

Project Code:	DTP2-012-1.2	Document type:	Output 6.2
Project start date:	01/07/2018	Project end date:	31/12/2021

DanubeChance 2.0

Embracing failure to facilitate second-chance entrepreneurship in the Danube region

Output 6.2

Second-chance “business re-structuring” initiative

Due date of deliverable: 30/June/2021

Actual submission date: 18/June/2021

Document Control Sheet

Work package Number	WP6
Work package Title	Business re-structuring
Activity Number	6.2
Activity Title	Implementation of local pilot second-chance business re-structuring initiatives
Output Number	O6.2
Output Title	Second chance “business re-structuring” initiative
Dissemination level	Public
Main authors	Aleksandra Krumpak, M.Sc., Tomaž Lapoša B.A., Jožek Špilak, B.A.
Contributors	Pilot project partners
Quality Assurance	LP, Pilot project partners

Versioning and Contribution History

Version	Date	Author/Editor /Reviewer	Contributors	Description/Comments
_v01	31.5.2021	Aleksandra Krumpak, M.Sc.	Tomaž Lapoša, B.A. Jožek Špilak, B.A.	
_vo2	17.6.2021	Aleksandra Krumpak, M.Sc.	Tomaž Lapoša, B.A. Jožek Špilak, B.A.	
_vo3	30.6.2021	Aleksandra Krumpak, M.Sc.	Tomaž Lapoša, B.A. Jožek Špilak, B.A.	
Document last saved on		30.6.2021		

List of Abbreviations

Danube Chance 2.0	D.C 2.0
AF	Application Form
WP	Work Package
AN	Activity Number

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1 Summary

WP6 “*Second chance business re-structuring initiative*” is the pilot action of Danube Chance 2.0 that aims to deliver financial and operational re-structuring of honest failed entrepreneurs willing to re-start the business with the help of professional acceleration.

O6.2 *Second-chance “business re-structuring” initiative* is focused on business diagnostics and building confidence in a second-chance entrepreneurs where pilot actions are not addressed to save pilot entrepreneurial cases only, but to recognise and understand in depth how public policies and programmes before, during and beyond bankruptcy/insolvency can create a business environment and services that helps entrepreneurs save viable business and create more re-start companies.

Output O6.1 *Second-chance “business re-structuring” initiative* gives general and concise overview of deliverables, outputs, activities, conclusions, findings of WP6.

Pilot action is foreseen in 5 pilot countries but due to increased interest for “SECOND CHANCE ENTREPRENEURSHIP” within Danube region and beyond. especially due to consequences of Covid-19 situation, additional 3 partner countries joined pilot actions.

In activity A6.1 *Planning of local pilot second-chance “business re-structuring” initiatives* designed and elaborated O6.1 *Methodology for “business re-structuring”* was tested during activity A6.2 *Implementation of local-pilot second-chance “business re-structuring initiative* in 32 pilot actions in 8 Danube countries (Bosnia and Herzegovina, Croatia, Germany, Hungary, Moldova, Romania, Serbia, Slovenia). Performance of pilots performance was without any major obstacles and delays which proves that elaborated DC2.0 methodology works for real and has good possibilities to be optimised and improved.

O6.2 *Second-chance “business re-structuring” initiative* contains main findings and conclusions of the following deliverables and outputs:

- Developed methodological approach (D6.1.1, O6.1)
- Selection criteria for the participants of the pilot action (D6.1.2)
- MoU between DC2.0 project partner and expert (D6.1.3)
- Use of developed methodology and its adjustments in pilot countries

- Conclusions of pilot partners from feasibility study report and report on implementation of local pilot second-chance “business re-structuring initiatives” (D6.2.1, D6.2.2)
- Summary and conclusions of Monitoring of business re-structuring initiatives (D6.2.4)
- Conclusions from one-pagers of Monitoring of business re-structuring initiative (O6.3)
- Information on signed Cooperation Agreements between second chance entrepreneur and DC2.0 pilot partner (O6.4).

In WP6 second chance entrepreneurs received business acceleration support and expertise of 34 experts.

The average of progress pilot activities in BI (business indicators) numerical value is 0,64 (in range 0,30 – 0,97), 927 BI (927 BI from total 1612) were evaluation showed some progress. That represents 61,44% of all evaluated BI and statistically significant difference.

Consortium of pilot partners worked as good trained team where monthly discussions, suggestions, comments, optimisations took place.

Capacity-building lessons in WP6 has to be traceable, measurable and comparable. In that aim, base for monitoring (*within of DC2.0 WP6 D6.2.4 Monitoring of “business re-structuring” initiative*) was prepared “*Summarised numerical business questionnaire*” that monitors 52 different BI (of each entrepreneur). Partners inputs have unified structure in which included coachees/mentees (in collaboration with coaches/mentors) evaluated skills/needs before and after implementation of “business re-structuring” initiatives.

As Output 6.2. contains major findings and explain achievements reached in WP6, is solid base for continuation of pilots in WP7 Capitalisation, where pilot activities will continue with focus on entrepreneurs that are in business problems due to Covid-19 crisis.

2 Introduction

The purpose of this final output and WP6 summary document O6.2 Second-chance “business re-structuring” initiative of Danube Chance 2.0 WP6 is to describe performed process of WP6 elaboration and its main findings, conclusions in deliverables and outputs.

Performance of Second-chance “business re-structuring” initiative is part of activity 6.2 Implementation of local pilot second-chance business re-structuring initiatives Danube Chance 2.0 pilot countries.

In DC2.0 project AF, this output is described as:

“Second-chance “business re-structuring” initiative is a pilot testing and validation of “Trial and Error” re-Design Transnational Academy and practical high-profile business re-structuring practices delivered in 4+1 Danube Chance 2.0 countries addressed to enable more second-chance entrepreneurs (linked to SO2) and better re-structuring measures (linked to SO3)”.

SO2 - AWARENESS-RAISING OF SECOND CHANCE ENTREPRENEURIAL OPPORTUNITIES: Creation of a positive image of the re-starters against "stigmatization" and capacity building for non-fraudulent bankrupt entrepreneurs to go back to business in the Danube region (WP5 "Trial and Error" Re-Design Transnational Academy).

SO3 - PROMOTING RE-STRUCTURING MEASURES: Facilitation of the transfer and adoption of innovative and successful good policymaking insolvency practices, tools for businesses overcoming bankruptcy as well as enabling new solutions to finance restarters in the Danube region (WP6 Second-Chance "business re-structuring" initiatives).

In AF, performance of pilot activities are foreseen in 4+1 DC2.0 countries:

1. PP Pomurje Technology Park, ERDF PP4 PTP SI - WP leader
2. PP Steinbeis 2i GmbH, ERDF PP1 SEZ/S2i DE
3. PP Technical University of Cluj-Napoca, ERDF PP2 UTC-N RO
4. PP Centre for Entrepreneurship Osijek, ERDF PP7 CFE HR

5. PP Organization for Small and Medium Enterprise Sector Development, ENI MD
PPI ODIMM MD.

Due to increased interest for “second chance” within Danube region and consequences of Covid-19 situation:

- 1) increased importance of „second chance principle“ in general,
- 2) adoption of new EU Restructuring and Second Chance Directive (in June 2019) that allow viable business in distress to be rescued and honest but bankrupt individuals to be given a second chance,
- 3) start of Covid-19 pandemic at the beginning of 2020 that resulted in huge entrepreneurial crisis in EU,

additionally DanubeChance 2.0 partners joined pilot activities, namely:

6. LP IFKA Public Benefit Nonprofit Ltd.for the Development of the Industry ERDF
LP IFKA, HUNGARY
7. PP CCIS Serbian Chamber of Commerce and Industry IPA PPI, SERBIA
8. PP RARS Development Agency of the Republic of Srpska, IPA PP2, Bosnia and Herzegovina

Final 8 pilot countries:

Croatia
Germany
Hungary
Moldavia
Romania
Slovenia
Serbia

It is important to note that “**Business re-structuring initiatives within pilot actions are not addressed to save pilot entrepreneurial cases only, but to recognise and understand in depth how public policies and programmes before, during and beyond bankruptcy/insolvency can create a business environment and services that helps entrepreneurs save viable business and create more re-start companies**” (from DC2.0 AF).

This output remains open for improvements during DC2.0 project performance.

3 WP6 Business re-structuring outputs, activities and deliverables

WP 6 "Second-chance business re-structuring initiative" is a pilot action of Danube Chance 2.0 project, which aims to deliver financial and operational re-structuring of 3-5 honest failed entrepreneurs in each pilot country, willing to re-start the business with the help of professional acceleration. It tends to prepare a solid ground for honest failed entrepreneurs receiving a new chance to business success. Pilots facilitate the transfer and adoption of innovative and successful good policymaking insolvency practices among partner countries and validate new re-structuring measures in practice (linked to SO3).

From project AF:

Activity 6.1. Planning of local pilot second-chance “business re-structuring” initiatives are summarized in the scheme below: (Dec 2020)

Deliverables:

Deliverable D6.1.1

Report on the methodology of the local pilot second-chance "business re-structuring" initiative in SI by PP4, RO by PP3, DE by PP1, in MOL by ENI PP1 and in HR by PP7 (on financial and operational re-structuring);

Deliverable D6.1.2

Selection criteria for participants in the pilot action (financial and organizational re-structuring) and business fact sheets co-created by PP1, PP3, PP4, PP7, ENI PP1;

Deliverable D6.1.3

Memorandum of Understanding - Second-chance Entrepreneurship Expert Network (composed by Local Business Re-Structuring and Repair Advisory Groups) signed by PP1, PP3, PP4, PP7, ENI PP1 and second-chance entrepreneurs (linked to EUSDR PA9 target 1,2,4).

Activity 6.2 Implementation of local pilot second-chance "business re-structuring" initiatives

Deliverable D6.2.1

Local feasibility studies for the pilot action (development of high-profile restructuring assignments - 3-5 entrepreneurs per country) created by PP1, PP3, PP4, PP7, ENI PP1 (linked to EURSD PA8 target 4 "capacity building").

