

## 2022 SME COUNTRY FACTSHEET'S EVIDENCE BACKGROUND DOCUMENT



# Croatia



This document faithfully reproduces evidence from various relevant sources, thus providing SME-focused “pure facts” in the form of concise facts. This factual information arises from national evidence, data and insights, such as the SME-relevant recent national studies, surveys, publications, policy measures, etc. (including those published only in the national language) as well as relevant international studies and other relevant sources, indicators and statistics.

### Table of contents of the SME-focused topics



KEY NOWCASTS & FORECASTS .....	2
ENVIRONMENTAL ASPECTS OF SUSTAINABILITY .....	2
SOCIAL ASPECTS OF SUSTAINABILITY .....	2
DIGITALISATION .....	3
INNOVATION .....	3
SKILLS .....	4
ADMINISTRATIVE BURDEN .....	4
REGULATORY OBSTACLES .....	5
ACCESS TO FINANCE .....	5
LATE PAYMENTS .....	6
ACCESS TO MARKETS .....	6
START-UP ENVIRONMENT .....	7
SCALE-UP ENVIRONMENT .....	7
IMPACT OF THE COVID-19 CRISIS .....	7
NATIONAL RECOVERY AND RESILIENCE PLAN .....	8
NATIONAL INDUSTRIAL ECOSYSTEMS * .....	8
OTHER RELEVANT TOPICS .....	9

Factual SME-related evidence	Source
<b>KEY NOWCASTS &amp; FORECASTS</b>  <b>KEY NOWCASTS &amp; FORECASTS</b>	
In 2021, SMEs in Croatia grew in terms of both value added and employment, with growth rates of 13.0% and 0.5%, respectively. While SME value added in 2021 exceeded pre-pandemic levels in 2019 by 5.8%, SME employment remained 1.5% below 2019 levels.	Estimates produced by JRC, based on figures from the Structural Business Statistics Database as well as provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database.
The <i>construction</i> ecosystem was one of the few ecosystems in Croatia that generated positive growth in both 2020 and 2021. SME employment grew by 3.4% in 2020 and by 2.3% in 2021, while SME value added increased by 7.1% and 9.4%, respectively.	Estimates produced by JRC, based on figures from the Structural Business Statistics Database as well as provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database.
The <i>tourism</i> and <i>retail</i> ecosystems achieved recovery growth in 2021, with SME value added increasing by 20.2% and 22.6%, respectively, and SME employment growing by 1.5% in both ecosystems.	Estimates produced by JRC, based on figures from the Structural Business Statistics Database as well as provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database.
Based on data from early 2022, it was expected that SME value added and SME employment in Croatia would continue to grow by 7.3% and 0.6% respectively, but the war in Ukraine will affect these estimates.	Estimates and forecasts produced by JRC, based on figures from the Structural Business Statistics Database, provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database and forecasts from the AMECO database.
In 2021, Croatian SMEs accounted for 69.4% of employment and 58.1% of value added, exceeding the corresponding EU averages of 64.4% and 51.8%.	Estimates produced by JRC, based on figures from the Structural Business Statistics Database as well as provisional data for 2020-2021 from the National Accounts Database and the Short-Term Business Statistics Database.
<b>ENVIRONMENTAL ASPECTS OF SUSTAINABILITY</b>  <b>ENVIRONMENTAL ASPECTS OF SUSTAINABILITY</b>	
In 2021, the Ministry of Economy and Sustainable Development launched the grant initiative to strengthen the competitiveness of enterprises by investing in the digital and green transition. The total budget of EUR 152 million is allocated to strengthen and stimulate the growth of SMEs in order to increase their ability to respond to new market challenges.	Ministry of Economy and Sustainable Development Poziv: Jačanje konkurentnosti poduzeća ulaganjima u digitalnu i zelenu tranziciju, 2021. <a href="https://efondovi.mrrfeu.hr/MISCms/Pozivi/Poziv?id=22f5cbd5-fbc3-43c3-850d-99516946bece">https://efondovi.mrrfeu.hr/MISCms/Pozivi/Poziv?id=22f5cbd5-fbc3-43c3-850d-99516946bece</a>
In 2019, recycling or reuse of materials is the practice of 56% of SMEs in Croatia. Although close, it is still below the EU-27 average of 61%.	European Commission, Flash Eurobarometer 486: SMEs, start-ups, scale-ups and entrepreneurship, data for Croatia 2019, 2020. <a href="https://ec.europa.eu/commfrontoffice/publicopin/index.cfm/ResultDoc/download/DocumentKey/90647">https://ec.europa.eu/commfrontoffice/publicopin/index.cfm/ResultDoc/download/DocumentKey/90647</a>
Although employment in eco-industries (provision of goods and services for environmental protection) was 23% above the EU average in 2019, the turnover was only 50% of the EU average.	European Commission, Eco-innovation 2019 data for Croatia, 2022. <a href="https://ec.europa.eu/environment/ecoap/croatia_en">https://ec.europa.eu/environment/ecoap/croatia_en</a>
<b>SOCIAL ASPECTS OF SUSTAINABILITY</b>  <b>SOCIAL ASPECTS OF SUSTAINABILITY</b>	
In 2021, the labour market test was adopted within the new Immigration Act. It is now required to show whether the demanded labour force is available in the unemployment register before the employer requests foreign labour.	Official Gazette 133/2020. <a href="https://narodne-novine.nn.hr/clanci/sluzbeni/2020_12_133_252_0.html">https://narodne-novine.nn.hr/clanci/sluzbeni/2020_12_133_252_0.html</a>

