



NEWS's governance model detailed action plan and operating model



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Introduction

The purpose of this material is to provide a draft of the roadmap for establishing the Italian-Croatian cross-border blue and circular economy business cooperation, development and innovation cluster.

This material is a follow-up of the previous discussions and outcomes of the activities of the project NEWS Strategic actors for New Scenarios in the governance of cross-border business cooperation (Project Acronym: NEWS) funded by EU through the Interreg Italy – Croatia Programme through the Programme priority

The purpose of this cluster is to be catalyst for sustainable innovation, cross-border collaboration and value-creation, transforming the network of organizations created from projects within the Adriatic cross-border area into a cohesive, resilient, and competitive ecosystem.

Aim of this cluster is to empower these existing organizations and networks and support development of new ones by building capacities and creating an environment where shared resources, effective communication and collaboration, and strategic innovation are not just aspirations but realities.

The cluster will be dedicated to exploit the collective potential of the existing and new collaborations and partnerships, supporting them to overcome their limitations in resources and strength. Its mission is to position this new network as a blue economy and innovation supercluster, a dynamic leader in the European blue and circular economy, driving dynamic economic but also social and environmental development of businesses and the region.

In this material, we present the roadmap of the elements and activities that could lead to establishing the cluster in the period following the project implementation if all the relevant and interested stakeholders would agree on the need and feasibility to establish such structure with appropriate resources and support collectively provided from all relevant and interested stakeholders.

A new **cutting-edge, innovative, and resilient European cluster** in the Italy-Croatia area can have a significant impact on the economic and technological competitiveness of both regions. The cluster could focus on several key sectors, such as the green transition, digitalization, and the blue economy, which are crucial for this region. Below are some specific objectives for the next 5 years as innovative vision:

1. Sustainability and Green Transition

- ★ **Promote the adoption of green technologies** in local industries, encouraging the use of renewable energy (solar, wind, biomass) and reducing CO2 emissions.
- ★ **Develop a circular economy** in the manufacturing and agri-food sectors by improving material recycling and reducing waste.
- ★ **Facilitate the transition to sustainable mobility**, promoting zero-emission transport solutions, such as electric vehicles and efficient public transport networks.

2. Technological Innovation and Digitalization

- ★ **Support the digitalization of SMEs** in traditional sectors (tourism, agriculture, manufacturing) by implementing technologies such as Artificial Intelligence (AI), the Internet of Things (IoT), and big data to improve operational efficiency.
- ★ **Create a network of digital infrastructures** (e.g., ultra-fast broadband) to ensure digital access across the Italy-Croatia region, including urban centers and rural areas.
- ★ **Foster the development of smart cities** and intelligent territories by implementing advanced technologies to improve resource management, energy efficiency, and the quality of life for citizens.

3. Blue Economy and Marine Resources Development

- ★ **Support the growth of the blue economy**, with a particular focus on sustainable management of marine resources and the protection of marine biodiversity in the Adriatic Sea.
- ★ **Promote technological innovations in the fishing and aquaculture sectors**, enhancing sustainability and productivity through the use of new technologies, such as marine sensors and intelligent fishery management systems.
- ★ **Develop new solutions for coastal resilience**, addressing the challenges posed by climate change and rising sea levels.

2. Cluster Structure

2.1. Organization Design

Organization design of the Cluster should be agile, grow organically and horizontal and cost-efficient as much as possible.

Cluster formation should start with the Working Group consisting of representatives of at least three, but ideally five sectors. Conventional triple helix clusters are consisted of representatives of public sector (e.g. chambers of commerce, national, regional and local governments, development agencies etc.), representatives of private sector (e.g. SMEs, large companies, experts, investors, etc.) and representatives of academia R&D&I (scientists, educators, researchers, innovators, etc.). More advanced clusters, quadruple helix, involve civil society and citizens as representatives of local and regional communities in the cross-border region. Finally, if we want to add sustainable and green elements, representatives of nature and marine protection institutions and agencies may enable most progressive clusters, i.e., quintuple helix clusters.