Deliverable D6.2.2

Report on local high-profile re-structuring initiatives co-created by PP1, PP3, PP4, PP7, ENI PP1 (linked to EUSDR PA9 target 4 "equal opportunities" and to PA9 target 2 creating less loss of entrepreneurial "skills and competences").

Deliverable D6.2.3

Thematic Capitalization Expert Workshop on Pilot Action Conclusions in the Danube region and beyond in HU by LP with the total cost of EUR3,000 for catering, room rental and speaker fees and travel (linked to EUSDR PA9 target 4 "equal opportunities").

Deliverable D6.2.4

Monitoring of business re-structuring initiatives (linked to WP4) compiled by PP4.

Outputs:

Output 6.1: Methodology for "business re-structuring"

Methodology for "business re-structuring" is a business acceleration model that aims to support honest failed entrepreneurs market re-entry while avoiding stigmatization. It means that the methodology does not only refer to business diagnostics but places emphasize on shaping business attitudes and perceptions linked to failure. The methodology is designed to accelerators and incubators dealing with entrepreneurs (mostly early-warning support) but not covering second-chance.

Output 6.2: Second-chance "business re-structuring" initiative

Second-chance "business re-structuring" initiative is a pilot testing and validation of "Trial and Error" Re-Design Transnational Academy and practical high-profile business re-structuring practices delivered in 4+1 Danube Chance 2.0 countries addressed to

enable more second-chance entrepreneurs (linked to SO2) and better re-structuring measures (linked to SO3).

Output 6.3: Monitoring of "business re-structuring" initiative

Monitoring of "business re-structuring" initiative is a complex activity that aims to add valuable input to WP4 "Second-Chance Entrepreneurship Community Strategy for the Danube region on the practical usage of second-chance policy options, measures and participatory approach. Pilot locations, DE (PP1), SI (PP4), HR (PP7), RO (PP3), MOL (ENI1) will be compared and conclusions will showcase necessary actions for strengthening second-chance ecosystems in the DR (linked to SO1).

Output 6.4: Cooperation Agreements

Cooperation agreements will be signed between pilot business re-structuring initiative country leads: DE (PP1), SI (PP4), HR (PP7), RO (PP3), MOL (ENI1) with second-chance entrepreneurs in order to make sure that second-chance entrepreneurs are committed towards their market re-entry as well as complete all the re-structuring mentoring sessions and integrate experts' recommendations into their business plans.

4 Developed methodological approach (D6.1.1, O6.1)

Deliverable D6.1.1

Report on the methodology of the local pilot second-chance "business re-structuring" initiative in SI by PP4, RO by PP3, DE by PP1, in MOL by ENI PP1 and in HR by PP7 (on financial and operational re-structuring);

Output 6.1:

Methodology for "business re-structuring"

Within the preparatory activity 6.1 Planning of local pilot second-chance „business re-structuring“ initiatives in Period 5 (1st of May, 2020 – 31st of October, 2020) a methodology for pilot activities was elaborated. The methodology was designed to define all stages of the pilot action implementation; from initial public call for the pilot action, to selection procedure of entrepreneurs, monitoring of the mentoring program etc.

The elaboration of Methodology for „business re-structuring“ was led and coordinated by PP4, PTP with involvement and close active collaboration with eight pilot DC2.0 partners.

4.1 Principles of methodology elaboration

Elaborated methodology is based on the following principles:

4.1.1 Joint creation of documents, deliverables and output(s)

From March 2020, regular WP6 meetings took place, where pilot project partners were informed about progress on prepared documents, deliverables, templates and phases. Presentation of progress was followed by active discussion. Partners had possibility to comment, add, correct, suggest and upgrade prepared draft documents. Final versions were co-created jointly by all pilot DC2.0 partners.

4.1.2 Flexibility rule and regional tailor-made solutions

In elaboration of Methodology for »business re-structuring«, principle of flexibility and regional tailor-made solutions was used. Some of prepared templates and supporting documents are not obligatory to be followed by all pilot partners, they are of informative nature and had to be adjusted according to national/regional conditions. All templates and supporting documents are prepared in English language and pilot partners had to translate them accordingly (if needed).

4.1.3 WP6 Infographics

Upon pilot partner's request, infographics for elaboration of WP6 was designed and regularly updated with new optimised solutions. Several versions were prepared before final version.

WP6 infographics contains following methodological information:

1. sequence of steps,
2. activities,
3. deliverables,
4. needed templates,
5. deadlines,
6. WP6 leader tasks,
7. pilot partners tasks,
8. outputs.

4.1.4 Summarising

Summarizing is a method to identify the most important ideas, to ignore irrelevant information, and to integrate the central ideas in a meaningful way.

Business acceleration is focused on business diagnostics and building confidence in a second-chance entrepreneurs.

4.2 Methodology: documents and templates

Elaborated methodology includes several documents (supporting documents/templates, deliverables structure templates, output structure templates) that were prepared within Activity 6.1. Planning of local pilot second-chance “business re-structuring” initiatives:

In process of elaboration of Methodology for »business-re-structuring«, twelve documents (annexes of this output) were designed, finalized and included in methodology (after extensive discussion in DC2.0 pilot partner consortium):

1. **Invitation for business coaching/mentoring/mentoring template** (supporting document) – methodology **Annex 1**;
2. **Application form template** (obligate to follow) - methodology **Annex 2**;
3. **Business questionnaire template** (core document, obligate to follow)- methodology **Annex 3**;
4. **D6.1.2-1 Selection criteria for the participants of the pilot action 1/3** (deliverable, part 1) – methodology **Annex 4**;
5. **D6.1.2-2 Selection tool for participants of the pilot action, Selection criteria for the participants of the pilot action 2/3**, (deliverable, part 2) – methodology **Annex 5**;
6. **D6.1.2-3 Report on the selection process of entrepreneurs for the pilot action template, Selection criteria for the participants of the pilot action 3/3**, (deliverable, part 3, obligate to follow) – methodology **Annex 6**;
7. **O6.4 CA between DC2.0 project partner and entrepreneur in pilot action template** (output template, supporting document) - – methodology **Annex 7**;
8. **D6.1.3 MoU between DC2.0 project partner and expert template** (deliverable template, supporting document) – methodology **Annex 8**;
9. **Report on meeting with 2nd chance entrepreneur template** (obligate to follow) – methodology **Annex 9**;
10. **Action plan template** (obligate to follow) – methodology **Annex 10**;
11. **D6.2.1 Local Feasibility Study for the pilot action template** (obligate to follow) – methodology **Annex 11**;

12. **2nd chance coaching/mentoring guidelines** (supporting document) – methodology **Annex 12.**
13. **Exerpt from project AF – Annex 13.**

In the beginning of period 6, three additional deliverables and output templates were designed:

1. D6.2.2. Report on local high-profile re-structuring initiatives template, **Annex 14,**
2. D6.2.4 Monitoring of business re-structuring initiatives (linked to WP4) compiled by PP4 template in the form of “Summarised business questionnaire”, **Annex 15** and **Annex 16,**
3. O6.3 Monitoring of »business re-structuring« initiative “One pager” template designed by colleague from IFKA, LP Ms. Horváth-Karip Krisztina **Annex 17.**

Some templates were obligate to follow in order data to be comparable and of the same structure for elaboration of deliverables and outputs within Activity 6.2 Implementation of local pilot second-chance »business re-structuring« initiatives.

Obligatory templates:

1. Application form template- methodology **Annex 2;**
2. Business questionnaire template, general core document- methodology **Annex 3,** to be filled-in 3 times:
 - a. At **start** - filled-in by pilot entrepreneur;
 - b. At coaching/mentoring **start** - Filled-in jointly by entrepreneur and coach/mentor;
 - c. At coaching/mentoring **end** - Filled-in jointly by entrepreneur and coach/mentor;
3. D6.1.2-3 Report on the selection process of entrepreneurs for the pilot action template, Selection criteria for the participants of the pilot action, (deliverable, part 3) – methodology **Annex 6**
4. Report on meeting with 2nd chance entrepreneur template – methodology **Annex 9;**
5. Action plan template– methodology **Annex 10;**
6. D6.2.1 Local Feasibility Study for the pilot action template – methodology **Annex 11,**
7. D6.2.2. Report on local high-profile re-structuring initiatives template, **Annex 14,**
8. D6.2.4 Monitoring of business re-structuring initiatives (linked to WP4) compiled by PP4 template and form of “Summarised numerical business questionnaire”, **Annex 15** and **Annex 16.** Summarised business questionnaire has to be filled-in 3 times:
 - a. At **start** - filled-in by pilot entrepreneur;

- b. At coaching/mentoring **start** - Filled-in jointly by entrepreneur and coach/mentor;
- c. At coaching/mentoring **end** - Filled-in jointly by entrepreneur and coach/mentor;
9. O6.3 Monitoring of »business re-structuring« initiative “One pager” template designed by colleague from IFKA, LP Ms. Horváth-Karip Krisztina **Annex 17**.

Supporting (non-obligatory) templates are:

1. Publication invitation template (supporting document) – methodology **Annex 1**;
2. D6.1.3 MoU between DC2.0 project partner and expert template (deliverable, supporting document) – methodology **Annex 7**.

Deliverables and outputs included in methodology for »business restructuring«

Some documents from prepared annexes are part of elaborated methodology structure and at the same time fully or partly represent deliverable or output:

1. D6.1.2-1 Selection criteria for the participants of the pilot action 1/3 (deliverable, part 1) – methodology **Annex 4**;
2. D6.1.2-2 Selection tool for participants of the pilot action, Selection criteria for the participants of the pilot action 2/3, (deliverable, part 2) – methodology **Annex 5**;
3. D6.1.2-3 Report on the selection process of entrepreneurs for the pilot action template, Selection criteria for the participants of the pilot action 3/3, (deliverable, part 3, obligate to follow) – methodology **Annex 6**;
4. O6.4 CA between DC2.0 project partner and entrepreneur in pilot action template (output template, supporting document) – methodology **Annex 7**;
5. D6.1.3 MoU between DC2.0 project partner and expert template (deliverable template, supporting document) – methodology **Annex 8**;
6. D6.2.1 Local Feasibility Study for the pilot action template (obligate to follow) – methodology **Annex 11**.
7. D6.2.2. Report on local high-profile re-structuring initiatives template, **Annex 14**,
8. D6.2.4 Monitoring of business re-structuring initiatives (linked to WP4) compiled by PP4 template and form of “Summarised numerical business questionnaire”, **Annex 15** and **Annex 16**. Summarised business questionnaire has to be filled-in 3 times:
9. O6.3 Monitoring of »business re-structuring« initiative “One pager” template designed by colleague from IFKA, LP Ms. Horváth-Karip Krisztina **Annex 17**.