A total number of 137,786 SMEs in exclusively private ownership were registered in 2020, and this segment of companies employed 609,000 people, or 76% of the total employment of the corporate sector.	Vizek, M. Utjecaj COVID-19 pandemije na poslovanje mikro, malih i srednjih poduzeća u Hrvatskoj, the Institute of Economics, Zagreb, 2021. <a href="https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr">https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr</a>
In 2020, the average salary in private SME companies grew by 7% despite the reduction in the number of employees.	The Institute of Economics, Zagreb, Vizek, M. Utjecaj COVID-19 pandemije na poslovanje mikro, malih i srednjih poduzeća u Hrvatskoj, 2021. <a href="https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr">https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr</a>
In 2019, 22% of the total number of SMEs were owned by women, continuing an upwards trend shown in three consecutive years.	CEPOR, Izvješće o malim i srednjim poduzećima u Hrvatskoj – 2020, 2021. <a href="http://www.cep.hr/wp-content/uploads/2021/01/Izvjesce-2020-HR-web.pdf">http://www.cep.hr/wp-content/uploads/2021/01/Izvjesce-2020-HR-web.pdf</a>
<b>DIGITALISATION</b>	
 <b>DIGITALISATION</b>	
Croatia's score increased in the Digital Economy and Society Index (DESI) for 2021 ranking 19 <sup>th</sup> of 27 EU Member States.	European Commission, Digital Economy and Society Index (DESI) 2021 Croatia, 2021. <a href="https://ec.europa.eu/newsroom/dae/redirection/document/80579">https://ec.europa.eu/newsroom/dae/redirection/document/80579</a>
In 2020, the attitudes of the government in issuing digital or online permits/solutions for new and growing businesses due to the COVID-19 was rated at 5.8 (on a scale from 0 to 10).	CEPOR, Singer et al. Što čini Hrvatsku (ne)poduzetničkom zemljom? GEM Hrvatska 2019-2020, 2021. <a href="http://www.cep.hr/wp-content/uploads/2015/03/WEB-GEM-2019I20.pdf">http://www.cep.hr/wp-content/uploads/2015/03/WEB-GEM-2019I20.pdf</a>
In 2020, the attitudes of new and growing companies towards remote working due to the COVID-19 pandemic was rated at 7.24 (on a scale from 0 to 10).	CEPOR, Singer et al. Što čini Hrvatsku (ne)poduzetničkom zemljom? GEM Hrvatska 2019-2020, 2021. <a href="http://www.cep.hr/wp-content/uploads/2015/03/WEB-GEM-2019I20.pdf">http://www.cep.hr/wp-content/uploads/2015/03/WEB-GEM-2019I20.pdf</a>
62% of the SMEs have at least a basic level of digital intensity. Croatia scores above the EU average of 60% according to the Digital Economy and Society Index (DESI) for 2021.	European Commission, Digital Economy and Society Index (DESI) 2021, Croatia, 2021. <a href="https://ec.europa.eu/newsroom/dae/redirection/document/80579">https://ec.europa.eu/newsroom/dae/redirection/document/80579</a>
In 2020, the proportion of Croatian enterprises using their own website for sale was higher than the EU-27 average (25% compared to 17%).	European Commission, SME Performance Review Indicators, 2021.
<b>INNOVATION</b>	
 <b>INNOVATION</b>	
According to the latest Global Innovation Index 2021 ranking, Croatia ranks 42 <sup>nd</sup> out of 132 countries included in the survey. Market sophistication (lending, investment, trade, competition and the market) is the worst ranked component.	CEPOR, Izvješće o malim i srednjim poduzećima u Hrvatskoj – 2020, 2021. <a href="http://www.cep.hr/wp-content/uploads/2021/01/Izvjesce-2020-HR-web.pdf">http://www.cep.hr/wp-content/uploads/2021/01/Izvjesce-2020-HR-web.pdf</a>  <a href="https://www.wipo.int/edocs/pubdocs/en/wipo_p_ub_qii_2021.pdf">https://www.wipo.int/edocs/pubdocs/en/wipo_p_ub_qii_2021.pdf</a>
According to the European Innovation Scoreboard 2021, Croatia is classified as an	European Commission, European Innovation Scoreboard 2020 & 2021, 2021.



