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INTERREG ITALY-CROATIA PROGRAMME 2021-2027 PROJECT SFERA

D.1.2.1 Best practice guide

(Version 2.0 – 09th October 2024)

SFERA

Strategic Framework for Entrepreneurship in Rural Areas

D.1.2.1 Best practice guide

Document information

Project	SFERA - Strategic Framework for Entrepreneurship in Rural Areas
Partnership	National Confederation of Craft and Small and Medium Enterprises - LP Local action group Lika – PP2
Responsible partner	CNA Bari and LAG LIKA
Length	63
Version	1





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INTRODUCTION

SMEs are often the main driver of commerce and employment in Apulia's rural areas, yet practices, legislation and bureaucracy are not always in favour of business activities, both at the local administrative level and at the broader regional and national level - as emerged from the completion of the questionnaires.

The participation of entrepreneurs was crucial in identifying the critical points of their economic development and, consequently, what implementations can be put into practice to facilitate their development: best practices for SMEs in rural areas in Apulia should focus on training and innovation to increase their competitiveness, increased accessibility to funding and facilities, increased interest in environmental sustainability and, finally, to provide the right advisory tools to learn about and take advantage of all available opportunities. These strategies can help improve the competitiveness and sustainability of SMEs, contributing to the economic and social development of the area.

In the context of SMEs in rural areas, the adoption of best practices is crucial to address the unique challenges of these regions and maximise their potential. Best practices enable SMEs to improve their efficiency, sustainability and competitiveness by effectively responding to local social and economic needs.

The adoption of best practices for SMEs in Apulia's rural areas is key to addressing the unique challenges of these regions and capitalising on their opportunities. These practices not only improve security and risk management, but also foster sustainability and economic cohesion, stimulate innovation and strengthen the local socio-economic fabric. This integrated



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approach is essential to ensure the resilience and growth of SMEs, contributing to balanced development between rural and urban areas.

Small and medium-sized enterprises represent 99% of all enterprises in the EU. Various action programs have been adopted to increase the competitiveness of SMEs thanks to research and innovation, and to provide them with better access to financing. In the strategies adopted to ensure better framework conditions for small entrepreneurs, carbon neutrality and digital transition are taken into account. Rural areas in the European Union, although they have many advantages, are abundant in natural resources and provide a pleasant environment for living, are today faced with similar challenges such as poverty and social exclusion, difficult access to public services, unavailability of education and training, difficult access to the labor market and insufficient technical infrastructure. Despite such common challenges, there are also significant differences between these areas, so some of them are affected by depopulation and the aging of the population, while others are under pressure from the increased demand for construction land; while some are isolated, others have a well-developed information and communication infrastructure; while some are affected by the economic recession, others are increasingly successful thanks to tourism and the like. However, what they all have in common is that their level of development is lower than the level of development of the rest of the EU. This is precisely why the need for additional stimulation of the development of rural areas was recognized, with the aim of making the quality of life in these areas equal to that in the suburbs and cities. This program comprehensively affects the creation of favorable conditions for the development of both agricultural and non-agricultural activities. At the level of local and regional (regional) self-government units,



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various support programs for agriculture and rural development based on existing Government programs are implemented as low-value support in accordance with Commission Regulation (EU) No. 1408/2013 of December 18, 2013 on the application Articles 107 and 108 of the Treaty on the Functioning of the European Union on de minimis aid in the agricultural sector (OJ L 352, December 24, 2013, hereinafter: Regulation Bor. 1408/2013) and Commission Regulation (EU) 2019/316, dated 21 of February 2019, on the amendment of Regulation (EU) no. 1408/2013. on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the agricultural sector (OJ L 51, 22.2.2019) (hereinafter: the de minimis Regulation).

Programs are adopted on an annual or multi-year basis with the prior approval of the competent ministry.

The main goals of such programs are:

- improving the competitiveness of the agriculture and forestry sector;
- improving the environment and nature;
- improving the quality of life in rural areas and encouraging the diversification of the rural economy



1.0 OVERVIEW OF BEST PRACTICES FOR APULIA

1.1 Presentation of the best practices identified on a national and European level

Making improvements to companies is a necessary point in order to ensure their continued prosperity, which keeps pace with the fast-changing times. This is why it is essential to identify best practices used at an Italian – and even European – level that lead to significant company improvement. Best practices are methods, techniques or processes that, through experience and research, have proven to be the most effective in achieving optimal results in a given context. These practices are adopted as the gold standard because they offer superior efficiency, reliability and results compared to other ways of operating¹. The implementation of best practices develops significant benefits, such as the achievement of high standards, superior product or service quality, risk reduction and increased competitive advantage.

Research has led to the identification of five best practices at the Italian and European level for small and medium-sized enterprises:

1. Implementation of security standards and frameworks;
2. Organisational security measures;
3. Integrated budget;
4. Sustainability assessment;
5. Financial competences.

¹ Treccani online, *sub voce* «Migliore pratica, tecnica della (best practice)», https://www.treccani.it/enciclopedia/migliore-pratica-tecnica-della_%28Dizionario-di-Economia-e-Finanza%29/.



1.2 Description of each practice and its benefits to SMEs

Improving companies is essential to ensure their continued success, especially in today's rapidly changing environment. Identifying best practices at both the Italian and European level can significantly boost company performance, particularly for small and medium-sized enterprises. Best practices are proven methods or techniques that consistently produce excellent results. Implementing them can lead to higher standards, better product or service quality, reduced risks, and increased competitive advantage.

- **Implementation of security standards and frameworks:** Best practices for security and risk management in SMEs include the adoption of security standards and frameworks, that help implement a risk management system and improve the security of SMEs, protecting their assets and ensuring more robust financial management².
- **Organizational security measures:** The adoption of organizational security measures is essential to strengthen the resilience of SMEs, particularly in rural areas where security resources may be more limited. The recommendations of ENISA (European Union Agency for Cybersecurity)³ provide a comprehensive framework to address security in an integrated and sustainable manner⁴.

² Achille Pierre Paliotta, *Information Security Governance e PMI: analisi critica di un modello di Risk Management*, 27 novembre 2020, su «ICT Security Magazine», <https://www.ictsecuritymagazine.com/articoli/information-security-governance-e-pmi-analisi-critica-di-un-modello-di-risk-management/>.

³ ENISA – European Union Agency for Cybersecurity, <https://www.enisa.europa.eu/>.

⁴ Andrea Michinelli, *Misure di sicurezza per le PMI: le nuove raccomandazioni dell'ENISA*, 6 luglio 2021, su «Network Digital 360», <https://www.cybersecurity360.it/soluzioni-aziendali/misure-di-sicurezza-per-le-pmi-le-nuove-raccomandazioni-dellenisa/>.



- **Integrated Reporting**⁵: Integrated reporting is an advanced corporate reporting practice that goes beyond traditional financial reporting to include a comprehensive view of the value created by the company in various areas. For Small and Medium-sized Enterprises (SMEs), especially in rural areas, this methodology is particularly useful to show in a transparent way how they manage their resources, considering not only economic aspects, but also social and environmental ones. The key elements of this practice are: the representation of human capital, socio-relational capital, technological capital, emphasis on health and safety of personnel.
The integrated balance sheet offers a holistic view of business performance, showing how SMEs create value not only in financial terms, but also through the efficient management of human resources, social relations and technological innovation. For SMEs in rural areas, this reporting practice is essential to demonstrate transparency and commitment to sustainability and social responsibility, building trust among stakeholders and supporting balanced and inclusive growth.
- **Sustainability assessment**⁶: Sustainability assessment has become a crucial element for SMEs, especially in a global context that increasingly rewards responsible and sustainable business practices. For SMEs, this assessment not only improves their reputation, but also their competitiveness and ability to attract investment. Using such

⁵ Ordine dei Dottori Commercialisti e degli Esperti Contabili, AA.VV., *Il bilancio integrato per le PMI*, N. 69, Commissione Bilancio Integrato, https://www.odcec.mi.it/docs/default-source/quaderni/n.-69---il-bilancio-integrato-per-le-pmi.pdf?sfvrsn=c211b333_6.