After multiple draft versions of methodology proposals prepared by PP4, PTP, and monthly WP6 meetings with where discussions, suggestions, comments, optimisations took place within the pilot project partners consortium, the final version of methodology for „business-restructuring“ was prepared.

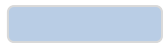
Methodology for „business-restructuring is presented in the form of WP6 infographics scheme containing:

1. methodological sequence of steps,
2. activities,
3. deliverables,
4. outputs,
5. needed templates (obligatory and informative),
6. timeline/deadlines,
7. leader tasks,
8. pilot partners tasks.

Legend:



Task to be elaborated or wrapped by WP leader



Task to be elaborated by all partners



Support document or activity

Characters in red colour

Deliverable or output

Characters in blue colour

Task to be elaborated by each pilot partner

More information you can find in deliverable and output document:

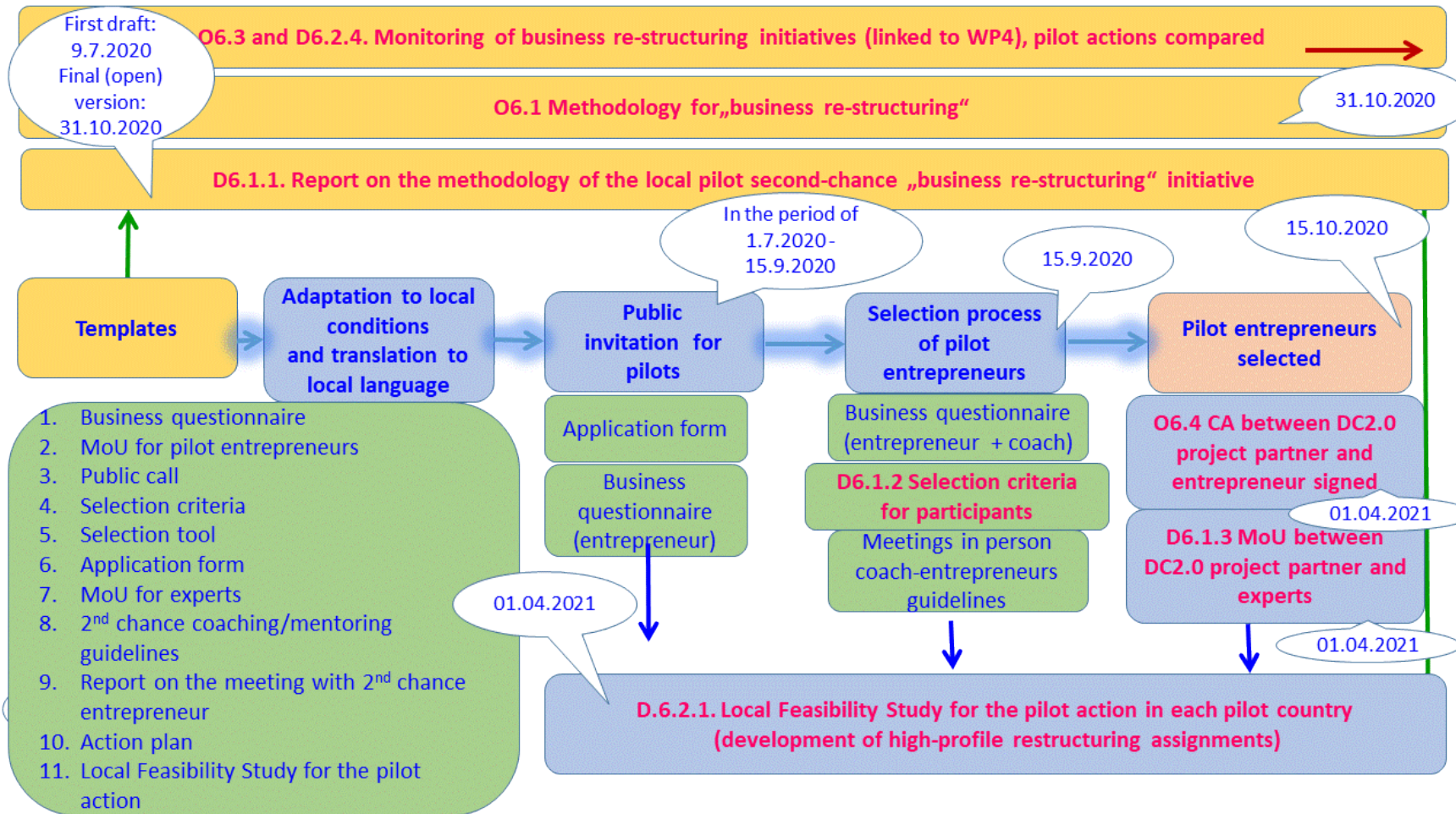
Deliverable D6.1.1

Report on the methodology of the local pilot second-chance "business re-structuring" initiative in SI by PP4, RO by PP3, DE by PP1, in MOL by ENI PP1 and in HR by PP7 (on financial and operational re-structuring);

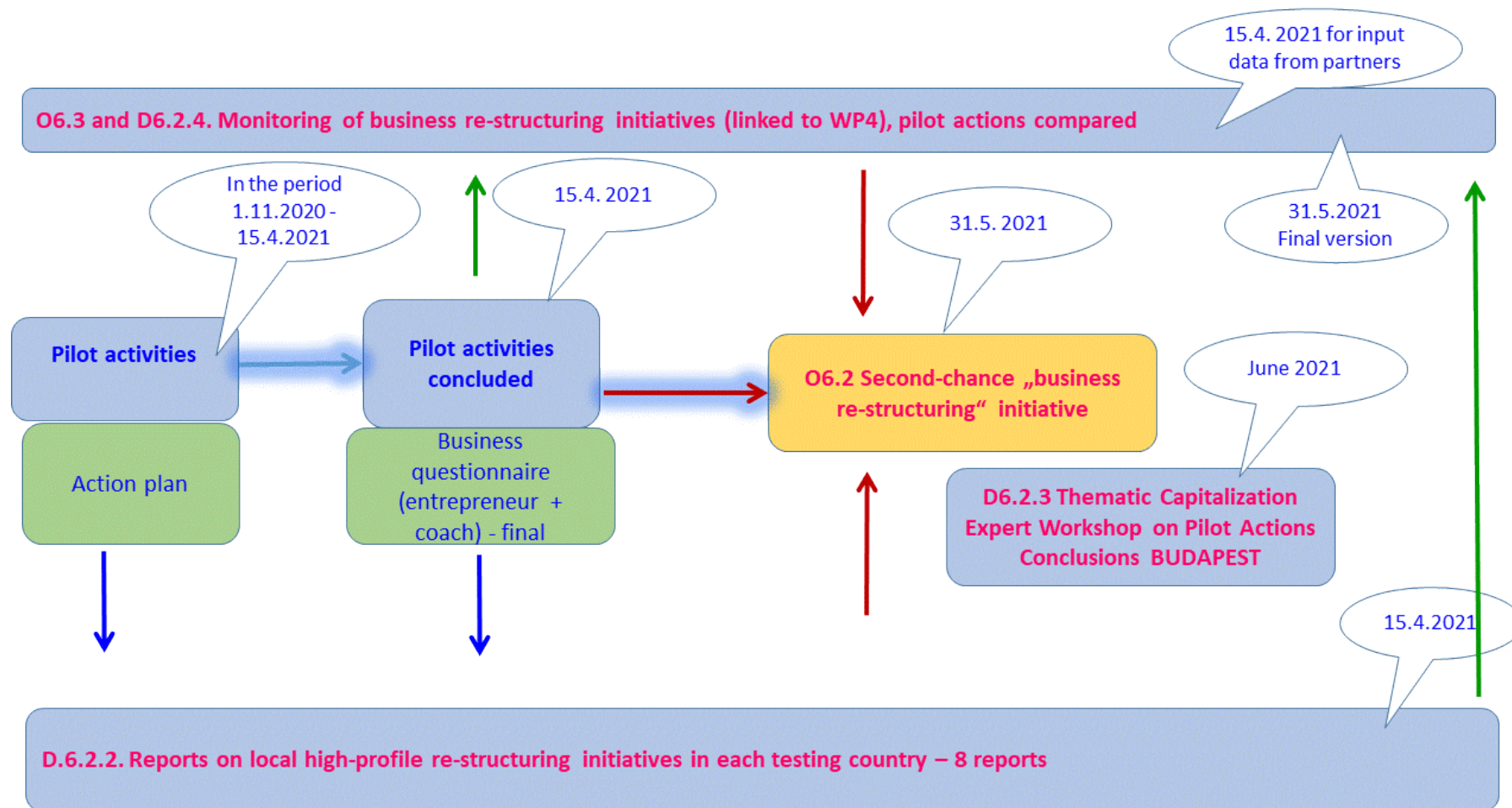
Output 6.1

Methodology for "business re-structuring"

WP6 methodology „business re-structuring“ infographics – part 1



WP6 methodology „business re-structuring“ infographics – part 2



5 Selection criteria for participants in the pilot action (D6.1.2)

Deliverable/output:

D6.1.2 Selection criteria for participants in the pilot action

This deliverable consists of 3 documents:

5.1 Selection criteria for the participants of the pilot action

WP 6 "Second-chance business re-structuring initiative" aims to deliver financial and operational re-structuring of 3-5 honest failed entrepreneurs in each pilot country, willing to re-start the business with the help of professional acceleration. These honest entrepreneurs need to be carefully selected for the pilot action. Therefore, 6 selection criteria were defined, which are presented in the deliverable D6.1.2. The entrepreneurs, who apply for the pilot action, are evaluated with a help of a selection tool based on following criteria:

- Status of the company / The entrepreneur`s situation
- The participant is honest, providing all necessary information
- The entrepreneur has an innovative business idea.
- Potential for the Re-start / Market Re-entry of the entrepreneur
- The level of motivation and willingness to cooperate in pilot activities
- The level of potential support / help within the project partner

Filled-out business questionnaires and in-person meetings / interviews with expert coaches provide input for the selection procedure.