emerging innovator. Nevertheless, performance in Croatia has particularly increased in 2020 compared to 2019. Summary innovation index was 69.5 for 2020 compared to 58.8 for 2019 (relative to the EU).	<a href="https://ec.europa.eu/docsroom/documents/4298/1/attachments/1/translations/en/renditions/native">https://ec.europa.eu/docsroom/documents/4298/1/attachments/1/translations/en/renditions/native</a> <a href="https://ec.europa.eu/docsroom/documents/4601/3/attachments/1/translations/en/renditions/native">https://ec.europa.eu/docsroom/documents/4601/3/attachments/1/translations/en/renditions/native</a>
According to the Global Competitiveness Index, in 2019 Croatia ranked 63 <sup>rd</sup> out of 141 countries included in the survey, compared to 68 <sup>th</sup> (out of 140 countries) in 2018. In terms of innovation and elements of the environment that encourage innovation Croatia scores around the average.	CEPOR, Izvješće o malim i srednjim poduzećima u Hrvatskoj – 2020, 2021. <a href="http://www.cep.hr/wp-content/uploads/2021/01/Izvjescje-2020-HR-web.pdf">http://www.cep.hr/wp-content/uploads/2021/01/Izvjescje-2020-HR-web.pdf</a>
<b>SKILLS</b> 	
In 2021, the Ministry of Economy and Sustainable Development implemented a measure focused on apprenticeships for craft occupations with the total available budget of EUR 4.8 million. The measure provides grants to support participation of SMEs in the education of students who acquire occupations in the system of tied crafts.	Ministry of Economy and Sustainable Development, Otvoreni javni poziv za Projekt "Naukovanje za obrtnička zanimanja" za 2020. godinu, 2021. <a href="https://mingor.gov.hr/UserDocsImages/UPRAVA%20ZA%20INDUSTRIJU,%20PODUZETNI%C5%A0TVO%20I%20OBRT/Javni%20poziv%20Naukovanje%20za%20obrti%C4%8Dka%20zanimanja%202020.pdf">https://mingor.gov.hr/UserDocsImages/UPRAVA%20ZA%20INDUSTRIJU,%20PODUZETNI%C5%A0TVO%20I%20OBRT/Javni%20poziv%20Naukovanje%20za%20obrti%C4%8Dka%20zanimanja%202020.pdf</a>
In 2020, an enhanced (phase 2) of Network of Entrepreneurial Support Institutions (PPI) was established in order to support entrepreneurs providing unified access to business knowledge, skills, partners, information as well as services important for starting and developing a business.	Ministry of Economy and Sustainable Development, Razvoj mreže poduzetničkih potpornih institucija putem HAMAG-BICRO - Faza 2, 2020. <a href="https://efondovi.mrrfeu.hr/MISCms/Pozivi/Poziv?id=a2236bbb-ecbd-4020-ba42-774e163d5d32#razvoj-mreze-poduzetnickih-potpornih-institucija">https://efondovi.mrrfeu.hr/MISCms/Pozivi/Poziv?id=a2236bbb-ecbd-4020-ba42-774e163d5d32#razvoj-mreze-poduzetnickih-potpornih-institucija</a>
<b>ADMINISTRATIVE BURDEN</b> 	
Further liberalisation of services market through the continuation of the reform of regulated professions was implemented by the Ministry of the Economy and Sustainable Development in 2021. Within the new National Recovery and Resilience Plan framework, the reform goal is to further simplify or abolish at least 50 regulatory requirements for the professional services sector by the end of 2024.	Ministry of Economy and Sustainable Development (official policy info) <a href="https://mingor.gov.hr/o-ministarstvu-1065/djelokrug/uprava-za-trgovinu-i-politiku-javne-nabave/slobodno-trziste-usluga-i-roba/liberalizacija-trzista-usluga/7028">https://mingor.gov.hr/o-ministarstvu-1065/djelokrug/uprava-za-trgovinu-i-politiku-javne-nabave/slobodno-trziste-usluga-i-roba/liberalizacija-trzista-usluga/7028</a>  Nacionalni program oporavka i otpornosti 2021.-2026. (Priloga Provedbenoj odluci Vijeća o odobrenju ocjene plana za oporavak i otpornost Hrvatske) <a href="https://data.consilium.europa.eu/doc/document/ST-10687-2021-ADD-1/hr/pdf">https://data.consilium.europa.eu/doc/document/ST-10687-2021-ADD-1/hr/pdf</a> pg. 3/281  Nacionalni program reformi 2020, 2020. <a href="https://vlada.gov.hr/UserDocsImages/2016/Sjednica/2020/Travanj/227%20sjednica%20VRH/Novi%20direktorij/227%20-%201.pdf">https://vlada.gov.hr/UserDocsImages/2016/Sjednica/2020/Travanj/227%20sjednica%20VRH/Novi%20direktorij/227%20-%201.pdf</a>
In 2018, 19.2% of SMEs expressed that the main causes of termination of their business activities were related to tax policy and administration, while in 2019 this percentage amounted to 21.8%. After profitability issues (24.5%), tax and administration obstacles were	CEPOR, Izvješće o malim i srednjim poduzećima u Hrvatskoj – 2020, 2021. <a href="http://www.cep.hr/wp-content/uploads/2021/01/Izvjescje-2020-HR-web.pdf">http://www.cep.hr/wp-content/uploads/2021/01/Izvjescje-2020-HR-web.pdf</a>

