



CROATIAN AGENCY FOR SMES, INNOVATIONS AND INVESTMENTS

INNOVATION AND ENTREPRENEURSHIP VENTURE CAPITAL PROJECT

Project Component II

Seed Co-Investment Fund

OPERATIONAL PROCEDURES MANUAL

Annex 2

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INTRODUCTION TO THE MANUAL

This Manual is intended for all stakeholders of the **Seed Co-Investment Fund** (hereinafter: Program), i.e. Applicants, Investees, Co-investors and Evaluators.

This Manual comes into force on 31 March 2016.

The purpose of this manual is to introduce all stakeholders with the goals and terms of the Program and operational procedures of the Croatian agency for SMEs, Innovations and Investment – HAMAG-BICRO. It clearly illustrates all procedures during application, submission and evaluation phases, and to provide instructions on financing procedures and overall participation in the Program.

The manual contains specific information related to:

- Basic Program characteristics
- Application
- Evaluation
- Selection of projects
- Contracting and Financing procedures
- Reporting and Monitoring
- General terms of the Program

All actions performed by HAMAG-BICRO are based on the following principles:

- **Quality** – projects that are awarded funding are required to demonstrate high quality, in the context of Program goals, evaluation criteria and the mission of HAMAG-BICRO.
- **Transparency** – application and evaluation procedures, as well as the process of reaching a decision on projects to be funded, are clearly defined in this manual. All Applicants will receive an adequate explanation as to why their project has been accepted or rejected for financing, issued by HAMAG-BICRO. Information on which projects are awarded funding is public.
- **Impartiality** – all Applications receive equal treatment and are assessed impartially, taking into consideration their quality, Program terms and evaluation criteria.
- **Data protection** – all proposals, information and accompanying documents are treated as confidential.
- **Efficiency** – the duration of the procedure from project application to the decision on financing is dependent on the number of applications; however the intention is to keep it as short as possible. HAMAG-BICRO is required to make sure that the funds are used appropriately and with full respect of the legal framework in line with which the Program is implemented.

The Program is implemented within the framework of the Innovation and Entrepreneurship Venture Capital Project funded by the World Bank loan. The task of Program implementation has been assigned to HAMAG-BICRO.

DEFINITION OF MAIN TERMS

For the purpose of a clearer understanding of this manual, the main terms are defined as follows:

Program	Seed Co-Investment Fund
Public call	Information disseminated to potential Applicants for the purpose of applying to the Program. The call is published on HAMAG-BICRO's website and other public media.
Applicant	Micro, small and medium-sized innovative company at the seed or start-up stage in the process of applying for a conditional loan.
Application	The documentation submitted by the Applicants in order to apply for conditional loans from the Program.
Evaluation of the Application	The procedure of evaluating submitted Applications.
Sub-project	Project to be financed using funds from the equity investment by the Co-investor and the conditional loan approved by HAMAG-BICRO.
Investee/Final Beneficiary	An Applicant that has entered into a Sub-financing agreement with HAMAG-BICRO and the Co-investor.
Co-investor	An eligible private investor that has entered into a Sub-financing agreement with HAMAG-BICRO and the Investee and committed to making an equity investment in the Investee.

Sub-project budget	The Sub-project budget contains all planned costs and sources of financing which are relevant for the execution of the project submitted by the Applicant. When filling out the project Application form, the Applicant is to specify costs arising from the project according to cost categories as designated in the budget table.
Sub-project report	Documents required from the Investee for the purpose of monitoring.
Procurement plan	A document defining the methods of procurement of goods and services based on the procedures defined by the World Bank.

1. BASIC PROGRAM CHARACTERISTICS

HAMAG-BICRO has implemented a number of programs aimed at supporting commercial technologies and startups. This program includes both supply and demand side interventions as a way to strengthen risk capital financing for innovative SMEs and startups while laying out the foundations for Croatia to use ESI funds for venture capital.

