF, Youth Employment Initiative (YEI) and the state budget. It supports the activation of unemployed people under 30, higher education, social innovation, mobility and transnational cooperation, reforms in the areas of employment, social inclusion, health and good governance. **Areas of support:** young people on the labor market, social innovations, development of transnational cooperation aiming at supporting Polish entities with foreign partners (e.g. developing new solutions/adapting solutions used by other countries).

SMEs barriers and needs regarding internationalisation support

The Regional Situation Analysis Report conducted in the framework of INTER VENTURES project showed that:

- 80% of the surveyed entrepreneurs, in the last 5 years, did not take advantage of any financial forms of support available;
- 94.6% of the surveyed entrepreneurs who conduct business activity abroad did not take advantage of any non-financial support in the last 5 years

The Regional Situation Analysis Report also presents an in-depth analysis of different factors that have an impact on SMEs internationalization. To those factors belong: **needs, barriers and drivers** that all together trigger cross-border activities.

The **main factors** driving the internationalization of SMEs, indicated in the surveys and emphasized by experts, are mainly related to globalization of the world economy. These factors include, among others: ongoing processes of lowering trade barriers around the world, improved logistics and communication systems available to all enterprises, and training, advisory and financial support for public and non-profit institutions for SMEs in the field of internationalization of their activities.

The survey respondents defined **the most important drivers to SMEs internationalization** as follows: support for partners from abroad, websites adopted to foreign customers, search for financial

opportunities, joint communication and promotion services, search for distribution channels, search for joint international events or organization of network and B2B activities in foreign country.

The Regional Situation Analysis focused also on the barriers that prevent SMEs internationalization.

SMEs pointed out the following barriers:

- shortage of human resources for export activities, insufficient level of qualifications and/or training of staff for internationalization - **internal barriers**,
- difficulties in identifying foreign business opportunities, lack of possibilities of contact with potential foreign clients - **external barriers**.

Experts / stakeholders of business-supporting institutions identified the following barriers:

- insufficient employee competences,
- insufficient support from public and EU funds - especially in the field of export to foreign markets,
- no use of cross-borderism in the case of Podkarpackie Region,
- limited demand on foreign markets for products offered by SMEs,
- limited financial resources of SMEs allowing to start and increase activity on foreign markets,
- legal regulations hindering the safe development of activity on foreign markets,
- limited access to selected export markets due to costly regulations protecting certain markets against Polish exporters.

Barriers for SME internationalization generated on the basis of conclusions

- **system barriers**, incl. insufficient support from public institutions dedicated to micro-entrepreneurs, lack of instruments and infrastructure in enterprises, lack of certificates and implemented quality systems
- **prevalence of small companies**, family companies, lack of human resources and potential
- **financial barriers**, i.e. high export costs, risk bearing, incl. resulting from exchange rates fluctuations and a lack of predictability
- **administrative barriers**

The in-depth **RSA Report** has unveiled **needs** of SMEs that would improve the SME internationalization and as a result increase their competitiveness. These needs are as follows:

- to focus more on competing in terms of quality and innovation, and not only on lower production costs,
- to search more intensively for information on the possibility of undertaking FDI (Foreign Direct Investment),
- greater cooperation with institutions such as the Polish Information and Foreign Investment Agency, the Ministry of Economy, international chambers of commerce or entities operating in the region offering advisory assistance in this area,
- greater activity towards concluding international agreements to facilitate Polish FDI,

- more effective information campaign on the possibility of foreign expansion more widely disseminated, especially among micro-enterprises,
- greater incentives for SME internationalization than before (the existing ones focused more on attracting FDI than on supporting capital exports), e.g. guarantees and insurance of loans for foreign direct investment, expanding information activities on foreign markets,
- greater state activity in the field of concluding agreements to facilitate Polish FDI,
- to increase expenditure on training in the processes of internationalization of the enterprise,
- to introduce facilitations for entrepreneurs that would ease procedures related to running an international enterprise,
- to enable possibilities of settling matters via the Internet should be increased,
- need to ensure equal opportunities, observe and enforce the principles of healthy competition, and to increase the scope of informing the entrepreneur about the applicable laws and regulations.

