



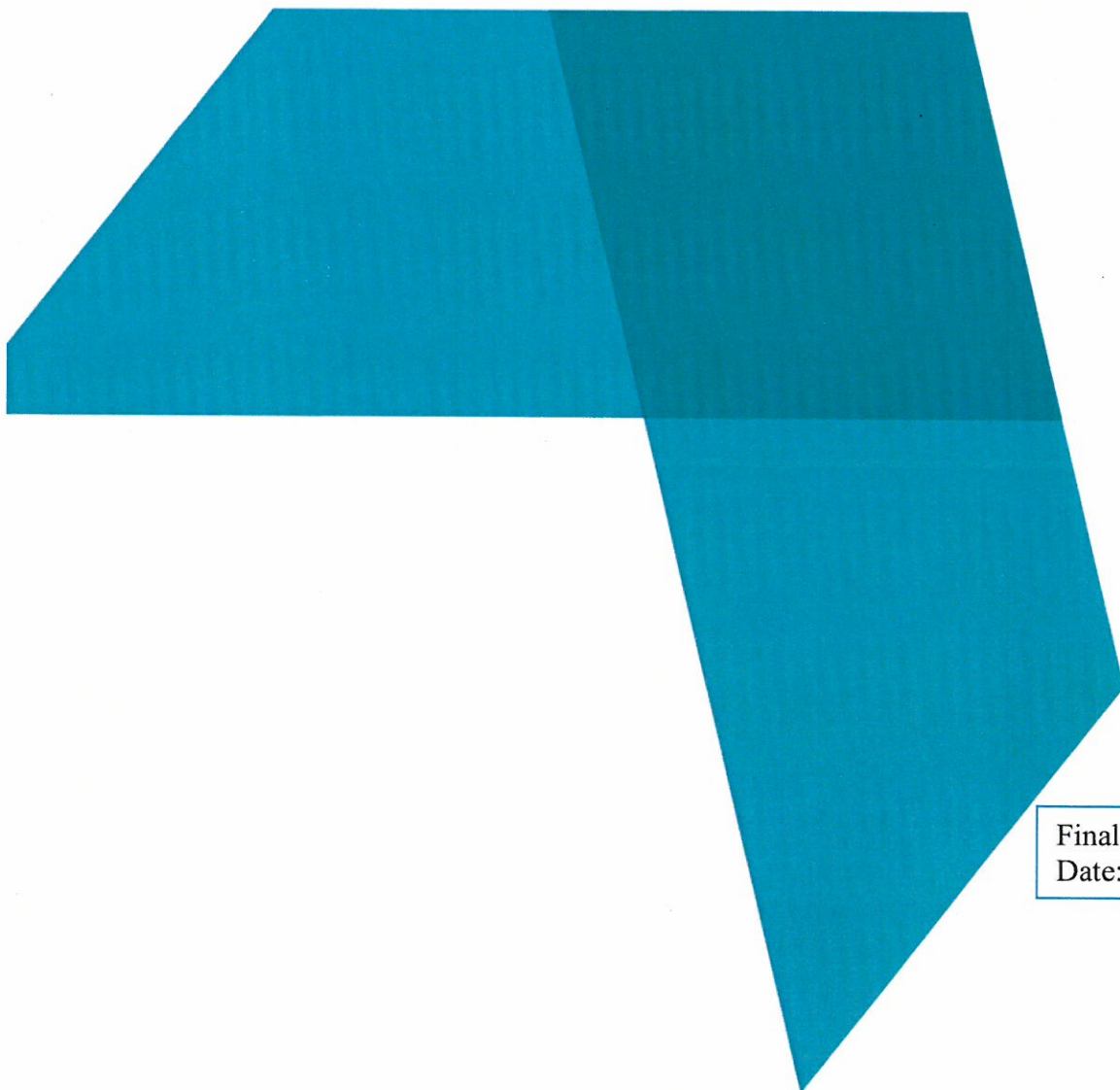
European Union
European Regional
Development Fund

SKILLS+
Interreg Europe



SKILLS+

ZADAR COUNTY ACTION PLAN



Final version
Date: September 2019



TABLE OF CONTENTS

Part I – General information	3
Part II – Policy context	3
Part III – Details of the actions envisaged	5
ACTION 1	5
1. The background.....	5
2. Action.....	8
3. Players involved	9
4. Timeframe.....	9
5. Costs.....	9
6. Funding sources	9
ACTION 2	10
1. The background.....	10
2. Action.....	12
3. Players involved	14
4. Timeframe.....	14
5. Costs.....	14
6. Funding sources	14