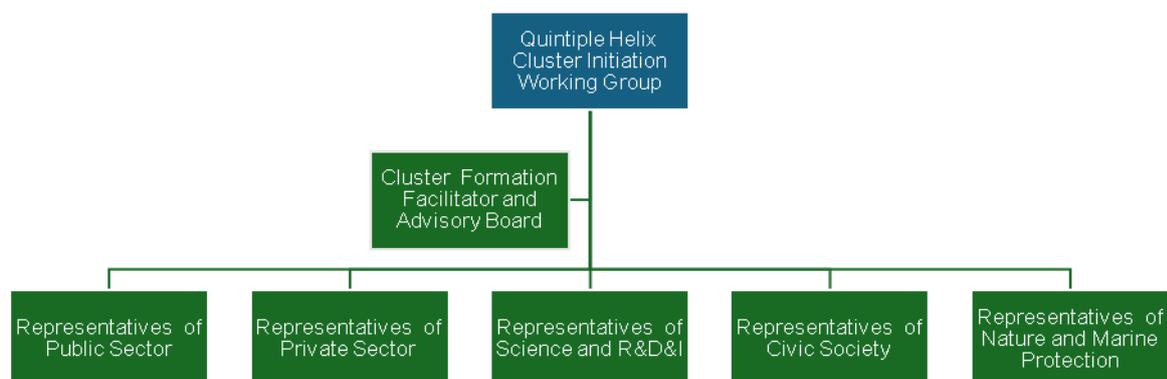


Image 1 – Initial Stage of Full-Fledged Quintuple Helix Blue and Circular Economy Development and Innovation Cross-Border Cluster

The formal and legal structure of the cluster could be implemented in three steps:

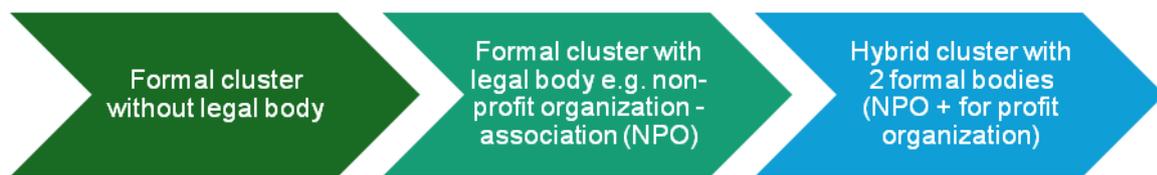


Image 2 – The cluster can be formed through 3 steps: formal without legal body with founding bodies agreeing on existing legal bodies to operate the cluster until the cluster is legally formed and in the final phase of cluster development when cluster starts business activities, the non-profit organization can found a profit-organization similar to the structure already led by Eupolis Group with Cluster for Eco-Social Innovation and Development CEDRA

The organizational structure in the second phase could be like the following:

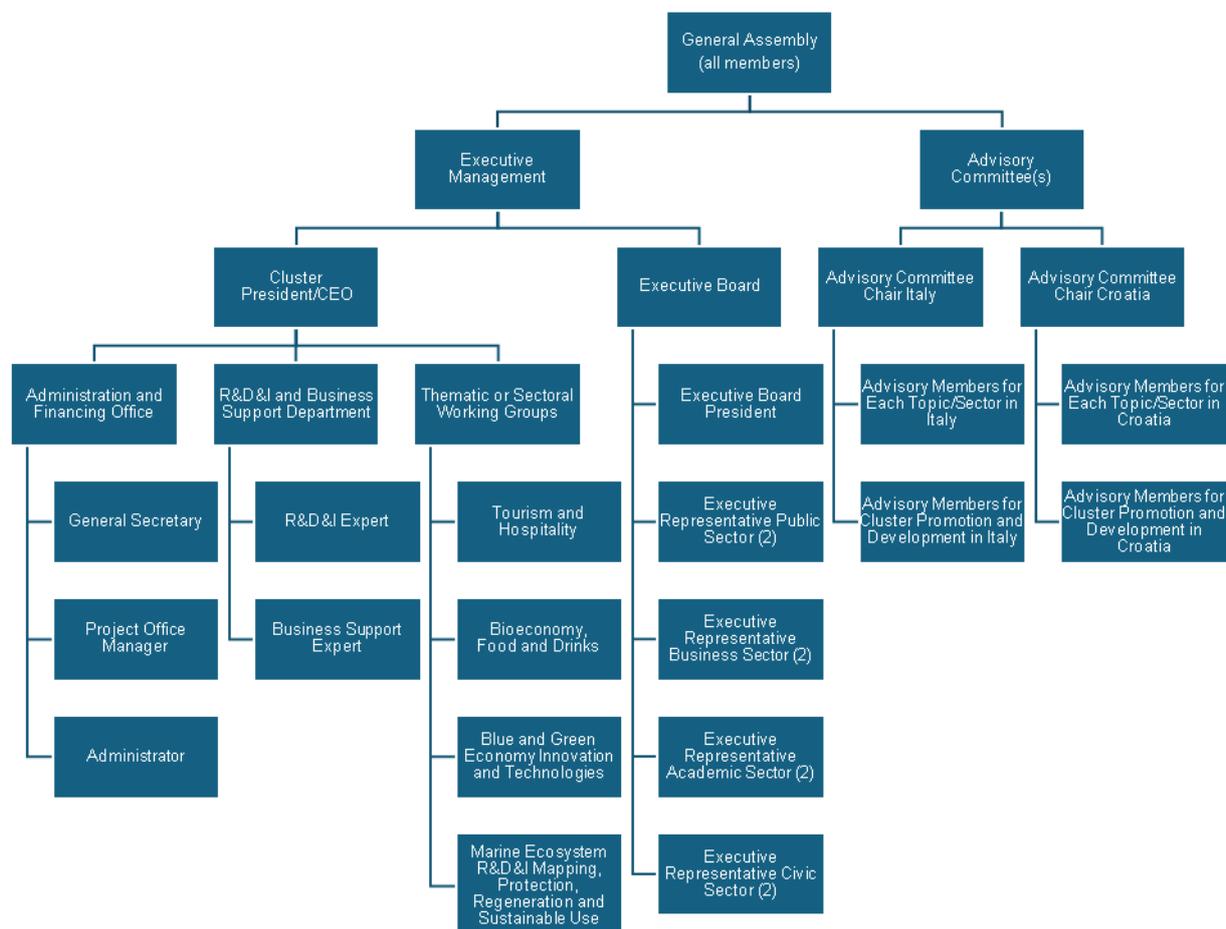


Image 3 – The cluster can have executive and advisory structures in both the first and second phase but with a more simplified structure in the first phase (formal structure without legal body) and in the second phase it can have almost all of these in the final stage of its development. In the third phase, additional structure of the profit body should be developed but this is not necessary to be considered in this phase.

The above structures are designed in the way that both sides of Adriatic (Italian and Croatian) have their representatives in each of the elements so that there is a relevant representation of businesses, governments, civil society and academia from both countries.

2.1.1. Identify Key Stakeholders and Form a Steering Committee

The first crucial step in establishing a governance operating model is to identify key stakeholders. These stakeholders include individuals or groups that have an interest in or stake in the organization's governance, such as senior executives, board members, department heads, and possibly external advisors or regulators. Identifying these stakeholders ensures that the governance model will address the needs and concerns of all relevant parties, thereby facilitating smoother implementation and broader acceptance.

Forming a steering committee composed of these key stakeholders is essential. This committee will provide leadership, make strategic decisions, and oversee the project's progress. The steering committee acts as the guiding body, ensuring that the governance model aligns with the organisation's strategic objectives and regulatory requirements. This group also provides the necessary authority to drive changes and secure the required resources for the project.

2.1.2. Conduct a Needs Assessment to Understand the Requirements of the Governance Model

A thorough needs assessment is the foundation of a successful governance operating model. This process involves gathering detailed information on the current governance structures, processes, and outcomes. Methods such as surveys, interviews, and focus groups with stakeholders, as well as reviewing existing documentation and governance practices, are used to collect this information.

The goal of the needs assessment is to identify gaps and areas for improvement in the existing governance framework. This includes understanding the organisation's strategic goals, compliance requirements, risk management needs, and cultural factors. The assessment should also consider external factors, such as industry best practices and regulatory changes, that could impact the governance model.