Following the pre-seed stage and prior to being able to access growth/expansion capital, innovative SMEs have limited risk capital financing available. The angel investor community is still at an infant stage and existing international venture capital funds operating in Croatia have made very few investments to date.

The Seed Co-Investment Fund will be an open-ended fund with initial capital of EUR 2.5 million financed by proceeds from the World Bank loan. The Program aims to strengthen early stage investing in Croatia by providing smaller amounts of risk capital financing alongside private investors such as business angels, corporate investors, venture capital funds and incubators.

PROGRAM OBJECTIVES

Objectives of this Program are to:

- Promote investments in equity capital of innovative SMEs and startups by eligible Co-investors for the purpose of further development and/or commercialization of an innovative product or service.
- Support development of innovative SMEs and startups to the stage at which they are well positioned to receive venture capital investments.

2. INVESTEEES AND INVESTORS

INVESTEEES

An eligible Investee under this Program is one that, on the date of the signature of the Sub-financing agreement:

- (a) is classified as an “SME” or small and medium-sized enterprise – as defined by the Small Business Development Promotion Act (Official Gazette, number 29/2002, 63/2007, 53/2012 and 56/2013) and in line with EU recommendation 2003/361;
- (b) is engaged in innovative activities with the aim of creating new (or upgrading existing) products (good or services), processes and/or business models which are new to Croatian or to other markets.

According to (EU) 651/2014 art. 2 (80), ‘innovative enterprise’ means an enterprise:

- 1. that can demonstrate, by means of an evaluation carried out by an external expert that it will in the foreseeable future develop products, services or processes which are new or substantially improved compared to the state of the art in its industry, and which carry a risk of technological or industrial failure, or
- 2. where the research and development costs represent at least 10 percent of the firm’s total operating costs in at least one of the three years preceding the granting of the aid or, in the case of a start-up enterprise without any financial history, in the audit of its current fiscal period, as certified by an external auditor;

- (c) is at the seed or start-up stage
 - i) According to (EU) 651/2014 art. 22, eligible undertakings shall be unlisted small enterprises up to five years following their registration, which have not yet distributed profits and have not been formed through a merger;
- (d) has the locus of its activities in Croatia;
- (e) is not classified under the negative list of activities:
 - i) production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs, wildlife or products regulated under CITES,
 - ii) production or trade in weapons and munitions,
 - iii) production or trade in alcoholic beverages (excluding beer and wine),
 - iv) production or trade in tobacco,
 - v) gambling, casinos and equivalent enterprises,
 - vi) production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded,

- vii) production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%;
- viii) drift net fishing in the marine environment using nets in excess of 2.5 km. in length;
- ix) construction/purchase of residential and business premises;
- x) agricultural activities;
- xi) other activities defined by the applicable state aid regulations and HAMAG-BICRO guidelines and procedures.

An eligible Applicant under this Program is one that, on the date of submitting a complete and valid Application meets the following requirements:

- (a) it has a registered seat in Croatia;
- (b) it or its individual owners are not the subject of a conviction by final judgment for one or more of the following criminal acts: associating or the purpose of perpetrating criminal offenses, accepting a bribe in business activities, offering a bribe in business activities, abuse of position and official powers, abuse in performing governmental duty, illegal intercession, accepting a bribe, offering a bribe, fraud, computer fraud, fraud in business activities and concealing unlawfully obtained money;
- (c) it has completely justified and used for specific purposes granted state aid if having received it (except aid for which the justification deadline has not expired);
- (d) its individual owners and linked persons by means of ownership and/or control have completely justified and used for specific purposes granted state aid if having received it (except aid for which the justification deadline has not expired);
- (e) it has no outstanding liabilities to the state;
- (f) its individual owners and linked persons by means of ownership and/or control have no outstanding liabilities to the state;
- (g) it is not in the process of pre-bankruptcy settlement, bankruptcy or liquidation;
- (h) its individual owners are not in the process of pre-bankruptcy settlement, bankruptcy or liquidation;
- (i) its business bank account has not been continuously blocked for more than 30 days in the past 6 months.

