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D.1.1.1. Regional context analysis

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1 Introduction

The following report provides a comprehensive analysis of seven rural regions across the Mediterranean. The regions covered in the document analysis where the selected partners will implement their project are: Rural Larnaca in Cyprus, the Appennino Pistoiese in Tuscany, Istria County in Croatia, the Balearic Islands in Spain, Northeast region in North Macedonia, the South Aegean region in Greece and Slovenske gorice (Podravska region) in Slovenia. Each of those regions has unique characteristics, challenges and many opportunities for development and growth.

In recent years, numerous challenges have emerged in rural and inland areas, significantly impacting their development and sustainability. These challenges include population and resource abandonment, divergence in demographic trends between urban and rural areas, severe depopulation, scarce economic activities and public services, low productivity, job shortages, poor digital skills, difficulties in conserving cultural and environmental heritage, and limited collaboration and integration among local entities.[1] Addressing these issues requires innovative and sustainable solutions. One of the approaches is the development of a business model tailored to the specific needs and characteristics of a territory. The starting point for developing business models is the analysis of the context and the characteristics of the territory, including not only its peculiarities but also the market, economic structure, and maturity,[2] in order to identify the connections between the different elements/factors of the territorial system.[3] A business model is a useful tool that helps evaluate how well the business operates, improves communication, and supports sustainable growth.[4] It is crucial for a product's success, creating sustainable value, and ensuring cohesion in economic, environmental, and social aspects. A business model for a territory aims to create value and competitive advantage within a geographical area by leveraging its unique natural, cultural, and economic assets.[5] It involves the collaboration of various actors, including businesses, institutions, and government bodies.[6] Developing a territorial business model is a dynamic and adaptive process. It requires a thorough understanding of regional manufacturing characteristics and driving forces and the quality of the entrepreneurial ecosystem.[7]

[1] REVIVE (2024), *WP1 – PILOT FRAMEWORK SET UP*, https://3.basecamp.com/5459396/buckets/35811032/uploads/7066274034, reviewed 6.5.2024

[2] Števerková & Pohludka (2018), *Business Organisational Structures of Global Companies: Use of the Territorial Model to Ensure Long-Term Growth*, https://ideas.repec.org/a/gam/jscscx/v7y2018i6p98-d152562.html, reviewed 7.5.2024; REVIVE (2024), *WP1 – PILOT FRAMEWORK SET UP*, https://3.basecamp.com/5459396/buckets/35811032/uploads/7066274034, reviewed 7.5.2024

[3] Garcia-Muiña, F. E., González-Sánchez, R., Ferrari, A. M., & Settembre-Blundo, D. (2018). The paradigms of Industry 4.0 and circular economy as enabling drivers for the competitiveness of businesses and territories: The case of an Italian ceramic tiles manufacturing company. Social Sciences, 7(12), 255.

[4] Nosratabadi (2019), *Sustainable Business Models: A Review*, https://www.researchgate.net/publication/331873036_Sustainable_Business_Models_A_Review#full-text, reviewed 6.5.2024.; REVIVE (2024), *WP1 – PILOT FRAMEWORK SET UP*, https://3.basecamp.com/5459396/buckets/35811032/uploads/7066274034, reviewed 6.5.2024.

[5] D.Fellag (2018), *LE « BUSINESS MODEL » COMME NOUVEL OUTIL D'ANALYSE STRATEGIQUE DU TERRITOIRE*, https://hal.science/hal-02159998/document, reviewed 6.5.2024; REVIVE (2024), *WP1 – PILOT FRAMEWORK SET UP*, https://3.basecamp.com/5459396/buckets/35811032/uploads/7066274034, reviewed 6.5.2024.

[6] Števerková & Pohludka (2018), *Business Organisational Structures of Global Companies: Use of the Territorial Model to Ensure Long-Term Growth*, https://ideas.repec.org/a/gam/jscscx/v7y2018i6p98-d152562.html, reviewed 7.5.2024; REVIVE (2024), *WP1 – PILOT FRAMEWORK SET UP*, https://3.basecamp.com/5459396/buckets/35811032/uploads/7066274034, reviewed 7.5.2024

[7] Horvath & Rabetino (2018), *The role of county competitiveness and manufacturing activity on the development of business service sectors: A precursor to territorial servitization*, https://www.researchgate.net/publication/344865501_The_role_of_county_competitiveness_and_manufacturing_activity_on_the_development_of_business_service_sectors_A_precursor_to_territorial_servitization, reviewed 8.5.2024.; REVIVE (2024), *WP1 – PILOT FRAMEWORK SET UP*, https://3.basecamp.com/5459396/buckets/35811032/uploads/7066274034, reviewed 8.5.2024

Establishing strong partnerships between the territory and the local business community is considered the best practice for fostering regional development and creating synergies.[8] The goal of creating this document analysis is to thoroughly examine the selected pilot areas where the project will be implemented. Furthermore, to identify the common challenges that the selected pilot areas are facing as well as analysing the existing innovation policies and economic sectors of each pilot area allowing an assessment of the business potential of each territory and the available supporting innovation policies. The primary objective is to inform project partners and provide a thorough analysis and valuable insight of seven selected rural regions across the Mediterranean. This analysis will facilitate the development of a new business model and a subsequent action plan to be implemented in the pilot areas in a later period.

The indicated document analysis consists of four main chapters, and it is structured as follows: Introduction; Existing policies/strategies; Analysis of seven pilot areas; and Conclusion. In the chapter "Existing policies/strategies" a number of current policies and strategies on European, national, regional and local levels that are closely related to the development of selected pilot areas are described. The next chapter, "Analysis of seven pilot areas", consists of seven smaller documents that include topics about selected pilot areas. Each region's analysis consists of four subchapters: 1) Characteristics of the region/pilot area - Demographic characteristics, climate conditions, natural conditions, cultural heritage, infrastructure and mobility, and Internet infrastructure and available digital services; 2) Economic analysis - It includes a description of economic activities characteristic of the area, the sectoral composition of the economy based on the number of legal entities and employees in each sector, and other significant economic features of the region; 3) Pilot areas of project implementation – General data and brief descriptions about project areas are provided; 4) SWOT analysis – Table of strengths, weaknesses, opportunities and threats is created with the intention of better understanding the current situation of pilot areas and for future development and realisation of goals from REVIVE project. Chapter "Analysis of seven pilot areas" is concluded with the subchapter that gives us a general overview of pilot areas through the comparative table of economic activities and number of employees in each sector and SWOT analysis with common factors of all pilot areas.

2 Existing policies/strategies

2.1 Existing policies/strategies at EU levels

The European Union established a number of policies and strategies that cover areas such as economy, digital innovations, energy, climate actions and so on, with the main goal of promoting economic growth, social cohesion, environmental sustainability and stability among member states. By creating supranational policies and strategies, The EU's aim is to

[8] REVIVE (2024), *WP1 – PILOT FRAMEWORK SET UP*, https://3.basecamp.com/5459396/buckets/35811032/uploads/7066274034, reviewed 8.5.2024

create a more integrated union with many opportunities. In the following chapters there are selected and analysed policies and strategies at national/regional/local levels that are closely related to the development of our pilot areas.

Smart Specialisation Strategy (S3)

On the initiative of the European Commission, national and regional governments developed Smart Specialisation Strategies for Research and Innovation (R&I) in 2010. Over a decade later, the concept has become firmly established in EU regional policy. S3 plays a big role in achieving a smarter, sustainable and inclusive Europe. The three pillars of S3 are:[9]

1) Localisation – place-based approach
2) Prioritisation – investment priorities
3) Participation – engagement of stakeholders from the quadruple helix through the strategy-cycle.

In the current programming period 2021-2027, focus is dedicated on governance, with a new thematic enabling condition on "Good governance of national or regional smart specialisation strategy" [10].

European Green Deal

The European Green Deal represents a strategy of making the European Union climate neutral. The policy was launched in 2019 by the European Commission. It also serves as a base strategy for designing other strategies and action plans (for example "Farm to Fork strategy"). The main goal is to achieve a climate neutral area across Europe by reducing greenhouse gas emissions to net-zero. To achieve the goal many policies and measures were set in the sectors of energy, agriculture, industry, infrastructure, transport and biodiversity. The European Union strives to set an example and promote global collaboration to address climate change and environmental challenges.[11]

Key figures:[12]

1) The first climate-neutral continent by 2050
2) At least 55% less net greenhouse gas emissions by 2030, compared to 1990 levels
3) 3 billion additional trees to be planted in the EU by 2030.

Farm to Fork Strategy

The Farm to Fork Strategy is an action plan and one of the main components of the European Green Deal. The main goal of the strategy is to create a more sustainable food

[9] European Commission (2021). *"About S3 Smart Specialisation"*, https://ec.europa.eu/regional_policy/policy/communities-and-networks/s3-community-of-practice/about_en#:~:text=The%20three%20pillars%20of%20S3&text=S3s%20have%20to%20identify%20and,engage%20throughout%20the%20strategy%2Dcycle., reviewed 10.5.2024

[10] Ibid.

[11] Fetting, C. (2020). *"The European Green Deal"*, ESDN Report, December 2020, ESDN Office, Vienna. https://www.esdn.eu/fileadmin/ESDN_Reports/ESDN_Report_2_2020.pdf, reviewed 3.5.2024.

[12] Ibid.

system in the EU; in other words, the food system should be fair, healthy and environmentally friendly. It promotes the consumption of healthy and sustainable diets by encouraging the production and consumption of nutritious food, food labelling and transparency, and facilitates the transition towards organic and agroecological farming. It emphasises the significance of stakeholder engagement, fostering innovation and international collaboration to accomplish its objectives.[13]
The European Union set four main pillars:[14]

1) Sustainable Food Production
2) Sustainable Food Processing & Distribution
3) Sustainable Food Consumption
4) Food Loss & Waste Prevention.

EU Adaptation Strategy

The main question in the strategy is how the European Union can adapt to the unavoidable impacts of climate change and by 2050 become climate resilient. The strategy provides a thorough plan for adaptation across different sectors and levels of governance.[15]
Goals on how to deal with the impact of climate change:[16]

1) Gathering and sharing more climate data to better assess risks and act in time
2) Investing in nature-based solutions to protect biodiversity and ecosystems
3) Ensuring that investments and fiscal policies take into account climate change to better manage risks and losses linked to a changing environment
4) Investing in a green economic recovery from the pandemic to move closer to climate neutrality
5) Helping others around the world cut their emissions and adapt to climate change.

EU Rural Action Plan

The European Union's Rural Action Plan is a comprehensive strategy devised to address challenges of rural regions within the EU. Its main goal is to unlock the full potential of rural regions, promote economic prosperity, and enhance the overall quality of life for residents, while preserving the unique environmental and cultural heritage of these areas.[17]
Rural Action Plan is structured in four blocks of actions:[18]

1) Stronger rural areas
2) Connected rural areas
3) Resilient rural areas
4) Prosperous rural areas.

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[13] European Commission (2020). *"Farm to Fork Strategy"*, https://food.ec.europa.eu/system/files/2020-05/f2f_action-plan_2020_strategy-info_en.pdf, reviewed on 3.5.2024.
[14] Ibid.
[15] European Commission (2021). *"EU Adaptation Strategy"*, https://climate.ec.europa.eu/eu-action/adaptation-climate-change/eu-adaptation-strategy_en, reviewed 7.5.2024.
[16] Council of the European Union (2021) "Council endorses new EU strategy on adaptation to climate change", https://www.consilium.europa.eu/en/press/press-releases/2021/06/10/council-endorses-new-eu-strategy-on-adaptation-to-climate-change/, reviewed 13.5.2024.
[17] European Union (2021). *„Rural Vision"*, https://rural-vision.europa.eu/action-plan_en, reviewed 3.5.2024.
[18] Ibid.

Main goals proposed:[19]

1) Foster territorial cohesion and create new job opportunities to attract innovative businesses
2) Provide access to quality jobs
3) Promote new and improved skills
4) Ensure better infrastructure and services
5) Leverage the role of sustainable agriculture and diversified economic activities.

Circular Economy Action Plan

The Circular Economy Action Plan, implemented in 2015, written by the European Commission, is a strategic framework designed to accelerate the transition towards a circular economy in the European Union, fostering innovation, competitiveness and sustainable growth, while contributing to the EU's environmental and climate objectives. Its aims are to guarantee a more sustainable and efficient utilisation of resources while reducing waste and environmental repercussions.[20]

Measures introduced under the action plan:[21]

1) Make sustainable products the norm in the EU
2) Empower consumers and public buyers
3) Focus on sectors that use most resources and potential for circularity is high (electronics and ICT, batteries and vehicles, packaging, plastics, textiles, construction and buildings, food, water and nutrients)
4) Ensure less waste
5) Make circularity work for people, regions and cities
6) Lead global efforts on circular economy.

European way to use our natural resources action plan 2018

The bioeconomy encompasses every sector and system that depends on biological resources, such as animals, plants, microorganisms, and derived biomass, which includes organic waste. As an economy, bioeconomy relies on different biological resources, such as agriculture, forestry, fisheries and aquaculture, to produce food materials and energy. The goal of The EU Bioeconomy Strategy is to promote sustainable economic growth by using renewable biological resources to produce goods. The main goals of the strategy are: to improve resource efficiency, create new markets and job opportunities and to promote innovation. The biggest challenges in implementing the action plan are competition for resources, social impact and environmental degradation.[22]

Objectives from the original Bioeconomy Strategy:[23]

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[19] Ibid.

[20] European Commission (2020). *"Circular economy action plan"*, https://environment.ec.europa.eu/strategy/circular-economy-action-plan_en, reviewed 6.4.2024.

[21] Ibid.

[22] European Commission (2018). *"Bioeconomy – the European way to use our natural resources: action plan 2018"*, https://knowledge4policy.ec.europa.eu/publication/bioeconomy-european-way-use-our-natural-resources-action-plan-2018_en, reviewed 6.4.2024.

[23] Ibid.

1) Ensuring food and nutrition security
2) Managing natural resources sustainably
3) Reducing dependence on non-renewable resources
4) Mitigating and adapting to climate change
5) Strengthening European competitiveness and creating jobs.

EU SME Strategy for Sustainable and Digital Europe

The goal of the SME Strategy for Europe is to empower small and medium-size enterprises by fostering their sustainability and digitalisation. The key initiative of the strategy is to promote green and digital transitions, simplify regulatory frameworks, facilitate access to funding, promote entrepreneurship and enhance international competitiveness. Because the strategy promotes sustainability and digitalisation, it is important to highlight that SMEs play a central role in economic recovery and long-term resilience in Europe. The end goal is that Europe becomes the most attractive place to start a small business, make it grow and scale up in the single market. Currently the biggest obstacles for SMEs while operating in the single market are: complex administrative procedures, different national service rules, lack of access to information on rules, different national product rules, different contractual/legal practices and concerns about resolving commercial disputes.[24]
The strategy has set three pillars:[25]

1) Capacity-building and support for the transition to sustainability and digitalisation
2) Reducing regulatory burden and improving market access
3) Improving access to financing.

Supporting SMEs in this process is crucial, providing them with the tools to comprehend environmental risks and effectively mitigate them across various sectors, such as construction, plastics, electronics, and agro food.[26]

Territorial Agenda 2030 Strategy

The Territorial Agenda was implemented in 2020 for a ten-year period by the ministers responsible for spatial planning, territorial development and/or territorial cohesion. The strategy priority is to shape the future of European territories in a sustainable, inclusive and resilient manner, while also contributing to the achievement of broader EU policy objectives. It promotes sustainable development, enhances territorial cohesion and addresses key challenges facing European territories.[27]

The overreaching objectives of the Territorial Agenda 2030 are:[28]

1. Just Europe

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[24] European Commission (2020). *"An SME Strategy for a sustainable and digital Europe"* https://single-market-economy.ec.europa.eu/smes/sme-strategy_en#:~:text=With%20the%20SME%20strategy%20for,start%2Dups%20to%20traditional%20crafts., reviewed6.4.2025.
[25] Ibid.
[26] Ibid.
[27] TerritorialAgenda (2021). *"Territorial Agenda 2030"*, https://territorialagenda.eu/wp-content/uploads/TA2030_jun2021_en.pdf, reviewed 8.5.2024.
[28] Ibid.

- Balanced Europe
- Functional Regions
- Integration beyond borders

2. Green Europe
    - Healthy environment
    - Circular economy
    - Sustainable connections.

Horizon Europe strategic plan 2025 - 2027

Horizon Europe is the EU's largest research and innovation programme implemented in 2021. It made great progress and investments in solutions to long-term global challenges (climate change, pollution, biodiversity loss, digital transformation, aging population etc.). The Horizon Europe strategic plan is made to set strategic orientation for the final years of the programme. The strategic plan helps policymakers to stay on course with the green and digital transitions and to respond to new challenges.[29]

Key strategic orientation for R&I:[30]

1) The Green transition - achieving climate neutrality, fostering sustainable economic growth through renewable energy and circular economy principles, and mobilising research and innovation
2) The digital transition - prioritising investments in key digital technologies, fostering trustworthy AI development, addressing high-risk dependencies, and promoting a human-centred approach to digital transformation
3) A more resilient, competitive, inclusive and democratic Europe - promote sustainable growth, enhance healthcare systems, tackle inequalities, strengthen democracy, and foster the inclusion of refugees and migrants, ensuring no one is left behind.

The New European Bauhaus (NEB)

The New European Bauhaus, also called the project of hope and perspectives seeks to address contemporary challenges such as climate change, resource scarcity and social inequality through innovative design solutions. It highlights the incorporation of environmental sustainability, cultural heritage and social cohesion into architectural and design projects.[31]

Three key principles that should guide the New European Bauhaus are:[32]

1) A multilevel approach: from global to local – addressing different levels of the transformation from global to local (village and city)

[29] European Commission, Directorate-General for Research and Innovation (2024). *"Horizon Europe strategic plan 2025-2027"*, Publications Office of the European Union, https://data.europa.eu/doi/10.2777/092911, reviewed 8.5.2024.
30 Ibid.
[31] European Commission (2021). *"New European Bauhaus: Beautiful, Sustainable, Together"*, https://new-european-bauhaus.europa.eu/system/files/2021-09/COM(2021)_573_EN_ACT.pdf, reviewed 8.5.2024.
[32] Ibid.

2) A participatory approach – creating new, most creative solutions while engaging with civil society and people of all ages and in all their diversity
3) A transdisciplinary approach – for example, culture and technology, innovation and design, the arts and science working together have the power to create a better tomorrow.

2.2 Existing policies/strategies at national/regional/local levels – Rural Larnaca

Rural Development and Agriculture

Cyprus CAP Strategic Plan

The plan aims to respond to the concerns of producers and consumers, to attract younger generations, maintain social cohesion and promote sustainable rural development. In parallel, it intends to protect the environment in which farmers operate. The Strategic Plan works with a view to shift towards a new agricultural model which respects the use of natural resources and commits to preserving and improving them.

Strategy for the Rural Areas of Larnaca and Famagusta Districts for the programming period 2023-2027

This strategy is formulated under the Strategic Plan of the Common Agricultural Policy and specifically the objective to promote employment, growth, gender equality, including the participation of women in agriculture, social inclusion, and local development in rural areas, including circular bio-economy and sustainable agriculture. It is implemented with the Leader/CLLD Approach.

Tourism

National Tourism Strategy 2030

The vision of Cyprus National Tourism Strategy 2030 is to "develop Cyprus' tourism in a sustainable way, which positively impacts the economy, society and the environment". It aims at establishing Cyprus as: a) a year-round destination b) a higher-quality destination c) a digitally smart destination d) a climate-friendly destination e) a widely accessible destination and f) a place where all residents can benefit from tourism. The Strategy has a lot of funding schemes for SMEs and local authorities, as well as NGOs and organised associations.

Creative Industries and Innovation (RIS)

Cyprus Smart Specialisation Strategy 2030

To realise the vision set in Vision 2035 (Cyprus one of the world's best places to live, work and do business), Cyprus needs to adapt its growth model and diversify the economy into new, more complex activities that combine a broad range of relevant knowledge used to generate and develop a diverse mix of knowledge-intensive products and technological areas related to existing technological and business capabilities. By moving towards more complex activities, Cyprus will upgrade its economy and bring higher economic benefits, at the same time addressing health and environmental challenges which are enablers for the strategy's success. The sectors addressed by the RIS are construction, tourism, shipping, agri-food, space, manufacturing, ICT and marine and shipping.

R&I Strategy 2024 - 2026

The R&I Strategy 2024-2026 reflects the commitment of the Government of the Republic of Cyprus to promote and exploit research and innovation as pillars of sustainable development that contribute to the modernisation, attractiveness and competitiveness of the country. It builds on the high momentum that Cyprus has developed in the fields of research and innovation and envisages the next level of development by focusing on the exploitation of infrastructure, an outward-looking approach, and the linking of research with the industry, the labour market and business innovation. The main objective of the Strategy is to contribute to the economic development of the country, contributing to the competitiveness of the economy and the attractiveness of Cyprus in the international environment as an investment and business destination.

National Digital Strategy 2025

A key policy document to accelerate Cyprus's digital transformation. It is grounded in a clear vision for change. The vision statement foresees that Cyprus will become a fit-for-the-future society and a knowledge-based economy enabled by digital and emerging technologies that will drive sustainable economic growth, social prosperity and international competitiveness.

Social and Employment

National strategy on creativity and culture for young people

The Strategy states that culture is recognised as a major contributor to the advancement of creativeness in young people, which is considered tremendously beneficial for the whole of the society, both on economic and social aspects. The development of arts and cultural activities is one of the most important means of expression for young people in Cyprus. The Strategy targets the promotion of the following goals and objectives: Goal 1) Creation of opportunities for easy access and equal participation in arts and culture; Goal 2) Creation of opportunities for the development of artistic creativity.

Cyprus National Roma Strategic Framework 2021 - 2030

Cyprus National Roma Strategic Framework refers to the social priorities of the Republic of Cyprus, outlining the programmes developed for setting the national goals and measures for enhancing equality, inclusion and participation of Cyprus Roma living in areas under the effective control of the Government of the Republic of Cyprus and in accordance with Cyprus's specific circumstances.

THALIA 2021 - 2027

Cohesion Policy Programme: is a multi-annual, multi-fund development Programme outlining the development strategy for the utilisation of the resources allocated to Cyprus through the Cohesion Policy Funds for the period 2021-2027. The Programme aims to create a robust and competitive economy through smart, digital and green investments under conditions of full employment and social cohesion.

Other Strategies

A long-term strategy for sustainable growth for Cyprus

The Visions for 2035 is designed to make Cyprus one of the world's best countries to live, work and do business in. The first pillar of Vision 2035 is to make the country one of the world's leading model nations with an efficient, effective government machinery that sets the rules in the marketplace. The second pillar's focus is to develop a thriving economy which is innovative, resilient, diversified and underpinned by the principles of digitalisation and the green economy. The third pillar ensures that Cyprus's Vision 2035 sets the conditions to ensure that the spread of its prosperity is fair and inclusive for all of its citizens.

2.3 Existing policies/strategies at national/regional/local levels – Appenino Pistoiese

Rural development and Agriculture

Complement for Rural Development 2023 - 2027

The complement to the Italian National Strategic Plan of the Common Agricultural Policy defines priorities, objectives and financial allocation, distributed through open calls for projects aimed at fostering sustainable territorial development and ensuring the prosperity of rural communities. It is implemented through the LEADER approach.

Tourism

Operational Programme of the Agency for Tourism Promotion of the Tuscany Region

Aims at promoting regional tourism development, with the focus on digital transition, tourism statistics optimisation, accessibility, and tourist information projects.