2.1.3. Develop a Project Plan with Defined Milestones and Deliverables

Based on the insights gained from the needs assessment, a detailed project plan is developed. This plan outlines the steps required to design and implement the governance operating model, including specific milestones and deliverables. A well-structured project plan serves as a roadmap, providing clear guidance on what needs to be done, by whom, and when.

The project plan should include:

- **Objectives:** clear, measurable goals for what the governance model aims to achieve
- **Tasks and Activities:** A breakdown of tasks required to develop and implement the model, including timelines and responsible parties.

- **Milestones:** Key dates and events that signify progress, such as the completion of the needs assessment, approval of the governance structure, and implementation of specific policies.
- **Deliverables:** Tangible outputs that will be produced, such as policy documents, training materials, and IT systems.
- **Resources and Budget:** An estimation of the resources needed, including personnel, technology, and finances, as well as a detailed budget.
- **Risk Management Plan:** Identification of potential risks to the project and strategies to mitigate them.

2.2. Reporting Structure

Reporting structure is consisting of:

- Annual reports from Executive Management
 - Annual Narrative and Financial Report of the Cluster President
 - Annual Narrative Report of the Executive Board
- Annual Narrative Reports of the Advisory Committee

Reporting structure should be part of the organizational design and should focus on the following indicators:

- Number of cluster members
- Number of cooperation projects and partnerships
- Number of cluster-driven externally funded projects and investments
- Number of policy initiatives enabling easier cooperation
- Number of joint events (meetings, conferences, fairs, study trips, trainings, etc.)
- Number of stakeholders involved in joint events
- Satisfaction level of the stakeholders participating in the cluster activities (based on the evaluation questionnaires)
- Number of cross-border value chains, products, services, innovations, etc.
- Increase of trade, exports, income and profits of participating members

3. Cluster Roadmap with Timelines

In the table below, we present the cluster roadmap with the proposed timelines. The final activity, cluster management and reporting is a continuous activity that is kick-offed at the end of the proposed 1 year timeline.

Task	1	2	3	4	5	6	7	8	9	10	11	12
1. Cluster Foundation Working Group Establishment	█											
2. Preparation of the Cluster Documentation Drafts		█	█	█								
3. Preparation of the Stakeholder Engagement Plan		█	█	█	█							
4. Stakeholder Engagement Plan Implementation				█	█	█	█	█				
5. Consolidation of the Cluster Documentation						█	█	█	█	█		
6. Proposal of the Cluster Members and Bodies				█	█	█	█	█				
7. Cluster Bodies and Support Structures Election						█	█	█	█			
8. Cluster Foundation Fundraising	█	█	█	█	█	█	█	█	█	█	█	█
9. Election of the Cluster Management and Staff							█	█	█			
10. Development of the Cluster 5-Year Work Plan							█	█	█			
11. Approval and Kick-off of the 5-Year Plan									█	█		
12. Cluster Management and Reporting										█	█	█

Table 1 – The cluster formation process is anticipated to last 1 year. To enable successful achievement of this, cluster fundraising should start in the month 1 of the cluster formation process so that there is no idle period and standstill in implementation of the process.

4. Responsibilities

Management responsibilities should be defined for each phase of the cluster development and formation and, of course, after its formation, it should be connected to the conventional description of responsibilities for each cluster management position.

In the initial phase, a working group for cluster formation should be established with a working group chair responsible to drive the process through all the steps until the cluster has its own formal structure along with its own management structure.

Responsibilities of the working group chair are to organize work of the experts to produce deliverables of the steps 2-8 in the Table 1.

After the steps 7 and 8 are completed, and the cluster management and staff has been elected, they take over all the responsibilities of the cluster management since all the cluster bodies will be fully functional.

Detailed descriptions of each cluster management body will be prepared through the step 2 and approved in the step 5, 9 and 11.

5. Cluster Budget

Detailed cluster budget can be developed after step 11 of the Cluster roadmap and timeline presented in the Table 1.