5.2 Selection tool

Based on the defined six selection criteria an easy-to-use selection tool was developed in order to enable a fair and simple selection procedure. For every entrepreneur one template of the Selection Tool needs to be filled-out. In this tool each of the six selection criteria needs to be evaluated with a score from 1 to 5. The overall minimum score is 6, the maximum score is 30.

After all participants are evaluated with a selection tool, a short selection report is prepared, that summarize the selection results.

5.3 Report on the selection process of entrepreneurs for the pilot action template

Template of report on the selection process of entrepreneurs for the pilot action was prepared.

5.4 Results of the selection process of entrepreneurs for the pilot action per pilot country

The selection process was carried out with the help of the Selection criteria Tool, which was developed by ERDF PP4 within the Danube Chance 2.0 project.

The evaluation was carried out based on following **6 selection criteria**:

	SCORE
1 - Status of the company / The entrepreneur`s situation	5
2 - The participant is honest, providing all necessary information.	5
3 - The entrepreneur has an innovative business idea.	5
4 - Potential for the Re-start / Market Re-entry of the entrepreneur	5
5 - The level of motivation and willingness to cooperate in pilot activities	5
6 - The level of potential support / help within the project partner	5
MAX TOTAL SCORE	30

Lead partner IFKA has adapted the selection process to their own needs. The selection criteria were slightly changed and expanded. Additionally, the 7 criteria were not of equal importance in the selection process; the scores were not added together and a significance ratio was taken into account. The evaluation from IFKA was carried out based on the following 7 criteria:

	MAX SCORE	SIGNIFICANCE RATIO
1 - The level of motivation and willingness to cooperate in pilot activities	5	27%
2 - The level of potential support / help within the project partner	5	25%

3 - Potential for the Re-start / Market Re-entry of the entrepreneur	5	20%
4 - Providing sufficient information for the program as a pilot	5	10%
5 - The level of necessity of help for the entrepreneur	5	10%
6 - The level of thoughtfulness of his/her restart strategy	5	6%
7 - The level of availability of the applicant	5	2%
MAX TOTAL SCORE	5	

5.4.1 IFKA Public Benefit Nonprofit Ltd. for the Development of the Industry ERDF LP IFKA, HU

Nr. of received applications: 8 applications.

Date and number of evaluations: All **8 applicants** were evaluated on **October 19 2020**, based on received applications and filled-out business questionnaires.

The list of evaluated applicants, ranked from highest to lowest score

Nr.	Entrepreneur	Score
1.	János Wolford	4,59
2.	Péter Rettiger	4,08
3.	Zsolt Márkus	3,84
4.	Alíz Kurfis	3,6
5.	Zsuzsanna Csukás	3,52
6.	Györk Halász	3,18
7.	Gyöngyvér Péceli	3,06
8.	Mariann Benkovics	2,4

Conclusion:

The first **4 applicants**/entrepreneurs were selected and were included in the pilot business re-structuring incubation model started in November 2020.

5.4.2 Steinbeis 2i GmbH, ERDF PPI SEZ/S2i, DE

Nr. of received applications: 4 applications

Date and number of evaluations: All 4 applicants were evaluated on 26th October based on received applications and filled-out business questionnaires.

The list of evaluated applicants, ranked from highest to lowest score

Nr.	Entrepreneur	Score
1.	Kristine Simonis	28
2.	Philipp Fahrenkrog	25
3.	Joachim Vogt	22
4.	Ewald Schulz	16

Conclusion:

Three out of four applicants/entrepreneurs were selected and were included in the pilot business re-structuring incubation model started in November 2020.

5.4.3 Technical University of Cluj-Napoca, ERDF PP2 UTC-N, RO

Nr. of received applications: 3 applications.

Date and number of evaluations: We did not need a selection process, because only 3 companies that applied (minimum involved entrepreneurs is 3)

The list applicants

Nr.	Entrepreneur	Score
1.	PFA George Ilea Augustin, production of handicraft materials	
2.	SC Armenopolis SA, services	
3.	SC CAN STEEL PRODUCTION SRL, metal fabrication	

Conclusion:

We had 3 companies that applied, equal with the minimum numbers of companies needed per project partner.

5.4.4 Pomurje Technology Park, ERDF PP4 PTP, SI – WP6 leader

Nr. of received applications: 4 applications.

Date and number of evaluations: All 4 applicants were evaluated on **October 14 2020**, based on received applications and filled-out business questionnaires.

The list of evaluated applicants, ranked from highest to lowest score

Nr.	Entrepreneur	Score
1.	Sandra Svetec	28
2.	Damir Sijanta	27
3.	Kristian Pertoci, Klaudia Pertoci	26
4.	Simona Bukovec	23

Conclusion:

All **4 applicants**/entrepreneurs were selected and included in the pilot business re-structuring incubation model started in November 2020.

5.4.5 Centre for Entrepreneurship Osijek, ERDF PP7 CFE, HR

Nr. of received applications: 17

Date and number of evaluations: OCTOBER, 4 EVALUATIONS

The list of evaluated applicants, ranked from highest to lowest score

Nr.	Entrepreneur	Score
1.	Enterprise 1	28
2.	Enterprise 2	28
3.	Enterprise 3	28
4.	Enterprise 4	25

Conclusion:

3 of 4 applicants were selected and entered the pilot business re-structuring incubation model, that started in November 2020.

5.4.6 CCIS Serbian Chamber of Commerce and Industry IPA PPI, RS

Number of received applications: 5

Date and number of evaluations: date/ 5 evaluations

The list of evaluated applicants, ranked from highest to lowest score

Nr.	Entrepreneur	Score
1.	Marko Panic - SmartResearch	27

2.	Marija Ivankovic – Marija Handmade	26
3.	Vesna Njegic – Pekara Kljuc	26
4.	Bojana Dabic - Protinica	26
5.	Sanja Milosavljevic – WAW Milos	26

Conclusion:

All entrepreneurs achieved a good score. Marko had a slight advantage, according to the most innovative business idea. Analysing the other 5 criteria, they all had equally good score according to the professionalism and good cooperation with the mentor that had been achieved.

5.4.7 RARS Development Agency of the Republic of Srpska, IPA PP2, BiH

Nr. of received applications: 8

Date and number of evaluations: 28.10.2020 – 03.11.2020. 7 evaluations

The list of evaluated applicants, ranked from highest to lowest score

Nr.	Entrepreneur	Score
1.	“Eternella natural cosmetics” Bijeljina	30
2.	Resolution studio design Banja Luka	27
3.	SP “Brankica” Banja Luka	26
4.	Agencija za savjetovanje “Pravda” Bijeljina	24
5.	“Veni, vidi, vici” d.o.o. Gradiška	22

Conclusion:

Eight (8) applications were received for participation in the pilot program. Five (5) entrepreneurs were selected and participated in the pilot program. One applicant was declined because he did not meet the conditions specified in the public invitation, two applicants did not accept participation in pilot program (they did not fill in the Business questionnaire).

5.4.8 Organization for Small and Medium Enterprise Sector Development, ENI MD PPI ODIMM, MD

Nr. of received applications: 9 applications.

Date and number of evaluations: All **9 applicants** were evaluated on **October 13 2020**, based on received applications and filled-out business questionnaires.

The list of evaluated applicants, ranked from highest to lowest score

Nr.	Entrepreneur	Score
1.	S.R.L. Ecoideea”	25
2.	G.Ț. Valentina Buhna	24
3.	S.R.L. Dimtact-Agro	23
4.	S.R.L. ODILIN	23
5.	G. Ț. Maria Bobeica	22
6.	S.R.L. Proalfa Service	20
7.	Îl Grincu Mariana	19
8.	Îl Diana Cepraga	18
9.	S.R.L. Activ Contabil	18

Conclusion:

Out of 9 applicants were selected 5 entrepreneurs who got the highest score and included in the pilot business re-structuring incubation model starting in November 2020.

6 MoU between DC2.0 project partner and expert (D6.1.3)

Deliverable/output:

D6.1.3 MoU between DC2.0 project partner and expert template

Application form foresees the design of a Memorandum of Understanding (MoU) template with a purpose to define terms of cooperation between the project partner of Danube Chance 2.0 (DC2.0) and the business specialist/ /coach/mentor/advisor for in-depth expertise/coaching/mentoring, where specific action is required. The elaborated MoU template defines objectives of the DC 2.0 WP6 Business financial and operational re-structuring, the aim of the business incubation/acceleration (working approach, coaching/mentoring tasks and results of the mentoring/workflow) and commitment/obligation of parties.

From March 2020, regular WP6 meetings took place where pilot project partners were informed about progress on prepared documents and had the possibility to comment, add, correct, suggest and upgrade prepared draft documents.

Therefore, the MoU template was designed jointly with a flexibility rule as a help document, of informative, supporting nature for pilot action PP`s. Based on regional/local tailored-made form of cooperation between DC2.0 pilot action PP and second-chance entrepreneur the template was adjusted to regional/local conditions and translated into the official language of the PP country, if needed.

26 MoU`s were signed on a consortium level. However, **34 experts** were involved in the mentoring program. Namely, Lead project partner IFKA signed the MoU with an external expert (Békéssy László István), who provided additional 2 experts for the mentoring program. Serbian project partner CCIS (IPA ENI 1) signed an MoU with a consulting company “Glenfield training and consulting”, which provided 7 experts with different areas of expertise. 7 experts worked with 5 entrepreneurs, depending on the specific needs of the mentees.