⁶ ALTIS - Alta scuola dell'impresa e società, *Sostenibilità: una valutazione su misura per le PMI*, https://www.equita.eu/static/upload/02_/02_studio-equita-altis---sostenibilita-una-valutazione-su-misura-per-le-pmi_vf.pdf.



methodologies allows SMEs to make an accurate and specific assessment of their sustainability performance.

Assessing sustainability through these frameworks provides SMEs with a clear vision of how to improve their social and environmental responsibility. It helps identify critical areas, plan targeted interventions and measure progress over time. Adopting these methodologies helps SMEs obtain certifications and awards that can increase their credibility in the market. It also improves their ability to attract investment and partnerships, as many financial institutions and business partners require evidence of sustainability.

- **Financial skills**⁷: For small and medium-sized enterprises, developing sound financial skills is essential to ensure effective and sustainable management. Financial analysis tools are essential to monitor the financial health of the company and to make informed decisions that support growth and profitability.

The Debt/Equity ratio⁸ measures a company's level of debt relative to its equity. This ratio is calculated by dividing total liabilities by total equity. A low debt/equity ratio indicates that the company is financing its activities predominantly with equity rather than debt, reducing financial risk. A high ratio could signal a high dependence on debt, increasing financial costs and the risk of default.

⁷ *Le competenze finanziarie essenziali per una PMI: dalle best practice all'aderenza alle normative sulla crisi di impresa e sull'insolvenza*, 7 luglio 2023, su «Gilty.it», <https://www.gilty.it/blog/formazione-e-competenze/competenze-finanziarie-per-pmi>.

⁸ *Dizionario Economico, Debt Equity Ratio – Definizione e significato*, <https://dizionarioeconomico.com/debt-equity-ratio#:~:text=Il%20debt%20equity%20ratio%20o,%C3%A8%20pari%20a%20debiti%2Fcapitale>.



SMEs can use the debt/equity ratio to assess their financial structure and determine whether it is sustainable. This tool helps balance between the use of debt to finance expansion and the need to maintain a manageable level of debt. For example, if an SME has a debt/equity ratio of 1:1, it means that for every euro of equity, it has one euro of debt. SMEs can compare this ratio with that of other companies in the sector to identify possible imbalances and plan more effective financing strategies.



2.0 OVERVIEW OF BEST PRACTICES FOR LIKA

2.1 Presentation of the best practices identified on a national and European level

Balanced territorial development, which also includes rural areas, where more than half of the EU population lives today, is a prerequisite for increasing the social, economic and ecological sustainability of each country. However, the disparity between rural and urban areas in the EU is evident not only in terms of poverty and social exclusion, but also in education, employment, access to the labor market and various services, issues of infrastructure and digitization.

That is why it has become necessary to devise an approach that, apart from limitations, will also recognize the development potential of rural areas and encourage activities to maintain rural areas vital and attractive for life in terms of growth and creation of jobs, infrastructure, basic services, and mobility. According to the Spatial Development Strategy of the Republic of Croatia, rural areas cover a significant part of the Croatian territory, and a large number of rural settlements testify to the former important role of agriculture and the agricultural population in the development of the country. Today, Croatia is faced with the problem of depopulation, low population density and abandonment of rural areas, and farmers make up only about 20.0% of the population.

As is the case in most EU member states, Croatian rural areas are characterized by negative demographic, economic and development trends, caused mainly by poor transport and other infrastructure, lack of basic and public services and insufficient capacities for creating, maintaining and growing the number of quality and sustainable jobs. Rural development



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policy is part of the common agricultural policy. From a policy that in its beginnings was aimed at increasing agricultural production and ensuring food supplies, the EU's Common Agricultural Policy (CAP) at the turn of the new century focused on the economic, social and cultural development of European rural areas, following the changed social and economic circumstances and needs of society. Thus, a separate EU rural development policy began to be implemented within the framework of the CAP since 2000. The aim of the rural development policy is to preserve the vitality of villages by encouraging their adaptation to new social circumstances by supporting investments, sustainability, modernization and agricultural and non-agricultural activities. According to Article 4 of Regulation (EU) no. 1305/2013 on rural development support, there are three thematic priorities of that policy:

- encouraging the competitiveness of agriculture;
- ensuring sustainable management of natural resources and action against climate change;
- achieving balanced territorial development of rural economies and communities, including job creation and retention.

These financings help ecological and territorial balance, mitigation and adaptation to climate change, introducing innovations in the agricultural sector and ensuring a healthy and sufficient amount of food for all EU citizens. Funds from the rural development program, or measures, can be used by agricultural business entities, agricultural organizations, associations and unions, environmental protection associations, organizations that provide services in community culture, including the media, women's associations, farmers, foresters and youth.



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Rural development program of the Republic of Croatia 2014.-2020., contains measures through which it is possible to finance projects aimed at the development of rural areas of Croatia from European Union funds.

Among the numerous examples of good practice financed by EU funds, the largest number of realized projects are included in the so-called green and smart projects. Green projects mostly support the development of a circular economy and the development of urban mobility without carbon dioxide air pollution. As a positive example of such a project from the Republic of Slovenia, the project "The Park and Ride schemes" stands out, the goal of which is to ensure an efficient combination of private and public transport in metropolitan regions. Namely, the local communities and the Ljubljana Urban Region included a broad process of participatory planning in the preparation of the P+R study. This study identified the need for the construction of P+R collection points in the region, which will enable the development of public transport and reduce the number of cars. Since public transport (PT) and passenger cars are complementary, P+R systems need additional long-term planning of land use and traffic, the development process of P+R started in 2007.

This year, the central Slovenian statistical region of 26 municipalities laid out a significant blueprint for its development vision in the "Regional Development Program". It was a basic program document at the regional level of the Ljubljana Urban Region that was adopted by the Council of the Ljubljana Urban Region - that is, the mayors of the municipalities of the Ljubljana Urban Region (LUR). In addition to other goals and measures, initial ideas for the development of R+R in the Ljubljana urban region were outlined. Through the involvement of key stakeholders at the national level, the Regional Development Agency of the Ljubljana



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Urban Region (RDA LUR) managed to include the project in the national strategies (OP) in order to secure funds from the EU. A total of 23 P+R locations are planned in 16 municipalities of the Ljubljana Urban Region. The creation of investment documentation and implementation is partly covered by EU cohesion funds, where the construction of P+R locations was carried out by the municipalities themselves. By the end of 2015, 10 P+R in the Ljubljana urban region have already been built or reconstructed (more: <https://rralur.si/en/>).

Smart projects in their content mostly aim to develop and improve the competence of small and medium-sized entrepreneurs, followed by those who aim to digitize business processes. As an example of a successful smart project that develops the competitiveness of a small entrepreneur, the example of the project called "Cluster of Lower Austria" can be singled out. The main goal of the Lower Austria cluster is to strengthen the economy of Lower Austria and improve the readiness of companies for innovation. Clusters enable small and medium-sized enterprises (SMBs) to work with each other and with large enterprises along the value chain. Cooperation with scientific and educational institutions is also encouraged. For cluster work, it is important to have a well-trained organization, excellent knowledge of the branch and the mentioned technologies. One of the main goals of Cluster Lower Austria is to expand know-how networks in order to ensure the competitiveness of the small businesses that Lower Austria abounds in. The cluster program is focused on certain technological topics. Each cluster has a particular focus on four key sectors/technological areas in the region: green construction, food, plastics and mechatronics. In addition, the e-Mobility Initiative of Lower Austria was launched. The client of the program, the government of Lower Austria and the cluster manager determined the measurement criteria (BSC-facts and figures). In



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order to ensure the competitiveness of these smaller companies, it is very important to implement innovation programs. The cluster program enables smaller companies to access projects with research and development companies and universities. Experience and more than 550 collaborative projects to date have proven the success and effectiveness of research and development, innovation and qualifications in collaboration as well as the creation of added value. To establish a cluster in a certain technology, the cluster leader must be an expert with the best education in a certain technological field and excellent work in the company network. The cluster program is focused on certain technological topics. It took about a year (more) to implement the cluster into the existing industrial network: <https://www.interregeurope.eu/good-practices/lower-austrian-cluster-program>.