Part I – General information

Project	Supporting knowledge capacity in ICT among SME to engage in growth and innovation – SKILLS+
Partner organisation	Zadar County Rural Development Agency – AGRRA
Other partner organisations involved	n/a
Country	Croatia
NUTS2 region	Adriatic Croatia
Contact person	Ana Zubčić email address: ana.zubcic@agrra.hr phone number: 00385 99 273 3 273

Part II – Policy context

The information and communications technology (ICT) plays the leading role in the transformation of citizens' lifestyle, thus transforming the society as a whole. ICT is the fundamental technology of the information society as well as the knowledge society, which have been systematically promoted and gradually built by the European Union and the rest of the world, the ultimate goal being to strengthen their role in everyday life. New technologies enable access to information at an increasing rate of speed, at the same time enhancing their previous “analogue” principles. The development of the Internet goes parallel with the gradual elimination of geographical and linguistic barriers to communication.

In Croatia, one of the main identified problems in ICT and other sectors is broadband penetration and NGN coverage levels, both lagging behind the EU average levels. Fixed broadband penetration was 21.7% in January 2014 (EU average was 29.8% in 2013). In 2013, 63.6% of households in Croatia had Internet access (EU average was 76% in 2013). Although Croatia has already achieved good basic broadband coverage (97% of population in 2013), total NGA network coverage in Croatia amounted to only 33% in 2013, which positioned Croatia far behind EU's average NGA coverage of 62% in the same year. Current level of NGA coverage is concentrated on few densely populated areas of Croatia. Considering this, significant number of households, public administration sites, educational and health care institutions, as well as small and

medium enterprises is unable to access the high-speed broadband and use advanced IT services, thus hindering uniform regional development in Croatia and exploiting of socioeconomic benefits related to the availability of NGA broadband networks.

According to technical and economic analyses performed by Government in 2012, at least 60% of Croatian population would not be commercially covered by NGN infrastructure, due to poor profitability prospects for NGN investments in areas with lower population density. In order to foster extension of NGN coverage to these areas, public funds shall be used for support of investments in NGN infrastructure (backhaul and access portion of network), to complement private investments by operators in white and grey NGN areas. There is no need to support investment in backbone network, as there is no market failure indicated there.

Finally, in order to foster productivity in the private sector and public administration, enhancement of ICT equipment, development of e-services and NGN broadband infrastructure is not sufficient. Attaining the objective of enhanced use of ICT requires a combination that includes measures to improve digital skills.

Moreover, analyses performed in 2011 and in 2013 have shown that there is an ongoing financing gap, meaning that a sizeable share of SMEs cannot obtain financing from banks, capital markets, nor other suppliers of finance. SMEs at different stages of growth cycle need professional support provided by the business support organisations (BSOs). BSOs are often perceived as offering services that most SMEs cannot afford. Moreover, different needs for specialized support to SMEs have been identified in different regions of Croatia. BSOs however, have shown to have insufficient capacities to provide high quality services and up to date approach in tackling SMEs' problems. The demand from SMEs comes in terms of more specific and higher-order services and other forms of business support like implementation of modern information and communication technologies (ICT) which creates the possibility for optimizing the functioning of enterprises and affects directly the growth of innovativeness and competitiveness of the economy. The aim is to finance SMEs projects to deploy e-business solutions, optimising business processes associated with the production and/or provision of services and the organisation of operations using ICT, which will also enable SMEs to adapt more quickly to the ever changing business environment.

This Action Plan will, thus, tackle both the improvement of broadband access, mainly in rural and non-accessible areas, as well as the enablement of small companies to apply for funding to further improve their digitalisation. Hence, this Action Plan is expected to lead to new project proposals, both by public bodies in relation to broadband access coverage, as well as by small companies from the County in relation to further digital improvement of their daily business.

The Action Plan aims to impact:

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

Name of the policy instrument addressed:

OP Competitiveness and Cohesion 2014-2020

Priority axis – *3 Business Competitiveness*

Investment priority – *3d Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes*

Specific objective – *3d1 SMEs' development and growth improved in domestic and foreign markets*

Part III – Details of the actions envisaged

ACTION 1

1. The background

Context

This action is an outcome of Interreg Europe SKILLS+ project. Project SKILLS+ is funded under the Priority Axis 2 aiming to raise competitiveness of SMEs. SKILLS+ aims at advancing public policies by promoting information and communication technologies (ICT) skills among SMEs in rural areas, while helping them seize fully the opportunities offered by a digital single market and benefits of a digital economy. It connects 11 different EU regions whose main aim is to improve digital competences of SMEs in rural places.