However, the draft budget is presented below:

Item	Unit	Q of Units	Amount Per Unit in €	Total in €
Cluster Formation Working Group Members	Person Days	240	400	96.000
Cluster Formation Working Group Chair	Person Days	48	600	28.800
Working Group Per Diems (14 P x 4 D)	Person Days	56	250	14.000
Travel Costs (14 P x 3 travels)	Per travel	42	400	16.800
Fundraising Team (2 persons x 50% FTE)	Person Month	12	4.000	48.000
Office Space Rent and Utilities (last 6 M)	Month	6	1.500	9.000
Equipment, software and support (lump sum)	Set	1	25.000	25.000
Vehicle	Item	1	35.000	35.000
Cluster President/CEO (25% FTE x 4 M)	Month	1	8.000	8.000
Cluster BDE (25% FTE x 4M)	Month	1	8.000	8.000
General Secretary (2 x 50% FTE x 4 M)	Month	4	3.000	12.000
Project Office Manager (100% FTE x 4 M)	Month	4	4.000	16.000
Administrator (2 x 25% FTE x 4 M)	Month	2	2.500	5.000
R&D&I Expert (4 x 25% FTE x 4 M)	Month	4	5.000	20.000
Business Support Expert (2 x 50% FTE x 4 M)	Month	4	5.000	20.000
Sectoral WG Coordinators (10 D/M x 4 M)	Day	40	400	16.000
Executive Board President (2 D/M x 4 M)	Day	8	600	4.800
Executive Board Members (2 D/M x 4 M)	Day	8	400	3.200
Advisory Committee Chairs (2 D/M x 4 M)	Day	8	400	3.200
Advisory Committee Members (10 D/M x 4 M)	Day	40	400	16.000
Other Costs (Legal, Events, Trainings, IT, etc.)	Lump Sum	1	40.000	40.000
Total				444.800

Table 2 – The draft budget for the 1st year of cluster formation and operation

Abbreviations: P – person, D – day, M – month, FTE – full time equivalent, BDE – Business Development Experts developing initial functional business model of the cluster

6. Resources

Initial Resources include:

- Political support
- Business support
- Financial support
- Expert support

Political support includes support of a critical mass of political leaders from both sides of Adriatic. This means that a few politicians from local, regional and/or national level should recognize and support the initiative politically and provide political sponsorship of the cluster. They should participate in the cluster formation process, enable access to initial financial (seed capital or cross border EU financing) and other resources (e.g. PR and visibility support, facilities for meetings and conferences if needed, etc.). They should also advocate the cluster among relevant levels of decision making and supporting initial stakeholder engagement process.

Business support includes support of interested businesses and even more business support organizations from both Italy and Croatia. This is already achieved through the existing partnership through participation of stakeholders who already present the BSOs. However, few esteemed businesses from both sides in each of the cluster topics could enable more relevance of all cluster activities and enable better representation of the target groups in the cluster program design, development and implementation.

Financial support should cover the initial phase of the cluster formation and launch of its activities and programs in accordance with the analysis of the stakeholder priority needs and interests. Initial financial support should enable capacity building and establishment of the internal business development team that will be able to create a sustainable business model of cluster operation and programs and activities implementation after the initial funding will cease. Cluster business model can and maybe even should be subsidized permanently by the interested stakeholders, but it is preferred that cluster has its own business model and income streams based on the blended finance mix. This mix should consist of the membership fees and services, cluster products and services and cluster projects and programs.

Expert support should enable sufficient knowledge base to provide key business support, but even more cross-border business cooperation support, R&D&I and knowledge and technology transfer, including through mentorship and training programs, living labs, etc. The expert support could initially be supported by the existing knowledge centres especially Italian and Croatian universities with R&D&I focus and interested in knowledge and technology transfer. However, the long-term cooperation should be based on R&D&I projects and programs

around defined topics of the cluster focus, i.e. blue and circular economy in the Italian and Croatian regions.

All these supports will enable access to talents and promote **cooperation and innovation culture**, which will enable the behaviours and activities required for effective governance of the cluster. The cluster should be promoted and recognized as an attractive business network and progressive ecosystem that will be able to attract young talented people as well as experienced seniors whose combination should provide sufficient productivity and impact of the cluster activities.

Adequate compensation policies (particularly regarding incentives and contributions of each cluster member, employee or expert) will be developed as a part of the cluster documentation process. Initial compensation will be based on the expertise and the time spent with adequate deliverable tracking. After the initial period, additional rewards will be designed for all positions that require additional creative or business contributions and will be based on the achievements of the individuals and the cluster.