Creative industries and Innovation (RIS)

Toscana S3 - Smart Specialisation Strategy 2021 - 2027

Regional research and innovation strategy tackling environment, land and energy, culture and creative industries, cultural heritage, health, smart agri-food and smart and sustainable enterprise.

Social and Employment

Tuscan Regional Programme European Social Fund + 2021 - 2027

Promotes employment opportunities, education, training, social inclusion, and youth employment.

Other

The Fund for the Development of Italian Mountains

Allocates resources for the preservation and sustainable development of mountain territories.[33]

Regional Strategy for Inland Areas 2021 – 2027

This strategy supports socio-economic development in inland areas through the combination and coordination of sectoral policies and different funding sources. The financial sources are ensured by all the European funds ERDF, ESF+, EAFRD and the Fund for Development and Cohesion (FDC).

Regional Programme Tuscany European Regional Development Fund 2021-2027

Promotes smart, sustainable and inclusive growth, and pursues three major challenges:

- a smarter Europe: innovative and intelligent economic transformation
- a greener Europe: low carbon emissions
- a Europe closer to citizens: sustainable and integrated development of territories.

2.4 Existing policies/strategies at national/regional/local levels – Istria County

Rural development and agriculture

Agriculture strategy until 2030

The strategy presents opportunities, strategic goals, needs and interventions for the transformation of the agricultural and food sector in Croatia. It is mainly based on four strategic goals:[34]

1) Increasing the productivity of the agricultural and rural sector

2) Strengthening the sustainability and resistance of agricultural production to climate change

3) Reconstruction of rural economy and improvement of living conditions in rural areas

4) Encouraging innovations in agricultural and food sector (horizontal goal)

All strategic goals are aimed at improving the rural economy, and their fulfilment will contribute to the overall economic development of Croatia.

Strategic Plan for the Common Agricultural Policy of the Republic of Croatia 2023-2027

The Strategic Plan for the Common Agricultural Policy of the Republic of Croatia 2023 - 2027 (SP CAP) will contribute to accelerating the process of structural transformation of the Croatian agricultural and food sector into a modern industry. The focus is on sustainable rural development, fostering the competitiveness of farmers, and protecting the environment and natural resources. The plan is based on a strategy that promotes

[33] Dipartimento per gli Affari Regionali le Autonomie. *Fund for the Development of Italian Mountains.* Available at: https://www.affariregionali.it/attivita/aree-tematiche/ripartizione-dei-fondi-e-azioni-di-tutela/fondo-per-lo-sviluppo-delle-montagne-italiane/

[34] NN 26/2022 (3.3.2022.), *Strategija poljoprivrede do 2030.*, https://narodne-novine.nn.hr/clanci/sluzbeni/2022_03_26_325.html reviewed on 8.4.2024.

innovation, digitalisation, diversification of rural economic activities, and strengthening the role of youth and women in agriculture.[35]

Agriculture Act

To achieve sustainable development of agriculture and its economic, ecological, and social roles, the objectives of agricultural policy in the Republic of Croatia are:[36]

1) Increasing the competitiveness of the agricultural and food sector
2) Improving market mechanisms for the sale of agricultural and food products
3) Sustainable management of natural resources
4) Environmentally friendly agriculture
5) Balanced spatial development of rural areas while enhancing quality of life in local communities, including job creation and retention
6) Ensuring a stable income for farmers

Tourism

Sustainable tourism development strategy until 2030

The vision of the Republic of Croatia in the strategy is defined: in 2030, Croatia is a competitive, innovative and safe country with a recognisable identity and culture, a country of preserved resources, quality living conditions and equal opportunities for all. With the goal of achieving the vision four strategic goals have been set:[37]

1) All year round and more regionally balanced tourism
2) Tourism with preserved environment, space (area) and climate
3) Competitive and innovative tourism
4) Sustainable tourism.

National plan Development of sustainable tourism until 2027

The National Plan, in terms of its content and basic concept, is a medium-term strategic planning act that defines in detail the implementation of the strategic goals of the Sustainable Tourism Development Strategy until 2030. The mid-term vision is entirely based on and aligned with the vision set in the Sustainable Tourism Development Strategy until 2030. The national plan fulfils the conditions for reducing the seasonality of Croatian tourism with a tendency towards year-round business and increasing the number of tourists in the continental areas, including the inland areas of the islands.[38]

Tourism development Master plan for Istrian region until 2025

Tourism entities that create the future of Istrian tourism in partnership and close cooperation with agriculture, culture, public institutions, policy makers and other stakeholders have long-term sustainable development in their business visions and

[35] Ministarstvo poljoprivrede (2022), *Strateški plan Zajedničke poljorivredne politike Republike Hrvatske2023-2027*, https://ruralnirazvoj.hr/files/Strateski-plan-Zajednicke-poljoprivredne-politike-Republike-Hrvatske-2023.-2027..pdf reviewed 8.4.2024.
[36] NN 118/2018 (27.12.2018.), *Zakon o poljoprivredi*, https://narodne-novine.nn.hr/clanci/sluzbeni/2018_12_118_2343.html reviewed 16.4.2024. reviewed 9.4.2024.
[37] NN 2/2023 (4.1.2023.), *Strategija razvoja održivog turizma do 2030. Godine*, https://narodne-novine.nn.hr/clanci/sluzbeni/full/2023_01_2_18.html reviewed 9.4.2024
[38] Ministarstvo turizma i sporta (2023) *Nacionalni plan razvoja održivog turizma do 2027. godine* https://mint.gov.hr/UserDocsImages/2023_dokumenti/Nacionalni%20plan%20razvoja%20odr%C5%BEivog%20turizma%20do%202027.%20godine%20i%20Akcijski%20plan%20do%202025.%20godine.pdf reviewed 9.4.2024

missions. Istria is small enough to connect the diversity of entities, but also big enough to quickly develop optimal solutions in tourism. The most important and possibly achievable goal is through regional authenticity, openness and reliability, to take one of the leading positions in the innovative thinking of tourism.[39]

Strategic plan of tourism development in the area of the city of Buzet for the period 2020 - 2026

This strategic plan is a long-term development document in which the strategic goals and priorities of tourism development are determined with the aim of ensuring the well-being of the local population, improving existing and developing new tourist products, creating a recognisable tourist image, increasing the number of available accommodation facilities, the quality of the destination and sustainable development. Three main strategic goals are:[40]

1) Improvement and development of tourist infrastructure
2) Significant improvement and diversification of the tourist offer
3) Recognition on the market.

Creative industries

National plan for development of culture and media from 2023 until 2027

The Ministry of Culture and Media set a strategic plan of vision and goals. By 2027, Croatia will have more developed cultural creativity, production and distribution, ensured preservation and sustainable use of cultural heritage, a better developed system of archives, libraries and museums, an improved status of the journalism profession, media sector and encouragement of pluralism, and effective support for the cultural and media sector.[41]

Cultural Development Plan of the County of Istria 2024 - 2029

In order for Istria to function as a region of culture, it is necessary to develop a network of interdependence between cultural production, cultural heritage and cultural industries, but also other sectors, from education and science to agriculture, the processing industry and tourism.[42]

Five strategic goals for accomplishing the vision were:[43]

1) Increase the availability of cultural content and participation in cultural programmes for all residents of Istria County
2) Strengthen the role of the cultural sector in development
3) Improve the conditions for the work of institutions, associations, artistic organisations and independent artists
4) Increase the participation of youth in cultural activities

[39] Turistička zajednica Istarske županije (2016) *Master plan Istarske županije 2015-2025* file:///C:/Users/teuta/Downloads/Master_Plan_Turizma_Istarske_Zupanije_2015-2025%20(4).pdf reviewed 9.4.2024.
[40] Grad Buzet (2019) *Strateški plan razvoja turizma na području Grada Buzeta za razdoblje 2020. – 2026. godine*, https://www.buzet.hr/images/uploads/files/Strategija_razvoja_Grada_Buzeta_2016-2020.pdf_22.11.2019..pdf, reviewed 9.4.2024.
[41] Ministarstvo kulture i medija (2023), *Nacionalni plan razvoja kulture i medija za razdoblje od 2023. do 2027. godine*, https://min-kulture.gov.hr/UserDocsImages/dokumenti/Nacionalni%20plan%20razvoja%20kulture%20i%20medija/Nacionalni%20plan_objava.pdf , reviewed 10.4.2024.
[42] Istarska županija (2023), *Plan razvoja kulture Istarske županije – Regione Istriana 2024. – 2029.*, https://www.istra-istria.hr/media/filer_public/81/a9/81a9223a-4171-42c4-bb0a-e1fd8075350e/231214_plan_kultura_iz_2024-2029.pdf , reviewed 10.4.2024
[43] Ibid.

5) Strengthen international cultural cooperation.

Innovation (RIS)

Strategy of Smart Specialisation (S3) until 2029

The Strategy of Smart Specialisation is developed at the EU level in which vertical, sector-specific, policies are added to horizontal innovation policies. At the national level, it defines seven vertical priority areas for which there are development capacities and potentials for agglomeration effects and the creation of a specific thematic ecosystem. These are: Personalised health care; Smart and clean energy; Smart and green transport; Safety and dual purpose - awareness, prevention, response and remediation; Sustainable and circular food; Customised and integrated wood products; Digital products and platforms. The vision of the strategy is for Croatia to be a competitive, smart and environmentally friendly economy for the benefit and betterment of all its citizens.[44]

Digital Croatia Strategy 2032

This Strategy assumes the application of advanced technologies such as 5G/6G, artificial intelligence, machine learning, cloud computing, big data and blockchain in the public and private sectors, but also remains open to the implementation of some future disruptive technologies.[45]

Four strategic goals were established, with the goal of digitisation:[46]

1) A developed and innovative digital economy

2) Digital public administration

3) Developed, available and used networks of very large capacities

4) Developed digital competencies for life and work in the digital era.

Digital Transformation Strategy of Istrian County

Digital transformation refers to changing the way of thinking and managing the organisation. The County of Istria emphasises the use of digital, modern tools that will enable greater efficiency in work and rationality in management, i.e. allow decision-making based on real aggregated data. The main goal of creating and implementing the strategy is to empower the county administration to be more efficient and transparent using digital tools. The implementation of the measures aims to ensure that all public services are digital and available online, and that technology and data are used to provide better, more accessible services to citizens.[47]

[44] Ministarstvo znanosti (2023), *Strategija pametne specijalizacije do 2029.*, https://mingor.gov.hr/UserDocsImages/slike/Vijesti/2022/S3%20do%202029%20Tekst%20VRH%202023%2012%2013.pdf , reviewed 10.4.2024.

[45]NN 2/2023 (4.1.2023.), *Strategija digitalne Hrvatske za razdoblje do 2032. godine*, https://narodne-novine.nn.hr/clanci/sluzbeni/2023_01_2_17.html, reviewed 10.4.2024.

[46] Ibid.

[47] Istarska županija (2021), *Strategija digitalne transformacije Istarske županije*, https://www.istra-istria.hr/media/filer_public/72/d6/72d6bd92-2406-4caf-9f33-5c25a8050f6f/220914_digitalna_transformacija.pdf, reviewed 10.4.2024.

Social and employment

National plan to fight poverty and social exclusion

The economy has three main priorities: fight against poverty and social exclusion and the reduction of inequality in society; reducing the number of poor and socially excluded persons, as well as preventing the emergence of new categories of the poor; establishment of a coordinated support system for groups at risk of poverty and social exclusion. To achieve the first priority four goals were set:[48]

1) Reduction of poverty and social exclusion of vulnerable groups
2) Prevention and reduction of child poverty and social exclusion
3) Increasing the amount of family and minimum pensions
4) Improve the living conditions of people at risk of poverty and social exclusion.

National plan of Labour, Occupational Safety and Employment

The vision of the plan is that by 2027, the Republic of Croatia will have a competent and adaptable workforce that will be able to meet the demands of the labour market and satisfied workers with the quality of their jobs, including satisfaction with healthy and safe working conditions. There are four main priorities that Croatia will try to accomplish:[49]

1) Satisfied workers
2) Safe and healthy workplace
3) Adaptable and employable workforce
4) Increasing the activity of the working-age population.

Demographic revitalisation strategy for the Republic of Croatia until 2033

Revitalisation will be carried out through: a family policy that will support equal and responsible parenting in order to increase the quality of family life and reduce the difference between the desired and born number of children; a migration policy that will contribute to balanced migration movements in accordance with the needs of the labour market and society. Special emphasis will be placed on the return migration of Croatian citizens who moved away after joining the European Union and on the Croatian diaspora.[50]

Other

National Development Strategy

This is the main document and a comprehensive act of strategic planning that directs the long-term development of society and the economy. It was created as the purpose of the vision, which states that, by 2030, Croatia will be a competitive, innovative and safe country with a recognisable identity and culture, a country with preserved resources, quality living

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[48] Ministarstvo rada, mirovinskoga sustava, obitelji i socijalne politike (2021), *Nacionalni plan borbe protiv siromaštva i socijalne isključenosti za razdoblje od 2021. do 2027. godine,* https://mrosp.gov.hr/UserDocsImages/dokumenti/Glavno%20tajni%C5%A1tvo/Godi%C5%A1nji%20planovi%20i%20strate%C5%A1ka%20izvje%C5%A1%C4%87a/Nacionalni%20plan%20borbe%20protiv%20siroma%C5%A1tva%20i%20socijalne%20isklju%C4%8Denosti%20za%20razdoblje%20od%202021%20do%202027.pdf, reviewed 11.4.2024.

[49] Ministarstvo rada, mirovinskoga sustava, obitelji i socijalne politike (2021), *Nacionalni plan za rad, zaštitu na radu i zapošljavanje za razdoblje od 2021. do 2027. godine,* https://mrosp.gov.hr/UserDocsImages/dokumenti/Glavno%20tajni%C5%A1tvo/Godi%C5%A1nji%20planovi%20i%20strate%C5%A1ka%20izvje%C5%A1%C4%87a/26.11.Prijedlog%20Nacionalnog%20plana.pdf, reviewed 11.4.2024.

[50] NN 36/2024 (25.3.2024.), *Strategija demografske revitalizacije Republike Hrvatske do 2033. godine,* https://narodne-novine.nn.hr/clanci/sluzbeni/2024_03_36_580.html, reviewed 11.4.2024.

conditions and equal opportunities for all. Development directions for the realisation of vision:[51]
1) Sustainable economy
2) Strengthening resistance to crises
3) Green and digital transition
4) Balanced regional development.

2.5 Existing policies/strategies at national/regional/local levels – Balearic Islands

Rural Development and Agriculture
Rural Development Programme of the Balearic Islands (PDR)
The main objectives of the 2014-2020 PDR are based on the priorities of the Europe 2020 Strategy for smart, sustainable and inclusive growth and particularly on Sustainable Agriculture and Environmental Protection.

Strategic plan for maintenance of the livestock sector and the viability of economic and sustainable livestock farms in the Balearic Islands
The aim is to increase the livestock census, improve the profitability of farms and create quality products.

Tourism
Integral Tourism Plan of the Balearic Islands
The Plan focuses on motivational branding, enhancing sports, leisure, art and culture, business, and health and welfare.

Creative industries
Culture Plan of the Balearic Islands 2018-2028
The Culture Plan aims to move towards an inclusive and egalitarian culture model that contributes to social transformations.

Innovation (RIS3)
Regional Innovation Strategy for Smart Specialisation (RIS3)
The Regional Innovation Strategy for Smart Specialisation (RIS3) is the strategy established for the productive/business focus of the region, in our case the Balearic Islands, in potentially competitive and development-generating areas within a global context. Specifically, the objective of RIS3 is to carry out an analysis of the situation of smart specialisation for the key sectors and activities of the Balearic Islands, as well as for the

[51] NN 13/2021 (11.2.2021.), *Nacionalna razvojna strategija Republike Hrvatske do 2030. godine*, https://narodne-novine.nn.hr/clanci/sluzbeni/2021_02_13_230.html, reviewed 15.4.2024.

Science, Technology, and Innovation Ecosystem of the Balearic Islands (ECTIB). Its targets are:

- Diversify and modernise the economic structure of the Balearic Islands
- Define and structure the Science, Technology, and Innovation Ecosystem oriented towards the demands of the business fabric
- Strengthen capacities and processes for digital transformation and the ecological transition of the economy of the Balearic Islands
- Promote the emergence and development of emerging areas of activity.

Social and Employment

Quality Employment Plan for the Balearic Islands

This plan aims to reactivate and promote the economic and social diversification of the Balearic Islands. It focuses on improving the quality of jobs and ensuring better working conditions for employees with a clear focus on the tourism sector and transitioning to the green economic sector.

III Strategic Plan for Social Services of the Balearic Islands

To address the challenges and needs of the social services system in the Balearic Islands, this Strategic Plan focuses on adapting benefits to the real needs of the population through preventive interventions, community work and proximity and on strengthening the organisation and coordination of the social services system.

2.6 Existing policies/strategies at national/regional/local levels – North Macedonia

Rural development and agriculture

National Strategy for Agriculture and Rural Development for the period 2021-2027

Strategy in agriculture and rural development - the main strategic document.

National programme for the development of Agriculture and Rural Development for the period 2023-2027

Five-year programme in agriculture and rural development - strategic document based on the National strategy.

Programme for Financial Support for Rural Development

Annual programme for Rural Development - contains the description and the budget for the envisioned interventions for the development of agriculture production and rural areas.

EU Instrument for Pre–accession (IPA) Rural Development Programme 2021-2027

The programme for the use of pre-accession funds from the EU for agriculture and rural development - contains the description, plan for implementation, eligibility, the rules, and monitoring of the accredited measures for the Republic of North Macedonia by the EU.

Programme for financial support in agriculture 2024
Direct payment programme - contains the interventions and budgeting for the direct payment schemes.

Special Programme - Financial support for small food producers from animal or plant origin
Special programme - financial support in the form of a grant up to EUR 10,000 for physical investments in production and hiring advisors in food processing technology.

Special Programme - Financial support for small producers of wine and strong alcoholic beverages
Special programme - financial support in the form of a grant up to EUR 10,000 for physical investments in production and hiring advisors in wine and alcoholic drinks processing technology.

Financial support for capital investments for the development of planning regions in rural areas
Special programme, financial support for infrastructure projects in rural areas (mainly road infrastructure); the beneficiaries are the municipalities with support from the planning regions.

Tourism
Strategic plan of the Agency for promotion of tourism of North Macedonia for 2024
The Strategic plan of the Agency for promotion of tourism of North Macedonia for 2024 - contains activities for promotion of tourism in North Macedonia.

Creative industries
Strategic plan of the Ministry of Culture of North Macedonia for the period 2024 - 2026
The Strategic plan of the Ministry of Culture of North Macedonia for the period 2024-2026 - contains 6 programmes and 17 sub-programmes that are dedicated to the development of culture, improvement of the institutional infrastructure, protection of the cultural heritage, in accordance with the modern international standards, as well as support of the independent cultural scene.

Innovation (RIS)
Strategy for Smart Specialisation 2024-2027
Strategy - this document sets up the general objectives of the national policies in the field of implementing research and technology both in institutions and industry. It provides guidelines and policies in the area of research and innovation.

Action plan Smart Specialisation 2024-2025
Action plan - contains the Action plan for the period 2024-2025 for the implementation of the Smart Specialisation Strategy of the Republic of North Macedonia 2024-2027. The

document lists the activities, implementing institutions, budgeting, monitoring and the timeline.

The Fund for Innovation and Technology Development Programme for 2024
The document lists programme measures and the annual work plan of the Fund for Innovation and Technology Development for 2024.

Social and employment
Operational plan for active programmes and measures for employment and offering services on the labour market 2024
Operational plan - the policy mix for tackling the issues of unemployment, vocational education and training and institutional setup and implementation of the related policies.

Youth guarantee 2023 - 2026
Action plan for Youth Guarantee - the Republic of North Macedonia is the only country in the Western Balkans that has adopted the Youth Guarantee according to the European model; this document contains the steps of implementing the Youth Guarantee.

Programmes from the central government institutions or from the local government regarding the protection of the cultural heritage covering this region do not exist, nor are there dedicated and allocated funds and action plans targeting the culture infrastructure in these municipalities.

2.7 Existing policies/strategies at national/regional/local levels – South Aegean Region

Rural Development and Agriculture
Strategic Plan of Greece for the Common Agricultural Policy 2023 - 2027[52]
The Strategic Plan of Greece for CAP 2023-2027 aims to support the sustainable development of the agriculture and food sectors by ensuring sustainable agricultural income and enhancing competitiveness, as well as by strengthening the socio-economic fabric of rural areas, while contributing to the achievement of environmental and climate goals, at the national and European levels.
Strategic planning specialises in its implementation in the South Aegean through the LEADER 2023-2027 programme. The pilot area island of Leros is being covered by LEADER 2023 - 2027 Dodecanese, and it will include funding for seven basic categories: Strengthening the local economy, Training of local population, Strengthening the local social fabric, Improving the quality of life of the local population, Preservation and improvement of cultural elements, Protection and promotion of the natural environment and Networking and collaboration that are further specialised in 21 subcategories.

[52] Strategic Plan of Greece for the common Agricultural Policy 2023-2027

Tourism

Tourist Promotion Programme of the South Aegean Region 2024[53]

The South Aegean Regional Authority prepares its annual tourism promotion programme, which is implemented alongside the National and Municipalities promotion every year. The South Aegean Region tourism promotion programme for 2024 includes the following main groups of tourism promotion actions:

- Advertising campaigns abroad and in Greece
- Promotional synergies with Tour Operators and airlines
- Participation in international exhibitions
- Participation or organisation of road shows, workshops and special events
- Social media management
- Hospitality
- Organisation of conferences, seminars, events, sports and cultural events
- Promotional material production and various other supporting actions.

Creative Industries and Innovation (RIS)

RIS3 - Smart Specialisation Strategy 2021 - 2027 Greece South[54]

The Smart Specialisation Strategy is characterised by the identification of priorities on which investments are focused. This determination is based on the analysis of the strengths and potential of the national or regional economy and the Business Discovery Process (BDP).

The CPA is a process of identifying and specifying priorities "from below", in which the actors of the quadruple helix participate: businesses, research centres and universities, the public sector and representatives of civil society.

The Smart Specialisation Strategy 2021 - 2027 is national, with regional specialisations. A new governance system structured at the national and regional levels will effectively coordinate and support the implementation of the Strategy. Currently South Aegean Region has hired external support to specialise the Strategy for South Aegean Region, but the document is not expected to be ready before the end of the year.

Social and Employment

European Social Fund + 2021 - 2027 - Regional Programme[55]

The 2021-2027 programming period European Social Fund Plus (ESF+) combines four previously separate funds, the European Social Fund (ESF), the Fund for European Aid to the Most Deprived (FEAD), the Youth Employment Initiative and the European Programme for Employment and Social Innovation (EaSI) to enhance employment opportunities, education, training, and social inclusion. The Region of South Aegean Regional Operational Programme for 2021 - 2027, approved by the European Commission, allocates over 285 million euros, a significant increase from previous periods, to support employment, inclusivity, and workforce readiness for a green and digital economy transition. The programme's priorities with a specific budget for each category are the following:

[53] Tourist promotion programme of the South Aegean Region 2024
[54] RIS3 - Smart Specialisation Strategy 2021 - 2027 Greece South
[55] European Social Fund + 2021-2027 - Regional Programme

- Enhancement of competitiveness and productive potential
- Sustainable development and sustainable management of resources
- Improvement of regional accessibility and enhancement of mobility
- Development and improvement of social infrastructure
- Human Resources and Social Inclusion
- Integrated and sustainable development of regions.

Other

Regional Climate Change Adaptation Plan for the South Aegean Region

The general objective of the Regional Climate Change Adaptation Plan is to contribute to strengthening the region's resilience to Climate Change in all sectoral policies. This means increasing preparedness and capacity to deal with the effects of Climate Change at local, regional, national and EU levels, formulating a coherent approach and improving coordination.