As an example of a successful smart project that develops the competitiveness of small entrepreneurs in rural areas, the example of the project called "Knowledge and technology transfer for SMEs in large rural areas" implemented in Lower Saxony with an area of 47,000 m² with its 45 districts and independent cities can be singled out. So, it is a large rural region with very diverse economic activities, where with this project they tried to solve the problem of providing a large number of small entrepreneurs in the rural area with the availability of appropriate consulting services. If at least three districts or cities cooperate, they can apply for ERDF funding and use qualified consultants for knowledge and technology transfer in their region; these can be external consultants or public administration employees. Cooperating districts or cities must therefore submit a consultation concept and ensure co-financing from the ERDF. As a result, SME recipients and beneficiaries can be offered free consultancy services. The offer includes "first consultation" (maximum 1 day) and subsequent intensive



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consultation (maximum 10 days). The subject can be the analysis of the success of innovations, the development of project ideas or the initiation of cooperation with research institutions. The administrative procedure is carried out by competent districts or cities. Only minimal administrative effort is required for companies. This ensures a very high availability of this service - adapted to a specific regional situation - and very short journeys between companies and consultants.

Currently, about 90% of districts and cities participate. Often three to five districts collaborate, using outside experts to provide consulting services. They especially target small businesses that are not yet innovative. In the cooperation area of the Hameln district, around 200 small and medium-sized enterprises are consulted annually. This results in an average of 22 to 25 cooperation projects with universities per year and accompanying investments in research activities. Especially for large and less densely populated regions, the involvement of local authorities is a good way to introduce existing SMEs to innovation and technology transfer. More details about the project can be found on the project website <https://www.rek-weserbergland-plus.de/>.

Another very effective smart project implemented in rural areas with co-financing from the ERDF program is the project called "Innovative partnership to boost start-ups and SMEs in rural municipalities" implemented in the municipality of Rauma in Norway. In the desire to make the municipality of Rauma an attractive place to live and work, industry and the municipality of Rauma have set a goal/vision to become the best place in the world for people who enjoy nature and mountains. For the industrial community, this facilitates employment. The world is full of engineers, but if they love mountains and outdoor sports, we believe



there is a greater chance that they will feel at home and move here. In order to be attractive for young families to live in, they had to encourage entrepreneurship and the possibility of starting their own company. Since the founding of hoppid.no in 2007, Nordveggen (development agency) has been the Hoppid office in the municipality of Rauma. It is a service provided by the local municipal administration and they are the first point of contact for entrepreneurs.

The service consists of orientation, courses, assistance with applications, network sharing and free office space. Nordveggen cooperates with larger cities, and entrepreneurs can participate in growth programs and courses and use the network and the necessary competence. It is done digitally through the platform provided by Hoppid and personal meetings are offered to all entrepreneurs who want to use the services.

2.2 Description of each practice and its benefits to SMEs

EPFRR facilitates investments in rural infrastructure. Many rural areas in the Union are affected by structural problems, such as a lack of attractive employment opportunities, skills shortages, insufficient investment in connectivity, infrastructure and key services, and youth outflow.

The total budget of the program for the period 2021-2027 is proposed in the amount of 365 billion euros. The budget for the period 2014-2020, which applied to the programs until 2023, amounted to EUR 408 billion. The EU member states and the Republic of Croatia, therefore, implement financing from the EPFRD through the rural development program. These programs are co-financed from national budgets and can be prepared on a national or regional



basis. Although the European Commission approves and monitors the implementation of rural development programs, decisions on project selection and payment allocation are made by national and regional governing bodies. Each rural development program must focus on at least four of the six priorities of the EPFRD:

- encouraging the transfer of knowledge and innovations in agriculture, forestry and rural areas
- improving the profitability and competitiveness of all types of agriculture and promoting innovative agricultural technologies and sustainable forest management • improving the organization of the food supply chain and animal welfare and risk management in agriculture
- •promoting the efficient use of resources and encouraging a shift towards a climate-resilient, low-carbon economy in the agricultural, food and forestry sectors
- restoration, preservation and improvement of ecosystems related to agriculture and forestry and
- promoting social inclusion, reducing poverty and encouraging economic development in rural areas.

Rural development program of the Republic of Croatia 2014-2020. contains measures through which it was possible to finance projects aimed at the development of rural areas of Croatia from European Union funds.

The measures of the rural development program were:



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- M01 - Transfer of knowledge and information activities (for all those who are engaged in or are just starting out in agricultural production, financing of education and continuous improvement is possible,
- M02 - Advisory services, agricultural management services (subsidies for the provision of advisory services, subsidies for the training of advisers)
- M03 - Quality systems for agricultural and food products (Support for new participation in quality systems, for information and promotion activities carried out by groups of producers on the internal market
- M04 - Investments in physical assets (The measure enables numerous investments in primary agriculture and processing of agricultural products, as well as in activities aimed at irrigating agricultural areas and preserving landscape values)
- M05 - Restoration of agricultural production potential damaged by natural disasters and catastrophic events and the introduction of appropriate preventive activities (Support for investments in the restoration of agricultural land and production potential damaged by natural disasters, adverse climatic conditions and catastrophic events)
- M06 - Development of agricultural holdings and business (enable employment for young people outside of agricultural occupations)
- M07 - Basic services and reconstruction of villages in rural areas (by ensuring quality communal and social infrastructure, rural areas will once again become desirable places to live and work - construction of kindergartens and fire stations in rural areas.)



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- M08 - Investments in the development of forest areas and improvement of forest sustainability (Support for investments in forestry technologies and in the processing, mobilization and marketing of forest products)
- M09 - Establishment of producer groups and organizations (Establishment of producer groups and organizations in the agricultural and forestry sector - association and joint access to the market)
- M10 - Agriculture, environment and climate change (payments of obligations related to agriculture, environment and climate change)
- M11 - Organic farming (Payments for the transition to organic farming practices and methods. Payments for maintaining organic farming practices and methods.)
- M13 - Payments to areas with natural restrictions or other special restrictions (such as mountainous areas or areas with few natural resources)
- M14 - Animal welfare (application of high standards of animal welfare that exceed current legal regulations)
- M16 - Cooperation (support for sector cooperation to achieve short supply chains and local markets)
- M17 - Risk management (co-financing of insurance premiums)
- M 18 - Financing of additional national direct payments for Croatia
- M19 - LEADER (this measure uses local action groups for the purpose of creating and implementing a local development strategy)
- M 20 - Technical assistance



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Since 2023, the Strategic Plan of the Common Agricultural Policy 2023-2027 has been implemented, which provides for three basic types of interventions:

1. Direct payments (includes basic payments and production-related payments)
2. Sectoral interventions (Operational programs of producer organizations for fruit and vegetables, Bee products, Wine).
3. Rural development (investments in agricultural production and processing, competitiveness and productivity, investments in rural areas, investments in forestry, knowledge and innovations).

More information can be found on: www.ruralnirazvoj.hr



3.0 CUSTOMIZATION OF BEST PRACTICES IN APULIA

3.1 Guidance on how to customize the best practices to fit the partners' specific context

Small and Medium Enterprises (SMEs) are the beating heart of commerce and job creation in Puglia's rural areas. However, as the questionnaire revealed, current practices, legislation and red tape often hinder their growth, both at the local administrative level and within the broader regional and national landscape.