the second largest cause of termination of business activities in 2019.	
<b>REGULATORY OBSTACLES</b>  <b>REGULATORY OBSTACLES</b>	
The Investment Promotion Act has been amended in 2021 creating more favourable legislative framework to adequately support investments that have been stopped or slowed down due to the COVID-19 pandemic.	Official Gazette, Zakon o izmjenama i dopuni Zakona o poticanju ulaganja, 2021. <a href="https://narodne-novine.nn.hr/clanci/sluzbeni/2021_02_20_443.html">https://narodne-novine.nn.hr/clanci/sluzbeni/2021_02_20_443.html</a>
The results of the Doing Business 2020 survey for 2019 positioned Croatia at the 51 <sup>st</sup> place (73.6 points) out of a total of 190 countries covered by the survey, which is a positive increase by seven places compared to the results from the year before.	CEPOR, Izvješće o malim i srednjim poduzećima u Hrvatskoj – 2020, 2021. <a href="http://www.cepor.hr/wp-content/uploads/2021/01/Izvjesce-2020-HR-web.pdf">http://www.cepor.hr/wp-content/uploads/2021/01/Izvjesce-2020-HR-web.pdf</a>
OECD's PMR 2018 report shows that the level of regulation of the Croatian economy, i.e. the services market has been reduced from the highest level of the EU (in comparison to PMR 2013) to the average level of the EU and OECD. The mentioned result involves a reduced level of regulation in terms of the market access (starting business, service and network sectors, public procurement, foreign retail and investments, taxi services and the main market professions (accountants, real estate agents, architects and engineers)). In the mentioned fields, the Croatian services market is among the ten with the lowest level of regulation on the internal market.	OECD, Indicators of Product Market Regulation <a href="https://www.oecd.org/economy/reform/indicators-of-product-market-regulation/">https://www.oecd.org/economy/reform/indicators-of-product-market-regulation/</a>
The Government continued the tax reductions in the framework of the comprehensive tax system reform in order to facilitate business and especially SMEs. The amendments of the three main tax acts entered into force at the beginning of 2021 bringing reductions of the income and profit taxes, as well as the increase of the threshold for payment of VAT per collected invoice to EUR 2 million.	Official Gazette 138/2020. <a href="https://narodne-novine.nn.hr/clanci/sluzbeni/2020_12_138_2625.html">https://narodne-novine.nn.hr/clanci/sluzbeni/2020_12_138_2625.html</a> <a href="https://narodne-novine.nn.hr/clanci/sluzbeni/2020_12_138_2627.html">https://narodne-novine.nn.hr/clanci/sluzbeni/2020_12_138_2627.html</a> <a href="https://narodne-novine.nn.hr/clanci/sluzbeni/2020_12_138_2626.html">https://narodne-novine.nn.hr/clanci/sluzbeni/2020_12_138_2626.html</a>
<b>ACCESS TO FINANCE</b>  <b>ACCESS TO FINANCE</b>	
Thanks to incentive programmes implemented by the Government in 2020, state aid to SMEs has increased from EUR 197 million to EUR 397 million. State aid increased by as much as 102% in 2020, after growing by 12% in 2019 compared to 2018.	Vizek, M. Utjecaj COVID-19 pandemije na poslovanje mikro, malih i srednjih poduzeća u Hrvatskoj, the Institute of Economics, Zagreb, 2021. <a href="https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr">https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr</a>
The average state aid per private SME in 2020 amounted to EUR 2,900, while the average state aid per employee in private SMEs amounted to EUR 650.	Vizek, M. Utjecaj COVID-19 pandemije na poslovanje mikro, malih i srednjih poduzeća u Hrvatskoj, the Institute of Economics, Zagreb, 2021. <a href="https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr">https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr</a>
After the devastating earthquakes in Sisak-Moslavina County in 2021, the Croatian Bank for Reconstruction and Development implemented	Croatian Bank for Reconstruction and Development (HBOR), Investicije privatnog sektora, 2021.