CO-INVESTORS

The category of eligible Co-investors consists of:

- (a) business angels;
- (b) syndicates of business angels;
- (c) incubators and accelerators;
- (d) corporate investors; and
- (e) Venture capital funds.

Eligible Co-investors shall meet the following requirements:

- (a) their share, or that of linked persons by means of ownership and/or control, in the subscribed capital of the Investee does not exceed 25%, prior to the equity investment made under this Program;
- (b) they or their individual owners have not been the subject of a conviction by final judgment for one or more of the following criminal acts: associating or the purpose of perpetrating criminal offenses, accepting a bribe in business activities, offering a bribe in business activities, abuse of position and official powers, abuse in performing governmental duty, illegal intercession, accepting a bribe, offering a bribe, fraud, computer fraud, fraud in business activities and concealing unlawfully obtained money;
- (c) they have completely justified and used for specific purposes granted state aid if having received it (except aid for which the justification deadline has not expired);
- (d) their individual owners and linked persons by means of ownership and/or control have completely justified and used for specific purposes granted state aid if having received it (except aid for which the justification deadline has not expired);
- (e) they have no outstanding liabilities to the state;
- (f) their individual owners and linked persons by means of ownership and/or control have settled liabilities to the state;
- (g) they are not in the process of pre-bankruptcy settlement, bankruptcy or liquidation;
- (h) their individual owners are not in the process of pre-bankruptcy settlement, bankruptcy or liquidation;
- (i) their business bank account has not been continuously blocked for more than 30 days in the past 6 months.

3. ELIGIBLE COSTS

The costs stated in the Application within the Sub-project budget must be directly linked to the project/innovation for which the conditional loan is awarded to be deemed eligible. Eligibility of certain costs is assessed exclusively by HAMAG-BICRO in compliance with its internal methodologies and guidelines.

Costs incurred prior to signing the Sub-financing agreement are not eligible.

4. EQUITY INVESTMENT

An equity investment under this Program is an increase in equity capital of the Investee by an eligible Co-investor.

An increase in equity capital under this Program is an increase in share (subscribed) capital and capital reserves made entirely in cash.

Equity investments made prior to signing the Sub-financing agreement are not eligible to receive co-financing i.e., a conditional loan under this Program.

The minimum equity investment under this Program is EUR 30,000.00.

Sources of funding an equity capital increase under this Program that are not permitted are:

- (a) all public funds, including the funds from European Structural and Investment Funds;
- (b) capitalization of previously granted loans to the Applicant; and
- (c) investment in kind and rights.

5. CONDITIONAL LOAN

This Program provides financing to Investees through loans that will be subordinated to other debt claims, and will not require collateral.

The lowest loan amount that can be awarded to an Investee under this Program is EUR 30,000.00. The loan can be awarded in multiple tranches. The highest loan amount that can be awarded in a single tranche to an Investee under this Program is EUR 200,000.00. The highest total loan amount that can be awarded to an Investee under this Program is EUR 300,000.00. The loan amount awarded to an investee under this Program may not exceed the amount of the equity investment made by the eligible Co-investor.

The loan shall be repaid out of income attributable to the equity investment made by the Co-investor, i.e., distribution of profit/dividends and proceeds from the sale of the Co-investors' equity investment. The initial income generated from the equity investment will be paid to the Co-investor and HAMAG-BICRO on a pro rata basis. Once the income from the investment paid out to HAMAG-BICRO has reached the principal amount of the loan plus a hurdle rate of 6 percent (calculated as an internal rate of return) the subsequent income will be distributed asymmetrically to the benefit of the Co-investor. After the hurdle rate has been achieved, HAMAG-BICRO shall receive 20 percent of its initial pro rata share of the income generated from the equity investment.

The loan is terminated when one of the following events occurs:

- (a) the Co-investor has sold the equity investment to a third party and distributed the proceeds due to HAMAG-BICRO or
- (b) following the expiration of the 15 year period starting with the day the Sub-financing agreement has been signed.