Promotion policies should focus on several elements:

- Promotion of the benefits and opportunities of cross-border cooperation
- Promotion of the benefits and opportunities of the cluster membership
- Promotion of the key cluster themes and sectors (e.g., blue and circular economy)
- Promotion of the EU policies and available funding schemes
- Promotion of the cluster activities and programs especially trainings, events, etc.
- Promotion of the jobs and open positions (e.g. working groups, staff) of the cluster

Promotion policies will be aligned with the vision, mission and values of the cluster, once they are co-created by the cluster formation working groups.

Cluster business and operating principles will be based on the focus on highly professional approaches that involve result oriented processes and functions design. All stakeholders of the cluster should feel that the value created is real, relevant and measurable.

This means that cluster activities and their outcomes will have **performance indicators and performance measurement**, and management will be one of the key regular activities and focuses of the cluster working groups and staff. To enable this, regular training, and leadership and talent development programs will be provided to all relevant stakeholders. This includes also study trips to similar clusters in Europe and the world.

7. Implementation Framework

Governance will be based on the principles of transparency and professionalism. The governing bodies and their members will be chosen based on their proposed program quality, track record of experiences and competences, motivation and readiness to take over clear responsibility for the realization of the planned cluster objectives and performance indicators. This means that governance will be based on result-management. Furthermore, governance will be based on the clear governance structure and distribution of responsibilities.

Risk oversight policies and procedures will include definition of the risk management procedures and tools with a risk management matrix and definition of responsible personnel for the risk management activities. Risk management procedures and tools as well as processes will be part of the proposed annual programs and reports at the end of each year.

Implementing a solid governance operating model significantly enhances an organisation's ability to identify and mitigate various risks. Here are five key areas where improved risk management can be achieved:

1. Regulatory Compliance Risks

- **Identification:** Regularly review and monitor compliance with relevant laws, regulations, and standards. Make use of tools such as compliance checklists, audits, and regulatory tracking systems.
- **Mitigation:** Develop and implement comprehensive compliance policies and procedures. Conduct regular training for employees on compliance requirements and establish a system for reporting and addressing compliance issues.

2. Operational Risks

- **Identification:** Assess potential risks in business operations, including process inefficiencies, supply chain disruptions, and technological failures. Use techniques like process mapping, failure mode and effects analysis (FMEA), and operational audits.
- **Mitigation:** Implement robust operational controls and contingency plans. Regularly update and test business continuity and disaster recovery plans. Ensure that there is adequate redundancy in critical systems and processes.

3. Financial Risks

- **Identification:** Identify financial risks such as market fluctuations, credit risks, and liquidity issues through financial analysis and stress testing. Monitor financial indicators and performance metrics closely.
- **Mitigation:** Diversify investments and revenue streams to reduce exposure to market volatility. Establish strict credit control measures and maintain adequate liquidity reserves. Implement strong financial oversight and audit mechanisms.

4. Strategic Risks

- **Identification:** Analyse potential risks associated with strategic decisions, including market competition, mergers and acquisitions, and new product launches. Use SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) and scenario planning.
- **Mitigation:** Develop a clear strategic plan with defined goals and risk management strategies. Conduct regular reviews of strategic initiatives and adjust plans based on performance and market conditions. Foster a culture of agility and responsiveness within the organization.

5. Reputational Risks

6.

- **Identification:** Monitor factors that could harm the organisation's reputation, such as negative publicity, customer dissatisfaction, and unethical behavior. Make use of social media analysis, consumer feedback systems, and media monitoring technologies.
- **Mitigation:** Establish a strong code of ethics and conduct, supported by regular training and awareness programs. Develop a crisis management plan to address and mitigate damage from reputational incidents. Engage in proactive stakeholder communication and maintain transparency in business operations.

Reports will be prepared by all responsible bodies of the cluster, including the cluster president, working groups' chairs/coordinators, executive board president and advisory committee chairs.

To enable productive work and collaboration, a functional **IT and communications support** should be planned and provided from the very beginning. This element is thus budgeted through Equipment, Software and Support costs but also in the indirect costs of the cluster.