loans for financing fixed assets and working capital investments under more favourable conditions to stimulate economic development in earthquake-affected areas.	<a href="https://www.hbor.hr/wp-content/uploads/2021/10/Investicije-privatnog-sektora-10-2021-1.pdf">https://www.hbor.hr/wp-content/uploads/2021/10/Investicije-privatnog-sektora-10-2021-1.pdf</a>
In 2021, a new financial support measure was implemented providing grants for micro enterprises which operate and are registered in the area where the devastating earthquakes were declared or have separate business units in Sisak-Moslavina County.	Ministry of Economy and Sustainable Development, Otvoreni javni poziv "Program dodjele potpora male vrijednosti mikro subjektima malog gospodarstva za saniranje posljedica potresa na području Sisačko-moslavačke županije" za 2021. godinu, 2021. <a href="https://mingor.gov.hr/1-2-2021-otvoreni-javni-poziv-program-dodjele-potpورا-male-vrijednosti-mikro-subjektima-malog-gospodarstva-za-saniranje-posljedica-potresa-na-podrucju-sisacko-moslavacke-zupanije-za-2021-godinu/7727">https://mingor.gov.hr/1-2-2021-otvoreni-javni-poziv-program-dodjele-potpورا-male-vrijednosti-mikro-subjektima-malog-gospodarstva-za-saniranje-posljedica-potresa-na-podrucju-sisacko-moslavacke-zupanije-za-2021-godinu/7727</a>
In 2020, access to public financial support including guarantees (expressed as the percentage of respondents that indicated a deterioration) was higher (27.67%) in Croatia than the EU-27 average (14.05%).	European Commission, SME Performance Review Indicators, 2021.
In response to COVID-19 crisis Croatian Agency for SMEs, Innovations and Investments HAMAG-BICRO has implemented a set of measures including new financial instruments - working capital loans with subsidised interest rates; and guarantees for loans in the tourism, maritime, transport and transport infrastructure sectors, and culture and creative industries.	Croatian Agency for SMEs, Innovation and Investments (HAMAG-BICRO), Mjere za pomoć mikro, malom i srednjem gospodarstvu uslijed epidemije koronavirusa.  <a href="https://hamagbicro.hr/poduzetnicima-obrtnicima-i-poljoprivrednicima-dostupna-dva-nova-financijska-instrumenta-za-osiguranje-likvidnosti/">https://hamagbicro.hr/poduzetnicima-obrtnicima-i-poljoprivrednicima-dostupna-dva-nova-financijska-instrumenta-za-osiguranje-likvidnosti/</a>  <a href="https://hamagbicro.hr/hamag-bicro-osigurao-novih-900-milijuna-kuna-likvidnosti-za-podrucje-kulture-kreativne-industrije-mora-i-prometa/">https://hamagbicro.hr/hamag-bicro-osigurao-novih-900-milijuna-kuna-likvidnosti-za-podrucje-kulture-kreativne-industrije-mora-i-prometa/</a>
<b>LATE PAYMENTS</b>	
	 <b>LATE PAYMENTS</b>
According to the European Payment Report 2020, more than 4 in 10 respondents (42%) say that late payment has an impact on dismissing employees, compared to 32% across Europe.	Intrum, European Payment Report 2020, 2020. <a href="https://www.intrum.com/media/8918/european-payment-report-2020_final.pdf">https://www.intrum.com/media/8918/european-payment-report-2020_final.pdf</a>
<b>ACCESS TO MARKETS</b>	
	 <b>ACCESS TO MARKETS</b>
In 2019, when it comes to "Exports of products from eco-industries" Croatia scores 39% below the EU average.	European Commission, Eco-innovation 2019 data for Croatia, 2022. <a href="https://ec.europa.eu/environment/ecoap/croatia_en">https://ec.europa.eu/environment/ecoap/croatia_en</a>
The Croatian Bank for Reconstruction and Development (HBOR) in 2021 implemented the individual liquidity loan insurance for exporters. The aim of the measure is to help Croatian exporters in the light of the market difficulties and complexities. The measure provides more favourable lending conditions for exporters.	Croatian Bank for Reconstruction and Development (HBOR), Pojedinačno osiguranje kredita za likvidnost izvoznika, 2021. <a href="https://www.hbor.hr/pojedinacno-osiguranje-kredita-za-likvidnost-izvoznika/">https://www.hbor.hr/pojedinacno-osiguranje-kredita-za-likvidnost-izvoznika/</a>
In 2021, within the framework of the Point of Single Contact for Services, the procedures for obtaining approvals for a number of service activities were digitized.	Croatian Chamber of Economy, Centre for Digital Development, "Jedinstvena kontaktna točka za usluge", 2021. <a href="http://psc.hr">http://psc.hr</a>