Investees that have been awarded loans may not lend funds to other entities or persons until the principal of the loan provided by HAMAG-BICRO plus a hurdle rate of 6 percent has been repaid in full.

6. APPLICATION

In order to apply for a conditional loan under this Program, a complete and accurate set of the following documents must be submitted:

- (a) Application form;
- (b) Business plan in accordance with HAMAG-BICRO guidelines (in English);
- (c) Sub-project budget;
- (d) copy of up-to-date official document stating the share individual owners have in the Applicants share capital;
- (e) Applicants Declaration on received de minimis aid;
- (f) Applicants and Co-investor's Joint statement;
- (g) Tax Administration certificate declaring no outstanding liabilities to the state for the Applicant;
- (h) annual financial statements of the Applicant for the past two fiscal years (if available); and
- (i) any other document requested by HAMAG-BICRO.

The Application must be submitted by e-mail in accordance with the instructions included in the Application form.

In case the Application is incomplete or deficient, HAMAG-BICRO shall notify the Applicant in writing with a deadline for completing the Application.

Applications submitted after the expiry date of the Public call shall not be taken into consideration.

7. EVALUATION

Applications shall be assessed in 3 phases:

- A. Administrative check,
- B. Sub-project eligibility evaluation and
- C. Investment evaluation.

Female and male owned Investees will have equal opportunity to access financing from this Program.

A. ADMINISTRATIVE CHECK

Applications shall be processed using the Administrative Check Form; if the answer to any of the questions is NO Applications shall be automatically rejected and shall not be considered for further evaluation. Applicants whose Applications have been rejected shall receive written notice stating the reasons for the rejection.

ADMINISTRATIVE CHECK FORM

		YES	NO
1	Court register excerpt (obtained by HAMAG-BICRO)		
	a) Applicant has appropriate form of economic operator's registration (company)		
	b) Applicant has a registered seat in the Republic of Croatia		
	c) It can be seen in the court register excerpt that the Applicant's registered activity complies with the requirements of the Public call		
	d) No bankruptcy, pre-bankruptcy settlement or liquidation proceedings have been initiated against the Applicant		
	e) No bankruptcy, pre-bankruptcy settlement or liquidation proceedings have been initiated against the individual owners of the Applicant		
2	Application form		
	a) Application form verified by the seal and signed by authorized representatives of the Applicant and the Co-investor is submitted (scanned copy in PDF)		
	b) Application form is completed in compliance with provided instructions		
3	Business plan		
	a) Business plan in accordance with HAMAG-BICRO guidelines is submitted (in English)		
4	Applicant's Declaration on received de minimis aid		
	a) Declaration on received de minimis aid verified by the seal and signed by authorized representatives of the Applicant is submitted (scanned copy in PDF)		
	b) All awarded grants have been justified and spent for intended purposes (except aid for which the justification deadline has not expired)		

	c) The amount of aid received by the Investee and persons linked to the Investee is in compliance with the provisions on de minimis aid (COMMISSION REGULATION (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on Functioning of the European Union to de minimis aid)		
5	Official document stating the share individual owners have in the Applicant's share capital		
	a) Up-to-date official document stating the share individual owners have in the Applicant's share capital is submitted - <i>Articles of Association or excerpt from the companies register of the Central Depository & Clearing Company</i> - (scanned copy in PDF)		
6	Tax Administration certificate		
	a) Tax Administration certificate is submitted (scanned copy in PDF)		
	b) Enclosed Tax Administration certificate is not older than 30 days prior to the Application submission date		
	c) Applicant has no outstanding liabilities to the state		
7	Applicant's joint statement		
	a) Applicant's joint statement is submitted (scanned copy in PDF)		
	b) Applicant's joint statement is complete and accurate		
	c) Applicant's joint statement is verified by its seal and signed by authorized representatives		
	d) Applicant is a micro, small and medium-sized entity in compliance with Small Business Development Promotion Act (OG 29/02, 63/07, 53/12 and 56/13) and Commission Recommendation 2003/361/EC		
8	Co-investors joint statement		
	a) Co- Investors joint statement is submitted (scanned copy in PDF)		
	b) Co-investors joint statement is complete and accurate		
	c) Co-investors joint statement is signed by authorized representatives		
9	Annual financial statements		
	a) Annual financial statements for fiscal year T-1 (T is the year the Application is submitted) are submitted - <i>if the Applicant was founded in year T, enter YES</i>		
	b) Annual financial statements for fiscal year T-2 (T is the year the Application is submitted) are submitted - <i>if the Applicant was founded in year T-1, enter YES</i>		