The active participation of entrepreneurs was crucial in identifying critical blocks to their economic development. Consequently, we can use these results to design and implement best practices that favour SMEs in Puglia's rural areas. These best practices should prioritise:

- **Skills and innovation:** Improving competitiveness through training and technology adoption.
- **Affordability:** Increasing access to financing and support mechanisms.
- **Environmental Sustainability:** Promoting a culture of environmental responsibility and environmentally friendly practices.
- **Expert advice:** Provide advisory services to navigate available opportunities.

By strategically implementing these best practices, we can significantly improve the competitiveness and sustainability of SMEs, ultimately contributing to the overall economic and social development of the region.

For SMEs operating in rural settings, the adoption of best practices is essential to address unique challenges and maximize their potential. These practices enable them to increase



efficiency, improve sustainability, sharpen competitiveness: Stand out in the market and attract customers, and meet local needs.

By adopting best practices, SMEs in rural Apulia can not only strengthen their security and risk management, but also contribute to a more sustainable and cohesive local economy. This fosters innovation and strengthens the rural socio-economic fabric. An integrated approach is crucial to ensure the resilience and growth of these enterprises, fostering a balanced development between rural and urban areas.

3.2 Considerations to keep in mind during the adaptation process

Continuous improvement is vital for companies to keep up with dynamic market trends. The identification and adoption of best practices, both within Italy and in Europe, is the cornerstone to achieving significant business improvement.

Best practices are essentially methods, techniques or processes that have been proven, through experience and research, to be highly effective in achieving optimal results within a specific context. These practices serve as benchmarks because they offer superior efficiency, reliability and results over alternative operating methods. The implementation of best practices yields significant benefits, such as achieving higher standards, offering superior product or service quality, mitigating risks, and gaining a significant competitive advantage.

Extensive research has uncovered five key best practices, applicable at both national and European level, which are particularly valuable for SMEs:

- Implementation of security standards and frameworks
- Organisational security measures
- Integrated reporting



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- Sustainability assessment
- Financial education

Adaptation to new circumstances or challenges is an ongoing and complex process that requires careful consideration of various factors. For SMEs in rural areas of Apulia, adopting best practices requires thoughtful consideration of various challenges and opportunities. Here are some crucial aspects to keep in mind during the adaptation process:

Understanding the context

- **Assess local socio-economic conditions:** SMEs should thoroughly understand the specific socio-economic characteristics of their rural communities, including income levels, unemployment rates, demographic trends and prevailing market needs. This information is crucial for identifying opportunities and adapting strategies accordingly.
- **Analysing the competitive landscape:** SMEs need to assess the competitive landscape in their sector and targeted geographical areas. This involves identifying the main competitors, evaluating their product or service offerings and understanding their strengths and weaknesses. This analysis enables SMEs to differentiate themselves by positioning themselves effectively.
- **Consider relevant regulations and policies:** SMEs need to stay up-to-date on local, regional and national laws, regulations and policies that may affect their operations. Compliance with these requirements is crucial to avoid legal sanctions and ensure responsible business conduct.

Assess internal capabilities



- Assess staff skills and knowledge: SMEs need to assess the skills, knowledge and experience of their staff to identify gaps between current skills and those required by best practices. Based on this assessment, they can develop targeted training programmes to fill gaps and strengthen the workforce.
- Examine technological resources: SMEs need to assess their existing IT infrastructure and technologies to determine whether they are adequate to support the implementation of best practices. This may include assessing hardware, software, security systems and connectivity capabilities.
- Analysing financial resources: SMEs need to assess their financial conditions to determine the availability of resources to invest in the adoption of best practices. This may involve assessing cash flows, capital reserves and financing options.

Identify relevant best practices

- Research and evaluate different practices: SMEs should spend time researching and evaluating different best practices relevant to their sector, size and specific needs. This may involve consulting experts, attending seminars and conferences and reviewing relevant publications.
- Consider feasibility and impact: SMEs should assess the feasibility of implementing each practice, considering resource requirements, potential costs and the time needed for implementation. In addition, they should assess the expected impact of each practice on their business performance, customer satisfaction and overall competitiveness.



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- **Prioritise practices:** Based on feasibility and impact assessments, SMEs should prioritise the best practices that offer the greatest potential benefit with the least investment of resources. This focused approach ensures that adaptation efforts are efficient and productive.

Develop an implementation plan

- **Set clear and measurable goals:** SMEs should set clear and measurable goals for the adoption of each best practice. These goals should be specific, measurable, achievable, relevant and timely (SMART).
- **Identify resources and responsibilities:** SMEs must identify the resources needed to implement each practice, assigning specific responsibilities to individuals or teams. This ensures that there is clear ownership and accountability for successful implementation.
- **Develop timelines and deadlines:** SMEs should develop realistic timelines and deadlines for each phase of the implementation plan. This helps keep the project on track and monitor progress.
- **Establish monitoring and evaluation mechanisms:** SMEs should establish mechanisms to monitor progress in implementing best practices and evaluate their effectiveness.

Adopt a flexible and continuous approach

- **Remain open to feedback and readjustment:** SMEs should be open to feedback from employees, customers and other stakeholders during the implementation process. This feedback can be used to identify areas for improvement and adapt practices as needed.



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- Monitor emerging trends and developments: SMEs need to actively monitor emerging trends, new developments and challenges in their industry and the broader business environment. This enables them to proactively adapt their practices to remain competitive and relevant.
- Promote a culture of continuous learning: SMEs should promote a culture of continuous learning within their organisation, encouraging employees to continuously develop their skills and knowledge. This makes them more apt to embrace new practices and adapt to change.

Adopting these considerations during the adaptation process will enable SMEs in rural areas of Puglia to successfully implement best practices, improve their business performance and contribute to the sustainable economic and social development of the region.



4.0 CUSTOMIZATION OF BEST PRACTICES IN LIKA

4.1 Guidance on how to customize the best practices to fit the partners' specific context

The LEADER approach (French: Liaison Entre Actions de Développement de l'Economie Rurale - links between the rural economy and development activities) is connected with local empowerment through the development of local strategies and the distribution of resources, and represents a method of mobilizing the potential of rural communities for the implementation of development activities in their area. The locally driven, bottom-up approach within the framework of the LEADER initiative has proven to be effective in building local capacities and in promoting social inclusion, reducing poverty and creating jobs in the local economy. This is precisely the approach implemented by local action groups (LAGs) in Croatia, as the main actors of the LEADER concept. Their task is to create local development strategies (LRS) and guide and monitor their implementation, including the use of funds from rural development measures, while connecting local stakeholders from all three sectors (public, private and civil). Their financing also comes from the Rural Development Program, more specifically measure 19 - support for local development within the LEADER initiative. In the implementation of the current program period 2014-2020, LAGs play an important role by informing the rural population about the benefits of European funds, but also by listening to the voice of the rural area and passing on information to decision-makers so that in the future period (2021-2027) program was better and more appropriate for the rural population.



4.2 Considerations to keep in mind during the adaptation process

For the period 2021-2027. The European Commission proposes an ambitious budget of 365 billion euros. This means that the CAP will amount to almost a third of the total EU budget, which confirms the exceptional importance of this policy. The main objectives of the Common Agricultural Policy, as before, will be determined at the EU level and will be applied in all EU member states. In 2018, the European Commission presented proposals on the Common Agricultural Policy (CAP) after 2020. The key problems for EU agriculture and rural areas are cross-border and global in nature. Therefore, greater attention will be paid to challenges such as climate change and generational renewal, while supporting European farmers in achieving a sustainable and competitive agricultural sector. The underlying motive of the future CAP is simplification, and it will focus on nine specific goals shown in the graph:



5.0 CASE STUDIES

Analysing case studies is an essential practice as it offers a number of benefits that improve companies' theoretical understanding and practical competence, representing a valuable method for learning from past experiences, better understanding problems, developing decision-making skills, identifying best practices and improving analysis capacity, thus contributing to the success and growth of the organisation⁹.

The National Rural Network website has set up a geo-referenced collection of significant cases selected by the regional Managing Authorities to narrate through the interventions and projects financed, the aims of the RDPs and the experiences of the protagonists. A selection of virtuous examples that highlight the commitment of the sector's operators and the capacity of the Rural Development Plans to support, innovate and project the Italian rural world into the future¹⁰.

