



## Regional Innovation and Social Entrepreneurship - The UNDP COAST Project in Croatia

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<http://www.hr.undp.org/content/croatia/en/home/presscenter/articles/2013/04/10/-7-million-coast-project-concludes-by-sharing-guidelines-for-green-jobs-.html>

Croatia has joined the European Union in July 2013. Its Gross National Income per head of USD 13,748 qualifies it as a high-income economy. In the global 2013 human development index, the country ranks 47th of 187 and thereby places in the "very high human development" category. However, the country has been mired in recession since 2009, and 2012 brought no recovery. GDP fell by 1.8%, after stagnation in 2011 and declines of 1.2% in 2010 and 5.9% in 2009. The prolonged downturn pushed registered unemployment to 21.1% in December 2012. Young people are particularly hard-hit, with 40% under 25 jobless, and more than half of these seeking work for more than a year. Economic problems are particularly acute in rural areas and areas affected by the after-effects of the 1991-1995 war, such as rural Dalmatia.

The aim of the COAST project was to demonstrate how economic development can be reconciled with preserving the valuable biological and landscape diversity of rural Dalmatia, through sustainable use of natural resources in the key economic sectors: agriculture, fisheries, mariculture and tourism. Project COAST was funded by a US\$ 7 million grant from the Global Environment Facility (GEF), and jointly implemented by the United Nations Development Programme (UNDP) in Croatia and the Ministry of Environmental and Nature Protection from 2007 to 2013.

The value of Dalmatia's natural resources can be seen in the number of existing protected areas and the fact that, following EU accession, around 35% of its territory has become part of the Natura 2000 ecological network, one of the highest shares in Europe. One of the aims of the COAST Project has been to show that these natural values are by no means an obstacle to development; on the contrary, they can become an extraordinary developmental opportunity.

Dalmatia has considerable economic potential, but is nevertheless exposed to persistent and long-term demographic, economic and social challenges. These range from depopulation and population ageing to the abandonment of traditional activities – agriculture in particular – and they also include the resulting decline of social and technical infrastructure. For example 150.000 ha of abandoned land used to be cultivated in the past. At the same time, 65,000 people are jobless while Dalmatia imports agricultural products and foodstuffs for €220 million annually. The decline of traditional activities has coincided with the development of tourism which brings Dalmatia around 23 million of tourist overnights and 2,8 billion € of income. However, tourism has proven to be insufficient for a more significant revitalization of rural areas, while it has already utilised the most valuable spatial resources of the narrow coastal belt.

In dealing with this situation the COAST project affirmed in particular the importance of an integrated and territorial approach in the formulation and implementation of rural development strategies and programmes. The project evaluated all resources – Dalmatia's natural, cultural, social, and physical capital – in terms of their development potential. On this basis, COAST selected for financial support projects that provide synergies across sectors and bring multiple benefits for a given territory, including economic, social, demographic, ecological and cultural. As a result, COAST has promoted green rural development as the smart way for Dalmatia to specialise. Green rural development is founded on local resources and tradition, it provides a maximum level of inclusion for members of local communities, whose knowledge and resources it is using, and it is environmentally sustainable. See link for typical outputs from this stage.

As a main tool to implement this development model the UNDP COAST Project initiated the Green Business Support Programme (GBSP) in 2008. Partners in direct support to green entrepreneurs included four Dalmatian

Counties (Zadar, Šibenik-Knin, Split-Dalmatia, Dubrovnik-Neretva) and their development agencies, together with Splitska and Jadranska bank. GBSP beneficiaries were selected on the basis of the calls for the proposals. Since 2008, over 300 projects applied and 97 projects to the value of approximately €22 million, have been supported through these programmes. See link for typical supported green businesses.

#### **COAST Green Business Support Programme statistics**

**300** applications in the period 2008-2012  
**97** projects supported, in total value of € **22** million  
**79** grants, in total € **0.8** mil  
**27** technical assistance packages, in total € **0.1** mil  
**22** loans from Partial Guarantee and Loan Fund

Support was provided to projects that would create new value and jobs in the sectors of agriculture, tourism and fisheries, as well as their creative combinations, and protect and interpret natural and cultural heritage. The most prominent themes included organic agriculture, cultivation of autochthonous sorts and breeds, rural tourism and agritourism, adventure and educational tourism and shell-fish farming.

Taking into account the available natural resources and carrying capacity of Dalmatia, the green development option for rural Dalmatia has the potential of creating up to 10,000 new jobs. The expected contribution to Dalmatia's GDP growth would be 3-4 percent, and almost double that rate taking growth in rural areas alone. The main findings of the project in supporting green rural development can be summarized as follows:

- Business support infrastructure at the county level is the key to ensuring that rural development programmes are successfully implemented in practice. It is up to the national level to define the rules, and to create the conditions that would develop, coordinate and stimulate such infrastructure.
- Effective support of rural entrepreneurship and development requires clear and quantified local rural development goals in accordance with national strategies; a designated and named coordinating partner with full responsibility for results; monitoring and evaluation of the performance of programme implementation; an effective mechanism (at national level if needed) for identifying obstacles and initiating corrective measures; performance-based financing, including bonuses for those with successful performance and results.
- One of the main tasks of the business support infrastructure is to provide technical assistance which will facilitate innovation and the development of knowledge and skills of the rural population, in particular of existing and potential entrepreneurs.
- Assistance to individual entrepreneurs is important, in particular to the "pioneers" who are confirming the reality of opportunities by their own example, and who are gathering valuable experience that can later be used by those that follow. But making the most of existing resources and market potential requires additional cluster level support measures that have taken up significant project resources: to create networking among producers; to develop sectoral green strategies; to ensure quality standardization and certification; to penetrate specific quality markets; and to introduce product and destination branding and territorial marketing.

Experience in EU countries shows that the revitalization of rural areas is possible. An important prerequisite, however, is the activation of new economic potential resulting in diversification beyond existing sectors, in particular agriculture and fisheries. Support for innovation and the development of the knowledge and skills of the rural population, in particular of existing and potential entrepreneurs, are particularly important. The EU dedicates significant funds for this purpose and these will also be available to the Republic of Croatia within the financial framework 2014-2020.