B. SUB-PROJECT ELIGIBILITY EVALUATION

All Applications that have successfully completed the administrative check proceed to the Sub-project eligibility evaluation phase in order to determine whether the Sub-project meets the program objectives.

In order for a Sub-project to be evaluated as eligible Applicants must demonstrate that they are SMEs engaged in innovative activities at the seed or start-up stage that shall receive investments in equity capital by an eligible Co-investor for the purpose of further development and/or commercialization of an innovative product or service.

During the Sub-project eligibility evaluation phase, the evaluators may submit a written request to the applicant and/or Co-investor for additional information and/or documentation needed to complete the evaluation process.

HAMAG-BICRO evaluates Applications under this Program in compliance with its methodologies and guidelines.

C. INVESTMENT EVALUATION

All Applications that have successfully completed the Sub-project eligibility evaluation phase proceed to the Investment evaluation phase performed by the Evaluation Committee (EC).

HAMAG-BICRO shall organize an EC session comprised of the following voting members:

1. a professional investor with international experience in risk capital investments in start-ups and seed stage companies;
2. a technical expert (technical experts may vary for different types of projects); and
3. a commercial analyst with direct market and technical experience in Croatia and/or other European countries of product and service sectors of relevance to Applicants (commercial analysts may vary for different types of projects).

The EC is comprised of an odd number of voting members.

HAMAG-BICRO must ensure that there is no conflict of interest between EC members and Applicants.

The EC members will be selected competitively in accordance with the provision of the applicable [World Bank Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers, January 2011, and Revised in July 2014](#). Each EC member will provide services in accordance with Terms of Reference (TOR). The TORs of each EC member will be subject to the Bank's prior review and no-objection. The selection process for the appointment of the EC members shall be subject to Bank's post review. With reference to that, HAMAG-BICRO will retain all documents with respect to each selection process and contract for examination by the Bank or auditors as relevant.

At the EC session, the Applicant presents and defends their Sub-project proposals before members of the EC. For the purpose of presenting Sub-projects before the EC, each Applicant is expected to submit a presentation to HAMAG-BICRO in English, no later than 7 days prior to the date of the EC session.

The presentation of the Application needs to contain the following information:

- (a) Sub-project title and brief introductory information on the Applicant and Co-investor,
- (b) description of the product, its current stage of development and the degree of innovation,
- (c) business model, and
- (d) a brief description of the project implementation (what is exactly to be achieved and how).

Applications are evaluated in the following categories:

1. Operational capacity (Human Capital)	max 10 points
2. Innovativeness of the product	max 10 points
3. Market and competition	max 10 points
4. Business model	max 10 points
5. Sub-project budget	max 10 points
Total score	max 50 points

Voting EC members must determine that Sub-projects have demonstrated a Technological readiness level of 5 or above according to the Horizon 2020 scale¹ in order to be considered at the seed or start-up stage and eligible to receive a conditional loan under this Program.

Voting EC members vote on awarding the conditional loan to the Applicant. A positive vote is a score of at least 30 points in total and at least 50 percent of the maximum number of points in each category under evaluation. EC members are required to provide justification for points awarded under each category. EC members are encouraged to provide recommendations to Applicants for improving the project and increasing the probability of market up-take.

HAMAG-BICRO reserves the right to make adjustments to costs in the proposed Sub-project budget submitted by the Applicant and make adjustments to the proposed amounts in accordance with the recommendations of the EC members.