In addition to the mentioned objective of the project SKILLS+, AGRRA has chosen to influence on the Investment for Growth and Jobs programme – OP Competitiveness and Cohesion 2014-2020. Under OP Competitiveness and Cohesion 2014-2020, AGRRA targeted specific objective 3d1 – SMEs' development and growth improved in domestic and foreign markets. In the mentioned OP, it is highlighted that the expected result of this particular SO is to upgrade processes, goods, skills and services while increasing added value of the employees. In order to be able to achieve the above-mentioned goals, proper infrastructure needs to be available. At this point, the development and growth of the SMEs' located in rural area is limited due to the fact that the Republic of Croatia is considered to be one of the slowest in EU when it comes to the internet connection.

Although Croatia has already achieved good basic broadband coverage (97% of population in 2013), total NGA¹ network coverage in Croatia amounted to only 33% in 2013, which positioned Croatia far behind EU's average NGA coverage of 62% in the same year. Current level of NGA coverage is concentrated on few densely populated areas of Croatia. Considering this, significant number of households, public administration sites, educational and health care institutions, as well as small and medium enterprises is unable to access the high-speed broadband and use advanced IT services, thus hindering uniform regional development in Croatia and exploiting of socioeconomic benefits related to the availability of NGA broadband networks.

In Croatia, the programmes to promote small businesses' ICT uptake are often unable to overcome digital gap as they are designed on national level, not matching the specific needs of rural areas' SMEs. With this project, Zadar County Rural Development Agency – AGRRA aims to reduce disparities and digital gap between urban and rural SMEs by providing better opportunities for SMEs located in rural area of the Zadar County. To that aim, we have chosen to influence the policy instrument from Operational Programme Competitiveness and Cohesion 2014-2020 – 3d1 SMEs' development and growth improved in domestic and foreign markets.

One of the main challenges of Croatia, as well as Zadar County, is related to improvement of connectivity and establishment of ICT infrastructure in its rural area. Although on a national level there are plans and initiatives for improvement of ICT infrastructure and connectivity, local authorities must be deeply involved. The biggest problem related to the improvement of the access to broadband internet in Croatia is related to the non-profitability of private investments due to population dispersion across rural area of the County. Due to the fact that 92,8% of Zadar County territory is rural, the connectivity initiatives should come from local authorities as change drivers. They should give equal opportunities to entrepreneurs and inhabitants by providing them High – Speed internet connection. Hence, after various meetings with our stakeholders, we have come to conclusion that AGRRA will assist local authorities in attracting EU funds related to the establishment of the Broadband Internet due to the fact that ICT services and infrastructure are not well spread in rural parts of the County of Zadar.

The first action will serve as a basis for the improvement of Specific Objective “3d1 SMEs' development and growth improved in domestic and foreign markets” due to the fact that almost none of the Municipalities in Zadar County can provide proper infrastructure for the further ICT development of their SMEs. AGRRA tends to impact chosen policy instrument by launching new projects financed by the OP

¹ Next Generation Access – download speed min.30 Mbit/s

Competitiveness and Cohesion 2014-2020 – 3d1 SMEs'. WiFi4EU and similar initiatives are considered to be one of the main preconditions for the improvement of OP Competitiveness and Cohesion, SO 3d1. Due to the fact that WiFi4EU initiative has to offer at least 30 Mbps speed it is considered as NGA – Broadband Internet. Improved Broadband Internet possibility is a first step towards development and growth, of the SMEs on Zadar County's rural territory, followed by the training and mentoring of SMEs for applying on SO 3d1 call for proposals.