4. Policy context

Overview

The Action Plan aims to impact:

- Investment for Growth and Jobs programme
- European Territorial Cooperation programme
- Other regional development policy instrument

Name of the Policy Instrument: Operational Programme Knowledge Education Development 2014-2020

Body responsible for addressed policy: Ministry of Development Funds and Regional Policy
Podkarpackie Voivodeship Labour Office in Rzeszów

Influence of the partner organization over the targeted Policy Instrument

RRDA has no direct influence over **Operational Programme Knowledge Education Development for years 2014-2020**. However, based on the changed requirements (guidelines) of OP KED policy instrument the beneficiary (RRDA) created, submitted and on February 10nd 2021 received approval of implementing a new project. As such, the change has been reached already by the approval of the project. The call was announced in order to fight the pandemic crisis, which was a great opportunity to submit an application integrating the lessons learnt from INTER VENTURES which were gained by that time from the project. The other Polish partner ACEP neither has any influence over the **Operational Programme Knowledge Education Development for years 2014-2020**.

Issue addressed

Evaluation of the current operation of the policy, functioning of the policy

The revised OP KED 2014 - 2020, supplemented with measures to combat the COVID-19 epidemic and its effects, has been approved by the European Commission. On November 3, 2020, the Ministry of Funds and Regional Policy received formal notification of this decision. The changes introduced to the OP KED are related to the shifting of funds to activities aimed at preventing and counteracting the COVID-19 epidemic and mitigating its effects. They are *ex-post* - they confirm activities that have already been largely launched based on the opportunities created by Coronavirus Response Investment Initiatives (CRII and CRII+).

Following this, it is possible to finance:

- subsidies to employee remuneration (co-financing for entrepreneurs, individual entrepreneurs who do not hire employees, social economy entities and non-governmental organizations to cover part of remuneration for employees);
- grant and internship support, subsidized employment and professional activation for young people who lost their jobs as a result of the pandemic; purchase of equipment and personal protective equipment (e.g. masks, disinfectant liquid, etc.) for foster care facilities, in order to enable children to fully participate in remote learning;
- wage supplements for staff in long-term care facilities and the purchase of personal protective equipment and disinfectants;
- training for teachers in the field of distance education and other activities supporting remote education, social dialogue initiatives undertaken by social partner organizations to reduce the effects of the COVID-19 pandemic.

Problem(s) with the Policy Instrument, problems to be targeted

The Policy Instrument (OP KED 2014-2020) tackled in the present Action Plan is not the one originally targeted by RRDA. Therefore, no problems in relation to the topic of INTERVENTURES project, i.e. internationalisation of SMEs has been identified. The Instrument recently shifted its focus towards COVID-19 crisis. The OP KED was modified to address the problems created by pandemic, that is why the new project included elements that can prevent COVID-19 economic consequences. Plenty of SMEs from different economy branches are struggling to survive on the market, they dismiss their employees due to financial problems. The best example is present Action Plan project „Young people working on their own project“ which participation requirement is to be unemployed starting from March 1st, 2020 (after the pandemic had started).

Indicator(s) measuring the success of policy influencing

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|--------------------------------------|--|
| Self-defined indicator | Number of businesses receiving financial support |
| Target value of the indicator | 40 per project (in the frame of the „Young people working on their own“ project) |

Description of the situation after the Policy Instrument is targeted

„Young people working on their own“, developed on the basis of Inter Ventures project good practices, will target to diminish some of the barriers indicated in **the Regional Situation Analysis Report** conducted in the framework of INTER VENTURES project.