The conditional loan shall be awarded if the Application receives positive votes from all voting EC members. In the event the Application has received two positive and one negative vote from voting EC members and at least 100 points cumulatively, a second opinion can be requested from a relevant expert in the field of expertise of the EC member that has cast a negative vote. If the substitute expert votes positive the Applicant shall be awarded the conditional loan.

Projects that have successfully concluded Phase 1 of the Horizon 2020 SME instrument are deemed to have achieved the maximum number of points in categories 2 and 3 and will be assessed exclusively in categories 1, 4 and 5.

¹ Horizon 2020 Work Programme 2016-2017 General Annexes - European Commission Decision C (2015)6776 of 13 October 2015

Projects that have received 10 points or more on their Phase 2 Horizon 2020 SME instrument application are deemed to have achieved the maximum number of points in categories 1 through 4 and will be assessed exclusively in category 5.

8. CONTRACTING

The Investee, the Co-investor and HAMAG-BICRO shall sign a Sub-financing agreement that regulates mutual rights and obligations. HAMAG-BICRO has the right to suspend or terminate the right of the Investee to use the proceeds of the conditional loan, or obtain a refund of all or any part of the amount of the conditional loan then withdrawn, upon the Investee's failure to perform any of its obligations under the Sub-financing agreement.

Investee's are required to:

- (a) carry out the Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices, all satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines²;
- (b) provide, promptly as needed, the resources required for the purpose;
- (c) procure the goods and services to be financed out of the conditional loan in accordance with the Project Operational Manual, section 5. Procurement operations;
- (d) maintain policies and procedures adequate to enable it to monitor and evaluate activities financed with proceeds from the conditional loan in accordance with indicators acceptable to the World Bank;
- (e) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect its operations, resources and expenditures;
- (f) at the request of the World Bank or HAMAG-BICRO, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to HAMAG-BICRO and the Bank;
- (g) enable HAMAG-BICRO and the World Bank to inspect the Investee's operation and any relevant records and documents; and
- (h) prepare and furnish to HAMAG-BICRO and the World Bank all such information as reasonably requested relating to the foregoing.

² Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011

9. DISBURSEMENT

Investees that have entered into a Sub-financing agreement with HAMAG-BICRO must submit the following documents to comply with disbursement conditions for the loan:

- (a) evidence that the equity investment has been completed by the Investor (copy of excerpt from the companies register or the Central Depository & Clearing Company);
- (b) Investee's new Articles of Association or Shareholders' Agreement (or Annex to the Articles of Association or Shareholder Agreement) in which the obligation to provide an equity investment by the Investor is visible;
- (c) bank statement for the Sub-project designated bank account of the Investee into which the required amount representing the equity investment of the Co-investor has been paid-in in accordance with the Sub-financing agreement; and
- (d) a certified blank debenture as collateral for regular and timely fulfillment of all commitments from the Sub-financing agreement and other relevant regulations.

In case the Investee fails to submit the documents listed above within 3 months of the date the Sub-financing agreement has been signed, it shall be deemed that they have withdrawn from the agreement.

Disbursements can only be made into a designated bank account opened by the Investee specifically for the purpose of financing the Sub-project in accordance with the Sub-financing agreement.

Disbursements may be executed in multiple tranches in accordance with the Sub-financing agreement.

10. REPORTING AND MONITORING

The Investee is required to furnish HAMAG-BICRO with quarterly Sub-project reports.

Sub-project reports shall be assessed in 3 categories:

1. Costs

All Sub-project costs must be segregated and allocated according to specifications in types and cost groups within types in the Sub-project budget. The costs that have been incurred in the reporting period will be assessed against those initially planned in the Sub-project budget. Investees must adhere to costs that have been planned in the Sub-project budget. A different allocation within a cost group or between different cost groups of the Sub-project budget requires consent from HAMAG-BICRO. Reports must be submitted in forms provided by HAMAG-BICRO (in Excel format).