Lessons learned from SKILLS+ project

Starting point for this action was Zadar County Peer Review Report, where the Peer Review team, after three-day session, strongly suggested to improve connectivity and infrastructure. Within the Peer Review report, it is stated that poor and non-existing ICT infrastructure and connectivity in rural area of the County is a real problem and barrier for the ICT uptake. Hence, first recommendation of the Peer Review team is related to the connectivity plans and projects. Moreover, Peer Review team suggested to deeply involve Local authorities to provide broadband infrastructure for their SMEs. One of their suggestions was to use at least existing Connecting Europe Facility initiatives like WiFi4EU. Additionally, the good practice found within the SKILLS+ project called “Engage – High Speed Broadband for Rural Europe”, shows how High – Speed Broadband Internet has the power to keep rural areas as an attractive place to live and to do business. At the beginning of the SKILLS+ implementation, one of the activities the project partners had to fulfill was to find good practices even beyond SKILLS+ partnership countries: the Engage project was one of those good practices, a project implemented during the Interreg IVC programme and part of the Interreg IVC Good Practices Database.

After 3 years of collaboration and exchange between ENGAGE partners and institutions at European, national, regional and local levels the project resulted with advanced understanding of the barriers, digital environment of the rural Europe and opportunities ICT can bring to rural places all over Europe. With this project, new digital infrastructures and services were accompanied by new sustainable economic models for public investors, telecommunication operators and local councils, enabling stakeholders to achieve social and economic return on investment in the short, medium and long-term and involve all stakeholders in their creation and roll out. Within SKILLS+ project and first Action, we expect to achieve the same results and benefits for our stakeholders. Therefore, we will try to enhance the businesses and SMEs efficiency on the County's rural area by providing them with new opportunities.

2. Action

This Action is an outcome of the Peer Review held in Zadar. It is a support for the framework conditions not directly linked with OP Competitiveness and Cohesion 2014-2020, but directly linked and required for the successful implementation of the second action of this Action Plan. It is necessary to ensure Broadband Internet connection due to the fact that rural area of the Zadar County has poor and non-existing ICT infrastructure that hinders the development of the SMEs.

In order to provide same conditions and reduce digital gap between SMEs located in urban and rural area, AGRRA will assist local authorities with the application towards WiFi4EU and/or any other Connecting Europe Facility initiative.

Step 1 – Technical support to the local authorities in the application process such as WiFi4EU (and/or any other Connecting Europe Facility initiative) call for proposal

During the first phase of the project, we have informed local authorities about the possibilities that are offered on European level when it comes to the establishment of Broadband Internet connection. Hence, as a next step, we will provide technical support to the local authorities of the Zadar County in order to receive funding for the implementation of the Broadband Internet due to the fact that ICT infrastructure in the rural area of Zadar County does not exist.

WiFi4EU is initiative that aims to provide high-quality Internet access across EU. The Internet can be provided i.e. in parks, squares, administrations, libraries, health centres etc. The initiative is available to public sector bodies who will, if chosen, receive lump sum vouchers of 15.000 € for the implementation. Moreover, applicant, if chosen, will have to ensure that the WiFi4EU Access Point is supported at least 5 years after the installation. Technical support will be provided in terms of interpretation of the call, application assistance, etc. AGRRA will fund stated support with 5.000€ of its own resources. This cost refers to the provision of technical expert services.

All 28 municipalities from Zadar County have been informed about the WiFi4EU initiative.

This step will be implemented from April 2019 until the end of the project lifetime, March 2021.

Step 2 – If funded, local municipalities will receive the vouchers and hand them to the installation companies. Once received, they can proceed with the installation of the Wi-Fi hotspots

If funded, local authorities will receive i.e. if it is WiFi4EU, it will be 15.000€ vouchers for the installation. The idea is to receive at least two vouchers (one per municipality) of 15.000 €, hence 30.000€ in total. Once the vouchers are received, local authorities with the assistance of AGRRA, will proceed with the installation of Wi-Fi hotspots. Therefore, AGRRA will play an important role in connecting local authorities with installation companies and monitoring the whole process from April 2019 until March 2021.

3. Players involved	<ul style="list-style-type: none"> ➤ AGRRA as driver for action at national, regional, local and EU level; ➤ 28 Municipalities that are informed about the Broadband Internet possibilities, some of them will apply on the EU call for proposals regarding to the implementation of broadband internet; ➤ Installation companies in charge of the infrastructure works.
4. Timeframe	Step 1: 04/2019 – 03/2021 Step 2: 04/2019 – 03/2021 <hr style="width: 25%; margin-left: 0;"/> 24 months in total
5. Costs	Step 1: 5.000 € Step 2: 15.000 € per voucher, (approx. 2 Municipalities will receive vouchers) <hr style="width: 25%; margin-left: 0;"/> 35.000 € in total
6. Funding sources	AGRRA will fund stated costs with own resources. EC ² will fund voucher that municipalities will receive (https://ec.europa.eu/digital-single-market/en/wifi4eu-free-wi-fi-europeans)