5.1 Examples of application of customized best practices in specific contexts

5.1.1 Agrinaura veg

An exemplary case study for Apulia is that of Agrinatura Veg¹¹, a company in Andria, which, thanks to the support of PSR funds, has been able to improve the land and tools available to support its organic and biodynamic approach. The interventions allow the business to cope with the increased risks arising from a very demanding type of production and market. The

⁹ Agenzia Digitalia, *Imparare dal successo: la potenza dei Case study*, 5 luglio 2023, su LinkedIn, <https://it.linkedin.com/pulse/imparare-dal-successo-la-potenza-dei-case-study-agenziadigitalia>.

¹⁰ Rete Rurale Nazionale, Best Practice 2021, <https://www.reterurale.it/BestPractice2021>.

¹¹ Tenuta Sant'Agostino, <https://www.giancarloceci.com/>.



planned activities allow the business to have excellent results in terms of quality and sustainability of production and competitiveness of the commercial offer. Thanks to the RDP funding, the company can manage the entire supply chain in-house, from production to processing and the reuse of waste¹².

5.1.2 ARPAV Associazione Regionale Proprietari d'Alpeggio Valle d'Aosta

The *Estrema d'Alpeggio Fontina DOP*¹³ project was set up with the aim of valorising and promoting a high-quality product, Alpine Fontina, a cheese that strictly respects the regulations of the Protected Designation of Origin (PDO). The beneficiary of this project is ARPAV, the Regional Association of Alpine Pasture Owners of the Aosta Valley, which supports local producers in the promotion of this dairy excellence.

The Fontina produced under this project is unique: it is a fat cheese with a semi-cooked paste, made with whole milk from a single milking of Valdostana cows (Pezzata rossa, Pezzata nera, Castana). These cows are reared exclusively in high-altitude pastures, between 2,000 and 2,700 metres, which gives the product unique organoleptic characteristics.

The project aims to publicise Fontina d'Alpeggio produced according to the ARPAV method, through various promotional initiatives. The investment dedicated to the project was used to create a strong product identity, information materials and a dedicated website. Promo-

¹² Rete Rurale Nazionale, Best Practice 2021, Agrinatura Veg, <https://www.reterurale.it/flex/cm/pages/Serve-BLOB.php/L/IT/IDPagina/22724>.

¹³ Estrema d'Alpeggio, <https://www.estremadalpeggio.com/>.



tion strategies include social media campaigns, alpine pasture tours, press tours and gastro-nomic events, including dinners with starred chefs. In addition, participation in international trade fairs will be organised to position Fontina d'Alpeggio on European and global markets. An important part of the project also concerns the implementation of very strict criteria to certify the production of true high mountain Fontina, thus guaranteeing high quality and a tradition that reflects the territory of origin. In this way, ARPAV aims not only to promote the product, but also to support the local economy of the rural areas of the Aosta Valley¹⁴.

5.1.3 Società Agricola Arnaldo Caprai

This case study focuses on a new integrated experimental model of precision farming for sustainable vine protection and was developed to address the difficult challenges posed by recent extreme weather conditions, which have had a significant impact on crop years. The beneficiary of this project is the agricultural company Arnaldo Caprai¹⁵, located in Montefalco (Perugia), which has started an innovative experiment in the field of viticulture.

The main objective is to adapt vine cultivation to the effects of climate change, using state-of-the-art technology to ensure more efficient and sustainable vineyard management. Through the use of automated systems and the integration of advanced technological tools, the company aims to improve both the quantity and quality of production, while reducing environmental impact.

¹⁴ Rete Rurale Nazionale, Best Pactice 2021, ARPAV Associazione Regionale Proprietari d'Alpeggio Valle d'Aosta, <https://www.reterurale.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/22730>.

¹⁵ Arnaldo Caprai, <https://www.arnaldocaprai.it/>.



Funding from the Rural Development Programme (RDP) has enabled the creation of a digital platform that constantly monitors vineyard conditions. This platform collects data from the agro-meteorological network, field observations and satellite images. The information collected makes it possible to analyse the climatic conditions, the plant's response and its vulnerability to disease in real time, as well as detect any exposure to extreme temperatures or water stress.

Thanks to these innovative technologies, data are translated into automatic and immediate actions, allowing timely and targeted agronomic interventions. This approach not only improves vine defence, but also ensures safer and more effective agronomic practices, contributing to the overall sustainability of the winery¹⁶.

5.1.4 Sepino Cashmere

The project for the organic breeding of cashmere and Angora goats, and the production of organic cashmere and mohair yarns, was initiated by Maria Assunta Tiberio with her company *Sepino Cashmere*, established in 2016 on the slopes of the Matese National Park in Molise. The company focuses on a completely artisanal production that starts with the collection of cashmere and mohair fibres directly from the animals and ends with the production of the yarns.

The company not only produces organic yarns, but also offers tourist experiences, organising guided tours in which participants can see the goats up close, participate in daily activities

¹⁶ Rete Rurale Nazionale, Best Practice 2021, Società Agricola Arnaldo Caprai, <https://www.reterurale.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/22894>.



such as combing the animals and going out to pasture, and even adopt one of the animals from a distance.

Thanks to the financial support of the Molise RDP, Sepino Cashmere has been able to build a modern, environmentally friendly stable, equipped with a mechanised system for feeding organic fodder and a thermal panel for hot water, making the farm's management more sustainable.

With these investments, the farm is growing rapidly and expects to reach 100 goats soon. In addition, it is planning to expand its offer with an educational farm dedicated to schools and with pet therapy activities¹⁷.

5.1.5 Gotto d'Oro

The Gotto d'Oro¹⁸ wine cooperative's energy efficiency project represents an important step towards sustainability and the efficient use of resources.

Founded in 1945 by a group of winegrowers from Marino, near Rome, the cooperative immediately sought to enhance local production, becoming over the years one of the most relevant realities in the Italian wine sector, particularly in Lazio. Its historical achievements include the launch of the famous Frascati Gotto d'Oro white wine in the 1960s, which helped promote Italian wines abroad, and recognition in 1989 by the MIPAAF (Italian Ministry of Agriculture, Food and Forestry) as a 'cooperative society of national interest'. In 2011, Gotto d'Oro completed a major modernisation project, which made the plant state-of-the-art in

¹⁷ Rete Rurale Nazionale, Best Practice 2021, Maria Assunta Tiberio, Sepino Cashmere, <https://www.reterurale.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/22894>.

¹⁸ Gotto d'Oro, <https://www.gottodoro.it/>.



terms of environmental sustainability. Thanks to RDP funds, the cooperative has recently undertaken further work to improve the energy efficiency of its facilities. A new electrical system, low-energy LED lamps, a modern heating plant and a 100 kWp photovoltaic system have been installed. In addition, the company invested in new inverter refrigeration units and an advanced osmosis system to improve water purification. These interventions have not only reduced the company's environmental impact, but also made the entire production process more efficient, confirming the cooperative's commitment to the ecological transition¹⁹.

5.1.6 Agrumaria Reggina

Agrumaria Reggina's project focuses on the processing, marketing and development of agricultural products, with a strong commitment to innovation and sustainability.

Located in Reggio Calabria, this company produces concentrated fruit juices, vegetable extracts, vitamin preparations, syrups, essential oils and flavourings. Agrumaria Reggina²⁰ is a leader in semi-finished products for the food industry, providing high quality ingredients for the production of customised juice blends and emulsions.

Thanks to PSR funding, the company has been able to invest in new equipment that improves product preservation, raises quality standards and reduces waste during packaging. These investments have enabled the company to increase production efficiency and reduce its en-

¹⁹ Rete Rurale Nazionale, Best Pactice 2021, Gotto d'Oro, <https://www.reterurale.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/22855>.