The project aims to record the estimates of climate changes in the South Aegean Region until 2100 to assess the immediate and future environmental, economic and social impacts of Climate Change in all sectors of the Region and to evaluate (from an environmental and socio-economic point of view) the possible adaptation actions in these sectors.

2.8 Existing policies/strategies at national/regional/local levels – Podravska Region

Rural Development and Agriculture

Strategic Plan of the Republic of Slovenia for the Development of Agriculture and Rural Areas 2023 - 2027 (CAP Strategic Plan)[56]

This plan outlines Slovenia's approach to the EU's Common Agricultural Policy (CAP) for the 2023 - 2027 period. It focuses on achieving food security, promoting sustainable agricultural practices, enhancing rural development, and strengthening the competitiveness of the agri-food sector.

LAS OVTAR Local Development Strategy for the period 2021 - 2027 (SLR)[57]

The Local Development Strategy (hereinafter referred to as the "LDS") for the programming period 2021-2027 is developed in the framework of a local partnership in the area of ten municipalities: Benedikt, Cerkvenjak, Duplek, Lenart, Pesnica, Sveta Ana, Sveta Tricia v Slovenskih goricah, Sveti Andraž v Slovenskih goricah, Sveti Jurij v Slovenskih goricah and Šentilj, which have joined together to form a Local Action Group - LAS Ovtar Slovenskih goric (hereinafter referred to as the "LAG").

The RDP 2021 - 2027 of the Podravska Region[58]

The RDP 2021 - 2027 of the Podravska Region is the main strategic development document at the regional level, which defines development orientations in the economic, social,

[56] https://skp.si/skupna-kmetijska-politika-2023-2027
[57] https://lasovtar.si/index.php/sl/dokumenti-las-ovtar-2021-2027
[58] https://www.gov.si/assets/ministrstva/MKRR/DRR/RRP-2021_2027/RRP-Podravske-razvojne-regije.pdf

environmental and spatial fields sphere of the region. Based on a situation assessment, it defines the region's development strengths, development vision and strategic objectives, development priorities and the financial framework for the implementation of the programme. The main purpose and objective of the preparation of the RDP 2021 - 2027 is to identify the development potentials of the Podravska region and, on this basis, to reach a consensus and agreement on the regional development priorities with all stakeholders' involved priorities.

Tourism

Strategy of Slovenian Tourism 2022 - 2028[59]

The Slovenian Tourism Strategy 2022 - 2028 is the basic framework for the development of Slovenian tourism over the next seven years. The Strategy responds to the new circumstances and challenges facing the tourism industry, while developing and promoting the key strengths of Slovenian tourism and the country. In order to achieve the vision of "green boutique tourism", with a smaller footprint and greater value for all, Slovenian tourism is strategically focused on developing and marketing a balanced tourism offer of sustainable boutique tourism of higher quality, based on Slovenian nature and cultural identity, which is a generator of higher value. The strategy aims to implement a balanced growth scenario with the principle of "A little more and a lot better", which foresees a moderate increase in capacities and quantitative indicators, but above all a concentration on higher quality and added value, with a focus on restructuring the supply side of Slovenian tourism.

Work Programme of the Slovenian Tourist Organisation 2024 - 2025[60]

This document outlines the Slovenian Tourist Organisation's (STO) plans for promoting Slovenia as a tourist destination in 2024 and 2025. The programme is based on the Slovenian Tourism Strategy 2022 - 2028, which identifies six key strategic goals:

- Sustainable development of tourism
- Digitalisation of tourism
- Development of new tourist products and experiences
- Promotion of Slovenia as a year-round tourist destination
- Improving the quality of the tourist offer
- Strengthening the competitiveness of Slovenian tourism.

Creative industries

Slovenian Industrial Strategy 2021 - 2030[61]

The Slovenian Industrial Strategy (SIS) aims to set the orientations for the further development of Slovenian industry in a broad sense for the period from 2021 to 2030. Industry, in a broad sense, also includes related services. The Slovenian Industrial Strategy will ensure the competitiveness of the economy by promoting all three components of

[59] https://www.gov.si/assets/ministrstva/MGTS/Dokumenti/DTUR/Nova-strategija-2022-2028/Strategija-slovenskega-turizma-2022-2028-predstavitev.pdf
[60] https://www.slovenia.info/uploads/Program%20dela/Program_dela_STO_2024-2025.pdf
[61] https://www.gov.si/teme/industrija/

sustainable development (society, environment, economy) in a balanced way and will create the conditions for the restructuring of the industry by strengthening knowledge, creativity and innovation to create new and better quality jobs with higher added value and the transition to a green, creative and smart economy.

Cultural Heritage Strategy 2020 - 2023[62]

The strategy takes as its starting point the principle of integrated heritage conservation as the cornerstone of national identity, the cultural diversity of Slovenia (which is intertwined with its exceptional landscape and biodiversity), the attractiveness of the country for the life of its citizens, education, development, artistic creation, tourism and other economic activities. It is the cornerstone of modern creativity and Slovenia's visibility in the international community.

Resolution on the national programme for culture 2022 - 2029[63]

The National Agenda for Culture is a cultural policy strategy that builds on the historical position of culture, identifies the role of culture in the development of Slovenia and the Slovenian nation and the public interest in it, defines the areas of culture in which cultural goods are provided as public goods, and provides guidelines for investment in public cultural infrastructure.

National Strategy for Museums and Galleries 2024 - 2028[64]

This strategy, released in May 2024 by the Slovenian Ministry of Culture, outlines the vision and goals for the development of museums and galleries in Slovenia for the period 2024-2028. It likely focuses on areas like strengthening museum professionalisation, improving accessibility and inclusion, promoting international cooperation, and fostering innovation in museum practices.

Innovation (RIS)

Slovenia's Development Strategy 2030[65]

This strategy serves as the foundation for Slovenia's medium-term development plans. It aims to achieve a high quality of life for all citizens through balanced economic, social, and environmental development. The strategy acknowledges planetary limitations and emphasises sustainable practices. It highlights five strategic orientations:

- A Competitive, Green, and Digital Economy: This focuses on fostering innovation, technological advancement, and environmentally friendly practices within the economy.
- Social Cohesion and Inclusion: This aims to create a society with equal opportunities for all, promoting social inclusion and well-being.
- A Smart and Sustainable State: This emphasises effective and efficient governance while promoting sustainable practices in public services.

[62] https://www.gov.si/assets/ministrstva/MK/DEDISCINA/STRAT_KD_2019.pdf
[63] https://pisrs.si/pregledPredpisa?id=RESO141
[64] https://www.gov.si/novice/2024-05-15-nacionalna-strategija-za-muzeje-in-galerije-za-obdobje-20242028/
[65] https://www.gov.si/assets/ministrstva/MKRR/Strategija-razvoja-Slovenije-2030/Slovenian-Development-Strategy-2030.pdf

- A Society Prepared for Change: This focuses on fostering a society adaptable to change, uncertainty, and challenges.
- Slovenia - A Globally Responsible Partner: This emphasises Slovenia's engagement in international cooperation and its contribution to global challenges.

Strategy for the digital transformation of the economy[66]

The Strategy covers the period from 2021 to 2030 and has been developed in parallel with the digitisation, informatisation and Digital Single Market processes already underway in the EU. It highlights current advanced digital technologies such as artificial intelligence, the Internet of Things, big data technologies, data chain technologies, high-performance computing, quantum computing and 5G technologies, which will be the engine of economic growth and competitiveness. It builds on existing digital technologies and initiatives, the findings of the European Commission's recommendations and the digitisation indicators tracked by European and global (OECD) statistics.

Smart Specialisation Strategy of Slovenia 2021 - 2040 (S4)[67]

This strategy identifies key areas for research and innovation (R&I) specialisation in Slovenia. It focuses on areas with high growth potential and strong links to global trends. The goal is to foster collaboration between research institutions, businesses and other stakeholders, to drive innovation and economic growth in Slovenia.
The S4 strategy identifies six thematic priorities:

- Sustainable Industry 4.0
- Health Technologies
- Food, Nutrition, and Sustainable Agriculture
- Smart Cities and Communities
- Sustainable Tourism
- Digital Technologies.

Slovenian Industrial Strategy[68]

This strategy outlines the vision and goals for the development of Slovenian industry for the period 2021 - 2030. The vision is for the Slovenian industry to be green, creative, and smart. The strategy aims to achieve this vision by:

- Promoting sustainable development: This includes encouraging the adoption of environmentally friendly practices and technologies.
- Boosting innovation: This includes supporting research and development and encouraging collaboration between businesses and research institutions.
- Developing a skilled workforce: This includes investing in education and training programmes to equip workers with the skills they need to succeed in the future economy.

[66] https://www.gov.si/zbirke/projekti-in-programi/strategija-digitalne-transformacije-gospodarstva/
[67] https://www.gov.si/zbirke/projekti-in-programi/izvajanje-slovenske-strategije-pametne-specializacije/
[68] https://www.gzs.si/Portals/206/Slovenska%20industrijska%20strategija.pdf

- Increasing competitiveness: This includes helping Slovenian businesses to compete in the global market.

Resolution on the Slovenian Science, Research and Innovation Strategy 2030[69]

This resolution outlines Slovenia's national strategy for research and innovation (R&I) for the period 2023 - 2030. It aims to strengthen Slovenia's R&I capacity, boost innovation, and promote knowledge-based economic growth. The strategy focuses on five key areas:

- Strengthening the foundations of R&I: This includes increasing investment in R&I, improving the quality of research, and developing a skilled workforce.
- Fostering innovation in the economy: This includes promoting collaboration between research institutions and businesses, supporting entrepreneurship, and creating a regulatory environment that encourages innovation.
- Addressing societal challenges: This includes using R&I to address issues such as health, climate change, and demographic change.
- International cooperation: This includes strengthening Slovenia's participation in international R&I programmes and networks.
- Effective R&I governance: This includes ensuring that R&I policies are well-coordinated and effective.

Social and Employment

Guidelines for Active Employment Policy until 2025[70]

This document outlines the guidelines for implementing active employment policies in Slovenia for the period 2021 - 2025. The aim is to reduce unemployment, increase employment, and improve the skills and qualifications of the workforce. The guidelines focus on the following key areas:

- Providing targeted support to unemployed persons: This includes providing career counselling, training, and job placement services.
- Encouraging employers to hire more people: This includes providing incentives to employers and reducing administrative burdens.
- Promoting lifelong learning: This includes encouraging people to participate in training and education throughout their lives.
- Addressing the needs of specific groups: This includes providing targeted support to young people, older workers, and people with disabilities.

Resolution on the National Social Protection Programme for 2022 - 2030[71]

ReNPSV22-30 defines services, programmes, public entitlements and other forms of assistance in the field of social protection (as defined in the Social Welfare Act). In addition to social policy, other policies address specific vulnerable groups and population categories through measures in the areas of tax policy, employment and labour policy, scholarship policy, housing policy, family policy, disability policy, health policy, education policy, and

[69] https://pisrs.si/pregledPredpisa?id=RESO133
[70] https://www.gov.si/teme/aktivna-politika-zaposlovanja/
[71] https://pisrs.si/pregledPredpisa?id=RESO137

other areas, and are also the focus of other documents (strategies, action plans), from which various forms of assistance, programmes and services are derived. ReNPSV22-30, as an umbrella document in the field of social protection, addresses all vulnerable groups in this area but does not specify the programmes and services identified for each of them in other national programmes, strategies and action plans.

Strategy for the Development of the Capital Market in Slovenia by 2030[72]
This strategy, adopted by the Slovenian government in March 2023, aims to revitalise and strengthen Slovenia's capital market.
It focuses on three key pillars:

- Digitalisation and increased presence of Small and Medium-sized Companies (SMEs): This pillar promotes the use of digital technologies to make the capital market more accessible and efficient. It also aims to encourage more SMEs to list on the stock exchange or raise capital through alternative financing methods.
- Expanding the Scope of Products with Bonds: This pillar encourages the development of a broader range of bond products, including corporate bonds, infrastructure bonds, and green bonds. This aims to provide investors with more diversified investment opportunities and companies with alternative financing options.
- Promoting Digital Literacy: This pillar emphasises the importance of educating the public about financial literacy and investment opportunities in the capital market.

Other
Recovery and Resilience Plan (NOO - RRP)[73]
A national plan that includes measures for a green transition after the Covid-19 pandemic, focusing on investments in green transition, circular economy and green skills training.
Slovenia has earmarked €1.7 billion under the Recovery and Resilience Plan (RRP) to promote the green transition, the circular economy and green skills training. Slovenia's RRP allocates the valuable funding to the following four key development areas:
1. green transition,
2. digital transformation,
3. smart, sustainable and inclusive growth,
4. healthcare and social security.

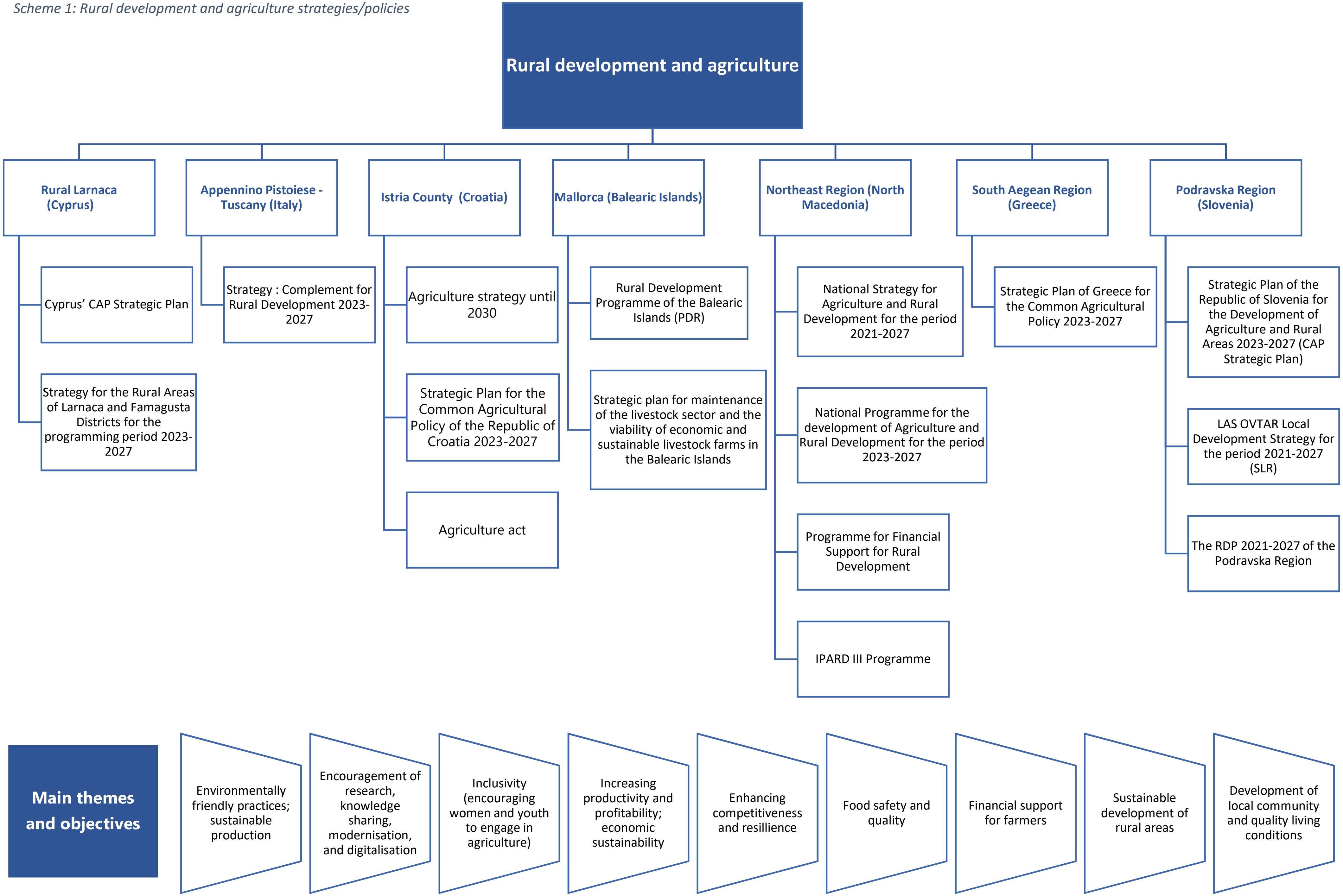
2.9 General overview of existing policies/strategies

Under this title are presented the summaries of the strategy analysis of all pilot areas. Attached are mind maps that provide an overview of existing strategies and policies at the national, regional, or local levels. Each mind map is divided into pilot areas and pertains to one of the following fields: rural development and agriculture, tourism, creative industry,

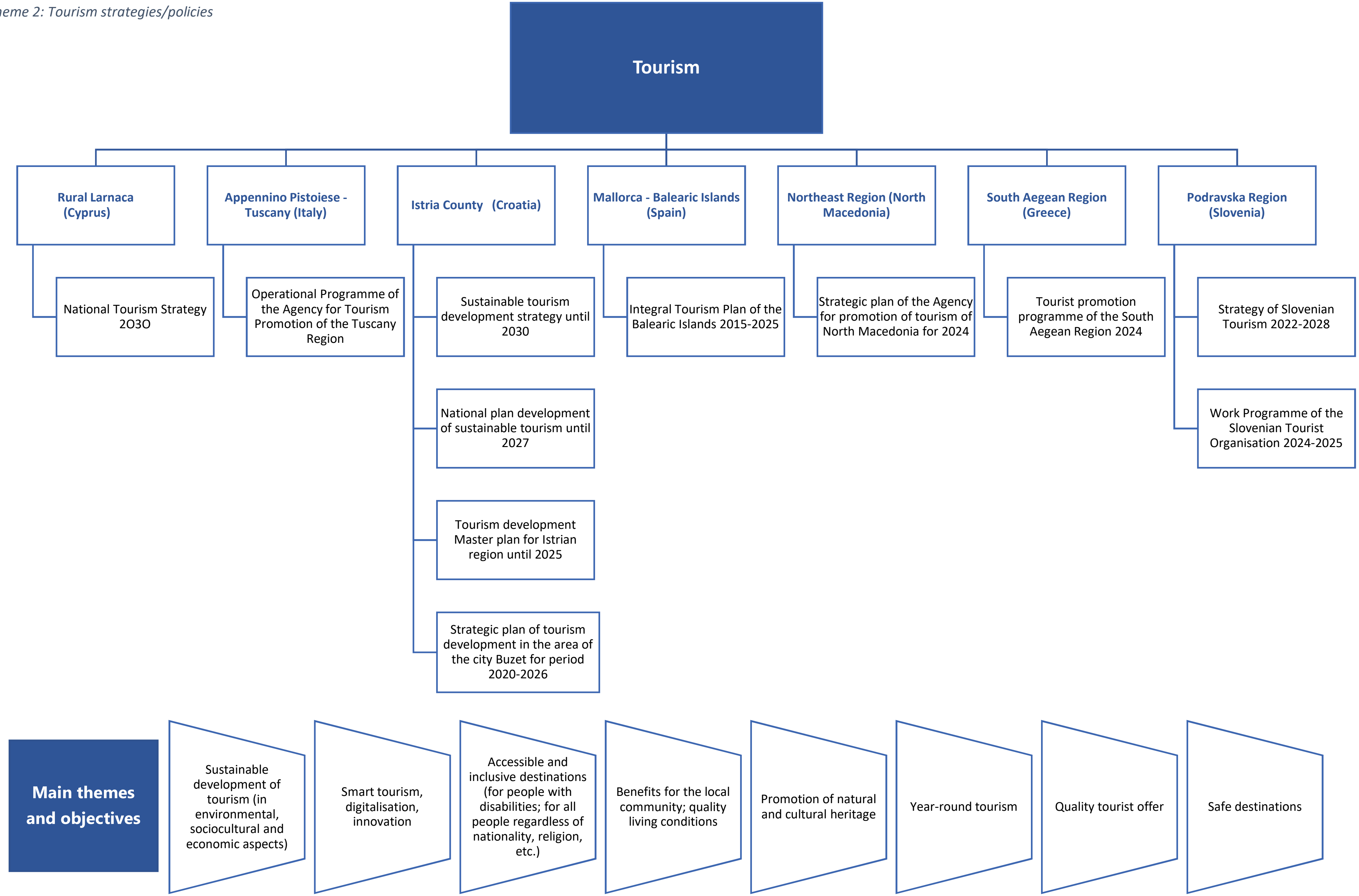
[72] https://www.gov.si/novice/2023-03-02-vlada-sprejela-strategijo-razvoja-trga-kapitala-v-sloveniji/
[73] https://www.eu-skladi.si/sl/dokumenti/po-2020/dokumenti-po-2020/povzetek-noo_angl.pdf

innovation, society and employment, and others. Below each mind map, the main themes and objectives mentioned in the stated strategies, action plans, programmes, and other documents, which are common to all or most, are highlighted.