² European Commission

ACTION 2

1. The background

Context

This action is an outcome of Interreg Europe SKILLS+ project. Project SKILLS+ is funded under the Priority Axis 2 aiming to raise competitiveness of SMEs. SKILLS+ aims at advancing public policies by promoting information and communication technologies (ICT) skills among SMEs in rural areas, while helping them seize fully the opportunities offered by a digital single market and benefits of a digital economy. It connects 11 different EU regions whose main aim is to improve digital competences of SMEs on rural places. At the beginning of the project and in the regards to the regional context, we found that the most helpful action for local partnership would be establishment of targeted and tailor made training and mentoring opportunities.

Finally, in order to foster productivity in the private sector and public administration, enhancement of ICT equipment, development of e-services and NGN broadband infrastructure is not sufficient. Attaining the objective of enhanced use of ICT requires a combination that includes measures to improve digital skills. Implementation of modern information and communication technologies (ICT) creates the possibility for optimizing the functioning of enterprises and affects directly the growth of innovativeness and competitiveness of the economy.

Small and medium enterprises are backbone of, not only Croatian, but almost every economy in the world. The share of small and medium enterprises in Croatian economy is 99.7%. It also reflects to the County of Zadar, where 99,8% of enterprises are SMEs. Hence, it is crucial to pay special attention to their growth and development by providing them with the opportunities to grow and develop.

Therefore, AGRRA focused on the 3d1 Policy Instrument with the aim to finance SMEs projects to deploy e-business solutions, optimize business processes associated with the production and/or provide services using ICT, which will also enable SMEs to adapt more quickly to the ever-changing business environment. To that aim AGRRA will organize various trainings for SMEs with final objective to increase funding of SMEs in the Zadar County. Currently, total amount of funding available in the period 2014-2020 is 307.000.000 €. Policy Instrument 3d1 - SMEs' development and growth improved in domestic and foreign markets, strongly focuses on the improvement of the competitiveness and efficiency of enterprises through ICT.

Low level of training and mentoring opportunities for SMEs in rural area of the Zadar County hinders their development. In fact, it is not likely that the SMEs from the County of Zadar will apply for funding without support. Thereby, in addition to infrastructure improvements and in line with SO 3d1, non-monetary support measures, such as seminars, trainings and/or on-line courses must be implemented in order to enable SMEs from Zadar County to apply for funding.

AGRRA will also monitor and support the SMEs applications towards available structural funds in order to ensure development and growth of the SMEs located in rural area of the Zadar County.

With the implementation of this action, entrepreneurs from rural areas will be able to optimize their business processes, receive funding from structural funds and be able to grow in domestic and foreign markets. Hence, this action will enable SMEs to receive funding from chosen Policy Instrument - SO 3d1.

Lessons learned from SKILLS+ project

Considering the fact that the availability of various sources for financing start-ups, and growth & development of entrepreneurial activity in Croatia is very limited, we must continuously work on the improvement of SMEs digital skills to enable them to receive funding. During one of our stakeholder meetings, we have agreed that good practice called "*EVITA - Training for SMEs on ICT*" found within SKILLS+ partnership, but outside of the partnership, can be useful for Zadar County and it can serve us as an inspiration for the implementation of second action: the EVITA project was one of the projects implemented during the Interreg IVC programme and part of the Interreg IVC Good Practices Database. This good practice - training sessions, clearly presents the results and benefits for the SMEs. Within EVITA project, training sessions were free of charge for the participants, while every week different subject was introduced.

As a result of the Peer Reviews and Capacity Building Seminars under the SKILLS+ project, besides good practice "EVITA", other good practices found within the partnership served us as a good example to develop Action 2. Therefore, we have identified two more good practices from Finland (*Rural DigiServ, DARRA – Digital Age in Rural and Remote Areas*) and one from Latvia (*E-leadership skills for SMEs*) that were presented during Capacity Building Seminars.

All of the above-mentioned good practices have one thing in common, their objective is to improve digital solutions and raise competitiveness of SMEs.

Thanks to interregional cooperation we are now able to provide training tailored to the needs of the SMEs located in the Zadar County. Moreover, Action 2 is closely

related to all four good practices mentioned before, as the training will be developed as a combination of all four good practices but adjusted to the local needs.