²⁰ Agrumaria Reggina, <https://www.agrumariareggina.it/?lang=it>.



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vironmental impact. In addition, the construction of a photovoltaic plant for the use of renewable energy has further strengthened the company's commitment to sustainability. Agrumaria Reggina has also developed an e-commerce platform to improve commercial and administrative management, thus modernising its operations and strengthening its market presence²¹.

5.1.7 Yes We Plant

The Yes We Plant²² programme, initiated by Céline Tellier, Minister for the Environment, Nature, Forest, Rural Affairs, and Animal Welfare of Wallonia (Belgium), set a goal in 2020 to plant one million trees or establish 4,000 km of hedgerows by 2024. The programme aims to protect Wallonia's biodiversity, as outlined in the Regional Policy Declaration, by encouraging citizens, associations, businesses, and local authorities to participate in planting projects with personalized support. Three years into the initiative, over one million trees and 3,000 km of hedgerows have been planted or are in progress.

As of 2023, more than 3,000 km of hedgerows and 1,210,353 trees have been planted or committed to within the current legislative period (2019-2024). Media coverage highlights the strong participation of various groups – businesses, farmers, individuals, municipalities, and schools – during the 2023-2024 planting season.

²¹ Rete Rurale Nazionale, Best Pactice 2021, Agrumaria Reggina, <https://www.reterurale.it/flex/cm/pages/ServeBLOB.php/L/IT/IDPagina/22714>.

²² Yes We plant, <https://yesweplant.wallonie.be/home.html>.



Key efforts include developing a plant charter, involving new and existing producers, providing alternatives to planting, centralizing information on a website, and offering planting guidance. A platform connects people looking to help with planting projects and those in need of assistance, while a cultivation contract helps supply large quantities of hedge plants²³.

5.1.8 Rural Vision Platform

Finland, being one of the most rural countries in the EU, requires a well-rounded approach to development in its rural areas, including diverse business and service structures alongside sustainable food production. However, the EU's long-term vision for rural areas and the Rural Pact have not been widely recognized in Finland. To address this, the Ministry of Agriculture and Forestry, the Rural Policy Council, and the National Rural Network have worked together to increase awareness of the EU's Rural Pact and align national actions with the long-term vision.

A key initiative in this effort is the development of an online platform that gathers all relevant information²⁴. This platform covers various aspects, such as the basics of Finnish rural life, a policy framework built on over 30 years of rural policy experience, practical project examples aimed at fostering a more resilient and prosperous rural Finland, and national policy recommendations for the future. The goal is to continuously update the website to actively reflect Finland's progress toward the EU's rural vision.

²³ Rural Pact Community Platform, Good Practice, 'Yes We Plant' supporting biodiversity in rural areas in Wallonia, Belgium, https://ruralpact.rural-vision.europa.eu/good-practice/yes-we-plant-supporting-biodiversity-rural-areas-wallonia-belgium_en.

²⁴ Rural Vision in Finland, <https://maaseutu.fi/en/rural-vision-in-finland/>.



The primary outcome is the website itself, which highlights Finland’s progress in aligning with the rural vision. Regular updates keep the site current, offering a clear representation of the Finnish perspective on the rural vision. Additionally, the platform serves as a resource hub for Finns involved in EU meetings related to the rural vision and the Rural Pact. Its streamlined design helps participants better understand and communicate the concepts of the rural vision and the Rural Pact at the national level²⁵.

5.1.9 Pueblos Remotos

Pueblos Remotos (in English, Remote Villages)²⁶ represents a pioneering approach to rural revitalization, offering a unique blend of tourism, remote work, and community engagement. The initiative, established in the Canary Islands post-COVID-19, aims to revitalize rural areas by attracting remote workers seeking a distinctive rural experience while contributing to local development.

This innovative model fosters collaboration between remote workers and local entrepreneurs, allowing for the exchange of ideas, skills, and knowledge. This synergy proves invaluable for local businesses, enabling them to innovate, enhance their offerings, and expand their market reach. In turn, remote workers benefit from immersing themselves in the rural lifestyle, experiencing local culture, and contributing to the sustainable development of the communities they visit.

²⁵ Rural Pact Community Platform, Good Practice, The Rural Vision Platform in Finland, https://ruralpact.rural-vision.europa.eu/good-practice/rural-vision-platform-finland_en.

²⁶ Pueblos Remotos, <https://www.pueblosremotos.com/>.



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Beyond its direct economic impact, *Pueblos Remotos* has demonstrated a significant potential to diversify the economic landscape of rural areas. By fostering the creation of new tourism products and services, the initiative helps to reduce reliance on traditional industries and create sustainable livelihoods for local communities.

The project's success has attracted attention beyond the Canary Islands, leading to its expansion to other rural areas in Spain. Moreover, its alignment with women's entrepreneurship initiatives highlights its potential to empower and support female-led businesses in rural settings.

Pueblos Remotos stands as a testament to the power of collaboration, innovation, and community engagement. By fostering connections between remote workers and local entrepreneurs, the initiative offers a promising model for revitalizing rural areas and promoting sustainable development²⁷.

5.1.10 OPG from the area of the Local Action Group Lika

Financial resources from the Rural Development Program of the Republic of Croatia for the period 2014-2020. They achieved, among others, OPG Marijana Svetić and OPG Mario Laktić from the area of the Local Action Group Lika.

By applying to the LAG competition "Support for the development of small agricultural holdings", the users received support of 15,000 euros.

²⁷ Rural Pact Community Platform, Good Practice, 'Remote Villages' combines teleworking and rural surroundings in the Canary Islands, Spain, https://ruralpact.rural-vision.europa.eu/good-practice/remote-villages-combines-teleworking-and-rural-surroundings-canary-islands-spain_en.



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OPG Marijana Svetić is engaged in the production of various vegetables on the fertile land of Lika. Thanks to the obtained financial resources, they will move their vegetable production to a closed type of planting, i.e. production in greenhouses.

OPG Mario Laktić, which grows blueberries and aronia, is located near Gospić. With the approved financial resources, they will finance the purchase of 1,000 blueberry seedlings, a tractor, a lawnmower and the purchase of land.

OPG STARČEVIĆ IVAN is a beneficiary of measure 6.1.1. "Support to young farmers" from LRS LAG LIKA for the program period 2014-2020, and used support in the amount of EUR 49,190.39 for the purchase of machinery and animals for the purpose of modernization and raising the competitiveness of the agricultural economy. Young farmer Ivan works on his own OPG and lives from his work.

In addition, LAG funds for the implementation of Measure 6.1.1. "Support to young farmers" and Measures 6.4.1. "Development of non-agricultural activities in the rural area" achieved self-employment, maintained existing or created new jobs for a total of 15 young people from the LAG LIKA area, which according to the 2021 population census recorded a large decrease in the number of inhabitants.

5.1.11 The company Eko Vedrine

Sirana Vedrine grows and processes the milk of its Jersey cows into the finest Lika delicacies such as Škripavac, Kiselna, Lička Basa cheese, solid and liquid yogurts. The farm is located in the heart of Lika under Vaganski vrh in the village of Brezik, on halfway between Gospić and Sveti Rok. Jersey cows are known for the highest quality milk with the highest milk fat and protein of all cattle breeds. In summer, they give milk with 5 to 5.5% milk fat, and in winter,



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when they eat more dry food, from 6.1 to 6.3%. They process milk the old-fashioned way with natural rennet and cultures - without any additives. They are developing their own retail network in the territory of the Republic of Croatia.

5.1.12 The Company Fema d.o.o.

Company Fema d.o.o. is an innovator in the production of ecological fertilizer and repellents from raw sheep's wool. Fertilizer WOOLEE wool pellets are made exclusively from raw sheep's wool. There are no traces of polymers, plastics or chemicals in them, which makes them safe for children and pets. In addition, our fertilizer retains moisture and gradually releases it into the soil, thus reducing water consumption by 25% and increasing yields by 30%. By using wool as a resource for the production of organic fertilizer and repellants, instead of treating it as waste, we have successfully solved the environmental problem that threatened national parks and nature parks in Lika. This promotes the circular economy.