PROJECT PARTNER	Nr. of signed MoU`s
IFKA (Hungary)	2
SEZ/S2i (Germany)	3
UTC-N (Romania)	3

PTP (Slovenia)	6
CFE (Croatia)	4
ODIMM (Moldova)	2
CCIS (Serbia)	1
RARS (BIH; Republic of Srpska)	5

15 out of 26 MoU`s were signed in English language (PTP, RARS, CCIS, UTC-N) and 11 out of 26 were translated to (and signed) in the official languages of the PP countries.

List of experts (mentors, coaches, business specialists):

1. Békéssy László István, HU
2. P. Tóth András, HU
3. György Káli, HU
4. Anikó Soltész, HU
5. Bert Overlack, DE
6. Alexandra Rudl, DE
7. Christoph Kuzinski, DE
8. Mihai Dragomir, RO
9. Sorin Popescu, RO
10. Anca Constantinescu Dobra, RO
11. Boštjan Flegar, SI
12. Tomaž Lapoša, SI
13. Aleksandra Krumpak, SI
14. Marjetka Jakob, SI
15. Nina Jelenovec, SI
16. Branko Mavrič, SI
17. Ivan Papić, HR
18. Krešimir Delač, HR
19. Diana Viduka, HR
20. Vedrana Mataja, HR
21. Gojko Vučinić, RS
22. Vojislav Ignjatov, RS
23. Miloš Aleksić, RS
24. Aleksandar Radulović, RS
25. Saša Stevanović, RS
26. Nenad Čečević, RS

27. Ivana Marinović Matović, RS
28. Dejan Šešlija, BH
29. Marica Berić, BH
30. Maja Knežević, BH
31. Mićo Savanović, BH
32. Aleksandar Vuković, BH
33. Irina Selevestru, MD
34. Fiodor Lupascu, MD.

7 Use of developed methodology and its adjustments in pilot countries

Pilot project partner	Public call	Business questionnaire	Selection process	Cooperation Agreement (CA) DC2.0 pilot partner and 2 nd chance entrepreneur	Memorandum of Understanding (MoU) DC2.0 pilot partner and experts
IFKA ERDF LP, HU	Yes, adjusted version in Hungarian	Yes. Numerical part: Starting and final evaluation by pilot entrepreneur (1,3)	Yes	CA adjusted and translated in Hungarian, N°. of signed CA: 4	Adjusted version in Hungarian language, N°. of signed MoU: 2 signed MoU for 4 experts
S2i ERDF PPI, DE	Yes, adjusted version in German	Starting and final evaluation by pilot entrepreneur: 1 and 3	Yes	CA adjusted and translated in German, N°. of signed CA: 3	Adjusted version in German language, N°. of signed MoU: 3
TUCN ERDF PP2, RO	Yes, adjusted version in Romanian	Completed for all pilot entrepreneurs, including all 3 numerical evaluations	Not needed because just 3 companies applied	Use of English version as provided by PP4, N°. of signed CA: 3	English version as provided by PP4, N°. of signed MoU: 3
PTP ERDF PP4, SI	Yes, adjusted version in Slovenian	Completed for all pilot entrepreneurs, including all 3 numerical evaluations	Yes	CA adjusted and translated in Slovene, N°. of signed CA: 4	English version, N°. of signed MoU: 6
CFE ERDF PP7, HR	Yes, adjusted	Completed for all pilot entrepreneurs,	Yes	CA adjusted and translated in Croatian, N°. of signed CA: 3	Adjusted version in Croatian language, N°. of signed MoU: 4

	version in Croatian	including all 3 numerical evaluations			
CCIS IPA PP1, RS	Yes, adjusted version in Serbian	Completed for all pilot entrepreneurs, including all 3 numerical evaluations	Yes	Use of English version as provided by PP4, N°. of signed CA: 5	English version, N°. of signed MoU: 1 for 7 experts
RARS IPA 2, BH	Yes, adjusted version in Bosnian	Completed for all pilot entrepreneurs, including all 3 numerical evaluations	Yes	Use of English version as provided by PP4, N°. of signed CA: 5	English version, N°. of signed MoU: 5
ODIMM ENI PP1, MD	Yes, adjusted version in Moldavian	Completed for all pilot entrepreneurs, including all 3 numerical evaluations	Yes	CA adjusted and translated in Moldavian, N°. of signed CA: 5	Adjusted version in Moldavian language, N°. of signed MoU: 2

N° of 2nd chance entrepreneurs: 32

**N° of MoU: 26
N° of experts: 34**

The terms of cooperation between experts and pilot PP`s were defined with MoU`s. In total, 26 MoU`s were signed, however, 34 experts were involved in the mentoring program. Some MoU`s were signed with company providing experts.

8 Conclusions of the pilot partners from feasibility studies and reports on implementation of local pilot second-chance “business re-structuring” initiatives (D6.2.1, D6.2.2)

D6.2.1 Local Feasibility Study for the pilot action

D6.2.2 Report on local high-profile re-structuring initiatives

8.1 IFKA Public Benefit Nonprofit Ltd. for the Development of the Industry ERDF LP IFKA, HU

The incubation process is very complex for second chance companies. It should be noted that due to their difficult situation they are a very sensitive target group. They are hard to reach, even harder to address and involve. Based on the feedback, we can say that the applicant companies have already started to think about the issues that are important for their development, but have not yet arisen, as a result of the conversation / interview with the IFKA consultant. With regard to mentoring, it was highlighted that it was important to them that the mentors were all credible professionals with entrepreneurial experience.

At the beginning of the process, all mentored companies were sceptical that they would be able to develop in the online space “only” through conversation. By the end of the process, however, they all understood that the focused conversation gave them an opportunity to rethink their business, define their goals more precisely, and learn about one or more other perspectives.

The biggest lesson for IFKA is that the whole process can be implemented online. The commitment of mentors and mentees, as well as timely delivery, could be maintained through monthly group discussions. Creating an atmosphere of trust was very important, but this was already achieved by the consultants during the first telephone or online interview.

If we want to reach and involve more companies, we will have to use several advertising and marketing channels next time (*conclusions from **Local Feasibility Study for the pilot action report***).

Three of four selected companies were saved. We could help them to survive. This is a great success. The fourth company is temporary closed, but hopefully also this entrepreneur can restart at the end of 2021.

It was very useful that the mentors used different tools according to the clients' needs.

What worked well?

- spreading the information about the possibility was quite easy: we launched an announcement on IFKA's web page and we shared the information in our network through social media
- mentors were flexible, they accepted the mentee we found for them
- we organised mentor supervision meetings online once every month from November till February. These events were useful for the mentors and for us as well. They could exchange their experiences and we could follow the process. There was a good possibility to ask for help and to accept it.
- Mentees were really satisfied with the mentor process.
-

What worked less well?

- it was difficult to reject the four companies that were not included in the sample
- one of the mentees disappeared for 2 weeks during the process, we were scared – at the end we could reach him only through his daughter. Fortunately, he understood why it was necessary to continue the process even as his situation became increasingly difficult. He didn't miss any occasion after that.

The mentors tailored the mentoring process to the different needs. The following support was personally implemented: development of a complex marketing plan, resolution of role conflicts, modification of the company profile, assistance in the proper management of the workforce, market analysis, new business plan.

It would be important to take forward the possibility of the freedom of creativity. For mentors and project partners as well (*conclusions from Report on local high-profile re-structuring initiatives*).

8.2 Steinbeis 2i GmbH, ERDF PPI SEZ/S2i, DE

When it comes to second-chance, Germany is highly ranked in comparison to other EU countries. However, the fear of failure is still present, but less than in other countries. Since several years, the concept of failure is being democratized and publicly addressed, e.g. fuck-up nights where failed entrepreneurs talked about their failure and re-starting experiences. Additionally, the social company, TEAMU, a network composed by failed entrepreneurs who successfully re-started by

providing support and helping entrepreneurs in distress or went through bankruptcy. This network is also the one implementing the Re-Starter Trainings.

A concrete cultural change is taking place in Germany and the public bodies are mobilizing the necessary funds and expertise to help entrepreneurs in difficulties. The COVID-19 crisis has intensified the policy formulation process on second chance and shows the need for such incubation programmes such as the one of DC2.0 (*conclusions from **Local Feasibility Study for the pilot action report***).

The incubation program has been implemented at the right time: due to the COVID-19 pandemic there has been an even higher and more urgent need for entrepreneurial assistance and personal coaching.

In Germany, three out of four applicants went through the incubation programme. Unfortunately, we had to reject the fourth applicant. This has not been easy for us, but it was not feasible, because the entrepreneur in question was not open to consultative mentoring.

The three selected entrepreneurs were successfully accompanied to be able to realise a re-start. They have been matched with the best suited experts according to their individual personality and specific needs. We were very happy to see that all three mentor/mentee-teams harmonized perfectly and worked together in a very effective and target-oriented way. The mentors used each different tools and methods, tailored to their specific mentee's needs, which showed to be the most effective way to tackle their individual challenges. The personal one-on-one coaching furthermore allowed to create a safe and trustful environment where the entrepreneurs felt comfortable to really open-up and share their story. This enabled them to successfully identify and work on their weaknesses to finally be ready to start again, equipped with new self-confidence and useful insights.

The documents (templates) provided were clear and easy to understand. However, regarding the reporting process, it would be appreciated to reduce the number of different deliverables. The process to finalize all of them in a decent way is very time-consuming and since most of the information relies on the reports delivered by mentors and mentees, we could avoid redundant deliverables repeating exactly the same content as in the individual reports (*conclusions from **Report on local high-profile re-structuring initiatives***).

8.3 Technical University of Cluj-Napoca, ERDF PP2 UTC-N, RO

There is a great need for this type of programs in Romania. The DC 2.0 project offers mentoring sessions and advice for business in difficulties. Access to best practices and regular meetings with companies and mentors represents opportunities that must be promoted and implemented at European level.

The mentoring sessions helped the entrepreneurs to understand the next steps that needs to be taken into their business. Also, the confidence increased for most of them, due to the fact that they have seen that from each step's lessons need to be learned, and that failure is not the end. Working with companies, mentors noted that financial help is necessary in order to provide a real help for companies.

Also, there is a need to support the entrepreneurship education at national level, in order to prepare young people to own positive business values and discipline, to be able to innovate, to test and to open new business. A new entrepreneurial culture is important to create employment opportunities in today's global economy (*conclusions from **Local Feasibility Study for the pilot action report***).