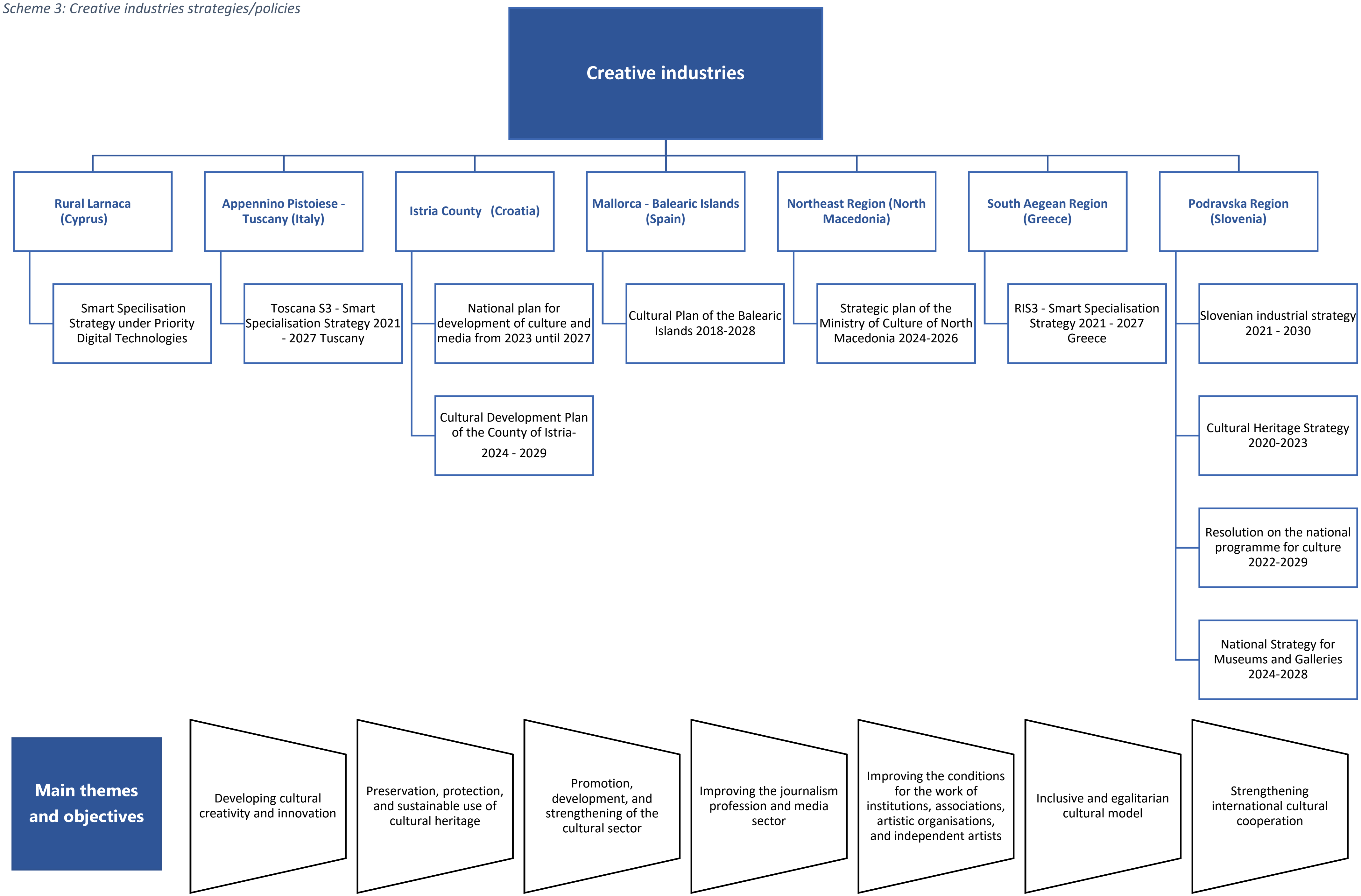
Scheme 1: Rural development and agriculture strategies/policies



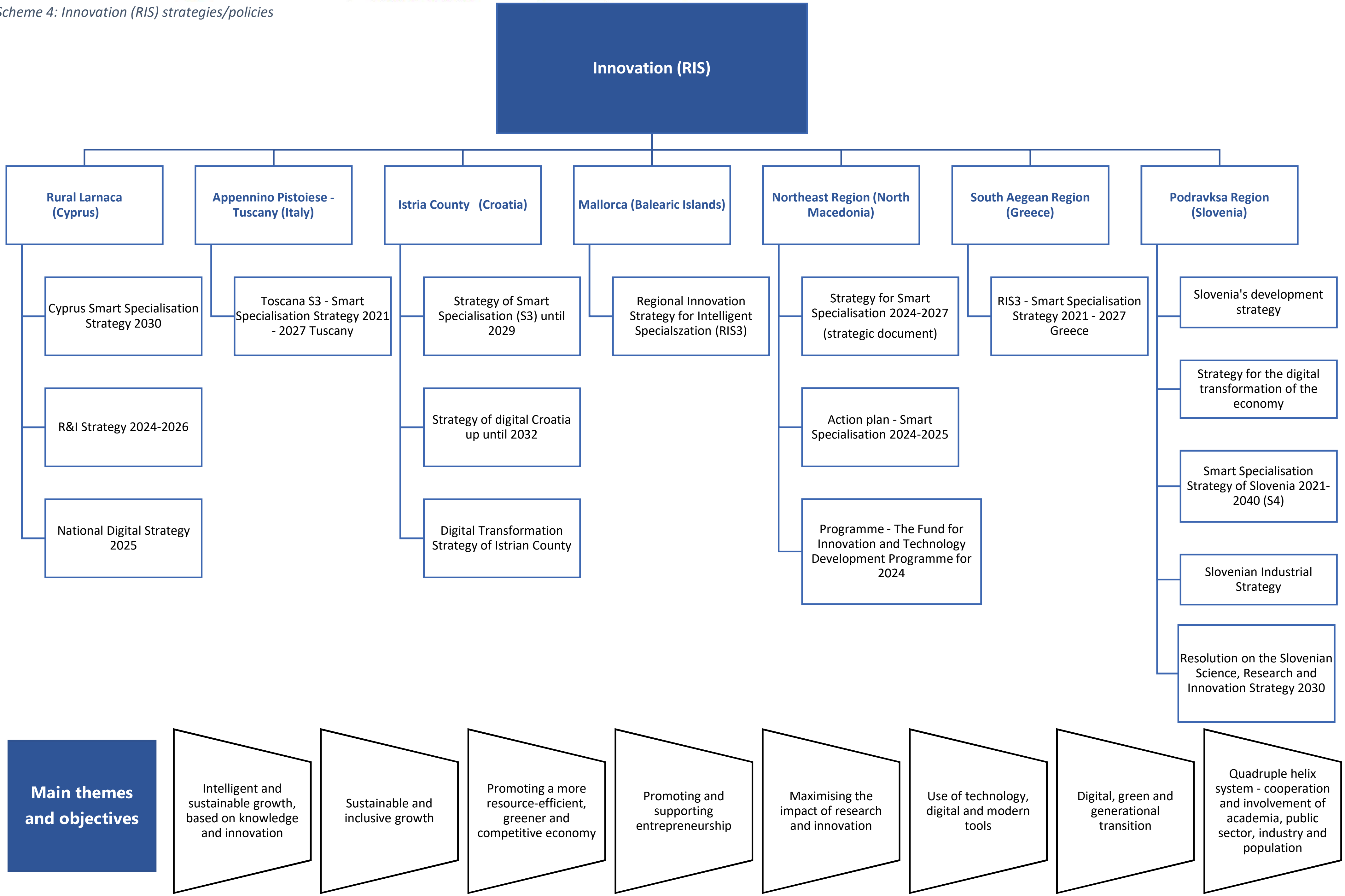
Scheme 2: Tourism strategies/policies



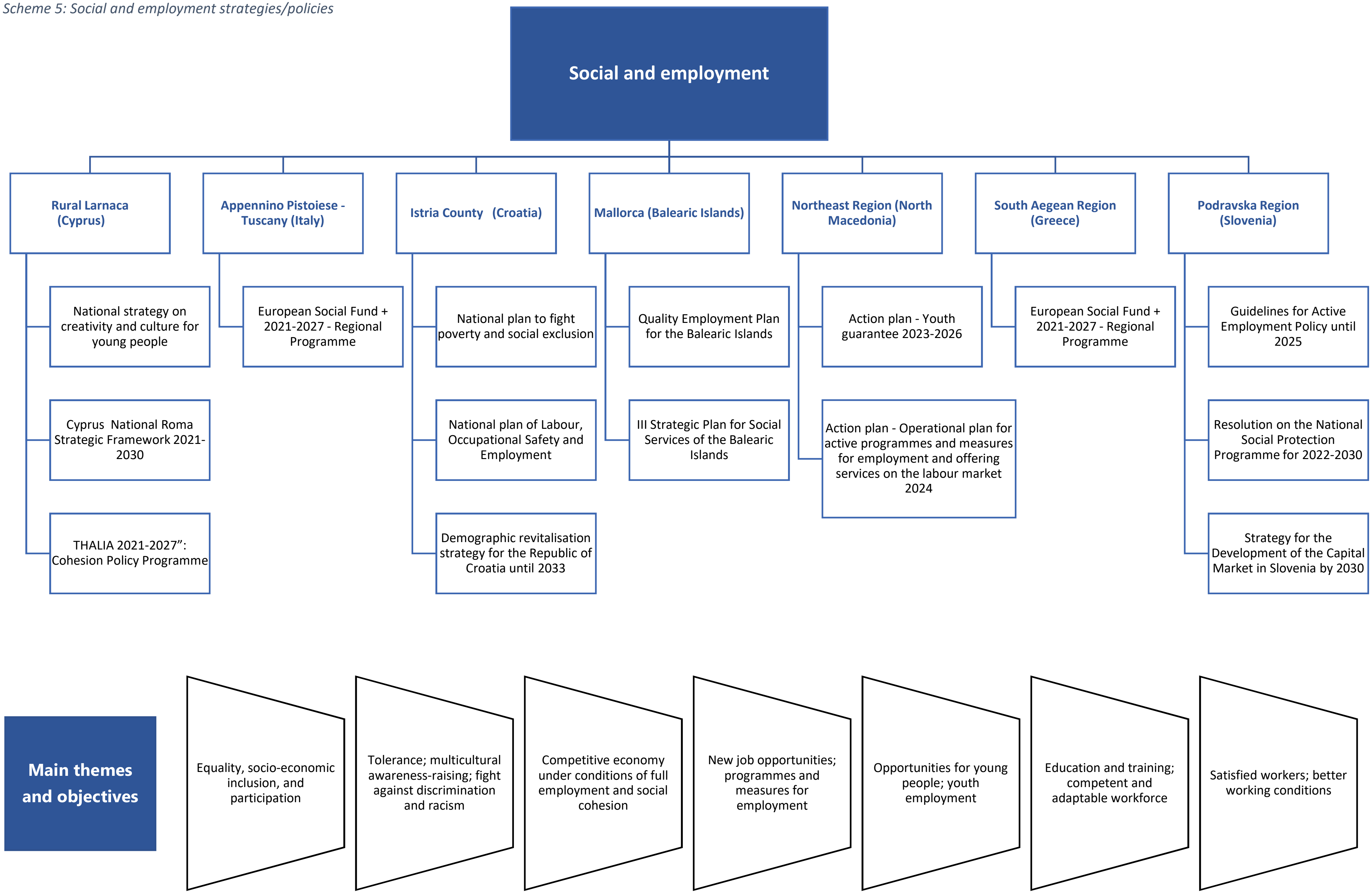
Scheme 3: Creative industries strategies/policies



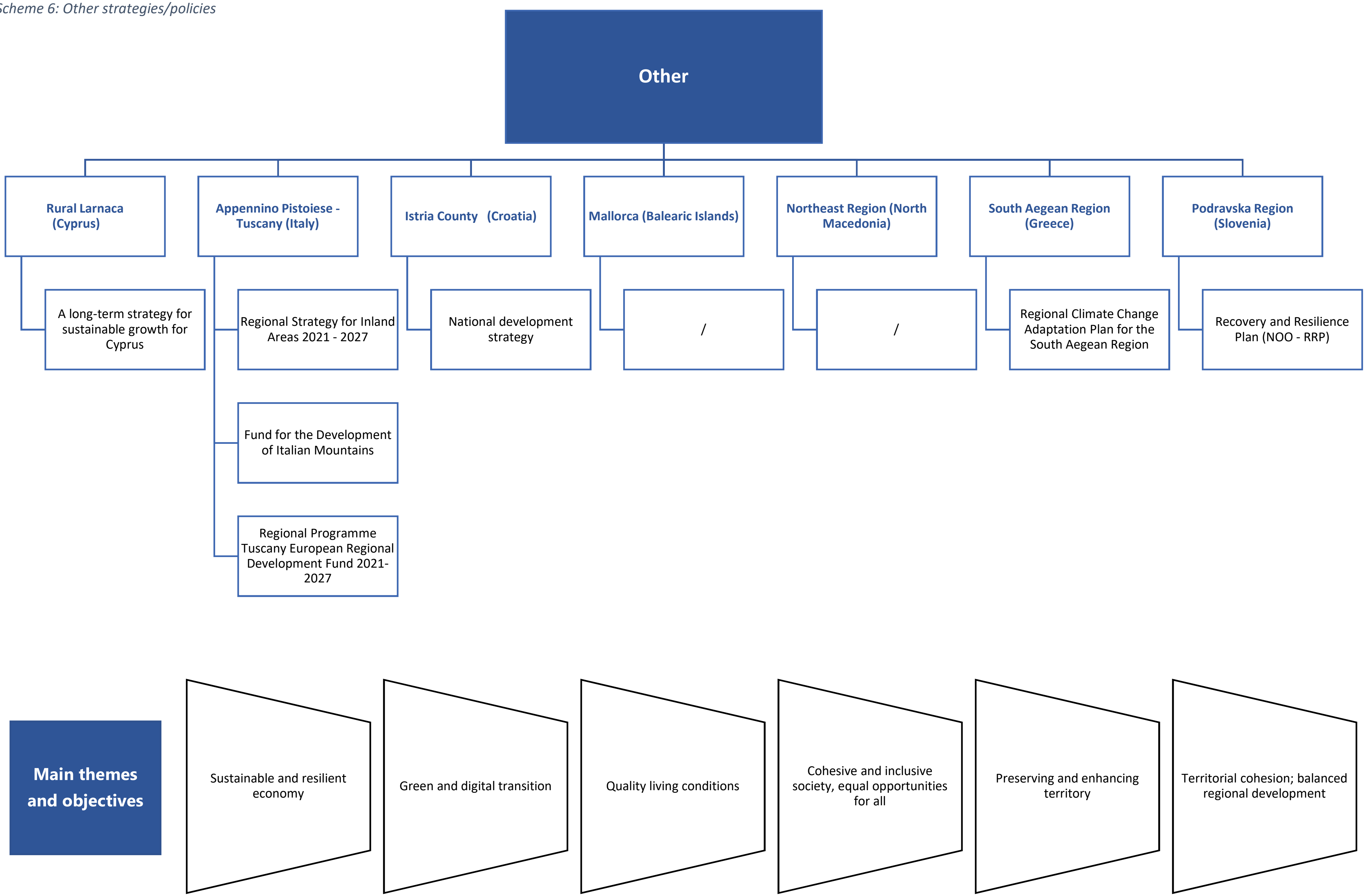
Scheme 4: Innovation (RIS) strategies/policies



Scheme 5: Social and employment strategies/policies



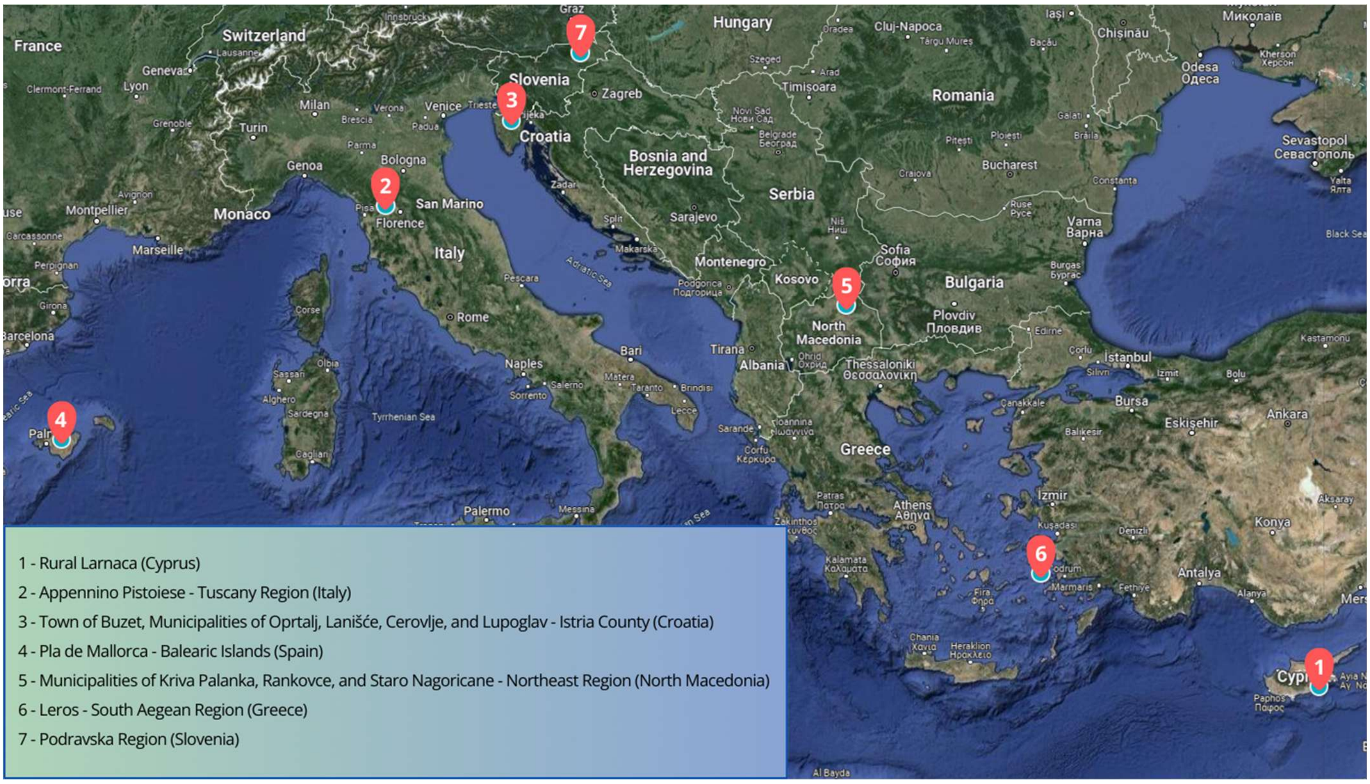
Scheme 6: Other strategies/policies



3 Analysis of the seven pilot areas

The following part of the document contains an analysis of the project's pilot areas, namely the areas where the business models created within the project will be implemented. The purpose of this part of the document is to present the analysis of the pilot areas as well as the broader areas in which they are located or their regional context. Below is a map with marked pilot areas of the project.

Figure 1. Map of the pilot areas



Source: Google Maps, edited by the authors

After the individual analysis of each listed area, a general overview will be presented.

3.1 Rural Larnaca (Cyprus)

3.1.1 Introduction

Rural Larnaca consists mainly of 2 Municipalities and 39 small rural Communities of mountainous and lowland character. It has an area of 981,003 km^2, a population of 64,610 inhabitants and a density of 65.86 inhabitants / km^2.

The intervention area is characterised by areas that are mountainous, semi-mountainous and lowland. In terms of the level of urbanisation, the area, according to the size of the Local Government Authorities (LGAs), as well as the population density, is characterised as purely rural.

The economic activity of Rural Larnaca is dominated by the tertiary sector, with tourism (agritourism) and wholesale and retail sectors as the ones with the highest contribution to the local GDP. The secondary sector relies exclusively on very small or small and medium-sized enterprises, some of which are seasonal in nature, especially in the field of processing agricultural and livestock products. Also in the area, there are a variety of local traditional products that are highly interconnected with the tourism sector, mainly through experiential tourism.

The area of Rural Larnaca has a remarkable natural environment with rich flora and fauna that needs protection and exploitation. It also has a huge wealth of historical and cultural elements, both tangible and intangible, from Neolithic settlements, Byzantine monasteries, gastronomy and local traditions, among others.

In order to provide a detailed picture of the area, this chapter is structured as follows: section 3.1.2 presents the characteristics of Rural Larnaca, focusing on demographic, climatic, natural, cultural, infrastructure mobility information, as well as internet infrastructure; the economic analysis of the area is detailed in section 3.1.3; in sections 3.1.4 and 3.1.5 a synthesis of the pilot area is presented, concluding with a SWOT analysis of Rural Larnaca.

3.1.2 Characteristics of the region/pilot area

The pilot area consists of the Rural Areas of Larnaca District, which is a part of the area of intervention of the Local Action Group under the Leader/CLLD approach that is funded by the Cyprus CAP Strategic Plan and the intermediate body for its implementation in the area is Larnaca and Famagusta Districts Development Agency (ANETEL).

The following description, data, and figures are from the Strategy for the Rural Areas of Larnaca and Famagusta Districts for the programming period 2023-2027 that has been drafted by Larnaca and Famagusta Districts Development Agency (ANETEL) and has been approved by the Ministry of Agriculture, Rural Development and Environment with a total amount of 3,000,000.00 euros.

The pilot area is located in the District of Larnaca, in the South and South-Eastern part of Cyprus, occupying 10.60% of the total area of the country. It consists mainly of 2 Municipalities and 39 small rural Communities of mountainous and lowland Larnaca. In the North it borders with the Nicosia District and in the West with the Limassol District.

The Rural Larnaca pilot area is characterised by areas that are mountainous, semi-mountainous and lowland. In terms of the level of urbanisation, the area, according to the size of the Local Government Authorities (LGAs), as well as the population density, is characterised as purely rural.

Rural Larnaca is also located close to the city of Larnaca, which has the Larnaca International Airport and the port of Larnaca, making the location of the pilot area favourable in terms of transport as well as public transport. It is also adjacent to the two major cities of Famagusta District, Paralimni and Ayia Napa, two important tourist destinations of the island.

In addition, the area has a remarkable natural environment with rich flora and fauna that needs protection and exploitation. It also has a huge wealth of historical and cultural elements, both tangible and intangible, from Neolithic settlements, Byzantine monasteries, gastronomy, and local traditions, among others. Protection and promotion of these aspects will contribute to the increase of visits to the area, as well as the development of alternative forms of tourism.

3.1.2.1 Demography characteristics of the area

The pilot area of Rural Larnaca is an area of 784,280 km^2. According to the 2021 population census by the Cyprus Statistical Service, the total population of Rural Larnaca is 40,747 and corresponds to 26% of the permanent population of the Larnaca District.
During the last 20 years, we have seen an increase in the population of the area, with the last 10 years recording an increase of 33%. This is due to an increase in coastal villages of Rural Larnaca and not in the inland area, which still seems to suffer from depopulation.

Table 1. Rural Larnaca's total area, altitude and population

Municipality/ Community	Area (km^2)	Altitude (m)	Population 2001	Population 2011	Population 2021
Total	784,280	9,895	27,127	30,572	40,747

Sources: Strategy for the Rural Areas of Larnaca and Famagusta Districts for the programming period 2023-2027, Statistical Service of Cyprus: Population Census 2001, 2011, 2021

Table 2 presents the results from the last census (2021) of the Statistical Service for the population and its composition (men, women) in the pilot area. The population composition by gender in the study area seems to be balanced between men and women, with women having a slight numerical advantage. The distribution of men/women for the pilot area of Rural Larnaca follows the same distribution as in the District of Larnaca and Cyprus as a whole.

Table 2. Percentage distribution of population (Male/Female)

	Population	Men	%	Women	%
Larnaca District	155,753	76,272	48.97	79,481	51.03
Rural Larnaca	40,747	20,308	49.84	20,439	50.,16
Country	923,272	449,080	48.64	47,4192	51.36

Source: Statistical Service of Cyprus: Population Census, 2021

According to the preliminary population census data (2021), it seems that the demographic profile in the whole country is satisfactory. Specifically, there is a population with a high percentage of productive population (15-64), with a percentage of 67.4%, as well as a low percentage of seniors (65+), which amounts to 16.7%, which proves that the country does not face a demographic problem and difficulty in renewing the population. However, it is noted that the percentage of people aged 65 and over exceeded the percentage of children under the age of 15 (15.9%), which is a characteristic of the population ageing trend. This trend is also observed in most European countries, which also show ageing characteristics. The analysis of the population by age in Rural Larnaca (Table 3) shows some differences.

Table 3. Percentage distribution of population by age group

Municipality/ Community	0-14	15-29	30-44	45-64	65+	Not declared
Rural Larnaca	14.96	25.14	19.42	24.89	15,59	0.00
Larnaca District	15.18	24.84	20.22	24.95	14.80	0.00
Cyprus	16.06	23.32	22,78	24.53	13.30	0.01

Source: Statistical Service of Cyprus: Population Census, 2021

Particularly, the Ageing Index expresses how much the weight of the population shifts from the base of the population pyramid to the top, i.e. how old the population is and how much an area faces a problem of population renewal. The percentage in Rural Larnaca is particularly high (74.37%) (although it is lower than the country's equivalent (82.82%)) with some communities far exceeding the average value (e.g. Menogeia, Kato Drys, Vavatsinia).
The Youth Index shows the percentage of young people aged 0-14 in the total population. The value of the index for Rural Larnaca is satisfactory (17.55%), although it also shows a tendency towards non-demographic renewal. The percentage is, however, slightly higher than the national equivalent (16.06%).

The Dependency Index indicates the burden that the active population (15-64 years) receives from the elderly and the young population (65+ and 0-14 years). In Rural Larnaca the index stands at 44.11%, slightly higher than the corresponding value at country level (41.56%).