5.1.13 Pivovara Ličanka

All products created in the brewery Ličanka are produced in a natural way without preservatives and additives, and they use water from the Ričina spring, which is located in the heart of Velebit at about 700 meters above sea level. It is considered one of the best quality brewing waters in Europe. They produce beer using the most modern technology.



5.2 Analysis of results obtained through the implementation of the adapted practices

The case studies presented from different Regions in Italy and Europe provide a comprehensive overview of how innovative and adapted practices, supported by various funding mechanisms like the Rural Development Program (RDP) and other EU initiatives, have yielded positive results. Each project highlights the effectiveness of tailored approaches in addressing the challenges faced by rural areas, particularly in terms of sustainability, competitiveness, and resilience. Below is an analysis of the key outcomes achieved through these initiatives.

- **Improved sustainability and environmental impact**

Across all case studies, a strong focus on environmental sustainability is a consistent theme. Agrinatura Veg, Gotto d'Oro, Agrumaria Reggina, and Sepino Cashmere all introduced measures to enhance sustainability by adopting organic or biodynamic production methods and investing in energy-efficient technologies. For instance, Gotto d'Oro's investment in energy-efficient systems, such as LED lighting and a photovoltaic plant, not only reduced environmental impact but also streamlined the production process. Similarly, Agrumaria Reggina improved waste management and installed a photovoltaic system, directly aligning with its commitment to sustainable practices. These investments demonstrate how renewable energy and modern technologies can reduce reliance on non-renewable resources, lower emissions, and support long-term environmental sustainability.

In Finland, the Rural Vision Platform is a prime example of how policy alignment can drive sustainability by consolidating decades of rural policy experience with modern-



day sustainable practices. The emphasis on using technology and policy innovation to support resilient rural communities reflects the EU's broader sustainability objectives.

- **Boosting economic diversification and competitiveness**

Economic diversification is another significant result of these projects, particularly in rural areas where economies tend to rely heavily on a few traditional industries. The development of new products and services was a core component of many initiatives, resulting in stronger, more diverse local economies.

Pueblos Remotos not only helped diversify the economy by integrating remote workers with local businesses, but it also facilitated the co-creation of 18 new tourism products, such as eco-friendly workshops and vineyard tours. This demonstrates how tourism can become a sustainable economic pillar in rural areas through creative, community-driven initiatives. Similarly, Sepino Cashmere combined traditional goat farming with tourism to generate new income streams. By inviting tourists to experience farm life and engage in hands-on activities, the project created a unique, immersive experience that brought both direct and indirect economic benefits.

- **Strengthening local and regional identity**

The projects also contributed to strengthening the local and regional identities of rural communities. In the ARPAV Fontina DOP project, promoting Alpine Fontina cheese with strict PDO standards not only elevated the product's marketability but also reinforced the cultural and geographical significance of the Aosta Valley. Through dedicated marketing and promotion efforts, such as gastronomy events and international trade fair participation, the project positioned Alpine Fontina as a premium product



on global markets. By emphasizing local traditions and quality, these projects help rural producers stand out in a competitive global marketplace, fostering a sense of pride and belonging while ensuring long-term economic sustainability.

- **Integration of technology for precision agriculture**

The application of advanced technologies, particularly in agriculture, has played a critical role in improving efficiency and resilience against climate change. The Arnaldo Caprai project stands out in this regard, as it employed precision farming techniques to combat the challenges posed by extreme weather conditions. The introduction of a digital platform to monitor vineyard conditions enabled real-time, data-driven decision-making, which improved both the quality and quantity of grape production. This case illustrates how digital tools can help modernize traditional sectors like agriculture, allowing for more precise interventions and better use of resources, which ultimately leads to higher productivity, reduced waste, and greater resilience to environmental challenges.

- **Empowerment and collaboration among stakeholders**

A central element of success in these projects is the emphasis on collaboration between various stakeholders. *Pueblos Remotos* exemplifies how remote workers and local entrepreneurs can come together to tackle rural challenges. The exchange of ideas and skills between these groups not only generated economic value but also fostered a sense of community and cooperation. Moreover, the Rural Vision Platform in Finland highlights the importance of collaboration at the national and EU levels. By



bringing together policymakers, rural communities, and other stakeholders, the platform facilitates a shared understanding and unified approach to achieving the EU's long-term vision for rural areas.

- **Increased awareness and knowledge sharing**

Another key result is the increased awareness and knowledge sharing facilitated by these projects. Whether through physical experiences like Sepino Cashmere's farm tours or digital platforms like Finland's Rural Vision, there is a clear trend toward educating and engaging broader audiences. This helps to ensure that the lessons learned from these projects can be replicated in other regions, contributing to a broader cultural shift towards sustainability and rural development.

- **Creation of new partnerships**

Many of these projects successfully fostered partnerships between public and private sectors, as well as across industries. *Pueblos Remotos*, for example, established partnerships with local accommodations, transportation companies, and tourism businesses, demonstrating how cross-sector collaboration can lead to holistic and inclusive rural development. The ARPAV and Agrumaria Reggina initiatives also underscore the role of public and private partnerships in promoting regional products and integrating innovative processes into traditional industries. These collaborations are crucial in creating scalable solutions that can be applied to other rural communities across Europe.

The implementation of these adapted practices has led to tangible results in terms of environmental sustainability, economic diversification, and rural development. From advanced



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technology in agriculture to new tourism models and energy-efficient infrastructure, these projects exemplify how rural areas can innovate to become more competitive and resilient. By fostering collaboration, empowering local entrepreneurs, and leveraging modern technologies, these initiatives have laid a foundation for sustainable, long-term rural prosperity in Europe.

It is also important to highlight from the Croatian side, that the original Rural Development Program 2014-2020 has been fully contracted and paid, and in the transition period 2021-2022., increased by the allocation in the amount of EUR 902.56 million, which means that Croatia has EUR 3.285 billion available from the Rural Development Program. By May 31, 2023, tenders worth EUR 3.8 billion (115.5% of the total allocation) were announced. An amount of EUR 3.05 billion was agreed, which represents 93% of the available funds from the Rural Development Program of the Republic of Croatia. By the end of May, the Agency for Payments in Agriculture, Fisheries and Rural Development paid out 2.62 billion euros, which is 80% of the available funds, with the possibility of payment until December 31, 2025. The above results put Croatia in the top half of the ranking of EU countries in terms of the utilization of funds from the European Agricultural Fund for Rural Development. If we look only at the implementation of the first approved version of the LRS LAG LIKA in the period 2014 - 2022, it is evident that it contained seven planned types operations, but with a change at the end of 2019, funds were reallocated and the number of types of operations was reduced to four.



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The implementation of operations 4.1.1 was abandoned, and 4.1.2, due to the reduced interest of users caused by the more complex procedure and the limited amount of the project. The amendment introduced TO 6.1.1. "Support to young farmers" which was not originally foreseen in the LRS, but the great interest of the beneficiaries was expressed.

In the period from 2018 to 2023, LAG LIKA successfully conducted seven LAG tenders, and most of the funds provided for the implementation of the LRS were spent on them. The first published LAG tender was intended for the implementation of TO 6.3.1. "Support for the development of small farms" and the total amount available was EUR 265,878.96, and the amount of support per project was EUR 14,771.05.

Of the 18 approved projects, 15 were fully paid, while the rest were partially paid. All 18 project holders are OPGs by organizational form, one of them is an ecological producer and one project generates employment for one person. The projects contribute to the achievement of LRS goals, and 13 of them contribute to the realization of the focus area of the INTEGRAL LIKA 2020 project. The second tender was intended for the implementation of TO 7.4.1. The total amount of available funds was EUR 306,002.42. 6 projects were selected, 5 of which were evaluated as innovative, three are implemented in the Nature 2000 area, 5 contribute to environmental protection, one project ensures the employment of one person. So far, three projects have been fully paid, while the rest are in the implementation phase.