The mentoring programme is very well structured and organised. Both the mentors and the mentees understood the received templates, being very easy to complete them. The program is easy to implement, and it is a real help for entrepreneurs.

- It was difficult to deal with financial subjects. In general, discussions of this kind were carried out at a theoretical level, and the entrepreneur decided which is the best approach, by his own.
- The meetings number were limited by the short time the entrepreneur and the mentor had had. Everyone was aware that it was in their interest to have the meetings, but due to many daily problems needed to be solved, there were many postponements.
- Financial help is more appealing than the mentoring session.
- Not all companies' documents could be consulted online, and face to face meetings have been avoided.
- The business questionnaire should strictly refer to the knowledge that the entrepreneur possesses, and not to the companies needs (*conclusions from **Report on local high-profile re-structuring initiatives***).

8.4 Pomurje Technology Park, ERDF PP4 PTP, SI – WP6 leader

Slovenia is one of the EU countries, which performs above the EU average on the 'second chance' SBA principle, mostly due to the adoption of a simplified compulsory settlement procedure and improvements to the insolvency framework in past years. Furthermore, a very good national network of business support

organizations is established, which provides a high potential for “re-starters” support. However, so far only innovative start-ups and scale-ups are the supported. The present methodology, developed in the Pomurje Technology Park, certainly indicates the right way to develop second-chance entrepreneurship and an appropriate approach in supporting once-failed entrepreneurs.

Pomurje Technology Park has many years of experience in promoting entrepreneurship, developing entrepreneurial competencies, implementing educational activities in the form of “entrepreneurial school” and professional “business” workshops, which was obviously integrated into the preparation of the present methodology for implementing a support program for re-starters. We find that PTP elaborated the methodology based on its findings and experience from many years of practice. As a result, major modifications of the originally methodology and approach for local needs were not necessary.

Only minor technical changes and replacements of certain terminology were needed. They also simplified the way of collecting applications for a public invitation, namely a two-stage application, which on the one hand simplified the first steps for entrepreneurs, and on the other hand this way they began to communicate and work with applicants / entrepreneurs more individually.

We find that the presented pilot activities are certainly feasible and appropriate, knowing the economic, business and social environment in this region (*conclusions from **Local Feasibility Study for the pilot action report***).

We received 4 applications for the business incubation program. 3 out of 4 were potential re-starters and one entrepreneur/company was in the middle of a difficult, financial and general business situation. We didn` t rejected any of the applicants. All 4 were included into the mentoring program, which was carried out from November 2020 until April 2021. However, due to different reasons, business circumstances and individual approach, the mentoring with some of the mentees started later (December, January).

Numerous 1-on-1 mentoring meetings, in person and online, were held separately with mentees. The methodology, which was developed by us, supported the whole mentoring process by providing the needed data, insights into the business idea and into the crucial business situation in the era of COVID pandemic. And it was very helpful for mentees as well (e.g., business questionnaire), because through this they reflected their own business model, goals, inspirations, visions for the future; for some of them for the first time.

Based on the identified possible improvements from the BQ, we filled out (together with mentees) at the beginning the action plan, which was crucial for a structured mentoring process. With help of the action plan, we planned and executed the proposed activities more clearly and effectively. We defined the actions, responsibilities and deadlines, which lead to a visible progress for each of the included entrepreneurs.

Crucial for a successful implementation of the program was a trustful, confidential relationship and a regular communication with the mentees. Only this way the mentees opened up and were willing to share their fears and confidential, sensitive business information, so the help or services they receive were more appropriate and effective. This role of a “trustee” and a first contact point for the entrepreneurs (a coordinator and a mentor at the same time) had the PTP DC2.0 project staff; Krumpak, Lapoša. Depending on the needs and available expertise, other employees of PTP and external experts were involved during the program.

Another key to success was a completely tailor-made program. Entrepreneurs received individual support and guidance in fields, where it was most needed; from business modelling, to legal counselling, product improvement, production process optimization, digital marketing, visual identity, financial management etc.

Results of our work are pretty obvious. 2 entrepreneurs decided to register a new company during the mentoring process (Bukovec, Sijanta), 1 entrepreneur (Sandra Svetec; together with her partner Aleš Klajžar) started to intensively build a new trademark (WoodRocks) – official opening of a business will follow in next months, and 1 entrepreneur (Pertoci) started the re-organization of his business (beginning of the bankruptcy procedure; continuation of entrepreneurial activities within another company).

The completed program can be assessed as very successful. The only downsides were restrictions due to COVID pandemic (work from home; a ban on doing business in certain sectors, a ban on crossing the municipalities etc.), which prevented even more intensive and effective implementation of the program and hindered normal entrepreneurial activities (i.e., Bukovec; production of cakes – no weddings, events, all cafes, restaurants closed). Another downside is the lack of funding for mentees in this difficult situation; no budget for them within DC2.0 project and limited/no access to finance in general.

For WP7 we would recommend to continue the work started in WP6 with same approach and the developed methodology, as it has proven to be well structured and easy to use. Maybe we could/should just add minor corrections, modifications in certain tools.

The mentoring program has been very well received by entrepreneurs, which only proves that this kind of entrepreneurial support is missing and needed, especially for entrepreneurs who are starting again. Such activities, especially for the target group of re-starters, should also be included in national measures and strategies and financial resources, both for BSO`s and re-starters a for a fresh new start, should be provided for a sustainable, continuous fostering of second-chance entrepreneurship (*conclusions from **Report on local high-profile re-structuring initiatives***).

8.5 Centre for Entrepreneurship Osijek, ERDF PP7 CFE, HR

In the Republic of Croatia, there is a great need for this type of activity, at least in the area of Slavonia, more precisely Osijek-Baranja County, and the conclusion is based on a large number of entrepreneurs that applied for the mentoring program.

The methodology of approaching entrepreneurs is very simple and easy to understand, which is especially important because we have to take into account the different background of each entrepreneur. This program has shown that entrepreneurs really need the support of entrepreneurial support institutions.

The conclusion reached by the Center for Entrepreneurship is that it is not at all easy to get a pro bono mentor, and that it is necessary to have secured financial resources in order for some activities to be realized in the right way. That is why most of the mentors in this program were CFE employees.

In the conversation with entrepreneurs, we concluded that they are extremely satisfied with the whole process and believe that they have learned a lot, that they are now more ready to operate on a market and that through the mentoring process they received concrete solutions from mentors and improved their skills (*conclusions from **Local Feasibility Study for the pilot action report***).

The conclusion for the business incubation program is very easy to draw, unfortunately, due to very negative economic stress that have befallen entrepreneurs in all countries around the world which are the result of the negative impacts of the COVID-19 pandemic.

In the Republic of Croatia, there is a great need for this kind and approach to entrepreneurs, direct and concrete assistance to entrepreneurs, so this project, ie the mentoring program was an absolute hit and very desirable among entrepreneurs. The methodology itself has been developed very concretely and is easy to follow for both mentors and organizers, as well as entrepreneurs, and it is precisely by making it known to entrepreneurs and emphasizing this individual approach and mentoring.

Suggestions for improving the mentoring program would mainly refer to changing the name to “mentoring program” because it is easier to understand what to expect, on the other hand, while words like incubation are mostly associated with something that is just (for the first time) starting. Although the distinctions and way of using terminology are very clear to us, experts in the field, it is important to take into account that a large number of entrepreneurs are not familiar with that and

the terminology we use (if they did, they would not need our help), so we have to adapt to them, not them to us - this is applicable for the Republic of Croatia and we intend to continue to use the term mentoring program, while in other partner countries other names may work better, so it would be good to leave this part (as it has been so far) to each country to adapt to the specific needs of entrepreneurs.

What came out of our example, and we didn't expect it, is the fact that entrepreneurs wanted to get to know each other and share experiences together and what bothers them given that the topic of failure is still taboo, and this program provided them with a safe and protected environment where they can be honest with each other and thus learn from each other. In the Republic of Croatia, a great focus has been placed on the business model, given that the feedback from entrepreneurs was that they finally have a tool with which they can view their entire business in a more objective way than they could so far (***conclusions from Report on local high-profile re-structuring initiatives***).

8.6 CCIS Serbian Chamber of Commerce and Industry IPA PPI, RS

This Covid crisis made people less confident and increased fear of doing business in an uncertain environment.

Incubation program could help them to realize that some unpredicted and extraordinary circumstances could motivate them to change their business strategy and to find a way to improve their business indicators.

At the same time, the success of this program depends on the motivation of entrepreneurs as well as the competence of the mentor.

Based on that, CCIS engaged Glenfield company to provide mentoring support to participants in this incubation program, because of their vision to be the advisory services provider for SME and Banking community in the SEE region and a trusted partner to selected clients worldwide. Their mission is simple: to 'save business lives', and to help good companies prosper and grow to achieve their fullest potential. Their team consists of vastly experienced business practitioners, like-minded and motivated, each an expert in different aspects of business management. Together they create an unrivaled blend of 360' expertise, perspective, experience, and insight (***conclusions from Local Feasibility Study for the pilot action report***).

In addition to standard company life cycle, business environment is now facing difficulties due to the COVID-19 pandemic. Although we cannot precisely predict

the exact scope and extent of negative impact on the Serbian economy and its financial sector, at this stage we can assume that the impact will be difficult and substantial. Few months after declaring state of emergency and with implemented state aid programs, about 40,237¹ companies remain in blockade. Many companies had problems with turnover, deferred taxes and contributions are due next year, as well as continued loan payment that were in the moratorium. Impact of state measures will not turn out positive for everyone. Despite the best efforts of entrepreneurs and their staff, the necessity for social distancing has an impact on productivity, spending and investment.

Due to COVID-19 pandemic, mentoring meetings were, unfortunately, held online. Participants had a great desire and need for advisory services, which once again confirms that access to knowledge is one of the basic issues for everyone, especially for re-starters. One of the aggravating factors for their return to the market is also access to finance. Each of them stated that they are almost invisible to all financial institutions, which further makes their business and strategic planning difficult.