In line with the good practices found in SKILLS+ project, AGRRA will organize trainings for the SMEs tailored to their needs and free of charge.

2. Action

The training will be designed following principle of the good practices found in SKILLS+ project - EVITA - Training for SMEs on ICT, *Rural DigiServ*, *DARRA – Digital Age in Rural and Remote Areas and E-leadership skills for SMEs*. It will be organized once a week, free and open to all SMEs (every sector) and tailored to the needs of SMEs from Zadar County.

AGRRA will improve SMEs capacities by providing them with the knowledge needed to apply for EU funds, specifically for calls related to the OP Competitiveness and Cohesion 2014-2020, SO 3d1. SMEs may apply for the funding during the whole duration of this Action Plan.

Step 1 – Start training with SMEs from rural area of Zadar County

In rural areas, due to a lack of the broadband access, small companies are unable to withdraw the available funding opportunities and Zadar County Action Plan was designed to address this challenge. While, action one addresses the improvement of broadband access, this action will aim to enable small and medium companies to apply for funding.

Training will be held for six months, from November 2019 till April 2020. It will be a combination of information, training, advisory and mentoring, support to access finance and business infrastructure, which will address needs of SMEs, reduce asymmetry of information and ease SMEs to develop and grow in accordance with OP Competitiveness and Cohesion 2014-2020, SO 3d1.

The organization of the training will include training management, content development and training assessment. AGRRA will be in charge of the organization and implementation of the training. Trainings will be implemented together with the experts (lecturers) in every specific field. A month before the training, AGRRA will make a public call for SMEs on the website and share it amongst their vast partners' network. The call will include link for registration to the training in order to enable AGRRA to organize more than one training group, if needed. Participating SMEs shall be selected on the basis of open, transparent, proportionate and non-discriminatory procedures, avoiding conflicts of interest.

Costs foreseen for this step concern six months of room rental for the training, lecturer's fee, refreshments and technical support.

Step 2 – Monitoring and supporting the SMEs applications towards available structural funds

Through ERDF funds that are available to support SMEs, only very few from rural areas like Zadar County have managed to benefit as their capacities to develop project proposals are very limited. They, therefore need to have better support, including tailored consultancy. Hence, within this action AGRRA will support SMEs application process towards available structural funds by providing technical and consultancy help. Moreover, AGRRA will also monitor the results of the applications, to keep track of the self-defined performance indicator related to the OP Competitiveness and Cohesion 2014-2020, SO 3d1 as stated in the application form.

Second step of the second action includes staff costs of one person that will be on disposal for technical and consultancy help to the SMEs. This step will be implemented from May 2020 until, at least the end of the project lifetime.

3. Players involved	<ul style="list-style-type: none"> ➤ AGRRA as a coordinator of the activity and its steps; ➤ Regional SMEs located in rural area of the Zadar County as beneficiaries.
4. Timeframe	<p>Step 1: 11/2019-04/2020 Step 2: 05/2020 – 02/2021</p> <hr style="width: 25%; margin-left: 0;"/> <p>16 months in total</p>
5. Costs	<p>Step 1: 10.000 € Step 2: 2.000 €</p> <hr style="width: 25%; margin-left: 0;"/> <p>12.000 € in total</p>
6. Funding sources	<p>AGRRA will fund stated costs with own resources.</p>

Date: 01/10/2019

Signature: 

Stamp of the organisation: 



REPUBLIC OF CROATIA
**MINISTRY OF ECONOMY,
ENTREPRENEURSHIP AND CRAFTS**

Zagreb, 6th December 2019

Letter of endorsement

Subject: SKILLS+ project, INTERREG EUROPE programme

The Croatian Ministry of Economy, Entrepreneurship and Crafts of the Republic of Croatia as Intermediary body level 1 for the Operational programme competitiveness and cohesion 2014 – 2020 (Priority axis – 3 Business Competitiveness, Investment priority – 3d Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes, Specific objective – 3d1 SMEs' development and growth improved in domestic and foreign markets) welcomes Zadar County Action Plan, elaborated in the framework of the Interreg Europe project “SKILLS+”.

As a key stakeholder of the “SKILLS+” project, Ministry encourages the realisation of two foreseen actions within Zadar County Action Plan. Moreover, the Ministry will monitor the outcomes and final results.

State Secretary

Nataša Mikuš Zigman