In 2020, the proportion of Croatian SMEs selling online was above the EU-27 average (30.15% compared to 17.49%).	European Commission, SME Performance Review Indicators, 2021.
<b>START-UP ENVIRONMENT</b>  <b>START-UP ENVIRONMENT</b>	
The total number of beneficiaries of self-employment support provided by national employment service raised in 2019 by more than 50% compared to the previous year before.	CEPOR, Izvješće o malim i srednjim poduzećima u Hrvatskoj – 2020, 2021. <a href="http://www.cepor.hr/wp-content/uploads/2021/01/Izvjesce-2020-HR-web.pdf">http://www.cepor.hr/wp-content/uploads/2021/01/Izvjesce-2020-HR-web.pdf</a>
Regarding the perception of the quality of commercial and professional infrastructure to support the development of SMEs (based on the GEM survey for 2019), the score for Croatia was 4 which is lower than the average score for the European Union (5.25).	CEPOR, Izvješće o malim i srednjim poduzećima u Hrvatskoj – 2020, 2021. <a href="http://www.cepor.hr/wp-content/uploads/2021/01/Izvjesce-2020-HR-web.pdf">http://www.cepor.hr/wp-content/uploads/2021/01/Izvjesce-2020-HR-web.pdf</a>
<b>SCALE-UP ENVIRONMENT</b>  <b>SCALE-UP ENVIRONMENT</b>	
The share of high-growth enterprises (12.1% as per Eurostat data) was above the EU average of 11.9% in 2018. In 2019, this share continued to rise with 12.8% of the enterprises in Croatia considered as high-growth.	Eurostat, High growth enterprises (growth by 10% or more) and related employment by NACE Rev. 2, 2021. <a href="http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=bd_9pm_r2&amp;lang=en">http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=bd_9pm_r2&amp;lang=en</a>
<b>IMPACT OF THE COVID-19 CRISIS</b>  <b>IMPACT OF THE COVID-19 CRISIS</b>	
The Croatian economy recorded a decline in activity of 8.4% in 2020. Thanks to the measures taken to preserve jobs and liquidity, the employment rate was relatively successfully maintained, which is important to ensure a speedy recovery from the economic crisis.	The Government of the Republic of Croatia, Croatia's National Recovery and Resilience Plan 2021-2026, 2021. <a href="https://planoporavka.gov.hr/o-planu/gospodarstvo/97">https://planoporavka.gov.hr/o-planu/gospodarstvo/97</a>
By Q4 2021, a total of EUR 1.67 billion has been invested through measures to preserve jobs, or more than EUR 2.4 billion if contributions are also taken into account.	Croatian Employment Service, HZZ-u dodijeljeno Posebno priznanje za učinkovitost u provođenju mjera Vlade RH za očuvanje radnih mjesta uslijed epidemije COVID-19, 2021. <a href="https://www.hzz.hr/novosti-priopcenja/zlatna-kuna-za-hzz-ocuvanje-radnih-mjesta.php">https://www.hzz.hr/novosti-priopcenja/zlatna-kuna-za-hzz-ocuvanje-radnih-mjesta.php</a>
Despite the crisis, in 2020 there were 3,317 more private SME companies than in 2019. These SMEs had EUR 4.6 billion more in assets, and paid EUR 183 million more in salaries. According to the most recent data from 2020, the number of private SMEs grew by 2.5% compared to the year before.	Vizek, M. Utjecaj COVID-19 pandemije na poslovanje mikro, malih i srednjih poduzeća u Hrvatskoj, the Institute of Economics, Zagreb, 2021. <a href="https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr">https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr</a>
The crisis did not affect the profit of SMEs that were profitable before the crisis. The amount of their net profit in 2020 even increased slightly - from EUR 4,187 million as recorded in 2019 to EUR 4,195 million in 2020. On the other hand, the total loss of private SMEs who were not profitable before the crisis increased in 2020 by a significant 30.8%, while the profit of entrepreneurs who made a profit increased by 0.2%. The consolidated net profit of the SMEs sector decreased by 25.1% due to increased losses.	Vizek, M. Utjecaj COVID-19 pandemije na poslovanje mikro, malih i srednjih poduzeća u Hrvatskoj, the Institute of Economics, Zagreb, 2021. <a href="https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr">https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr</a>
The COVID-19 crisis had significant negative impact on the revenues of SMEs, which in 2020 showed a decline of 4.3%. To absorb this shock,	Vizek, M. Utjecaj COVID-19 pandemije na poslovanje mikro, malih i srednjih poduzeća u