All participants were satisfied with the incubation program, also, they were motivated and engaged during the meetings. Although the cooperation was successful, offline meetings still have an advantage over online.

All participants said that it would be preferable to have one support program for enterprises in crisis which will integrate several segments:

- Self-assessment tool for companies
- Mentoring support to financially distressed companies
- Available financial support/funds

Based on our knowledge gained through the implementation of the incubation program recommendation for WP 7 could be:

- Help companies to redefine business strategy after 2020
- Educate companies about how to develop 5 years projections, Income Statement, and Balance Sheet based on defined business strategy, for period from 2020-2025
- It is important to create a Balance Sheet as well as 5 years projections starting from 2020, since, all companies had some specific situation during the Corona 19 crisis which influenced their business indicators
- To create a special tool for companies that will help them do define credit solvency and future investment capacity

¹ National Bank of Serbia data as of 31.12.2020.

Recommendations and improvements to be included in strategy:

Due to the current uncertainty, but the obvious negative impact of the Corona pandemic on the national economy, BSO organizations as well as national authorities could propose a set of measures to be implemented and thus contribute to wider economic stability in the country. The goal of most initiatives should be early detection of potential problems and support micro, small, medium-sized companies that are slowly drifting toward crisis and business owners who are dealing with bankruptcy procedures (before, during, and after). Activities should be focused on prevention meaning supporting company's not to fail rather than setting the environment stimulating second chance entrepreneurs.

The OECD analysis, among the recommendations for improving the sector of micro, small and medium-sized companies, states that it is necessary to work on improving the Early Warning System in order to effectively protect companies from bankruptcy and closure. It is stated that the owners of MSMEs tend to underestimate the financial problems they face and avoid taking measures to oppose them.

Organizations and institutions dealing with the improvement of the business environment for micro, small, medium-sized enterprises should certainly work on the early warning mechanism and thus help entrepreneurs to prevent potential problems they may face.

Based on the facts mentioned above as well as knowledge gained through the implementation of the project "Danube Chance 2.0", CCIS decided to create a program that will consist of several mutually integrated elements:



Implementation of this program will depend on potential donors who will show interest in this topic (*conclusions from **Report on local high-profile re-structuring initiatives***).

8.7 RARS Development Agency of the Republic of Srpska, IPA PP2, BiH

The methodology for the planning of local pilot second chance „business restructuring initiatives” prepared by WP6 leader Pomurje Technology Park is very good base for development of supporting program for second chance entrepreneurship. RARS used all templates for implementation of the local pilot action with minor changes in the Public call for mentoring/coaching (the name of document was changed to the Public invitation for providing mentoring services for entrepreneurs with business difficulties and in the text of the public invitation is emphasized that mentoring services will be provided by mentors using the knowledge, skills and competencies acquired in DanubeChance 2.0 project and the methodology developed in collaboration with the Japan International Cooperation Agency (JICA).

As institution with significant role in supporting to the establishment and development of SMEs in the Republic of Srpska/Bosnia and Herzegovina, RARS will use this methodology together with the methodology developed in collaboration with the Japan International Cooperation Agency (JICA) for preparing the Program for second chance entrepreneurship in the Republic of Srpska.

On this way RARS will provide support to SMEs in the Republic of Srpska which have a serious performance impact due to the COVID-19 outbreak, as well as to non-fraudulent entrepreneurs whose companies went into bankruptcy and ceased to exist to re-establish a new entity (*conclusions from **Local Feasibility Study for the pilot action report***).

- Conclusions on the implemented pilot action/business incubation program based on summaries of all pilot mentoring/coaching

Based on summaries of all pilot mentoring services for entrepreneurs with business difficulties implemented by the Development Agency of the Republic of Srpska (RARS) it can be concluded that start-ups are more interested for the mentoring support, than entrepreneurs with business difficulties and re-starters. Reason for that is the fact that start-ups don't have enough knowledge and skills for starting their businesses having in mind that they mostly start their business out of necessity. Common problems for entrepreneurs which participated in this pilot program are lack of finance, access to market and finding new customers/clients, etc. The mentoring support given to these entrepreneurs mostly were related to SWOT analysis, revision business plan, digital marketing and revision of business model.

- What worked well, what worked less well?

All entrepreneurs were actively participated in the mentoring process and successfully cooperate with mentors. This kind of support was something new for them. Also, RARS upgrade a new knowledge and competencies regarding to support entrepreneurs with business difficulties.

Having in mind that this pilot program was conducted during pandemic corona virus most of mentoring support was given online with impossibility of direct contact between entrepreneur and mentor that has influence on review of businesses.

Possible improvements for WP7 incubation programme should include training programme for entrepreneurs with business difficulties, financial support, consultancy support for specific areas and involvement of several institutions that provide support to entrepreneurs with business difficulties. Possible improvements should also relate to activities of raising awareness and visibility on the second chance entrepreneurship issues among relevant stakeholders and promotion of successful stories to mitigate public stigma on this category of entrepreneurs.

- Recommendations and improvements to be included in strategy?

Through experience gained during the implementation of the pilot programme, RARS recognized the need for preparation of the Programme for second chance entrepreneurship in the Republic of Srpska. The Programme should include training, mentoring support and financial support for entrepreneurs with business difficulties (conclusions from **Report on local high-profile re-structuring initiatives**).

8.8 Organization for Small and Medium Enterprise Sector Development, ENI MD PP1 ODIMM, MD

In the global and national economic context, the development and provision of appropriate support for entrepreneurs in distress has become a top priority for state institutions but also for business support organizations. The Local pilot second-chance "business re-structuring" initiative has proven to be a tailor made solution to the actual problems that the SMEs have to face worldwide. Even though the majority of the entrepreneurs lack liquidity to ensure their operation and the vast majority ask for financial support, the advice of an expert proves to be much more valuable when the company is in crisis. Professional assistance such as consulting, mentoring, coaching provided on time is a huge help for entrepreneurs in distress.

The methodology provided by PTP has been well designed and structured in such a way as to explain all the stages of selection, diagnosis and mentoring assistance for entrepreneurs in distress. In the process of implementing of this methodology, the following was found out. It is very important to create a team of specialized consultants capable of selecting participants, diagnosing the business and also to oversee the mentoring process.

Building up a good network of pro bono mentors is done over time so that both entrepreneurs and mentors can get acquainted with this concept. Therefore, in the first period of development of such a service it's very important to have secured financial resources in order to pay the specialized consultants and mentors that will work with the companies in distress.

At the end of the program the entrepreneurs not only gain useful knowledge but also confidence in their own strength and a clear action plan, that can help them overcome their problems (*conclusions from **Local Feasibility Study for the pilot action report***).

The mentoring programme for companies in distress, developed within DanubeChance2.0 project is well structured and delivered at the right time. The proposed methodology, was very clear and easy to follow.

The business incubation program in Moldova lasted one month. During the month of March, 5 entrepreneurs in financial distress received legal and financial advice from two experienced mentors. Unfortunately, one of the assisted entrepreneurs could no longer be saved and had to enter the insolvency procedure through restructuring. This case led us to conclude that the procedure for selecting entrepreneurs in distress to enter the program should include a more detailed financial diagnosis of the applicant. Also, it is very important to make the entrepreneur open up about their problems, for this we need an experienced consultant, able to establish a relationship of trust with the entrepreneur.

Nevertheless, we believe that the incubation programme for companies in distress in Moldova, was implemented with success. During some of the mentoring sessions the project manager was also present, which helped better understand the way of thinking of an entrepreneur in distress, what are the real problems he is facing and how to approach such an entrepreneur.

The entrepreneurs were also very pleased with the mentoring sessions they have received. The incubation program helped them understand that the issues they were focusing on, were not the real problems of their businesses and that they have to change their approach in order to improve their situation and adapt their business models to current economic context. At the same time, due to mentoring services, entrepreneurs have improved their skills in financial planning, human resources management, market research, branding, crisis management, communication and negotiation with banks and suppliers.

Some recommendations for improving the incubation program:

- Each case must be treated differently even if several entrepreneurs face the same problems, individual approach and holistic assistance are positive ways to support entrepreneurs in distress;
- The number of hours required for the consultation should be determined on the basis of the results of the company's diagnosis.
- In our case we provided an equal number of mentoring hours for each entrepreneur, for some of them it was enough, others needed more hours but we could not offer them;
- The quality of the mentoring sessions and the mentor's expertise is very important. Therefore, in the first period of development of such a service it is necessary to have secured financial resources in order to pay the specialized consultants and mentors that will work with the companies in distress;
- The diagnosis of the companies should be based on a much more detailed assessment questionnaire which would contain the economic indicators of the enterprise for the last 3-5 years of activity (*conclusions from **Report on local high-profile re-structuring initiatives***).