8. Strategic Vision for the Italy-Croatia Blue and Circular Economy Cluster by 2030

Vision for 2030

By 2030, the Italy-Croatia Blue and Circular Economy Cluster will be an exemplar of cross-border collaboration in Europe, driving sustainable economic growth and environmental resilience across the Adriatic region. The cluster aims to foster a thriving ecosystem that leverages innovation, green technologies, and strong partnerships to lead in the blue and circular economy. Through coordinated actions aligned with EU policies, this cluster will enhance regional competitiveness, reduce environmental impact, and support sustainable development.

Key Areas of Focus

1. Sustainable and Green Transition

General Objective: Support a green transition in energy, transport, and manufacturing to align with the European Green Deal's objectives of carbon neutrality and sustainable resource management.

Specific Objectives:

- Promote the use of renewable energy sources and energy efficiency in local industries.

Measures:

- Provide training and incentives for industries adopting renewable energy (solar, wind, biomass).
- Support pilot projects for sustainable public transport and electric vehicle infrastructure.

2. Technological Innovation and Digitalization

General Objective: Advance digital transformation to enhance the competitiveness of SMEs in key sectors, in line with the EU's Digital Strategy for a fully digital Europe.

Specific Objectives:

- Foster digitalization in tourism, agriculture, and manufacturing sectors.
- Promote smart city initiatives to enhance urban resource management and sustainability.

Measures:

- Establish a digital support program for SMEs, including training in AI, IoT, and big data applications.
- Support smart city pilot projects focusing on energy efficiency and improved citizen services.

3. Blue Economy and Marine Resource Conservation

General Objective: Develop a sustainable blue economy that supports marine biodiversity and resource efficiency in alignment with the EU's Blue Growth Strategy.

Specific Objectives:

- Enhance sustainable practices in fishing and aquaculture.
- Promote eco-tourism and other sustainable coastal industries.

Measures:

- Introduce technology for sustainable fisheries management, including sensors and AI for monitoring fish stocks.
- Develop guidelines and standards for eco-tourism and coastal resilience in response to climate change.

4. Cross-Border Value Chain Development

General Objective: Strengthen cross-border economic collaboration by building resilient value chains, supporting the EU's objective of a connected and cohesive Single Market.

Specific Objectives:

- Enhance inter-company partnerships within the blue and circular economy sectors.
- Facilitate resource sharing and logistics collaboration between Italy and Croatia.

Measures:

- Organize cross-border industry networking events and trade fairs.
- Develop shared logistics networks to optimize supply chain sustainability.

5. Workforce Development and Talent Retention

General Objective: Build a skilled workforce to support the blue and circular economy, in line with the EU's Skills Agenda and long-term employment strategies.

Specific Objectives:

- Train workers in green technologies and digital skills essential to the cluster's focus areas.
- Encourage education-industry partnerships to ensure relevant skill development.

Measures:

- Establish vocational training programs in renewable energy, digitalization, and sustainable practices.
- Partner with universities and technical institutes for curriculum development aligned with cluster needs.

6. Community Engagement and Awareness

General Objective: Increase public awareness and involvement in the blue and circular economy, supporting the EU's goal of inclusive and participatory sustainable development.

Specific Objectives:

- Educate the public on the benefits of sustainable resource management and cross-border cooperation.
- Promote community participation in cluster initiatives.

Measures:

- Launch awareness campaigns, workshops, and sustainability fairs across the Italy-Croatia region.
- Create communication materials that showcase the cluster's achievements and ongoing initiatives.

9. Conclusion

This material represents a draft of the cluster establishment roadmap. It will be used as a basis for the communication with all the stakeholders relevant for the cluster establishment from the very beginning, including establishment of the working groups.

The experts and members of the cluster bodies will be invited to improve this draft during the process of cluster formation and development of the more detailed plans and programs with a more precise cost projection.

Also, some other aspects of the cluster formation should be defined in more detail including the cluster working group priority topics and focuses.

Hence, it is important that the cluster stakeholders are involved in the process as soon possible so that their inputs increase the relevance of the cluster and its development process for all involved and this enable achievement of the feeling of ownership and motivation for contributing to the cluster development, formation, business modelling and fundraising.

Hence, for any comments, proposals, ideas and feedback, do not hesitate to contact the cluster initiation bodies and contact persons listed in the contact chapter below.