SMEs cut the number of employees by 3.6%, increased long-term and short-term liabilities by 3.6% and 4%, reduced total operating expenses by 3.4% and reduced investment activity by 12%.	Hrvatskoj, the Institute of Economics, Zagreb, 2021. <a href="https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr">https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr</a>
Negative market trends in 2020 have led to a reduction in the gross value added created by the private SMEs. After a 10% increase in 2019, the total generated value added in the private SMEs in 2020 decreased by 2%, from EUR 13 billion in 2019 to 12.8 billion in 2020. Among Croatian SMEs, the medium-sized ones suffered the strongest negative impact of the crisis while micro-sized enterprises were the least disrupted.	Vizek, M. Utjecaj COVID-19 pandemije na poslovanje mikro, malih i srednjih poduzeća u Hrvatskoj, the Institute of Economics, Zagreb, 2021. <a href="https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr">https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr</a>
<b>NATIONAL RECOVERY AND RESILIENCE PLAN</b>  <b>NATIONAL RECOVERY AND RESILIENCE PLAN</b>	
The National Recovery and Resilience Plan 2021-2026 (NRRP) was published in July 2021 consisting of 5 main components for intervention and 1 initiative. The NRRP allocates a total budget of EUR 9.9 billion with a special attention to reforms and investments related to green and digital transition and transformation.	The Government of the Republic of Croatia, Croatia's National Recovery and Resilience Plan 2021-2026, 2021. <a href="https://planoporavka.gov.hr/UserDocsImages/dokumenti/Plan%20oporavka%20i%20otpornosti%2C%20srpanj%202021..pdf">https://planoporavka.gov.hr/UserDocsImages/dokumenti/Plan%20oporavka%20i%20otpornosti%2C%20srpanj%202021..pdf</a>
The first NRRP component, "Economy", includes 24 reforms and 64 related investments, for which EUR 3.5 billion is planned. Reforms and investments under this component will therefore focus on strengthening the competitiveness and innovation of the economy, with a green and digital transition, and a development improvement based on innovations, new technologies and internationalization of business.	The Government of the Republic of Croatia, Croatia's National Recovery and Resilience Plan 2021-2026, 2021. <a href="https://planoporavka.gov.hr/UserDocsImages/dokumenti/Plan%20oporavka%20i%20otpornosti%2C%20srpanj%202021..pdf">https://planoporavka.gov.hr/UserDocsImages/dokumenti/Plan%20oporavka%20i%20otpornosti%2C%20srpanj%202021..pdf</a>
The third NRRP component, "Education, Science and Research", includes 5 reforms and 9 investments in the total amount of EUR 1 billion. Reforms and investments will contribute to the development of a quality education system that will encourage student achievement, promote excellence and contribute to innovation, competitiveness and sustainable economic development, especially in the post-pandemic period.	The Government of the Republic of Croatia, Croatia's National Recovery and Resilience Plan 2021-2026, 2021. <a href="https://planoporavka.gov.hr/UserDocsImages/dokumenti/Plan%20oporavka%20i%20otpornosti%2C%20srpanj%202021..pdf">https://planoporavka.gov.hr/UserDocsImages/dokumenti/Plan%20oporavka%20i%20otpornosti%2C%20srpanj%202021..pdf</a>
The fourth NRRP component, "Labor Market and Social Protection" consists of 9 reforms and 8 related investments for which EUR 277 million is planned. In response to the declining economic activity of companies, which has jeopardized many jobs, reforms and investments will contribute to the creation of new jobs, greater employability of citizens, stability of the pension system and the efficiency of the social welfare system.	The Government of the Republic of Croatia, Croatia's National Recovery and Resilience Plan 2021-2026, 2021. <a href="https://planoporavka.gov.hr/UserDocsImages/dokumenti/Plan%20oporavka%20i%20otpornosti%2C%20srpanj%202021..pdf">https://planoporavka.gov.hr/UserDocsImages/dokumenti/Plan%20oporavka%20i%20otpornosti%2C%20srpanj%202021..pdf</a>
<b>NATIONAL INDUSTRIAL ECOSYSTEMS *</b>  <b>NATIONAL INDUSTRIAL ECOSYSTEMS</b>	
In 2020, the strongest decline in the number of employees and total revenues was recorded by private SMEs in hotels and restaurants, as well as the arts, entertainment and recreation	Vizek, M. Utjecaj COVID-19 pandemije na poslovanje mikro, malih i srednjih poduzeća u Hrvatskoj, the Institute of Economics, Zagreb, 2021.