LAG LIKA also announced the third tender for operation type 6.1.1. for which 47 applications were received, and a Selection Decision was issued for 8 projects. The support for all selected projects amounted to EUR 49,190.39, the total amount of support granted for this type of



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operation was EUR 393,523.13. All projects involve innovation and contribute to environmental protection, three projects are implemented in the Natura 2000 area and all projects provide employment for one person. In 2021, a tender was announced for the implementation of TO 6.4.1. Two projects were selected and the amount of support is EUR 30,671.84, and one project was paid in the amount of EUR 23,405.25. In 2022, the fifth LAG Competition for the implementation of TO 7.4.1 was announced.

The total amount of available funds was EUR 209,993.32, and 8 requests for support were received. By amending the LRS for the period 2014-2020. and LAG of the Competition for measure 7.4.1. In 2023, the remaining funds from sub-measure 19.2 were allocated, which arose due to exchange rate differences, unspent funds due to fixed grants, abandoning the implementation of projects and unspent funds from sub-measure 19.3. "Preparation and implementation of LAG cooperation activities" which can be spent through sub-measure 19.2. Out of a total of eight users, six users were issued with a Decision on Project Selection, while one user gave up the request for support, and one user was issued with a Decision on Rejecting the Project due to non-fulfillment of the criteria during the administrative control. Support for all selected projects amounted to €249,781.56. Also, in May 2022, the sixth tender for the implementation of TO 6.1.1 was announced. Fifteen Requests for support were received, for three beneficiaries a Decision on rejecting the project, a Certificate of Withdrawal was issued for one user, and for the remaining 11 requests for Project Selection Decisions. The total amount of the grant awarded for the 6th LAG Competition was €364,008.89. In 2023, the seventh LAG Competition for the implementation of measure 7.4.1 was announced. with total available funds in the amount of €61,495.30. Considering that grants



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were available from 2018, only short-term effects can be assessed. The results show that the aid has no effect on the survival rate of companies up to three years after receiving the aid. Also, we did not record the effect of grants in any of the output indicators (assets, sales, added value, profit). However, the treatment recorded a positive significant effect on employment throughout the analyzed period and the effect appears to increase in magnitude from the year of receiving the grant onwards. The effects on the average salary are only weakly significant in the short term, in the first year after receiving the support. This can be explained by the fact that the number of employees increases from year to year after receiving support, so the effect on the average salary is noticeable only at the beginning of receiving support. We did not record any effect on capital inputs, while intermediate inputs show weak growth effects in the first two years after receiving the support. Grants did not bring benefits in total factor productivity or labor productivity. Finally, the debt analysis reveals that treated firms managed to reduce their debt ratio in the second year after receiving the grant, but this effect disappeared in the medium term.



6.0 JOINT SUMMARY AND RECOMMENDATIONS

Small and Medium Enterprises (SMEs) are the backbone of Apulia's and Lika's rural economy, contributing significantly to both economic stability and social cohesion. However, these enterprises face distinct challenges that can impede their growth and competitiveness. To address these, the adoption of best practices tailored to the specific context of each SME is crucial.

Rural SMEs in Apulia and Lika can significantly benefit from the implementation of a few key practices: security standards, organizational security measures, integrated reporting, sustainability assessment, and financial skills development.

Security Standards and Organizational Measures are essential to protect against cyber threats and ensure smooth operations. With the increasing digitization of business processes, cybersecurity has become a fundamental requirement for protecting sensitive data and maintaining customer trust. Moreover, Integrated Reporting provides a coherent system for financial planning, ensuring transparency and accountability. This is particularly important for rural SMEs which often operate with limited resources and need efficient management practices to thrive.

A Sustainability Assessment helps these businesses evaluate their impact on the environment and make necessary adjustments to ensure long-term ecological balance. Given the rural setting, it's imperative for these enterprises to integrate eco-friendly practices to maintain their natural surroundings and contribute to broader environmental goals. Additionally, Developing Financial Skills is vital for effective economic decision-making. Rural SMEs frequently encounter financial constraints, and enhancing financial literacy can empower them



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to make better investment choices, manage their resources efficiently, and plan for sustainable growth.

To ensure these best practices yield the desired outcomes, rural SMEs need a structured implementation plan. Setting Clear Objectives is the first step, as it aligns the organization's efforts with its long-term goals. This involves identifying the specific areas that require improvement and defining what success looks like in each domain.

Resource Allocation is another critical aspect, where businesses must identify the necessary resources—be it financial, human, or technological—and assign responsibilities to team members. Without a clear understanding of who does what, implementation can become chaotic and ineffective.

Timelines should be realistic and consider the unique constraints and opportunities of rural settings. This helps in maintaining momentum and ensuring that progress is measurable. Finally, Monitoring Progress is essential to track achievements, identify bottlenecks, and make necessary adjustments. A well-monitored plan not only facilitates timely completion but also allows for learning and improvement during the process.

A successful strategy for rural SMEs must be dynamic, adapting to feedback and evolving market conditions. Feedback and Adaptation are integral to this approach. SMEs should remain open to suggestions from employees, customers, and stakeholders, using these insights to refine their practices continually. As industry trends shift, particularly with the rapid advancement in technology and changing consumer preferences, being informed and agile can provide a competitive edge.



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Fostering a Culture of Continuous Learning within the organization is equally important. Encouraging employees to update their skills and knowledge regularly can drive innovation and efficiency, contributing to the overall resilience and growth of the SME.

Rural SMEs should also tap into external resources and support systems. Funding and Assistance Programs can provide much-needed financial aid and expert advice. Collaborating with Sectoral Actors can facilitate shared learning and innovation, helping SMEs to develop solutions to common challenges and benefit from collective experiences.

Participation in Training Programs can further enhance the knowledge and skills of the workforce, making them better equipped to handle the complexities of modern business practices and technological advancements.

For rural SMEs to thrive, a proactive stance towards innovation and collaboration is essential. Seeking New Opportunities involves staying alert to emerging market trends and customer demands, and adapting business models accordingly. Innovative Solutions can emerge from partnerships with other businesses, academic institutions, or government bodies, leading to the development of new products, services, or processes that can enhance competitiveness and sustainability.

Addressing the broader needs of rural development is vital for creating a conducive environment for SMEs. Effective Multi-Fund Community-Led Local Development (CLLD) initiatives can channel increased funding from various sources, including the Rural Development Fund, ensuring comprehensive support for rural enterprises. Establishing Smart Management



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Partnerships with younger generations can bring fresh perspectives and innovative approaches, leveraging digital technologies and multiple financing sources to modernize rural business practices.

Environmental Preservation must be a priority, integrating sustainable agriculture and eco-friendly practices into rural economic development to protect natural resources. Investing in Digital Infrastructure can bridge the urban-rural digital divide, providing rural areas with the technological capabilities needed for modern business operations and improved services.

Transport Connectivity enhancements are also crucial, facilitating better access to markets, healthcare, education, and other essential services. Sustainable Rural Business Models should be promoted, focusing on social, environmental, and economic sustainability to create added value for the community, generate new jobs, and attract investors.

Encouraging the formation of Cooperatives and Business Associations can streamline supply chains and foster sectoral specialization, while efforts to Retain Young People by providing employment, education, and affordable housing options in rural areas are key to sustaining a vibrant rural economy.

In the Fishing Sector, continuous education and the encouragement of fishermen to join organizations can contribute to increased productivity, responsible resource management, and a stable market.

The success of Apulia's and Lika's rural SMEs hinges on their ability to adopt and adapt best practices to their specific contexts, backed by a supportive ecosystem. By implementing tailored strategies, leveraging resources, fostering innovation, and addressing broader devel-



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opment needs, these enterprises can overcome their unique challenges and drive sustainable growth in the region. With coordinated efforts from all stakeholders, rural SMEs have the potential to play an even greater role in the region's economic and social prosperity.



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