9 Summary and conclusions of “Monitoring of business re-structuring initiatives” (D6.2.4)

Deliverable/output:

D6.2.4 Monitoring of business re-structuring initiatives linked with to WP4

9.1 Short summary of monitoring results

Number of performed pilot actions:	32
Number of evaluated skills/needs indicators:	1612
Number of skills/needs indicators where progress was evaluated:	927
% of progress (average of all pilot countries) in comparison with total number of evaluations:	61,44%
Range of average progress % in different pilot countries:	38,85-89,10%
BI numerical value before pilot activity (average):	3,28
Range of starting numerical value in pilot countries (average):	2,63-4,15
Progress of BI numerical value (average) (min value 0 – max value 5)	0,64
Range of progress averages in pilot countries	0,30 - 0,97
Progress in skills/needs groups (average for all pilot countries - descending):	
Marketing	0,80
Sales	0,69
Product or service	0,67
Management/Administrative	0,65
	0,57

Finances	0,49
Personal business skills	0,45
Intangibles	0,68
Average	
Progress in Marketing by specific marketing indicators (average for all pilot countries-descending):	
<u>Strong and up to date online presence</u>	
Adequate marketing resources	1,17
Consistent advertising/promotion	0,85
Annual marketing planning	0,83
Regular marketing research and trend forecasting	0,77
Agile marketing strategies	0,69
Strong and consistent brand	0,67
Average	0,80
Progress in Sales by specific sales indicators (average for all pilot countries-descending):	
<u>Clear routes to market</u>	
Sales planning–prospecting to find new customers	1,03
Managing and motivating distribution channels	0,87
Pricing	0,86
Selling and negotiation skills	0,83
Customer service follow-up	0,73
Gather customer testimonials	0,61
Not overly reliant on one market or one customer	0,58
Managing your sales team	0,49
Tracking competitors	0,48
Average	0,69
Progress in Product or Service by specific product/service indicators (average for all pilot countries-descending):	
<u>External advisory expertise available</u>	
Product/service performance reviews	0,91
New product/service development	0,80
Strong technical knowledge	0,77
Cost effective purchasing	0,66
Profitable product lines/service	0,62
Packaging/design	0,57
Efficient production/service processes	0,57
Average	0,67
Progress in Management/administrative by specific management/administrative indicators (average for all pilot countries-descending):	

<u>Hiring employees</u>	0,75
General administration	0,71
Firing employees	0,65
Motivating employees	0,61
General management skills	0,60
Payroll handling	0,53
Average	0,65
Progress in Finances by specific financial indicators (average for all pilot countries-descending):	
<u>Cash flow planning</u>	0,73
Regular profit analysis	0,73
Credit control including debt collection	0,66
On time tax preparation	0,64
Billing, payables	0,57
Good knowledge of grant supports	0,51
Monthly profit and loss statements	0,48
Bank relationships	0,47
Bookkeeping	0,34
Average	0,57
Progress in Personal business skills by specific business skills indicators (average for all pilot countries-descending):	
<u>Online marketing experience</u>	0,66
Organizational skills	0,53
Computer skills	0,47
Oral presentation skills	0,46
Written communication skills	0,46
Presentation skills	0,34
Average	0,49
Progress in Intangibles by specific business skills indicators (average for all pilot countries-descending):	
<u>Ability to deal with failure</u>	0,71
Ability to work alone	0,48
Family support	0,46
Ability to manage risk and stress	0,42
Ability to work with and manage others	0,38
Ability to work long and hard	0,24
Average	0,45
Progress in skills/needs groups - overall (average for all pilot countries - descending):	
Strong and up to date online presence	1,17
Clear routes to market	1,03
External advisory expertise available	0,91
Sales planning–prospecting to find new customers	0,87

Managing and motivating distribution channels 0,86	
Adequate marketing resources	0,85
Pricing	0,83
Consistent advertising/promotion	0,83
Product / service performance reviews	0,80
New product / Service development	0,77
Annual marketing planning	0,77
Hiring employees	0,75
Selling and negotiation skills	0,73
Cash flow planning	0,73
Regular profit analysis	0,73
General administration	0,71
Ability to deal with failure	0,71
Regular marketing research and trend forecasting	0,69
Agile marketing strategies	0,67
Strong technical knowledge	0,66
Credit control including debt collection	0,66
Online marketing experience	0,66
Firing employees	0,65
On time tax preparation	0,64
Strong and consistent brand	0,63
Cost effective purchasing	0,62
Customer service follow-up	0,61
Motivating employees	0,61
General management skills	0,60
Gather customer testimonials	0,58
Profitable product lines / service	0,57
Packaging / Design	0,57
Billing, payables	0,57
Payroll handling	0,53
Organizational skills	0,53
Good knowledge of grant supports	0,51
Not overly reliant on one market or one customer	0,49
Managing your sales team	0,48
Monthly profit and loss statements	0,48
Ability to work alone	0,48
Bank relationships	0,47
Computer skills	0,47
Oral presentation skills	0,46
Written communication skills	0,46
Family support	0,46
Efficient production / service processes	0,45
Tracking competitors	0,43
Ability to manage risk and stress	0,42
Ability to work with and manage others	0,38
Bookeeping	0,34
Presentation skills	0,34
Ability to work long and hard	0,24

Average	0,68
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9.2 Final conclusions

The average of progress pilot activities in BI numerical value is **0,64 (in range 0,30 – 0,97)**, **927 BI** (from **total 1612**) were evaluation showed some progress. That represents **61,44% of all evaluated BI** and **statistically significant difference**.

Base for elaboration of DC2.0 WP6 Monitoring of “business re-structuring” initiative is **“Summarised numerical business questionnaire”**. So, partners inputs have unified structure in which included coachees/mentees (in collaboration with coaches/mentors) evaluated skills/needs before and after implementation of “business re-structuring” initiatives.

In pilot activities were included 8 partners from 8 countries (Bosnia and Herzegovina, Croatia, Germany, Hungary, Moldova, Romania, Serbia, Slovenia) where business environment, culture, entrepreneurial development, conditions... differs considerably.

Additionally, assessment of skills/needs is, by its very nature, subjective. Subjective evaluation is exactly what those words describe - an assessment or evaluation of something that is biased, opinionated, and even possibly highly influenced by the persons feelings.

How then we can compare subjective evaluations?

No matter the differences in business environment and subjectivity of assessment, the subjectivity becomes more and more objective with increased number in the sample. In this monitoring **1612 BI** were assessed (32 pilots, in each pilot 52 BI) so statistical objectivity reached good level.

10 Conclusions from one-pagers of “Monitoring of business re-structuring initiative” (06.3)

Deliverable/output:

06.3 Monitoring of business re-structuring initiative

The Danube Chance 2.0 pilot action was carried out in 8 countries. During the WP6 preparatory activities (A6.1) partners from Serbia (CCIS), Bosnia and Herzegovina – Republic of Srpska (RARS) and the lead partner from Hungary (IFKA) decided to join

partners from Slovenia (PTP), Germany (SEZ/S2i), Romania (UTC-N), Croatia (CFE) and Moldova (ODIMM) in the pilot action implementation.

32 entrepreneurs were included in practical second-chance acceleration and business plan re-make services for second-chance entrepreneurs. Project partners engaged in-house and/or external experts and mentors, who worked intensively and closely with entrepreneurs. In total, **34 mentors, coaches** were involved in the incubation program.

10.1 One pagers per pilot country/region

Each pilot DC2.0 project partner elaborate monitoring summary in the form of ONE-PAGER (O6.3). One-pagers for each pilot country are part of this overview output in the form of annexes to this documents from 1 to 8, as listed below:

Annex 1 - Monitoring one-pager: IFKA Public Benefit Nonprofit Ltd. for the Development of the Industry ERDF LP IFKA, HU

Annex 2 - Monitoring one-pager: Steinbeis 2i GmbH, ERDF PP1 SEZ/S2i, DE

Annex 3 - Monitoring one-pager: Technical University of Cluj-Napoca, ERDF PP2 UTC-N, RO

Annex 4 - Monitoring one-pager: Pomurje Technology Park, ERDF PP4 PTP, SI – WP6 leader

Annex 5 - Monitoring one-pager: Centre for Entrepreneurship Osijek, ERDF PP7 CFE, HR

Annex 6 - Monitoring one-pager: CCIS Serbian Chamber of Commerce and Industry IPA PP1, RS

Annex 7 - Monitoring one-pager: RARS Development Agency of the Republic of Srpska, IPA PP2, BiH

Annex 8 - Monitoring one-pager: Organization for Small and Medium Enterprise Sector Development, ENI MD PP1 ODIMM, MD

10.2 Final conclusions

Entrepreneurs received within a tailor-made mentoring program personalized support and gained new knowledge on different fields. The mentors **tailored the**

mentoring process to the different needs of entrepreneurs. Although the support was individually implemented, the content of mentoring was pretty similar in all countries. For example, mentors supported entrepreneurs in the field of business planning (with focus on SWOT analysis; new or modified business plan, adapted to the current market), resolution of role conflicts, marketing mix and development of a marketing plan, access to finance, market, supplier and customer analysis, modification of the company profile, assistance in the proper management of the workforce, development of new skills and knowledge and many more. Mentoring services were also related to providing other relevant information for the companies to restart business activities.

Due to a very **confidential business relationship** and a „friendly-like” open communication entrepreneurs were very satisfied with the guidance, mentoring. With our help, the entrepreneurs have learned how to make brave, decisive and calculated decisions regarding business management. Through mentoring program entrepreneurs got motivated and encouraged to take risks and develop new skill as a prerequisite for their future success.

In some cases, such as in Hungary (IFKA), partners have put a lot of emphasis on the **successful matching of the mentor and the entrepreneur**. In Hungary the initial step of the programme was to meet each of the candidates and assess their coaching needs. Concerning the requested expertise, they looked for the right coach and organised an initial contact between mentor and mentee. They put particular attention that both parties had a good feeling at a personal level with each other. The chemistry between them was very much important for the successful implementation of the coaching.

And in Serbia (CCIS) an additional benefit for participants was the business performance tracking tool, which was provided by the mentor. This tool serves participants, in the long run, to control the results of their companies on a monthly basis and measure the profitability of the business.

Based on the information received from the partners, we can conclude that the implementation of the pilot program was overall a success. The results are very encouraging and positive and certainly have a multiplicative and sustainable effect. But there is still room for progress and improvement, mostly in terms of financial support and access to finance for entrepreneurs. In the prolongation of the project (period 7), it is advised to include proposals for improvements in the second round of the mentoring program. As far as this is possible, of course.

11 Information on signed Cooperation agreements between second-chance entrepreneurs and DC2.O pilot partner (O6.4)

Deliverable/output:

O6.4 Cooperation Agreements

32 cooperation agreements were signed between pilot business re-structuring initiative country leads with second-chance entrepreneurs in order to make sure that second-chance entrepreneurs are committed towards their market re-entry as well as complete all the re-structuring mentoring sessions and integrate experts' recommendations into their business plans. This means on average 4 entrepreneurs per project partner institution.

PROJECT PARTNER	Nr. of signed CA`s
IFKA (Hungary)	4
SEZ/S2i (Germany)	3
UTC-N (Romania)	3
PTP (Slovenia)	4
CFE (Croatia)	3
ODIMM (Moldova)	5
CCIS (Serbia)	5
RARS (BIH; Republic of Srpska)	5

13 out of 32 cooperation agreements were signed in English language (UTC-N, CCIS, RARS) and 19 out of 32 CA`s were translated to (and signed) the official languages of the PP countries.