Table 4. Demographic Indicators

Municipality/ Community	Youth Index	Dependency Index	Ageing Index
Rural Larnaca	17.55	44.11	74.37
Larnaca District	16.98	42.42	75.32
Cyprus	16.06	41.56	82.82

Source: Statistical Service of Cyprus: Population Census, 2021

Table 5 presents the percentage distribution in the various educational levels for Rural Larnaca, the District of Larnaca and the Country, as obtained from the data of the Population Census of 2021.
The educational level of the residents in Rural Larnaca is considered relatively low (the Municipalities of the area tend to reverse this weakness) and is determined by the increased participation rate in lower and upper secondary education (High School) and the low rate of graduates of higher education.

In particular, the educational level of the population of Rural Larnaca shows a slight differentiation in terms of the corresponding picture in the whole of the country. Since, in the study area there is a preponderance of people with low formal qualifications (high school graduates) (39.33% compared to 31.22% of the country), while high school graduates (35.94% compared to 36.44% of the Country), post-high school non-tertiary schools (3.82% compared to 3.79% of the Country) and tertiary non-university education (5.17% compared to 6.46% of the Country) are almost the same levels, while in smaller percentages are found for people who have completed tertiary non-university education (14.40% compared to 20.24% of the country). There is also a difference in the educational level presented by the communities compared to the municipalities of the region. Municipalities, therefore, show a significantly lower percentage of high school and high school graduates and a higher percentage of university graduates than the majority of communities.

Table 5. Education Level

Municipality/ Community	Lower Secondary	Higher Secondary	Post-secondary Non-tertiary	Tertiary Non-University	Tertiary University	Not declared
Rural Larnaca	48.79	32.88	3.06	3.78	10.40	1.09
Larnaca District	38.04	36.26	3.83	5.36	15.22	1.29
Cyprus	31.22	36.44	3.79	6.46	20.24	1.85

Source: Statistical Service of Cyprus: Population Census, 2021

In conclusion, it appears that there is an increase in the population in Rural Larnaca, at a rate greater than that of Cyprus. However, it seems that population growth is not spatially uniform in all Municipalities/Communities, since as a rule there is population growth in large Municipalities and desertification in small and remote ones. This is a common rural phenomenon due to the lack of employment opportunities and basic infrastructure in small villages, which forces residents to settle either in its urban centre or in other developed centres.

3.1.2.2 Climate

The climate of Rural Larnaca does not vary compared to the climate of the country. In general, Cyprus has an intense Mediterranean climate, with long dry summers from mid–May to mid–October, and mild winters with low rain from December to February, which are separated by short autumn and spring seasons. Especially, in the middle of summer (June to August) it is usually very hot, with an average maximum temperature of around 35°C during the day and around 25°C at night. There are also extreme heat waves with temperatures rising in summer to 40-45°C during the day and to an average of 28-30°C during the night. During the winter, the temperature drops to an average of 17°C, which can feel warm when the sun shines for 6 hours per day in December and January. However, there is a cold edge to the weather, especially if the wind blows above the normal 8mph breeze.

The Cyprus sky is almost always clear in the long summer and the sun shines for a good number of hours, even during the winter days. However, during recent years, Cyprus has been affected by dust waves from the Sahara. This dust clouds over Cyprus directly result from climate change, as the phenomenon is becoming more frequent, damaging air quality as well as elevating heat and humidity levels and creating a celestial dome that diffused sunlight, enhancing the feeling of discomfort.

3.1.2.3 Natural conditions

The area of Rural Larnaca can be considered mountainous and semi-mountainous, also having lowlands, while in the southern part we have the coastal area. In the wider area of Rural Larnaca, the main category of soils found are:

- Terra Rossa (soils with intense reddish colour)
- Kafkalla (hard limestone crust that occurs mainly on plateaus and trapezoidal formations)
- Carbonate soils
- Erythrogaeia (formed by the disintegration of igneous rocks transported from the Troodos igneous complex)
- Phaeochomata (shallow soils that developed in the area of the handles of the Troodos Ophiolithic Complex)
- Calcareous soils (main characteristics are white colour, gravelly structure, water permeability and lack of organic substances)[74]

Regarding the flora and fauna of the area, according to the Cyprus Centre for Environmental Research and Education, a total of approximately 1,908 different species, subspecies, forms, varieties and hybrids of plants have been recorded to date. This number includes all native and epigenic plants (alien plants that grow naturally), not including cultivated plants. The endemic plants of Cyprus amount to 140 (endemism rate 7.3%) and are the most important part of the flora of the island. In addition, it is worth noting that the Mountainous Larnaca area, which consists of 18 Local Authorities (17 Communities and 1 Municipality), presents a huge variety of natural habitats and rich flora, since around 600 different plants have been identified in this area alone, with 42 of them being endemic species[75].

In the pilot area is the lake of Oroklini, one of the seven natural wetlands in Cyprus. It is located approximately 10km from the city of Larnaca and south of the community of Voroklini in the province of Larnaca. Based on the European Birds Directive, Lake Oroklini has been designated a Special Protection Area (SPA) (CY6000010) for two important bird species that nest there, the Black-tailed Godwit Himantopus himantopus and the Pellocaterina Vanellus spinosus which belong to Annex I of the Directive on Birds. Also,

[74] http://www.polignosi.com/cgibin/hweb?-A=13053&-V=limmata
[75] http://www.cyprus-eden.com/2018/gr/orini-larnaca.htm

based on the European Habitats Directive, a Site of Community Importance (SCI) (CY6000011) has been designated for its halophytic vegetation. Also, it is one of the three wetlands where the Community legislation (Acquis communiataire) applies. In addition to the two species of birds that are also the defining species of the lake, 4 more species belonging to Annex I of the Birds Directive are nesting or have been recorded as nesting (Trullurida Burhinus oedicnemus and Tern Sterna albifrons) while the Plover Charadrius alexandrinus and the Tern Sterna hirundo nested only in 2007. Also, a further 58 Appendix I species use the lake during migration (spring or winter) or for wintering, while a further 36 non-Appendix I migratory species, mainly waterfowl, use the lake during migration. A total of 190 different species have been recorded in the lake. It is also worth noting that Lake Oroklinis is the only area in Cyprus where the Scots-headed Duck Netta rufina has nested in the last four years (2009-2012). It is also worth mentioning that the rich natural environment of the Study Area is famous for its nature trails, cycling routes as well as birdwatching clubs.[76]
Some natural paths in the area are the following: Themed Bee Trail in Vavatsinia, Coastal Path of Voroklini, Kionia-Prophetis Ilias Nature Trail, Athassia Cave Trail in the Vavatsinia area, Lefkothea Trail (Aetomoutti), Path Agia Varvara – Stavrovouni – Stavropefkos – Aspradi.
Some cycling routes are the following: Neolithic route, Wine and gastronomy route, Multi-regional route, Route of Venetian observatories (eastern area of Larnaca), Route of Venetian observatories (western area of Larnaca), Route with camels and donkeys, Wheat field and bakery route, Larnaca bird watching route.
In regard to Natura 2000 Sites the area has four sites. They are the Kalavasos Mine, the Lymbia - Agia Anna area, the Lefkara area and the Oroklini Lake.

3.1.2.4 Cultural heritage

The area of Larnaca has a long course of historical and cultural development and is characterised by a cultural "mosaic" consisting of archaeological sites, churches and monasteries, traditional settlements, traditional arts and professions which were formed through the passing of centuries.
Larnaca is the oldest area of Cyprus with a history of more than 4,000 years. In the wider area, there are notable Neolithic settlements (such as Choirokotia and Kalavasos) with intense agricultural and animal husbandry activity, which proves its existence and development since the Pre-Neolithic Era.

Archaeological sites

Throughout Rural Larnaca, one can find remarkable archaeological sites and archaeological finds, which proves its development since the Neolithic period. The body managing the archaeological heritage is the Department of Antiquities. Monasteries and churches are managed by the Ecclesiastical Authorities while, where necessary, the Department of Antiquities intervenes.

[76] https://larnakaregion.com/things-do/natural-treasures

The most important archaeological sites and monuments of the intervention area are:

- Choirokitia - Neolithic Settlement, Kiti - Archaeological Site of Kiti, Alaminos - Medieval Tower in Alaminos, Kalavasos - Ancient Settlements, Athienou - Ancient City of Golgoni, Athienou - Archaeological site "Mallouras" Maroni - Archaeological Finds.

Churches, monasteries and other religious buildings

The intervention area is rich in monasteries, churches and chapels, the construction of some of which dates back to the 10th century, while the number of newer religious monuments is significant as a result of the displacement of the population and the need for Christian places of worship. Most of these monuments, regardless of the period of their construction, are preserved in particularly good condition and play an active role in the religious life of the inhabitants, while receiving many visitors and believers.

The Gothic church and the Muslim Mosque that exist in the area prove the peaceful coexistence of the Christian and Muslim religions in Cyprus. The most important are:

- Church and Sanctification of Saints Anargyri, Church of Michael the Archangel (12th century), Church of Panagia Aggeloktistis, Church of Michael the Archangel (12th century), Holy Monastery of Stavrovouni, Monastery of Agios Minas, Holy Church of Agios Antonios, Agios Georgios Arpera, Saint Catherine, Panagia Stazousa, Holy Chapel of Panagia Eleusa, Church of Saints Constantine and Helen.[77]

Traditional settlements and traditional buildings

The villages of the Provinces of Larnaca and Famagusta, like most of the villages of the Cypriot hinterland, have preserved unchanged their physiognomy and their special architectural features. According to data from the Department of Urban Planning and Housing and the Department of Antiquities, in almost all cases of the settlements, the nuclei of these can be characterised as traditional with controlled zones, as they have not suffered alterations in terms of their architectural identity. The exceptions are the new communities and settlements, which were created after the Turkish invasion and the forced resettlement of the local population. A characteristic feature of traditional settlements is the existence of buildings of particular architectural value, but also buildings connected to the traditional economic activities carried out by the inhabitants. Such typical buildings are traditional olive mills, water mills, carob mills, flour mills, etc.

Museums

The area has 9 Museums, which are the following:

- Kallinike Municipal Museum - Athienou, Museum of Traditional Embroidery & Silversmithing – Lefkara, Folk Art Museum – Kiti, Elias Museum – Anglisides, Local Agricultural Museum - Kato Drys, Kostas Argyrou Museum – Mazotos, Bee & Embroidery Museum - Kato Drys, Ecclesiastical Museum Tochni, Platini Museum - Mosfiloti

[77] https://larnakaregion.com/directory/religious-monuments

Traditional occupations

Over the years, as lifestyles, people's needs and the way many products are produced change; many professions are disappearing or being replaced by others that have to do with modern lifestyles. Some of these professions are: silvermaker, basketmaker, ganotis, lustros, planetos, manavis, glassmaker, shoemaker, ice cream maker, newspaper salema, horse ride provider and horseshoe maker, basket maker and blacksmith. In addition, ceramic art and pottery developed in the area.

Finally, traditional activities that remain alive even today are related to the gastronomy of the region. In several villages, women, as well as specialised professionals, produce halloumi, souzouki and bread with traditional methods and with local raw materials.

All these arts are now part of Cyprus Intangible Cultural Heritage, so the Deputy Ministry of Tourism has developed a plan to offer the opportunity to those interested to participate in workshops where they can experience the traditional arts of the Cypriot countryside or even learn modern crafts where the modern is harmoniously combined with the traditional. Craft and wine-gastronomy workshops are held in many villages of the “Heartland of Legends” route.

Folklore

Mainly inland, but also throughout Rural Larnaca, in compensation for urbanisation and intense tourist development, the inhabitants keep traditions and customs alive, with influences, of course, from the modern way of life. Cypriot folklore is reflected in the habits and customs that the local people maintain unchanged, elements that further strengthen the specificity of the region's cultural identity.

UNESCO Heritage

The UNESCO national list presents various archaeological sites and monuments as well as the unique intangible cultural heritage of the intervention area. To date, three World Heritage Sites have been inscribed in the World Heritage List, all of which are cultural monuments, one of which is located in the intervention area, Choirokoitia, which was added in 1998. In addition, Cyprus has also inscribed five items on the Representative List of Aylis Cultural Heritage of UNESCO, one of which is located in the intervention area, the Laces of Lefkaron or Lefkaritika, which were added in 2009.

Another important element that joined and is known throughout Cyprus, and in the intervention area, are the Tsiattistas (way of singing with poems). Other elements of the intervention area that are based on the UNESCO List of National Intangible Cultural Heritage are: Athienou Bread, Athienou Loukoumi, Flood Festival, Athienou Lace, Meadow Baskets and the festival of Agios Fokas in Athienou.

3.1.2.5 Infrastructure and mobility

Road network – transport infrastructure

Cyprus has a relatively modern road network that connects the major urban centres with almost all the Municipalities and Communities of the country, serving at the same time the transport needs of citizens, industry, agriculture, trade, tourism and other productive activities. The main road arteries of Cyprus are divided at the periphery of the cities, in order to avoid traffic congestion. Despite the constantly improving condition of the road network, the transportation service of the population, both for its movement within the urban centres and between municipalities and communities, is not particularly developed.

Overall, in Rural Larnaca there is a problem regarding urban transport with the various villages of the intervention area, which makes it difficult for the various villages to be accessible for the development of agritourism by both locals and tourists, creating further weaknesses in terms of the development of alternative tourism in the less developed areas of Rural Larnaca.

City buses, the number of which is limited, cover short distances within the core of large cities, while the intercity connection of municipalities and communities is done by city, rural and intercity buses and taxis, which are privately owned, with the state intervening only in determining the itineraries, timetables and fees. Intercity buses serve the journeys between big cities, while they also cover the communities located on the main road network. Specifically, there are 31 bus lines in Rural Larnaca, including routes to Larnaca airport, 13-night bus lines, as well as 17 regional, rural bus lines.[78] As a public transport provider in Larnaca area it is the Zenon Buses Company that manages bus routes as well as student routes, but it seems that in some cases the company has left student routes on hold, which causes problems and difficulties for students travelling to and from school[79].

In general, rural residents travel mainly by private vehicles and taxis and less by rural buses, which run very limited routes and do not provide substantial service. Finally, visitors are mainly transported by tourist buses, rental cars and taxis.

All the villages of Rural Larnaca are connected by bus routes to the urban centres with the frequency of the routes being generally insufficient (2-3 times a day), due to the small number of passengers that makes the most frequent departures unprofitable. In some cases, the last bus is in the early afternoon, and cannot serve the workers who then have to use their private cars.

Water supply – drainage

The problem of water shortage is so severe that it has become necessary to take measures to limit the water supply. For this reason, great importance was given and continues to be given to the rational utilisation of water resources. As part of the water development programme, more than 100 dams and water reservoirs, large water works, such as the one of the South Agogos, as well as the water refineries of Choirokoitia, Kornos, Limassol, Tersefanos and Asprokremmos, have been built in the last decades. These projects are today the basic infrastructure on which the water supply of cities and villages, agricultural development, as well as the development of many other sectors of the Cyprus economy are based. It is worth mentioning that among the 18 largest dams in Cyprus, there are also two dams which are located in Rural Laranca, the Kalavasos and Lefkara Dams.

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78 https://www.cyprusbybus.com/el-GR/setups.aspx

79 https://www.brief.com.cy/oikonomia/kypros/i-zinon-afinei-xafnika-horis-leoforeia-mathites-sti-larnaka

As for the sewage works in Cyprus, they started appearing after 1971 when the first project in Nicosia was operational. In 1974 a central sewage system was completed and ready to operate. Some years ago, the Larnaca Sewerage Board started the second phase of the sewage system, which will serve the entire municipal area of Larnaca as well as the tourist area of Pyla, Oroklini and Livadia up to the Larnaca-Dekelia highway as well as the community of Kitiou and the Municipality of Dromolaxia-Meneos and part of the Municipality of Aradippou. The stormwater drainage system will be built in the city of Larnaca in future years.

The government's water policy focuses on the maximum possible utilisation of other non-conventional water sources, such as recycled water, the use of which releases equal amounts of good quality water. Recycled water, derived from wastewater treatment, is used to irrigate existing agricultural crops and enrich underground aquifers.

It is worth noting that an important problem faced in Rural Larnaca is the loss of water and drainage. Specifically, at the beginning of 2023, it appears that huge amounts of water were lost, mainly due to leaks in large areas of the Larnaca area, with the loss amounting to 50%. Similar losses have become frequent in recent years since such serious problems have been noted since 2019, according to the Larnaca Water Supply Board.[80] In addition to this great loss of water resources, financial issues arise from the leaks since the quantities that are lost are purchased by the Water Department without being invoiced. Therefore, in the intervention area, there is a huge need for drainage works.[81]

Waste Management

In Cyprus, domestic solid waste is collected under the responsibility of the Local Authorities and disposed of in locations of varying degrees of environmental susceptibility. Specifically, in Rural Larnaca, 15 uncontrolled waste disposal sites have been identified and evaluated, which were put out of operation in 2010. At the same time, the operation of the Integrated Waste Management Facilities Unit (WMF) has started.

The Larnaca/Ammochostos (Kosi) Integrated Waste Management Facilities Unit (IWMS) which first operated in 2010, was designed with a capacity of 190,000 tons/year mixed municipal, 16,000 tons/year green and 8,000 tons/year bulky waste[82]. Based on the latest available data (2019), OEDA Kosi processes a total of 192,035 tons of mixed waste, 3,203 tons of green waste and 9,829 tons of bulky waste.[83]

According to estimates of the Statistical Service (2022), in the year 2021, the total amount of Municipal Solid Waste (MSW) produced amounted to 570,000 tons compared to 543,000 tons in 2020 for the whole country, an increase of 5%. Specifically, of the amount of 455,000 tons managed in 2021, 77.8% was disposed of in disposal sites (landfill), 17.6% was promoted for recycling, 3.1% was used for energy recovery and 1.5% was composted.[84]

[80] https://lwb.org.cy/gr/water-supply/water-loss
[81] https://www.philenews.com/eidiseis/topika/article/1641095
[82] https://www.etek.org.cy/uploads/ENIMEROSI/ekdilwseis-etek/11ef7980f2.pdf
[83] http://www.moa.gov.cy/moa/environment/environmentnew.nsf/All/B1AFADC1D4C1F89FC22587DB0024CCA3/$file/20211220%20-%20OFFICIAL%20-%20MWMP%20Greek.pdf
[84] https://www.cystat.gov.cy/el/PressRelease?id=67511

The operation of the WMF unity in Rural Larnaca seems to contribute positively to the protection of the environment, to the improvement of public health and improves the quality of life of the citizens, since the rational management and disposal of solid household waste begins, the operation of uncontrolled landfills is definitively terminated, the volume of waste that ends up in landfill is significantly reduced and energy and raw materials are saved by reusing recyclable materials.
The GreenDot organisation (first collective recycling system) is also active in the study area, which was founded on the initiative of the Cyprus Chamber of Commerce and Industry (CCC). GreenDot Cyprus has signed agreements with 28 Municipalities and 70 Communities in Cyprus (2022), including the study area. Recently, the integration of the Communities of Kiti (2021), Voroklini (2021) and the reintegration of the Municipality of Athianou (2020) has taken place, while the integration of the Community of Agios Theodoros is also expected soon. With the recent expansions of the network, the organisation is now able to cover 80% of the population of Cyprus.

Health infrastructure

In general, the health system faces many problems, such as long waiting lists, overcrowding of patients, while the small communities are only intermittently served by rural doctors in small health centres (sometimes an office in the community buildings). The system needs to be modernised to meet the needs of the citizens in health services without delay, also allowing the rural residents to enjoy these services without commuting and unnecessary suffering, which is mainly experienced by elderly people with compromised health.

3.1.2.6 Internet infrastructure and available digital services

Today, Cyprus has a comprehensive coverage of fast broadband infrastructures, both in fixed and mobile. Since the sector liberalisation almost two decades ago, operator-led investments have resulted in a significant improvement and coverage of connectivity infrastructures, facilities and services. The role of the public sector was to ensure balanced development, by establishing a legislative/regulatory framework to promote such investments while assuring a sound level of competition in the market .[85]
In the latest edition of the 'Digital Quality of Life (DQL) Index 2023', Cyprus improved its ranking by six places to 31st worldwide in 2023, from 37th in 2022 and 35th in 2021 and 2020. Whilst in a good position globally, Cyprus ranks in 22nd position among EU countries but, again, it is an improvement against 2022 by four places.
Concerning the rural areas of Cyprus, the level of fast internet coverage is quite high. Recently, the Digital Policy Deputy Minister announced that Rural areas across Cyprus are to receive "ultra-high-speed" fibreoptic internet networks[86]. The launch of a €35 million government project to expand fibreoptic coverage and to ensure equal access to gigabit connectivity for everyone, without exception, has been initiated. The project is planned to be completed by 2026, with the deputy ministry to also invest €10m in subsidising new

[85] DEPARTMENT OF ELECTRONIC COMMUNICATIONS DEPUTY MINISTRY OF RESEARCH, INNOVATION AND DIGITAL POLICY – National Broadband Plan 2021-2025
[86] https://cyprus-mail.com/2024/04/16/rural-areas-to-receive-fibreoptic-internet/

fibreoptic internet subscriptions for a total of 82,000 households. This is part of an integrated plan which aims to bridge the digital divide and to provide people with the necessary tools to actively participate in the digital economy and to socially benefit from the digital transition. The aim is to be the first country to achieve 100 per cent of its population being covered by ultra-high-speed mobile and broadband connectivity.

3.1.3 Economic analysis

According to the Cyprus Statistical Service (2021), the economically active population of Rural Larnaca is employed at a rate of 7.61% in the primary sector, 23.20% in the secondary sector and 67.64% in the tertiary sector. The area also faces an unemployment problem, just like the whole of Cyprus. The relative index is maintained at high levels (10.77%), while it is slightly higher than that of the whole of Cyprus (10.62%).

In the midst of the economic recession, there is also a tendency to redefine entrepreneurship with the activation of new entrepreneurs in parts of the secondary sector, namely agro-food processing, the establishment of small production units in the countryside (e.g. small wineries) and the creation of traditional bakeries and cafes. On the whole, this form of entrepreneurship makes a small contribution to the local GDP; however, it is able to reverse some of the consequences of the recession, especially in degraded areas. Table 6 shows the distribution of businesses in the 20 NACE of economic activity in Rural Larnaca. The data was taken from the 2019 Business Register of the Cyprus Statistical Service.[87] All of sectors listed below contribute significantly to the formation of the national GDP. At the same time, this specific analysis serves the purpose of indicatively recording the GDP in the region, compared to the national GDP.

Table 6. Structure of the economy by sectors, 2023

Economic sector[1]	No. of business entities	No. of persons employed
Primary Sector	561	678
Agriculture, forestry and fishing	554	
Mining and quarrying	7	
Secondary Sector	734	3,264
Processing industry	250	
Supply of electricity, gas, steam and air conditioning	7	
Water supply; wastewater removal, waste management and remediation activities	24	
Construction	453	
Tertiary Sector	2,903	11,588
Transportation and storage	129	
Wholesale and retail trade; repair of motor vehicles and motorcycles	585	
Activities of providing accommodation and preparing and serving food	279	
Information and communication	36	

[87] https://library.cystat.gov.cy/Documents/Publication/ESTABLISMENTS_NACE2(1digit)_MUN_COM-2019-161220.pdf

Financial and insurance activities	46
Real estate activities	18
Professional, scientific and technical activities	197
Education	156
Human health and social work activities	86
Administrative and auxiliary service activities	108
Public administration and defence, social security	56
Arts, entertainment and recreation	75
Activities of household as employers	863
Other service activities	269

Source: Statistical Service of Cyprus, Business Register, 2019

Employment

The level of employment during the decade 2011-2021 shows a very positive trend with a notable increase in the intervention area of 28.84%. The percentage is comparable to that of the country (26.85%). This significant increase reflects the economic growth that took place in Cyprus during the specific years, which was about to be reversed due to the Covid-19 pandemic, and the international financial crisis in the Cypriot economy.