sector, which were most directly affected by epidemiological measures.	<a href="https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr">https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr</a>
Hotels and restaurants recorded a drop in revenues of 34.5% and a drop in the number of employees by 12.2% in 2020.	Vizek, M. Utjecaj COVID-19 pandemije na poslovanje mikro, malih i srednjih poduzeća u Hrvatskoj, the Institute of Economics, Zagreb, 2021. <a href="https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr">https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr</a>
In 2020, a significant decrease in the number of employees and total revenues was also recorded in the activities of administrative services and support activities, which include travel agencies and charter companies, which recorded a 7.2% percent decline in employment and a 39.4% in revenues.	Vizek, M. Utjecaj COVID-19 pandemije na poslovanje mikro, malih i srednjih poduzeća u Hrvatskoj, the Institute of Economics, Zagreb, 2021. <a href="https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr">https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr</a>
In 2020, there was a noticeable growth of employees in SMEs in the construction sector (amounting to 2.7%) for which total revenues grew by 6.2%.	Vizek, M. Utjecaj COVID-19 pandemije na poslovanje mikro, malih i srednjih poduzeća u Hrvatskoj, the Institute of Economics, Zagreb, 2021. <a href="https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr">https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr</a>
<b>OTHER RELEVANT TOPICS</b>  <b>OTHER RELEVANT TOPICS</b>	
In 2021, the Ministry of Economy and Sustainable Development implemented new support measures with a total budget of EUR 400,000 through grants intended for preservation and development of traditional crafts that are mostly handmade and inherit special craftsmanship and skills based on patterns of traditional culture.	Ministry of Economy and Sustainable Development, Otvoreni javni poziv za Program "Očuvanje i razvoj tradicijskih i umjetničkih obrta" za 2021. godinu, 2021. <a href="https://mingor.gov.hr/UserDocsImages/UPRAVA%20ZA%20INDUSTRIJU,%20PODUZETNI%C5%A0TVO%20I%20OBRT/Otvoreni%20javni%20poziv%20TUO%202021.pdf">https://mingor.gov.hr/UserDocsImages/UPRAVA%20ZA%20INDUSTRIJU,%20PODUZETNI%C5%A0TVO%20I%20OBRT/Otvoreni%20javni%20poziv%20TUO%202021.pdf</a>
The National Development Strategy of the Republic of Croatia until 2030 has been adopted by the Government at the beginning of the 2021 with a strong focus on the competitive and innovative economy as well as digital transition of society and economy. There is an entrepreneurial accent put on further simplification of the tax system, while also increasing its fairness and reducing the overall tax burden.	The Government of the Republic of Croatia, Nacrt prijedloga Nacionalne razvojne strategije Republike Hrvatske do 2030. Godine, 2021. <a href="https://vlada.gov.hr/UserDocsImages/Vijesti/2021/velja%C4%8Da/05%20velja%C4%8De//Nacrt%20NRS%202030%20i%20Dodaci%20sa%20dmanom.pdf">https://vlada.gov.hr/UserDocsImages/Vijesti/2021/velja%C4%8Da/05%20velja%C4%8De//Nacrt%20NRS%202030%20i%20Dodaci%20sa%20dmanom.pdf</a>
In 2020, SMEs increased their share in the total employment of the private corporate sector from 74.3% to 76.1%. Their share in total revenues also increased from 70.1% in 2019 to 70.7% in 2020, as well as their shares in assets (from 77.2% to 78.7%), net wages (from 71.5% to 72.9%), exports (from 68.3% to 70.2%), investments (from 67.8% to 70.5%) and gross value added (from 69.7% to 70.5%).	Vizek, M. Utjecaj COVID-19 pandemije na poslovanje mikro, malih i srednjih poduzeća u Hrvatskoj, the Institute of Economics, Zagreb, 2021. <a href="https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr">https://uplift.hr/inspiracija/kako-je-pandemija-utjecala-na-poslovanje-malih-poduzetnika-u-hrvatskoj-prvo-sluzbena-studija-samo-za-uplift-hr</a>

\* "National industrial ecosystems" refer to the national aspects of the industrial ecosystems as defined by the EC.

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