First of all, newly established enterprises will take advantage of financial support. According to the survey 80% of entrepreneurs did not use any financial form of support available within the past five years. Secondly, the project participants will gain new competences regarding the support in identifying foreign business opportunities. They will be assisted in how to find foreign contractors, choose the international market or obtain EU funding for internationalization activities. These competences/knowledge will be passed during the training programme. These activities will also contribute to increasing the rate of entrepreneurs taking advantage of non-financial support, which according to **the Regional Situation Analysis Report** is currently 94.6%. The new project „Young people working on their own account“ was developed, approved and the contract with the Intermediary Institution (**Podkarpackie Voivodeship Labour Office in Rzeszów**) was signed on April 2021. The project is being implemented under the **Operational Programme Knowledge Education Development 2014-2020 (OP KED) and co-financed from ESF**. The outcome of the new project can be measured by the number of newly created enterprises (in total 40 new entities) that will increase Podkarpackie region competitiveness. Moreover, 48 people (project participants) will gain entrepreneurial skills as a result of taking part in trainings. The training programmes will include elements related to internationalization. Project participants will be advised on **the sources of funding** or the **forms of assistance** available in case of wanting to start a business abroad, for instance, in case of **export activities**. Project participants will also be provided with assistance in creating business plans targeting potential activity abroad. In addition, interested participants will have the possibility to meet with representatives of **European Enterprise Network (EEN)** and the **Investor Service Center (COI)** operating under RARR, who will help them find foreign contractors, choose the international market or advises on the possibility of obtaining EU funding for internationalization activities, e.g. Go to brand under the Intelligent Development Operational Programme for years 2014-2020 or Internationalization under Operational Programme Eastern Europe for years 2014-2020

5. Details of the Action envisaged

Action title: Young people working on their own

Nature of the action:

The actions of the project: improving the entrepreneurial competences (in the form of trainings) of 48 professionally inactive young people aged 18-29, including disabled people living in the Podkarpackie Region who lost employment after March 1st, 2020 as well as improving the labor market situation of 40 people who will start their business by June 30, 2023. 40 out of 48 project participants **will be granted non-returnable funds** to start business activity, plus a **small amount distributed each month for the**

period of six months to cover the business management costs. Female participants will be granted additional points during project recruiting process to encourage their entrepreneurship. Giving women advantage over man in receiving the grants (additional points awarded for being a woman). The training programmes will include elements related to internationalization. Project participants will be advised on **the sources of funding** or the **forms of assistance** available in case of wanting to start a business abroad, for instance in case of **export activities**. Project participants will be provided with assistance in creating business plans targeting potential activity abroad. In addition, interested participants will have the possibility to meet with representatives of **European Enterprise Network (EEN)** and the **Investor Service Center (COI)** operating under RARR, who will help them to find foreign contractors, choose the international market or advise on the possibility of obtaining EU funding for internationalization activities, e.g. Go to brand under the Intelligent Development Operational Programme for years 2014-2020 or Internationalization under Operational Programme Eastern Europe for years 2014-2020.

The action will contribute to diminishing unemployment caused by SARS CoV2, reducing gender inequalities and, most importantly, increasing competitiveness of Podkarpackie region. One of the PI goals is to support strategic management of enterprises and build a competitive advantage on the market. This action will increase the number of SMEs as well as the competitiveness among them. **The more enterprises, the more competitive offers/prices/services they provide.**

Linkage between the Action and the Policy Change:

The action, namely, the development of a new project „Young people working on their own“ is a policy change itself. The project will be implemented under **Operational Programme Knowledge Education Development 2014-2020 (PO KED)** and co-financed from **European Social Fund**. More details regarding the content of the project are presented above. The project was submitted, approved (10.02.2021) and the contract with the Intermediary Institution - Voivodship Labor Office in Rzeszów - was signed (04.2021).

The Policy Instrument owner is **Ministry of Development Funds and Regional Policy/Podkarpackie Voivodship Labour Office in Rzeszów**. **The programme** supports the activation of unemployed people under 30, higher education, social innovation, mobility and transnational cooperation, reforms in the areas of employment, social inclusion, education, health and good governance. **Areas of support:** young people on the labor market, social innovations, development of transnational cooperation aiming at supporting Polish entities with foreign partners (e.g. developing new solutions/adapting solutions that are successfully used by other countries).

Good practice(s)

Interregional exchange of experience

The inspiration for developing a new project came from two Hungarian GPs **„Promoting women entrepreneurship within project “Partnership for all 2”** (institution in charge PORA Regional Development Agency of Koprivnica Krizevci Country) and **“Fostering value added business cooperation between SMEs operating on different sides of the Hungarian-Croatian border”** (institution in charge: HAMAG-Hrvatska agencija za malogospodarstvo, inovacijeiinvesticije as Lead Beneficiary of the project (Croatian Agency for SMEs, Innovations and Investments)) presented during the Knowledge Sharing Workshops.