In addition to the general trend of increasing employment in the decade 2011-2021, there were large discrepancies in the employment levels in the villages. This happened mainly in villages with a low population where small numerical changes translate into large quantitative differences.

Table 7. Employment evolution (2011-2021)

Municipality/Community	Total employees (2011)	Total employees (2021)	% Change
Rural Larnaca	11,430	15,740	+37.71%
Larnaca District	46,454	60,419	30.06%
Cyprus	292,732	371,316	26.85%

Source: Statistical Service of Cyprus, Population Census 2011, 2021

In the next Table (8), the percentage distribution of employment in the three main sectors of the economy (primary, secondary and tertiary) is presented and compared to the corresponding percentages of the country. High employment rates can be seen in the tertiary sector.

Table 8. Percentage distribution of employment by productive sector

Municipality/Community	ECONOMIC ACTIVITY (NACE Rev.2)			
	Primary Sectors	Secondary Sectors	Tertiary Sectors	Not declared
Rural Larnaca	4.31%	20.74%	73.62%	1.32%
Larnaca District	4.00%	21.41%	73.10%	1.48%
Cyprus	2.49%	19.11%	76.83%	1.57%

Source: Cyprus Statistical Service, Population Census 2021

The large majority of Rural Larnaca' s workforce work in the tertiary sector. Second in importance is the secondary sector with the primary sector having the smallest contribution to the employment of the local population.

Primary Sector

Despite the phenomenon of its limitation, in terms of production and employment and the adversities mainly due to the intense competitive environment, the primary sector in Cyprus still remains an important factor in determining its development model and the overall identity of the island. Today, agricultural activity continues to be the key component of sustainable rural development, playing a multifunctional role. In addition to the supply of food, it contributes significantly to the preservation of the environment while, at the same time, it is the means to preserve and improve life in the countryside and avoid the desertification of villages.

In the study area, as in the country, the primary sector plays a very important role in its economy, with the sectors of plant and animal production dominating, while the fishing sector acquires a special importance over time, which passes from the traditional coastal fisheries in the development of fish farms.

In the study area, the large majority of the rural population are engaged in crop production with several mixed holdings (crop and livestock), while some are exclusively engaged in livestock production. The main characteristics of the agricultural production are the consistently weighted importance of olive cultivation, while various fruits and vegetables are produced. In particular, the primary sector is of high importance in terms of income as it supplements the income of the residents of rural areas. As far as the livestock industry is concerned, it is worth mentioning that, in places, the study area shows a strong livestock character as a significant number of cows, sheep and pigs are reared. Finally, the fishing sector is considered important, mainly because it offers economic and social benefits to coastal areas, creates jobs and offers healthy products to consumers.

In recent years there has been a decline in the agricultural production of the pilot area, which is divided into three main categories of products (crops, vegetables and melons), fruit and tree crops. The main products in terms of production volume are livestock plants, potatoes, citrus fruits, grains and other vegetables (e.g. tomatoes, carrots, etc.). Many

protected products are produced in the area; the most well know is Halloumi PDO, and Smila Pasta/Sklinitsiou PGI Pasta.
An increased interest in agricultural crops is registered mainly from the perspective of alternative and organic crops and small units in rural areas. Of major importance is the amount of nutritional value attributed internationally to olive oil, which is one of the most important agricultural products produced in the area, with olive groves occupying a primary position by type of cultivation. In addition to olive oil, honey also has a great contribution in the study area and more specifically in Mountainous Larnaca, a fact that is evident from the various bee villages and events held for it. However, it is worth emphasising the need for further promotion of such local products of local gastronomy and identity.

Secondary Sector

The secondary sector is, for the pilot area of Rural Larnaca, the second most important productive sector after the tertiary sector (Statistics Service, National Accounts 2021). The main branches of activity of the secondary sector are the processing of agricultural and livestock products (oil mills, cheese factories, butcheries, fruit and vegetable packing plants, bakeries-confectioneries) and construction.
The secondary sector relies exclusively on very small or small and medium-sized enterprises, some of which are seasonal in nature, especially in the field of processing agricultural and livestock products. A dominant position in the manufacturing activity is held by the food industry, both in terms of the number of stores and in the employment of the manufacturing industry. Manufacturing is mainly associated with the processing of the products of the primary sector (food and beverages). Most of it is oriented towards primary processing (olive mills, cheese factories, frozen fishery products). The rest of the shops are bakeries and pastry shops that operate mainly in the local market, as well as horticultural packing houses. The nature of employment in the sector is mainly seasonal, since the largest percentages concern oil mills and (potato) packing plants. Another characteristic is the large dispersion (olive production), while in the rest of the businesses there is a greater spatial concentration.
The small size and the family nature of most businesses works in several cases as a hindrance to their progress in general, and largely explains their organisational and financial weaknesses and the consequent low intensity of innovation. Difficulties also exist in organising commercial networks to promote local products. Relations between manufacturing and services, networking and interconnection with research centres are at a low level. The construction sector is going through a phase of recession, but in the previous period it was mainly favoured by the development of the tourism sector.
In addition, the development of the various traditional products (halloumi, souzouki, spoon sweets, honey, Lefkaritic loukumi, traditional macaroni, pottery, etc.) is interconnected with the tourism sector, mainly through experiential tourism and the various workshops funded by the Deputy Ministry of Tourism. This manufacturing sector of various traditional products can be developed through its interconnection with experience tourism.

Tertiary Sector

The main sector of economic activity in the pilot area of Rural Larnaca is the tertiary sector, with the tourism sector as the dominant one. The wholesale and retail trade and catering services are also among the most important sectors of the area.

According to the recent "List of Hotels and Tourist Accommodations" (2023)[88] of the Deputy Ministry of Tourism, it appears that, in Rural Larnaca, there were a total of 58 tourist units with beds which were distributed as follows:

- 3 hotels with 876 beds
- 2 hotel apartments with 80 beds
- 50 traditional apartments with 448 beds
- 3 traditional hotels with 38 beds

The agritourism units are found in a large majority in the mountainous villages of Rural Larnaca, i.e. Tochni, Skarinou, Lefkara, Kalavasos, Kato Drys, Vavla, Choirokoitia and Psematismenos, with Tochni having the most (11 units with 132 beds).

According to the data of the Deputy Ministry of Tourism, there are approximately 838 tourist units in Cyprus, of which 100 are located in the Larnaca District. The 58 tourist units are located in Rural Larnaca, i.e. 6.92% of the agritourism units of the island and 58% of the agritourism units of the District of Larnaca.

3.1.4 Pilot areas of project implementation

The pilot area of project implementation will be the Larnaca Mountainous Area that consists of 18 small villages. The region has a long history and a rich cultural journey of development and has been described as a cultural “mosaic” composed of some uniquely beautiful and interesting churches, chapels and monasteries, some dating back to the 12th century, as well as archaeological sites and traditional settlements.

The area has kept its traditional look and special characteristics unchanged through the passage of time, with almost all of the cores of the communities listed as traditional controlled zones by the Department of Antiquities of Cyprus. It is worth noting that the Neolithic settlements that have been discovered in the areas of Choirokitia (UNESCO World Heritage site) and Kalavasos, are preserved in very good condition. The area is characterised by interspersed restored buildings and traditional houses, many of which have been turned into agritourism accommodation.

Larnaca and Famagusta Districts Development Agency as the Local Action Group of the area and in close collaboration with the Women's Association of Rural Larnaca work hard to promote agritourism and alternative experiences, promote and support family businesses, provide support and training to local businesses, enhance networking and collaboration, so as to achieve a sustainable development in the area.

[88] https://www.tourism.gov.cy/tourism/tourism.nsf/All/00352894224B1BBFC22586A0002F922E?OpenDocument

The 18 villages that make up the Larnaca Mountainous Area are the following: Agioi Vavatsinia, Agios Theodoros, Choirokoitia, Delikipos, Kalavasos, Kato Drys, Kato Lefkara, Kofinou, Kornos, Layia, Melini, Odou, Ora, Pano Lefkara, Skarinou, Tochni, Vavatsinia and Vavla.

3.1.5 SWOT analysis of the area

The SWOT Analysis of the area is extracted from the Strategy for the Rural Areas of Larnaca and Famagusta Districts for the programming period 2023-2027 that was prepared by ANETEL.

Strengths	Weaknesses
• Favourable position in terms of the major urban centres and transit hubs of the country (Larnaca, Nicosia, Limassol, Larnaca airport, Larnaca port). • Production of agricultural and livestock products and significant processing activity (honey, oil, dairy, local traditional products, etc.). • Production of products designated as PDO and PGI. • Dynamic tourism sector and significant tourism market in the coastal zone and in the urban centre of Larnaca. • High-quality tourist infrastructure, especially in agritourism. • Important background for the development of specialised forms of tourism (religious, sports, nature-loving, gastronomic tourism). • Active local bodies and associations, able to develop actions in the area. • Active scientific institutions and educational centres oriented towards the development of collaborations and workshops with local businesses and agencies. • Rich natural environment (flora, fauna, protected/designated areas).	• Particularly large underemployment and high unemployment, despite the trend of improvement in recent years, with the problem being even more acute for the female population. • Very low rate of higher education of the population, especially in remote areas and lack of specialised and qualified human resources (e.g. in circular economy or modern technologies). • Lack of education, health, sports, welfare and social care infrastructure and services in rural areas. • High dependency ratio compared to the national index and high ageing ratio in disadvantaged areas. • Shrinkage of primary and secondary sectors and declining trend of their contribution to GDP. • Significant number of small processing units, family-run, of low productivity with deficiencies in the adoption of modern technologies and innovations. • Limited promotion of local, agri-food and non-food products, local gastronomy and local identity. • Low degree of business extroversion. • Limited interconnection of agri-food with the tourism and research sector.

• A significant number of walking, hiking and cycling routes, as well as viewing and bird watching sites. • Significant tangible and intangible cultural heritage/tradition as well as a rich historical stock. • Existence of traditional settlements of high aesthetic value and traditional buildings linked to agricultural activity. • Variety of traditional products and professions that are a background for the development of the Cultural Creative Industry.	• High seasonality of the offered tourist product, dependence on the "sun and sea" model and a limited offer of specialised tourist products and services. • Limited use of Information & Communication Technologies for the enrichment of the tourist product, as well as low development of start-up entrepreneurship. • Limited use of IT & Communication Technologies to improve the quality of life of the residents of remote areas. • Low degree of creation of partnerships and clusters (spatial, sectoral, cross-sectoral). • Inadequate management, protection and promotion of the environmental stock and lack of environmental awareness. • Low degree of adoption of circular economy applications and degradation of the environment from the incomplete management of waste from agricultural, livestock and processing units. • Limited use of renewable energy sources and energy and natural resource saving systems. • Problematic and incomplete sewage network and solid waste management and recycling infrastructure, especially in remote areas. • Inadequate management, protection and promotion of the cultural stock.
Opportunities	**Threats**
• Highlighting the role of agri-food in all national and European policies and contemporary consumer trends for local, healthy, environmentally responsible, innovative, high quality and nutritional value standardised agri-food products. • Existence of family enterprises.	• Declining consumer purchasing power due to inflationary pressures affecting demand for high-quality agri-food products. • Increase in the market share of supermarkets, the placement of imported and cheaper products on the shelf and the reduced bargaining power

• International increase in demand for specialised forms of tourism (e.g. culinary, hiking and sports tourism). • Investment interest from individuals for the development of entrepreneurship. • Creation of new and modernisation of existing folk art businesses and their connection to the tourist market. • Development of local networks between similar businesses, with the aim of improving the products produced, the services provided and the organisation of their promotion. • Cooperation between small local businesses. • Smart villages: cooperation for the holistic and innovative development of villages. • Upskilling and specialisation of human resources to combat digital illiteracy and promote green growth. • Supporting families with the creation and upgrading of basic services that will improve the quality of life and the retention of the population in rural areas.	of local businesses vis-à-vis the distribution networks. • Bureaucratic and time-consuming procedures for securing the required permits.

3.1.6 Conclusion

As can be seen from the above detailed description, the area of Rural Larnaca is characterised as purely rural and is mainly mountainous to semi-mountainous. It has recorded a significant increase in the local population during the last decade. That alone gives a wrong impression about the rural area, especially the small, less favourable, and almost abandoned villages in the mountainous area. The population increase is mostly seen in the coastal villages of Rural Larnaca and not in the inland area which seems to still suffer from depopulation and an ageing population. It is notable that in the mountainous villages the ageing index is by far exceeding the average national and regional levels. A positive for the area is the fact that the youth index is slightly higher than the national equivalent and that the dependency index is also slightly higher than the corresponding value at country

level. In both cases there are discrepancies between the communities, which are not huge, with some exceptions in small villages.
The economic activity of the area is mainly dominated by the tertiary sector in terms of employment of the local population, followed by the secondary sector, which is mostly an agri-food sector, and then the primary sector.
In the case of the primary sector, the large majority of the rural population are engaged in crop production with several mixed holdings, while some are exclusively engaged in livestock production. The main characteristics of the agricultural production are the consistently weighted importance of olive cultivation, while various fruits and vegetables are produced. In particular, the primary sector is of high importance in terms of income, as it supplements the income of the residents of rural areas.
The secondary sector mostly consists of the processing of agricultural and livestock products and the construction sector. It mostly relies on very small or small and medium-sized enterprises, some of which are seasonal in nature. A dominant position in the manufacturing activity is held by the food industry, both in terms of the number of stores and in the employment by the manufacturing industry.
The main sector of economic activity is the tertiary sector, with the tourism sector being the dominant one. The wholesale and retail trade and catering services are also among the most important sectors of the area.
Rural Larnaca has a remarkable natural environment with rich flora and fauna that needs protection and exploitation. It also has a huge wealth of historical and cultural elements, both tangible and intangible, from Neolithic settlements, Byzantine monasteries, gastronomy, local traditions among others. These cultural assets and the cultural landscape can be a key resource for communities' wellbeing, cultural tourism attractiveness and social inclusion. They can become cultural tourism destinations based on a transformative travel experience that stimulates people to learn about sustainable lifestyles, traditional skills, cultural, natural and spiritual experiences that go far beyond the usual tourism activity. Rural Larnaca, despite facing many common disadvantages as other rural areas in Europe, also has significant unique advantages, if they can be developed sustainably, they can become a key resource of economic and social development.

3.2 Appennino Pistoiese - Tuscany (Italy)

3.2.1 Introduction

Appennino Pistoiese is an area located in the Tuscany region, in central Italy. It is a mountainous and foothill region, with its highest peak reaching 2,000 metres, encompassing a rich natural heritage characterised by diverse landscapes and extensive wooded areas.
Appennino Pistoiese includes three municipalities: Abetone Cutigliano, Sambuca Pistoiese, and San Marcello Piteglio, spanning a total of 286.96 km^2 with a population of 10,800 inhabitants recorded in 2023. In recent decades, the area has been affected by depopulation, particularly among the younger demographic, indicating that the primary

factors driving the exodus from these areas are the challenges in securing satisfying employment and difficulties in accessing essential services.
The economic identity of the region is closely linked to the harmonious interaction between human activities and the surrounding environment. Actually, the main economic sectors of the region involve the forestry, tourism and mechanical industries. Agricultural resources, considered natural assets, remain untouched by farming practices, making them inherently free from any contamination. This unique environment enables the production of naturally organic and high-quality products such as blueberries, mushrooms, and chestnuts. Additionally, there is a thriving livestock activity focused on the production of exceptional sheep cheese and dairy products.
Appennino Pistoiese offers a dense network of paths during the summer months and a snow system during the winter months. Embedded within this expansive heritage are community hubs; a string of urban settlements and villages, each possessing unique traits. However, they are to be perceived collectively, forming an interconnected ecosystem of relationships among the inhabitants of the Pistoia mountains.
In order to provide a detailed picture of the area, this chapter is structured as follows. Section 3.2.2 presents the characteristics of the Apennine Mountains of Pistoia, focusing on demographic, climatic, natural, cultural, infrastructure, and mobility information, as well as internet infrastructure. The economic analysis of the area will be detailed in section 3.2.3. Sections 3.2.4 and 3.2.5 synthesise the pilot area, concluding with the SWOT analysis of the Apennine Mountains of Pistoia.

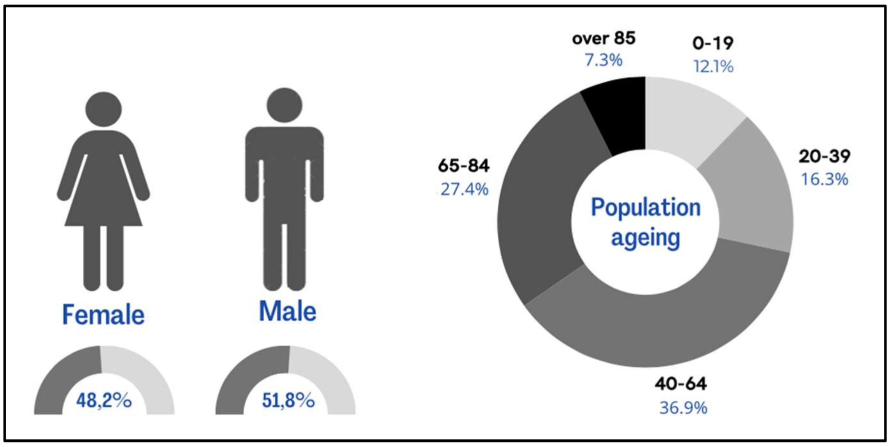
3.2.2 Characteristics of the pilot area

Appennino Pistoiese is situated within a mountainous area in the heart of Tuscany, in the northwest of Italy. It stretches along the Tuscan side of the northern Apennines, occupying a transitional position between the Po Valley to the north and central Tuscany to the south. This mountainous area is characterised by a series of mountain ranges, deep valleys, and rivers that carve through the landscape, creating a varied and picturesque geography. To the north, the Appennino Pistoiese borders the Emilia-Romagna region while, to the south, it extends towards the province of Pistoia and the Tuscan plains. This border position has influenced not only the geography but also the history, culture, and even the economy of the area, contributing to a rich diversity of experiences and traditions.
The mountains of Appennino Pistoiese feature a series of peaks reaching over 2,000 metres in height. These peaks offer breathtaking views and ideal terrain for outdoor activities such as hiking, mountaineering and skiing.
The deep valleys and rivers that cross the region are often dotted with ancient medieval villages, a testament to the area's rich historical and cultural heritage. These villages, situated on steep ridges and hillsides, offer a fascinating combination of traditional architecture, narrow cobblestone streets, and characteristic squares.

3.2.2.1 Demography characteristics of the area

The territory of Appennino Pistoiese under analysis - comprising the municipalities of Abetone Cutigliano, Sambuca Pistoiese and San Marcello Piteglio - spans a total of 286.96 km^2 with a total of 109,800 inhabitants recorded in 2023. The population density averages around 38 inhabitants per square kilometre. However, it is worth noting that, due to the terrain's characteristics and the presence of essential services, residents tend to concentrate in urban centres. The population density in the Pistoia mountains is half the regional average (GAL Montagna Appennino, 2023).
Figure 1 reveals a balanced gender distribution within the population. When it comes to age demographics, there is a notable prevalence of individuals aged between 40-64 years (36.9%) and those between 65-84 years (27.4%). The calculation of the old-age index, comparing the population over 65 with the youthful population (0 to 14 years old), highlights a significant degree of population ageing in the Appennino Pistoiese area. The index stands at 419%, signifying that the population over 65 is four times that of the young population. This data underscores the demographic challenges faced by the region, particularly when juxtaposed with the regional average, where there are two individuals over 65 for every young person.

Figure 2. Population analysis of the area of Appennino Pistoiese



Source: data processing of National Statistical Institute (ISTAT)

The population of the Appennino Pistoiese region has experienced a significant demographic decline since the year 2000, with a more pronounced negative trend observed in the last decade. Specifically, the data reveals a decrease of 2.4% in 2011 compared to 2002 and a further decline of 14% in 2023 compared to 2011. This depopulation phenomenon in the region has also affected other areas in the Italian Mediterranean, driven by various factors such as the lack of services and infrastructure, migration towards urban centres, decline in agriculture and traditional activities, population ageing, or socio-economic changes.

3.2.2.2 Climate

The Appennino Pistoiese Apennines, with peaks reaching nearly 2,000 metres, ranks among the chilliest areas in Tuscany. The climate is characterised by significant temperature variations between winter and summer, typical of a continental climate. Winters, spanning from November to March, average around 0°C in the coldest months, with occasional dips as low as -10°C. Conversely, summer days sizzle with highs nearing 30°C, while nights bring relief at 10-15°C.

This area's climate, known for its severe winters and heavy snowfall, has nurtured a winter tourism industry closely intertwined with skiing, pivotal for the area's mountainous development post-World War II. Abetone, an early adopter, boasted Italy's inaugural ski lifts back in 1937. However, recent decades have witnessed a dwindling winter tourist influx, attributed to factors like increased tourist mobility, competitiveness with other ski destinations and climate change. On the climate change front, the Environmental Monitoring and Modelling Laboratory for the Sustainable Development (Lamma) data reveals temperature hikes in the past 70 years, with summer soaring by +2.3°C, spring by +1.9°C, winter by +1.8°C, and autumn by +1.1°C. Moreover, cold snaps have waned in frequency and duration, while heatwaves proliferate. These climate shifts exacerbate challenges for the ski season, delaying its onset and shortening its duration compared to yesteryears, impacting the region economically, environmentally, and socially.

3.2.2.3 Natural conditions

Appennino Pistoiese covers an area of 152 km^2 and stands out for its predominantly mountainous landscape, characterised by low-lying woods and extensive high-altitude forests (10,000 hectares). The woodland significantly shapes the landscape of the Appennino Pistoiese region, with beech, chestnut, oak, mixed broad-leaved forests prevailing, alongside mixed broad-leaved and coniferous woods, as well as pure stands of white fir and other conifers. The agricultural landscape, marked by the predominance of mixed crops, mirrors the typical layout of mountainous areas. Settlements in smaller valleys and upper slopes gradually disperse as distance from nuclei increases, sometimes due to worsening morphological conditions.

The forests that characterise the Appennino Pistoiese region are rich in potable water sources and forest products such as blueberries and porcini mushrooms. The forest is undoubtedly a valuable asset for the various ecosystem services it provides. However, it also represents an uncontrolled phenomenon, common throughout Tuscany, with a daily increase of several square meters of unmanaged forested area, which brings with it various issues. An additional problem for forested areas is the fragmentation of properties and the difficulty in identifying landowners due to depopulation and inheritance transfers.

Overall, the area offers a variety of microenvironments and altitudinal gradients, indirectly creating microclimates favourable for the settlement of many plant and animal species, thus making a significant contribution to Tuscany's biodiversity. Appennino Pistoiese hosts six sites included in the Natura 2000 network (Table 9).

Table 9. Natura 2000 sites and extension

Natura 2000 sites	Surface (mq)
Alta valle del Sestaione	82,835,.180
Campolino	13,184,467
Abetone	62,418,281
Pian degli Ontani	67,065,452
Libro Aperto - Cima Tauffi	35,982,563
M. Spigolino - M. Gennaio	49,301,843

Source: Tuscany Region

Given the natural resources characterising the Pistoiese Mountains, here are some notable natural sites: Abetone Forest Botanical Garden, Acquerino Forest, Lago Nero (Black Lake) and Teso Forest.

3.2.2.4 Cultural heritage

The cultural heritage of Appennino Pistoiese reflects its rich and diverse history. Traditions passed down from generation to generation, along with historical and artistic testimonies, constitute a treasure of immeasurable value for the region. From medieval villages to Romanesque churches, from ancient transhumance routes to culinary traditions; each element tells a part of the history and identity of Appennino Pistoiese. The traditional livelihoods once practised in the territory, such as ice production in icehouses, hydraulic energy for ironworking in ironworks, abundant timber for charcoal production in charcoal kilns, as well as the exploitation of forest products, stone processing, agriculture, grazing, and sheep, cattle, and pig farming, are now significant cultural heritage sites to explore and visit.