All costs must be visible and comparable at four levels:

- i) Sub-project budget,
- ii) Financial statements of the Investee,
- iii) Sub-project designated bank account, and
- iv) Original document.

Sub-project costs are in net amounts excluding VAT. Salaries and labor contracts are included in the Sub-project budget in gross amounts. Costs recognize actual consumption as invoiced, and not according to the pre-invoice or payment inasmuch as it differs from the actual cost.

2. Implementation

Implementation of the Sub-project will be assessed based on the following documents that are attached to the quarterly Sub-project report:

- i) Financial statements of the Investee for the reporting period (balance sheet, income statement, statement of changes in equity, cash flow statement) and
- ii) Report on the implementation of the Sub-project including a report on the use of funds and operational milestones achieved in the reporting period.

3. Documentation

Required documentation for costs:

- i) Salaries and labor contracts – JOPPD forms for all persons working on the Sub-project; and
- ii) Other costs – invoices from suppliers with documentation (offers, contract etc.).

HAMAG-BICRO will also monitor and report on specific indicators of Investees profile and performance. This information will be provided by Final Beneficiaries on an annual basis, according to the Sub-financing agreement.

i. Final Beneficiary Profile Data

NAME of SME	
Owner(s) of the SME	
Owner gender	
Sector in which SME operates	
Geographic Area of operation	
Number of full time employees?	
Number of part time employees?	
How much financing did the firm apply for?	
How much financing did the firm receive?	
Does SME produce and report Annual Financial statements?	
If yes, are they using IFRS?	
Has the firm applied for a patent since establishment?	

Final Beneficiary Performance

	Unit of Measure	Baseline	Cumulative Values				
			YR1	YR2	YR3	YR4	YR5
Revenues							
Operating Margin ³	€						
Production cost per product	%						
Price per product	€						
Quantities of product that have been sold	€						
Exports (if any)	Number						

³ Operating income/net sales

Employees							
No. of full-time employees⁴	Number						
Of which % women	%						
Of which % youth (age<25 yrs.)	%						
No. of part-time employees	Number						
Of which % women	%						
Of which % youth (age<25 yrs.)	%						
No. of consultants	Number						
Of which % women	%						
Of which % youth (age<25 yrs.)	%						
No. of administrative /support/secretaries staff	Number						
Of which % women	%						
Of which % youth (age<25 yrs.)	%						
No. of managerial level employees	Number						
Of which % women	%						
Of which % youth (age<25 yrs.)	%						
No. of professional /technical employees (excludes managers and administrative/ support/ staff)	Number						
Of which % women	%						
Of which % youth (age<25 yrs.)	%						
No. of indirect jobs (outsourced, contractors and sub-contractors, suppliers or others in value chain (estimate))	Number						
Financing							
Connected to the program							
Financing from the co-investment fund	€						
Financing from private Co-investors	€						
Unconnected to the program							
Loans from banks	€						
Financing from Angel investors	€						
Financing from Venture Capital Funds	€						
Financing from other sources of external financing	€						

⁴ Permanent, full-time employees are defined as all paid employees that are contracted for a term of one or more fiscal years and/or have a guaranteed renewal of their employment contract and that work a full shift.

11. ENVIRONMENTAL MANAGEMENT FRAMEWORK

The Environmental Management Framework serves as a tool to screen Sub-projects based on the screening guides for the environmental due diligence procedures.

All conditional loans to be provided under this Program should be subjected by HAMAG-BICRO to an environmental review process incorporating the procedures described in this section. HAMAG-BICRO should use these procedures in reviewing and appraising Applications, and to inform Investees of environmental requirements for approval of conditional loans, so that Subprojects can be implemented in an environmentally sound manner. These procedures and requirements incorporate the Republic of Croatia's regulatory requirements for environmental legislation and the Bank's safeguard policies.

Once the environmental review process is performed and recommendations incorporated into the Sub-project, HAMAG-BICRO will appraise the proposed package which would include, where appropriate, an environmental management plan.

The environmental screening process and responsibilities of stakeholders are described in detail in Annex 3 of the POM.