„Promoting women entrepreneurship within project “Partnership for all 2” description:

Promotion and support of self-employment, especially women entrepreneurship in the Koprivnica Krizevci Country labour market. Main activities: encouraging entrepreneurship of 13 candidates for small value supports selected and awarded through public competition procedure. Boot camps for 24 people was organized (Themes: IT Boot camps and Taste the idea – food and tech bootcamps), which had goal to learn the basic entrepreneurial skills in topics defined for this purpose. Events which promote women entrepreneurship were organized and also payments for experts for human potentials, encouraging of entrepreneurship and women entrepreneurship as well as expert for employment were financed through the project.

“Fostering value added business cooperation between SMEs operating on different sides of the Hungary-Croatia border”

Non-refundable grant is provided for consortia of at least 2 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 Country 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.

Transferred elements

The good practice **„Promoting women entrepreneurship within project “Partnership for all 2”**

encourages entrepreneurship and women entrepreneurship, will be partially implemented in the Podkarpackie region via the transfer of the following elements: supporting self-employment especially among unemployed persons, providing trainings in entrepreneurial skills, and encouraging women’s entrepreneurship. The GP elements will be implemented through incorporating them into new project „Young people working on their own”.

The good practice **“Fostering value added business cooperation between SMEs operating on different sides of the Hungary-Croatia border”** will be partially implemented by providing **non-refundable grant to start newly-created entities being the result of the project actions.**

Originally the GP aimed at providing non-refundable grant 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. As distinct from the GP, the non-refundable grants will be awarded to start newly-created entities being the result of the project actions.

Stakeholders involved

The Ministry of Development Funds and Regional Policy– Managing Authority

Responsibility: efficient and correct implementation of the funding program - both as a whole and at the level of individual projects, issuing guidelines, recommendations and manuals on various aspects related to the implementation of the program, conducting information and promotion activities.

Voivodship Labor Office in Rzeszów: Intermediary Institution: Responsibility: selection of projects for co-financing; signing contracts for project co-financing and monitoring the progress of program implementation and verification of achieved goals, ordering payments to beneficiaries and verification of the correctness of their expenses, as well as information and promotion activities.

Rzeszow Regional Development Agency: Implementing Institution: Responsibility: preparing, submitting and implementation of the project „Young people working on their own“

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| Cost of the action: | Project budget: 432,808.47 EUR |
| Resources: | The project is co-financed in 95% by the European Social Fund and in 5% as the RRDA's own contribution |

Action steps and activities

| Action steps (what will be done) | Responsibility (Who will do it – reference to the stakeholder involvement) | Timeline (start and end dates) | Estimated cost of the action step |
|---|--|--|---|
| 1. Announcement of the call for applications for co-financing the implementation of projects under the competition procedure | Intermediary Institution: Voivodship Labor Office in Rzeszów | 2020-09-14 2020-09-25 | No possibility of estimating the cost of those steps, mostly staff work |
| 2. Project Development | Implementing Institution: Rzeszow Regional Development Agency | 2020-09-14 2020-09-25 | |

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|---|--|--------------------------|---|
| 3. Submitting the application for co-financing the project implementation | Implementing Institution: Rzeszow Regional Development Agency | 2020-09-25 | Total project budget: 432,808.47 EUR |
| 4. Approval of the project implementation application | Intermediary Institution: Voivodship Labor Office in Rzeszów | 2021-02-10 | |
| 5. Project Implementation | Implementing Institution: Rzeszow Regional Development Agency | 2021-03-01 2023-06-30 | |
| Project Implementation Steps | | | |
| Applicants selection (Recruiting applicants) | Implementing Institution: Rzeszow Regional Development Agency | 2021-03-01 2023-02-28 | |
| Before-starting-business training | Implementing Institution: Rzeszow Regional Development Agency | | |
| Granting funds and transitional support | Implementing Institution: Rzeszow Regional Development Agency | | |
| Till the end of Phase 2 of INTER VENTURES project the implementation the above steps will be completed. Project finalization will go beyond the end of Phase 2. | | | |
| 6. Project Evaluation | Intermediary Institution: Voivodship Labor Office in Rzeszów | till 2023-06-30 | |