In order to coordinate the preservation and management of these main cultural heritage sites scattered across the territory, the Ecomuseum of the Pistoiese Mountains was established in 1990, representing the first experiment of a territorial museum system. The ecomuseum consists of six main outdoor itineraries for discovering the identity of the territory: the ice itinerary, the iron itinerary, the sacred art itinerary, the daily life itinerary, the naturalistic itinerary, and the stone itinerary.

Among the main cultural sites to mention are: The Museum and SMI Shelters, The Suspension Bridge, The Astronomical Observatory, The Ferruccio Museum, The trails and paths that cross the Pistoiese Apennines (Via Romea Strata, Cammino di San Bartolomeo, Sentieri Segnavie).

Appennino Pistoiese is also renowned for its intangible cultural heritage, deeply connected to the ancient tradition of singing. To revive this tradition, a project entitled "On the Paths of Songs: Touring the Pistoiese Mountains Between Past and Present" has been launched, aiming to organise and catalogue the available sound materials.

Furthermore, each year, Appennino Pistoiese hosts events designed to promote and celebrate its unique territory. Notable examples include the Blueberry Festival, the Donkey Palio, Carnival of the Mountain, Django Festival and the festival of Santa Celestina with the flight of the air balloon. Furthermore, the Adventure Outdoor Fest is also highlighted as an event that every year brings together people to re-connect with nature through outdoor sports, open-air activities and workshops.

Additionally, it is important to highlight the presence of the Dynamo Oasis in the area, established in 2006 and affiliated with WWF, that offers a range of nature-based and sports activities, along with summer camps and family excursions. Within the Dynamo Camp, a hub for recreational therapy, children and teenagers aged 6 to 17 with severe or chronic illnesses are welcomed free of charge, both during active treatment and in the post-hospitalisation phase.

3.2.2.5 Infrastructure and mobility

Appennino Pistoiese, spanning across a vast territory with an average altitude of over 600 metres above sea level, occasionally reaching nearly 2,000 metres, lies more than 30 kilometres away from Pistoia, the provincial capital. Access to this area primarily relies on the main road, a dual carriageway with two lanes, serving as a vital artery connecting the various municipalities and territories of Appennino Pistoiese.

This area can be reached through daily public transportation services, such as buses, directly linking the city of Pistoia with Appennino Pistoiese, as well as through internal routes connecting the various municipalities. Additionally, another type of transport is the railway line traversing the territory, facilitating connections between the city of Pistoia, in the Tuscany region, and the city of Bologna, in the Reggio Emilia region. Regarding air transport, the nearest airport to Appennino Pistoiese is located in Florence, over 60 kilometres away from the area.

Despite the presence of a railway line and public transport services, we underscore the scarcity of mobility options for residents and visitors due to the limited frequency of daily trips and insufficient coverage across the area. Moreover, there is a lack of interconnecting public transport between municipalities in the Appennino and the city of Pistoia. Compounding the issue, the main road linking Pistoia to the Appenino suffers from damage in certain sections. Lastly, it is worth noting that the municipality of Sambuca Pistoiese has stronger ties with municipalities in the Emilia Romagna region than with those in Tuscany.

3.2.2.6 Internet infrastructure and available digital services

According to data released by the statistical office of the Tuscany Region (2023), there has been a consistent increase in the percentage of Tuscan households equipped with home internet access, rising from 77.6% in 2018 to 84.8% in 2023. Moreover, broadband connectivity has reached 80.8%. The historical series shows a progressive growth in internet users both nationally and in Tuscany, with the region consistently exceeding the national average.

Internet connectivity in rural areas, such as Appennino Pistoiese is, one of the primary challenges for these territories (table 10). The reasons for lower connectivity in these areas are mainly due to factors like low population density and geographical features that make the installation of cables or towers more complex and costly. In order to bridge the digital divide between urban and rural areas and mitigate depopulation in disadvantaged areas, the Tuscany Region is actively working to provide high-speed internet access to citizens. This involves implementing projects to deploy ultra-wideband FTTH (Fibre To The Home, fibre optic, speeds of at least 100 megabits per second) and FWA (Fixed Wireless Access, wireless speeds of at least 30 megabits per second). These initiatives aim not only to enhance connectivity for citizens but also improve the competitiveness of businesses and the attractiveness of these regions. The municipality of San Marcello Piteglio is among the areas where the region has allocated over five million euros to lay fibre optic cables, enabling fast internet connections of up to one hundred megabits per second.

Table 10. Territory covered by broadband

Municipality	Total cells 20m x 20m	Cells 20m x 20m FTTH	FTTH coverage percentage % 2023
Abetone Cutigliano	1,700	289	17%
Sambuca Pistoiese	1,070	0	0%
San Marcello Piteglio	4,321	0	0%

Source: Tuscany Region

3.2.3 Economic analysis

In Appennino Pistoiese there are over 1,000 businesses operating across various economic sectors (see Table 11). The primary sector is predominantly represented by companies engaged in agricultural cultivation, animal product manufacturing, and forestry and forest area utilisation. Meanwhile, the secondary sector is primarily composed of construction firms, metallurgical companies operating in the wood industry, and wood product manufacturers. Finally, in the tertiary sector, there is a prevalence of businesses involved in machinery and equipment repair, maintenance, and installation, followed by those in the restaurant and accommodation services.

The number of employees in businesses within the area is slightly above 33 units per 100 inhabitants, far below the regional average of over 46 employees per 100 inhabitants (GAL Montagna Appennino, 2023). The scarcity of job opportunities forces many workers into daily commuting, sometimes particularly challenging, while prompting others to relocate elsewhere in search of housing closer to their workplace.

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Table 11. Number of business entities by economic sector

Economic sector	No. of business entities
Primary Sector	185
Agricultural crops and production of animal products	113
Forestry	71
Fishing	1
Secondary Sector	316
Manufacture of:	
Food products, beverages and tobacco products	12
Textile, wearing apparel, leather and related products	3
Wood, paper, printing and reproduction	26
Coke and refined petroleum products	1
Metallurgy and manufacturing of metal products	45
Rubber, plastic products, other non-metallic mineral	4
Other manufacturing industries	7
Electrical equipment	1
Other machinery and equipment	4
Motor vehicles, trailers and semi-trailers	1
Other transport equipment	3
Repair and installation of machinery and equipment	9
Water supply; sewerage networks	7
Construction	193
Tertiary Sector	650
Wholesale and retail trade; repair of cars and motorcycles	236
Transport	28
Accommodation (e.g. hotels)	40
Food service activities (e.g. restaurants)	116
Information and communication	17
Financial and insurance activities	18
Rental and operational leasing activities	12
Services activities of travel agencies and tour operators	4
Building and landscape services activities	18
Support activities for office functions and other business support services	6
Real estate activities	34
Professional, scientific and technical activities	14
Education	4
Human health and social work activities	43
Arts, entertainment and recreation	15
Other service activities	45

Source: Tuscany Region (2023)

The municipalities of Appennino Pistoiese are characterised by three main economic sectors: mechanics, forestry and tourism.

The mechanical sector boasts a long-standing tradition of presence in the area, largely due to the Italian Metallurgical Society (SMI), which focused on wartime production and experienced significant growth from 1910 to 1950, only to decline rapidly and close the establishment located in Campo Tizzoro (municipality of San Marcello Piteglio) by the late 1990s. The 2,000 employees of SMI in the 1940s, alongside associated subcontractors, shaped the industrial culture of the area and disseminated skills for managing businesses related to mechanical technologies. These skills are now extended across various manufacturing sectors, with a diverse array of industrial enterprises present, spanning mechanical technologies and other distinct industrial sectors. A highly heterogeneous entrepreneurial landscape represents an advantage for the area, fostering considerable production diversification and reducing reliance on the fortunes of a single sector or major client, a trend seen in other entrepreneurial contexts. To thrive in the market, small to medium-sized enterprises in the area distinguish themselves through the quality of the final product, customisation of production, and production flexibility. These characteristics have allowed companies to not only consolidate their presence in the domestic market but also expand internationally. There are currently 56 companies with a mechanical engineering ATECO code in the area, with approximately 320 employees and over 100 members/title holders.

Tourism is another crucial sector for the territory of Appennino Pistoiese, characterised by a high concentration of arrivals and stays during two well-defined periods of the year: i) winter, in the months of January and February; ii) summer, in the months of July and August. In 2023, there were a total of 52,980 arrivals and 157,078 overnight stays according to data released by the statistical offices of the Tuscany region. It is worth noting that over 90% of the recorded arrivals were from Italian tourists, highlighting a strong presence of domestic tourism and a corresponding absence of foreign visitors. The average length of stay in 2023 was 3 nights per customer over the course of the year. Tourism in Appennino Pistoiese represents approximately 6% of the total for province of Pistoia, which records a total of 865,842 arrivals and 2,296,615 overnight stays, according to data from the Tuscany Region. As revealed by the data, the territory offers both summer and winter activities, attracting different types of tourists during the two seasons: predominantly sports tourism during the winter months, while during the summer months there is a more varied tourism, ranging from those who come to discover the flavours and natural beauty to those who engage in outdoor sports or leisure activities (e.g., trekking, biking). Despite recent climate changes, the Pistoiese Mountains retain their uniqueness with snowfall during winter, a feature uncommon in the Tuscany Region. Conversely, the cool summers provide a refreshing escape from the urban heat prevalent in many cities, aided by the evident "heat island" effect.

The forestry sector, encompassing forest management, industrial processing, distribution networks, and cultivation and breeding activities, is another vital economic pillar for the territory. Data provided by Montagna Appennino (Integrated Local Development Strategy,

2016) reveals that in the Pistoiese Mountains, forests cover 78% of the territory, while Agricultural Land Use (ALU) represents 18%. Over the 2000s, there has been a decline in ALU and a corresponding increase in forested areas. Primary cultivations include permanent grasslands (59% of ALU), woody crops (27%), and arable land (14%). Despite their historical importance for income and sustenance, forested areas are now often abandoned, with small plots mostly lacking local owners due to depopulation. Consequently, neglect of these areas has led to hydrogeological imbalances and economic disparities, further driving the abandonment of the Pistoiese Mountains. However, various mountain products underscore the forestry sector's impact on the local economy, though its significance (in terms of employment or turnover) is lower compared to industrial or tourism sectors. Recognising this, the Rural Forestry District of the Pistoiese Mountains was established in 2012. It encompasses the production of firewood, wood chips, and timber, alongside cattle and sheep farming for milk and meat production. Additionally, it includes the production of cow and sheep cheeses (such as raw milk pecorino, characteristic of the Cutigliano area), the collection and processing of forest products (approximately 300 quintals annually), blackberries, and chestnuts (with a flour production of about 50 quintals annually), the cultivation of the prized white mountain potato (approximately 300 quintals annually), breeding of the Cinta Senese pig and the production of cured meats, and sheep farming.

3.2.4 Pilot areas of project implementation

The Tuscan pilot area comprises three municipalities included in the Union of Mountain Municipalities. In particular, the municipalities involved are:

- San Marcello Piteglio serves as the principal town, acting as the primary service hub for the Montagna Pistoiese. It boasts a solid infrastructure for commercial services and retains the quintessential village charm, exerting a significant allure.
- Abetone Cutigliano stands as the pivotal identity marker and tourist hotspot within the entire district. Known for its association with winter snow activities, it faces considerable challenges amidst the ongoing climate change crisis.
- Sambuca Pistoiese, somewhat distanced from the core of the Pistoia mountains due to antiquated and inefficient connectivity, nevertheless maintains ties with Emilia Romagna. It is distinguished by a collection of small villages that embody its most compelling and attractive identity facet.

The Union of Mountain Municipalities of the Pistoia Apennines is a member of the Local Action Group (LAG) Montagnappennino, associate partner of the REVIVE project. LAG consists of public authorities and private players with the aim of promoting local development in rural areas with an integrated bottom-up approach and the commitment of various stakeholders. Furthermore, LAG's mission is to manage LEADER funds provided by the European Community, in order to implement Measure 19 of the Rural Development Plan issued by Tuscany Region. Last December 2023, the Montagnappennino LAG approved its own Local Development Strategy, "Inhabiting Places, Community Building

Strategies" to which we intend to refer in the construction of the pilot initiatives and activities.
This pilot area has a real vocation to face collaboration economic models' challenges. Policy makers, associations, and little but vibrant economic operators are engaged in some specific project (co-designed) aimed to strengthen the community. Among these, we can mention the community of paths, the energy community, the food community, and the forest community.
The "Community of Paths" project aims to establish a comprehensive network of organic pathways connecting all hamlets, creating an infrastructure that fosters the development of a unique territorial identity.
"Energy Community" is an associative experience in which a number of small energy producers come together to maximise self-production and self-consumption of the energy resource.
The "Forest Community" seeks to bring together small properties into collective funds, fostering associations among owners. This collaborative approach aims to reshape the perception of the forest, emphasising economic sustainability as a guiding principle.
The "Food Community" offers an alternative and supportive model for food sourcing, promoting sustainability, solidarity, and the well-being of people and the environment. A fundamental characteristic of food communities is their commitment to sustainable agricultural practices and access to high-quality food.

3.2.5 SWOT analysis of the area

The analysis of the context of Appennino Pistoiese, supported by the analysis carried out by the GAL Montagna Appennino and included in the local development strategy "Strategia integrata di sviluppo locale" and "Abitare i luoghi, strategie di costruzione comunitaria - CSR 2023/2027 Regione Toscana" has allowed us to delineate the key points to include in the SWOT analysis".

Strengths	Weaknesses
• Richness and variety of biodiversity, with diversification of forest types. • Rich cultural, architectural, natural, and historical heritage. • Good international commercialisation and market diversification. • Strong positioning in global value chains. • Presence of a significant number of biomass thermal power plants	• Demographic decline and high elderly population index. • Risk of skills loss in productive sectors due to business closures. • Inhomogeneous territorial distribution of local services, especially to the detriment of historic centres. • Limited generational renewal in entrepreneurial realities due to demographic fragility.

supporting the forest-wood-energy chain, also aided by the presence of the Mo.To.R.E Consortium as a catalyst for initiatives in the Pistoiese Mountains. • Presence of high-quality artisanal productions and a strong identity link between production and identity (protected designation of origin - DOP and protected geographical indication - IGP certifications), also supported by the presence of the Mountain Pistoiese Food Community. • Presence of ski facilities. • Well-structured local naturalistic network with a planned network of trails. For example, the Segnavie Project connects approximately 150 km of trails through a series of thematic itineraries. • Numerous entities from the third sector associations, informal associations and volunteerism.	• Distance from services and limited mobility services for residents in non-capital centres. • Low level of entrepreneurship in the social sector. • Strong concentration of Agricultural Utilised Area due to widespread phenomena of abandonment and denaturalisation. • Reduction in the number of workers in agriculture. • Modest business sizes. • Fragmentation of properties and territory. • Challenges in transferring good practices to support young entrepreneurs and innovation in companies. • Lower average income compared to the regional average. • Territories at high risk of hydro-geological events and wildfires.
Opportunities	**Threats**
• Richness of historical, artistic and cultural heritage, both tangible and intangible. • High interest in typical and high-quality productions from niche market segments, focusing on short supply chains and culinary tourism. • Significant presence of well-established popular traditions. • Presence of the Porrettana railway as a potential axis for tourist itineraries. • Dynamism and activism of the third sector associations and unrecognised informal associations. • Potential added value from integration with the Italian Recovery	• Competition from better-known and more structured territories. • Impoverishment of the productive fabric due to decentralisation aimed at increasing sectoral competitiveness. • Competition from large-scale retail chains and online sales platforms against small retailers. • Isolation and marginalisation of entrepreneurial experiences. • Risks of high production costs due to geomorphological and environmental factors. • Continued encroachment of forests on agricultural land.

and Resilience Plan (PNRR) interventions. • Opportunity to develop and promote ecosystem services provided by forests. • Development and production of wooden materials for bioconstruction. • Increasing demand for precision craftsmanship.	• Abandonment of territory and forests, with the presence of invasive species and the spread of non-native species. • Loss of the landscape structure characterising the territorial context of historic centres. • Climate change. • Absence of wide-area strategies for strengthening identity image. • Limited propensity for creating businesses in the cultural and natural heritage sector.

3.2.6 Conclusion

Given its peculiarities, as well as the daily environmental, social, and economic challenges, Appennino Pistoiese is the pilot area involved in the implementation of activities under the REVIVE project in the Tuscany region.

Appennino Pistoiese has a rich historical, natural, and cultural heritage, with a well-established economic framework; however, the risks are being compromised due to service cuts and depopulation. Therefore, the municipalities of this rural and mountain area require heightened attention in developing new collaborative business models for the revitalisation of the area.

For this reason, the pilot area of the REVIVE project will be implemented in this representative territory. Furthermore, the pilot area has a real vocation to face collaboration economic models' challenges. Policy makers, associations, and little but vibrant economic operators are engaged in some specific project (co-designed) aimed to strengthen the community.

3.3 Istria County (Croatia)

3.3.1 Introduction

The pilot area, where the Institute of Agriculture and Tourism will implement the project, is situated in the rural part of Istria County, specifically comprising the territory of the town of Buzet, and the municipalities of Oprtalj, Lanišće, Cerovlje, and Lupoglav. Given the above, this paper will analyse Istria County. It is the westernmost county in the Republic of Croatia, covering the majority of the Istrian peninsula. Istria is the largest peninsula in the Adriatic Sea, located in the northeastern part of the sea. Due to its geographical location, it has

always represented a bridge that connects the Central European continental area with the Mediterranean.
The analysis was conducted through four chapters, followed by a conclusion. It begins with a chapter that refers to the characteristics of the region, including demographic features, climate conditions, natural environment, cultural heritage, infrastructure and mobility, internet infrastructure, and available digital services.
After analysing the aforementioned characteristics, the next step involved an economic analysis. It encompasses a description of the main economic activities typical for the area, the sectoral structure of the economy in terms of the number of legal entities and employees in each sector, as well as other important economic characteristics of the region.
In the third chapter, an overview of the project's pilot area is provided, covering the area of the town of Buzet, and the municipalities of Oprtalj, Lanišće, Cerovlje, and Lupoglav. Also, a SWOT analysis of the pilot area was conducted based on the analysis and information gathered from secondary research and residents. The analysis offers a detailed insight into the current state, including the strengths and weaknesses of the area, as well as the opportunities and threats present in its external environment.

3.3.2 Characteristics of the region/pilot area

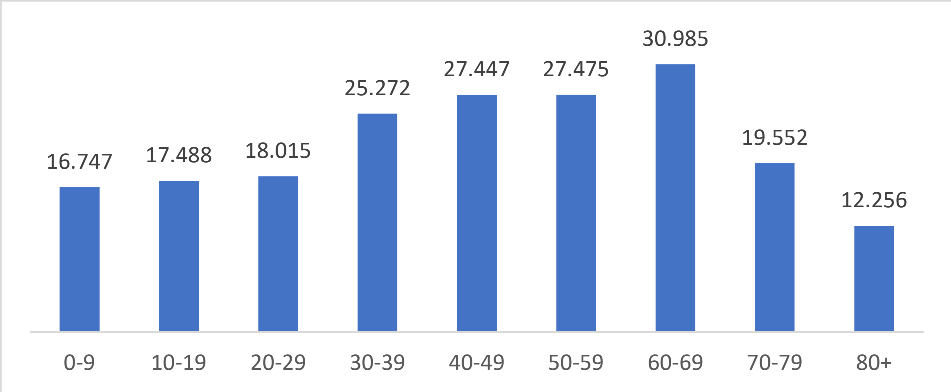
The next chapter pertains to the analysis of the characteristics of Istria County. It provides data on demographic, climatic, natural, cultural, transportation, and infrastructural features.

3.3.2.1 Demography characteristics of the area

According to the latest census from the year 2021, Istria County has a population of 195,237 inhabitants. Out of this number, 94,483 (48.3%) are male, and 100,754 (51.61%) are female. [89]
The graph below depicts the age structure of the population, providing an overview of the number of inhabitants in different age groups. It can be seen that the highest number of individuals (30,985) belong to the age group 60-69 years, followed by the age group 50-59 years (27,475), and then the age group 40-49 years (27,447).

[89] Croatian Bureau of Statistics (2022), *Census of population, households and dwellings in 2021 - population by settlements*, https://dzs.gov.hr/u-fokusu/popis-2021/88, reviewed 25.3.2024.

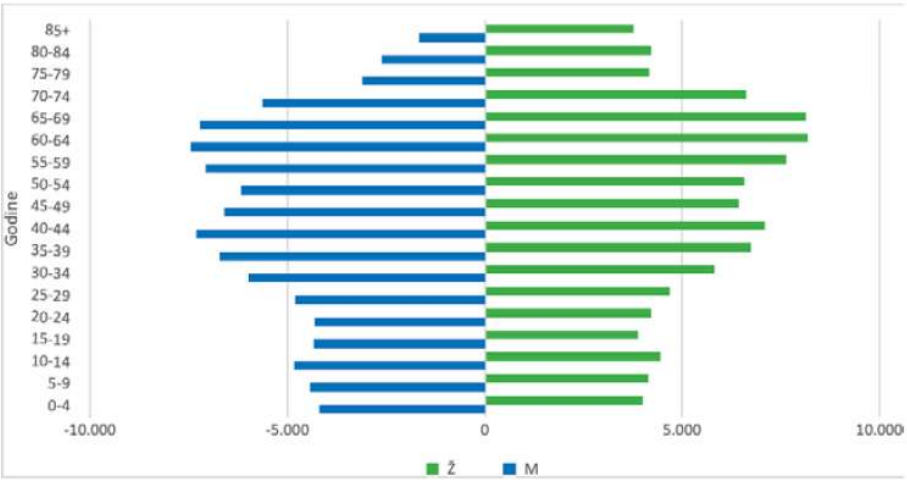
Figure 3. Age structure of the population, 2021



Source: Creation of the author according to the data from Croatian Bureau of Statistics (2022), *Census of population, households and dwellings in 2021 - population by settlements*, https://dzs.gov.hr/u-fokusu/popis-2021/88, reviewed 25.3.2024.

Below is a diagram of the age-sex structure of the population. The age groups are shown on the left. Blue colour indicates a male population, and green a female one. The depiction indicates a constrictive population pyramid, as its base is smaller than the central portion. This type of population is marked by a significant number of middle-aged and elderly individuals, and a smaller number of young people.[90]

Figure 4. Population pyramid, 2021



Source: Istarska županija (2021), *Plan razvoja Istarske županije za razdoblje 2022. – 2027., prilog 2: Analiza stanja*, 30, according to data from Croatian Bureau of Statistics, https://www.istra-istria.hr/media/filer_public/8e/80/8e80157e-c454-4217-b2c1-c6e592c64a92/240206_stanje_plana_2022-2027.pdf, reviewed 25.3.2024.

The key demographic challenge is the pronounced trend of population ageing. The average age of the population is 45.8 years. The primary indicator of ageing, the ageing coefficient

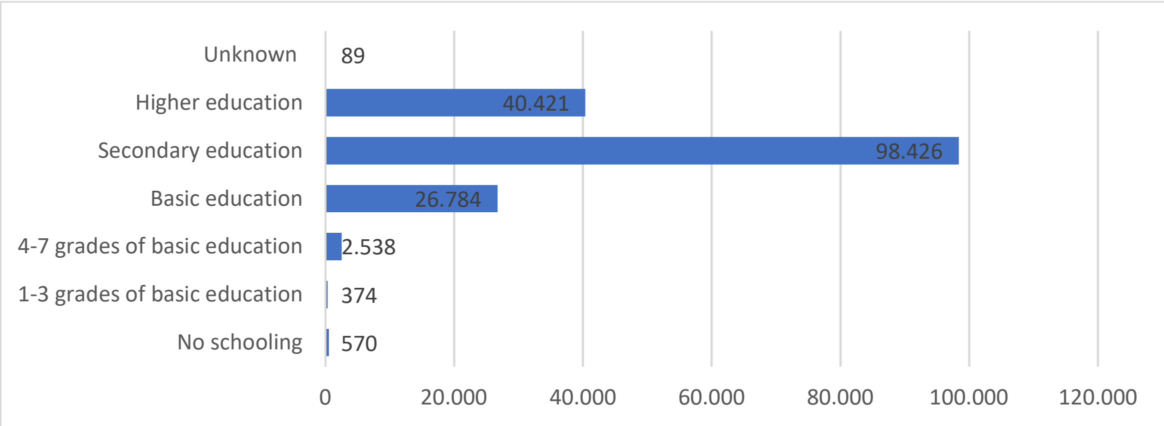
[90] National Geographic Society (n.d.), *Population Pyramid*, https://education.nationalgeographic.org/resource/population-pyramid/, reviewed 23.4.2024.

(32.1%) and ageing index (183.4%), indicate that the population is undergoing a profound ageing process.[91]

The population structure is characterised by multiculturalism and multi-ethnicity. The largest national minority in the area of Istria County is the Italian national community (5.01% of the population), followed by the Serbian (2.96% of the population), Bosniak (2.48% of the population), and Albanian (1.05% of the population) communities.[92]

The number of working-age population (population aged 15 to 64) amounts to a total of 122,043.[93] The following is a graph illustrating the structure of the population aged 15 and older based on their completed level of education. From the graph, it can be concluded that the majority of the population has completed secondary education (58.17%).

Figure 5. Population aged 15 and over by educational attainment, 2021.



Source: Creation of the author according to the data from Croatian Bureau of Statistics (2022), *Census of population, households and dwellings in 2021 - population by towns/municipalities*, https://dzs.gov.hr/u-fokusu/popis-2021/88, reviewed 25.3.2024.

Furthermore, the average population density is 69.41 inhabitants per square kilometre. The population is predominantly concentrated in urban centres. In the area of Istria County, there are 10 cities and 31 municipalities. Notably, the majority of the population (68.30%) lives in cities, while the remaining (31.70%) reside in municipalities.[94]

Considering older data, the 2011 census indicates the following: at that time, Istria had 208,055 inhabitants, comprising 101,162 (48.6%) males and 106,893 (51.4%) females.[95] Delving even further into the past, according to the census data from 2001, Istria County had 206,344 inhabitants, of whom 99,969 (48.4%) were males and 106,375 (51.6%) were females.[96] Comparing this data with the latest figures from 2021, it can be concluded that at the time of the last census, Istria had fewer inhabitants than in the previous two.

[91] Istarska županija (2021), *Plan razvoja Istarske županije za razdoblje 2022. – 2027., prilog 2: Analiza stanja,* 30, https://www.istra-istria.hr/media/filer_public/8e/80/8e80157e-c454-4217-b2c1-c6e592c64a92/240206_stanje_plana_2022-2027.pdf, reviewed 25.3.2024.

[92] Istarska županija, (2021) *Stanovništvo*, https://www.istra-istria.hr/hr/upoznaj-zupaniju/stanovnistvo/, reviewed 25. 3. 2024.

[93] Croatian Bureau of Statistics (2022), *Census of population, households and dwellings in 2021 - population by towns/municipalities*, https://dzs.gov.hr/u-fokusu/popis-2021/88, reviewed 9.4.2024.

[94] Istarska županija (2021), *Plan razvoja Istarske županije za razdoblje 2022. – 2027., prilog 2: Analiza stanja, 27,* https://www.istra-istria.hr/media/filer_public/8e/80/8e80157e-c454-4217-b2c1-c6e592c64a92/240206_stanje_plana_2022-2027.pdf, reviewed 25.3.2024.

[95] Croatian Bureau of Statistics (n.d.), *Population by age and sex by settlement, census 2011.*, https://web.dzs.hr/Hrv/censuses/census2011/results/xls/Nas_01_HR.xls, reviewed 25.3.2024.

[96] Croatian Bureau of Statistics (n.d.), *Population by age and sex by settlement, census 2001.*, https://web.dzs.hr/Hrv/censuses/Census2001/Popis/H01_01_01/H01_01_01.html, reviewed 25.3.2024.

3.3.2.2 Climate

The climate in the Istrian peninsula is conditioned by its position in the northern temperate zone, by the influence of western air circulation, and by the impact of the Adriatic Sea. The predominant climate in the Istrian region is Mediterranean. However, due to air currents flowing from the mountains and the proximity to the Alps, the Mediterranean climate gradually changes towards the inland of Istria, transitioning into a continental climate.[97]

Nevertheless, the Mediterranean climate largely determines the characteristics of Istria. The main characteristics of the Mediterranean climate are warm and dry summers. Winters are mild and pleasant, and snow is not a common occurrence. The average number of sunny hours per year is around 2,400 hours.[98] Along the coast, there is high insolation in summer, with a daily average of 10 hours, ensuring many sunny and clear days. [99]

Temperature is influenced by land, sea, and altitude. The coldest month is January, while the warmest months are July and August. The lowest coastal part of Istria has an average temperature above 4°C in January and, in July, the average temperature is between 22-24°C. Moving inland, as the altitude increases, the average January temperature decreases to 2-4°C, and in the highest northeastern areas, it drops below 2°C. In July, the average temperature inland ranges from 20-22°C, and on the highest peaks below 18°C. The Adriatic Sea provides a beneficial influence, which is reflected in the fact that summers on the coast are more pleasant, and winters are milder, compared to the inland areas. [100]

The amount of precipitation increases from west to east. Precipitation is most frequent during autumn, while it is the least during summer, at the end of winter, and at the beginning of spring.[101]

Common winds are bura, jugo, and maestral. Bura blows from the land towards the sea and brings cold, dry air and clear weather. Jugo is a warm wind that brings rain. Maestral, a mild and pleasant wind, blows in the summer.[102]

Climatic conditions in Istria are suitable for various outdoor activities throughout the year. Warm and sunny summer days make Istria an ideal place for going to the beach, sunbathing, swimming, various water sports, exploring cities and nature. Autumn is the time of harvesting olives and grapes, and spring represents the awakening of nature. These periods are ideal for long walks, an active stay in nature with pleasant temperatures and fewer crowds, as well as for organising various events and manifestations outdoors. Winter is not characterised by extreme cold, so it is also possible to stay outdoors in winter, with a peaceful atmosphere that reigns in Istrian cities and municipalities.

[97] Istramet (n.d.), *Klima u Istri*, https://www.istramet.hr/klima-u-istri/, reviewed 26.3.2024.
[98] Istarska županija (n.d.), *Zemljopisni podaci*, https://www.istra-istria.hr/hr/upoznaj-zupaniju/zemljopisni-podaci/, reviewed 26.3.2024.
[99] Istra experience, by Plava Laguna (n.d.), *Istarska klima*, https://www.istriaexperience.com/hr/istarska-klima/, reviewed 26.3.2024.
[100] Istramet (n.d.), *Klima u Istri*, https://www.istramet.hr/klima-u-istri/, reviewed 26.3.2024.
[101] Ibid.
[102] Ibid.

3.3.2.3 Natural conditions

The Istrian Peninsula is surrounded by the Adriatic Sea on three sides. Istria is connected to the Northern Adriatic, which is its shallowest part. During winter, the surface temperature of the Northern Adriatic is less than 8°C. In summer, the temperature ranges between 24-25°C. Pleasant temperatures, coupled with excellent water quality, make it suitable for swimming.[103] The Adriatic Sea is home to between 6 and 7 thousand species of plants and animals. The Istrian coast is an indented coast with many small islands and bays, and it is 539 kilometres long.[104]

Based on the geological composition and type of soil, Istria is divided into three parts – Bijela Istra (White Istria), Siva Istra (Grey Istria) and Crvena Istra (Red Istria).[105] White Istria encompasses the hilly and mountainous area of Ćićarija and Učka in the northeast of the Istrian peninsula. The characteristics of this territory are karst relief, barren peaks, and cliffs of white limestone rocks, which is why the area is called White Istria.[106] Grey Istria includes the central part of the peninsula. It is an area of impermeable flysch deposits with a large proportion of grey clay.[107] That is where the Istrian rivers Mirna, Dragonja, and Raša originate.[108] Red Istria represents the low and flat coastal area of Istria where red soil predominates. The valleys of the Mirna and Raša rivers, as well as the Lim Bay, are carved into the plain, dividing it into several sections.[109]

The peninsula is not lacking in water thanks to impermeable flysch deposits. The most significant surface watercourses are the rivers Mirna, Raša, Boljunčica, Dragonja, and the disappearing river Pazinčica. Mirna, with its 53 km, is the longest and most water-rich river in Istria, originating near the town of Buzet and flowing into the Adriatic Sea near the town of Novigrad. Lake Butoniga and Boljunčica River are important for water supply.

Istria has a rich and diverse vegetation. Forests cover a third of the Istrian peninsula[110] and stretch from the coast to the mountain peaks of Učka and Ćićarija.[111] The area of the county can be divided into two forest regions - the Mediterranean and the Eurosiberian region. The Mediterranean region covers most of Istria and is characterised by holm oak, black ash, honey oak, and white and black hornbeam. The Eurosiberian zone is located on a narrow belt of the highest mountain parts of Ćićarija and Učka, and beech and black pine are typical for that area.[112] The animal world on land is also rich and diverse. Istria is home to 93 species of mammals, 229 species of birds, 42 species of reptiles, many different insects, and amphibians.[113]

[103] Kamping udruženje hrvatske (n.d.), *Kakvoća mora*, https://www.camping.hr/hr/hrvatska/kakvoca-mora, reviewed, 2.4.2024.
[104] Istarska županija (n.d.), *Zemljopisni podaci*, https://www.istra-istria.hr/hr/upoznaj-zupaniju/zemljopisni-podaci/, reviewed 2.4.2024.
[105] Istrapedia (2009), *Geomorfologija (Bijela, Siva, Crvena Istra),* https://www.istrapedia.hr/hr/natuknice/851/geomorfologija-bijela-siva-crvena-istra, reviewed 29.3.2024.
[106] Istarska županija (2021), *Plan razvoja Istarske županije za razdoblje 2022. – 2027., prilog 2: Analiza stanja,* 13, https://www.istra-istria.hr/media/filer_public/8e/80/8e80157e-c454-4217-b2c1-c6e592c64a92/240206_stanje_plana_2022-2027.pdf,, reviewed 2.4.2024.
[107] Istrapedia (2009), *Geomorfologija (Bijela, Siva, Crvena Istra),* https://www.istrapedia.hr/hr/natuknice/851/geomorfologija-bijela-siva-crvena-istra, reviewed 2.4.2024.
[108] Istarska županija (2021), *Plan razvoja Istarske županije za razdoblje 2022. – 2027., prilog 2: Analiza stanja,* 14, https://www.istra-istria.hr/media/filer_public/8e/80/8e80157e-c454-4217-b2c1-c6e592c64a92/240206_stanje_plana_2022-2027.pdf,, reviewed 2.4.2024.
[109] Istrapedia (2009), Geomorfologija (Bijela, Siva, Crvena Istra), https://www.istrapedia.hr/hr/natuknice/851/geomorfologija-bijela-siva-crvena-istra, reviewed 2.4.2024.
[110] Istarska županija, https://www.istra-istria.hr/hr/upoznaj-zupaniju/zemljopisni-podaci/, reviewed 3.4.2024.
[111] Istarska županija (2021), *Plan razvoja Istarske županije za razdoblje 2022.-2027., prilog 2: Analiza stanja*, 15, https://www.istra-istria.hr/media/filer_public/8e/80/8e80157e-c454-4217-b2c1-c6e592c64a92/240206_stanje_plana_2022-2027.pdf , reviewed 2.4.2024.
[112] Ibid.
[113] Istrapedia (2017), *Fauna*, https://www.istrapedia.hr/hr/natuknice/3016/fauna, reviewed 9.4.2024.

The Natura 2000 ecological network in Istria County encompasses 66 different areas such as caves, pits, meadows, bays, forests, and river valleys.[114] The Register of Protected Areas of the Republic of Croatia lists 35 protected areas in Istria County, including, for example, the Brijuni National Park, Učka Nature Park, the special marine reserve of Lim Bay, the special reserve of forest vegetation Motovun Forest, the geomorphological natural monument Baredine Cave, and many others.[115]

3.3.2.4 Cultural heritage

Throughout Istria's rich and long history, there has been a continuous exchange of peoples, cultures, and customs. As a result, there is a diverse tangible and intangible cultural heritage.[116] Due to this, Istria boasts various prehistoric archaeological sites, early Christian monuments, Roman heritage, frescoes, castles, architectural heritage from the Venetian era, Austro-Hungarian architectural legacy, sacred heritage, museums, collections, and other landmarks.[117] Istria County has 300 protected cultural assets, of which 280 are tangible and 20 intangible.[118]
Below are highlighted some of the most well-known material assets:

- The Euphrasian Basilica in Poreč[119], The Pula Arena[120], Temple of Augustus in Pula[121], Nezakcij near Pula[122], Saint Mary Church at the Rock in Beram[123], The Church of St. Blaise in Vodnjan and its collection of sacred art[124], Glagolitic Alley along the road from Roč to Hum[125], and many medieval Castles around Istria[126]

Among the intangible cultural heritage items on the UNESCO World Heritage List are the following cultural assets: Two-part singing of Istria and the Croatian coast, the art of building Rovinj's batana boats, klapa singing, traditional fishing skills, customs and beliefs of the Adriatic, and the art of dry stone wall construction. In addition to the aforementioned, traditional Istrian dialects, the equestrian game "Trka na prstenac" in Barban, and the crafting of the traditional sweet - Pazinski cukerančići, are also important.[127]

3.3.2.5 Infrastructure and mobility

Infrastructure and mobility in Istria County will be explained in two parts - primary infrastructure and transportation infrastructure.

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[114] Istarska županija (n.d.), *Ekološka mreža RH*, https://www.istra-istria.hr/hr/podsiteovi/zastita-okolisa/priroda/ekoloska-mreza-rh/, reviewed 3.4.2024.
[115] Istarska županija (n.d.), *Zaštićena područja prirode*, https://www.istra-istria.hr/hr/podsiteovi/zastita-okolisa/priroda/zasticena-podrucja-prirode/, reviewed 3.4.2024.
[116] Istarska županija (n.d.), *Region of culture*, https://www.istra-istria.hr/en/region-of-istria/general-information/culture/, reviewed 3.4.2024.
[117] Istria Tourist Board, *Kultura*, https://www.istra.hr/hr/dozivljaji/kultura, reviewed 3.4.2024.
[118] Istarska županija (2021), *Plan razvoja Istarske županije za razdoblje 2022.-2027., prilog 2: Analiza stanja*, 66, https://www.istra-istria.hr/media/filer_public/8e/80/8e80157e-c454-4217-b2c1-c6e592c64a92/240206_stanje_plana_2022-2027.pdf, reviewed 3.4.2024.
[119] MyPorec (n.d.), *Eufrazijeva bazilika*, https://www.myporec.com/hr/otkrijte-porec/porec-tisucljetni-grad/56, reviewed 3.4.2024.
[120] Istra Experience (n.d), *Amfiteatar Arena Pula*, https://www.istriaexperience.com/hr/amfiteatar-arena-pula/, reviewed 3.4.2024.
[121] Istrapedia (2013), *Augustov hram u Puli*, https://www.istrapedia.hr/hr/natuknice/513/augustov-hram-u-puli, reviewed 9.4.2024.
[122] Nova Akropola (n.d.), *Nezakcij – grad kroz vijekove*, https://nova-akropola.com/kulture-i-civilizacije/tragom-proslosti/nezakcij-grad-kroz-vijekove/, reviewed 9.4.2024.
[123] Istria Culture (n.d.), *Crkva sv. Marije na Škriljinah*, https://www.istria-culture.com/crkva-sv-marije-na-skriljinah-i8, reviewed 3.4.2024.
[124] Istria Tourist Board (n.d.), *Župna crkva sv. Blaža: zbirka sakralne umjetnosti*, https://www.istra.hr/hr/dozivljaji/kultura/muzeji-i-zbirke/zupna-crkva-sv-blaza-zbirka-sakralne-umjetnosti, reviewed 9.4.2024.
[125] Istria Tourist Board (n.d.), *Aleja glagoljaša*, https://www.istra.hr/hr/dozivljaji/kultura/poucne-staze/1132, reviewed 3.4.2024.
[126] Istria Tourist Board (n.d.), *Znamenitosti*, https://www.istra.hr/hr/dozivljaji/kultura/znamenitosti, reviewed 9.2024.
[127] Istarska županija (2021.), *Plan razvoja Istarske županije za razdoblje 2022.-2027., prilog 2: Analiza stanja*, 66-67, https://www.istra-istria.hr/media/filer_public/8e/80/8e80157e-c454-4217-b2c1-c6e592c64a92/240206_stanje_plana_2022-2027.pdf, reviewed 3.4.2024.

3.3.2.5.1 Primary infrastructure

Istria County has 3 main water supply areas served by 3 utility companies: Istarski vodovod Buzet, Vodovod Labin, and Vodovod Pula. Karst springs provide 75.8% of the water, and the Butoniga reservoir contributes 24.2%. Almost all (98.7%) of the county's population is connected to the public water supply system, which exceeds the national average. The drinking water is safe for consumption.[128] Due to the summer drought and increased water consumption because of tourism, Istria County has faced water shortages several times, which is why drinking water consumption restriction measures were introduced.[129] Furthermore, the county invests in the drainage system and wastewater treatment. An example of this is Istarski vodozaštitni sustav d.o.o., a trading company owned by all the cities and municipalities of Istria County. It was founded in order to implement a project whose goal is the construction and maintenance of drainage and wastewater treatment systems in small settlements according to the highest standards. So far, 21 drainage systems with wastewater treatment facilities have been implemented in small settlements. Additionally, the construction of several large drainage systems is underway.[130] Regarding waste management, infrastructure has been constructed for comprehensive and sustainable waste management. This resolves the issue of collecting, processing, and disposing of waste that remains after the extraction of useful materials.[131] The largest producer of electricity in the County of Istria is the thermal power plant in Plomin, since it represents 93.79% of the installed capacity, while 6.1% refers to photovoltaic power plants and only 0.11% to the small hydroelectric plant Letaj. However, renewable energy sources and photovoltaic power plants are increasingly in focus and their use is encouraged.[132]

3.3.2.5.2 Transport infrastructure

Speaking of transport infrastructure, road transport is the most developed. The total length of public roads in Istria County is 1,790,711 km. The Istrian Y Highway is 141 km long and connects the city of Pula with the cities of Umag and Rijeka. A project to construct a full-profile highway is currently underway and is expected to be completed by the middle of 2025. However, the quality and technical condition of other roads are partly unsatisfactory due to poor construction, inadequate equipment, and signage, lack of bypasses, disorganised parking, pronounced crowds during the tourist season, etc.[133] The air transport infrastructure includes Pula Airport, which is connected to 15 European countries, but also to Croatian cities - Zagreb, Split, Zadar, and Osijek. There are also airports in Vrsar - Crljenka and Medulin - Campanož, which accept smaller aircraft for tourist or sports-recreational

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[128] Ibid., 149-151
[129] Istria Tourist Board (2022), *Redukacija vode u Istri*, https://www.istra.hr/hr/informacije/planiranje-putovanja/korisne-informacije/potrosnja-vode-u-istri, reviewed 5.4.2024.
[130] Istarski vodozaštitni sustav (2022), *Trgovačko društvo IVS – Istarski vodozaštitni sustav d.o.o.*, https://ivsustav.hr/o-nama/, reviewed 5.4.2024.
[131] Kaštijun (n.d.), *Sustav gospodarenja otpadom istarske županije*, https://www.kastijun.hr/hr/zeleno-srce-istre/gospodarenje-otpadom/, reviewed 5.4.2024.
[132] Istarska županija (2023), Razvoj fotonaponskih sustava na području općina i gradova Istarske županije, https://www.istra-istria.hr/hr/clanci/irena/14632/razvoj-fotonaponskih-sustava-na-podrucju-opcina-i-gradova-istarske-zupanije/, reviewed 5.4.2024.
[133] Istarska županija (2021), *Plan razvoja Istarske županije za razdoblje 2022.-2027., prilog 2: Analiza stanja*, 168-170, https://www.istra-istria.hr/media/filer_public/8e/80/8e80157e-c454-4217-b2c1-c6e592c64a92/240206_stanje_plana_2022-2027.pdf, reviewed 3.4.2024.

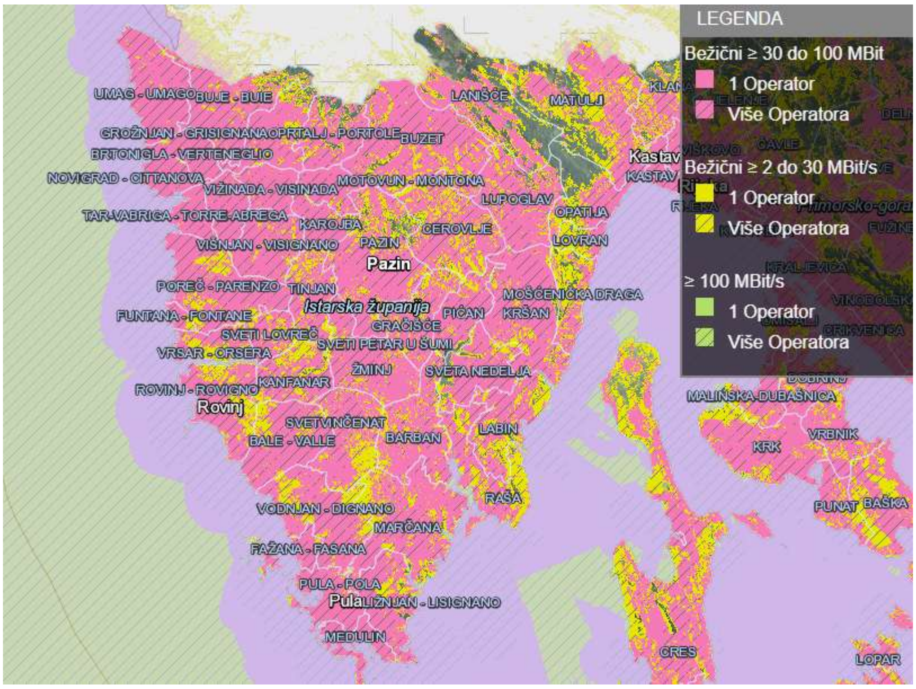
purposes.[134] The County of Istria has 76 seaports, of which 37 are open to public traffic and 39 are special purpose ports. The largest port in Istria County is the port of Pula. In terms of passenger traffic, the most important ports are Pula, Poreč and Rovinj. The most important cargo ports are Pula and Bršica, but they do not have adequate infrastructure and equipment. Since tourism is extremely important in Istria County, it should be mentioned that a total of 14 nautical tourism ports operate.[135] The railway infrastructure in Istria County consists of the regional railway line Podgorje-State border-Buzet-Pazin-Pula and the local railway line Lupoglav-Raša, along with their stations and stops. The condition of this infrastructure is unsatisfactory, and railway passenger and freight traffic are minimal.[136] Regarding public transport, there are bus lines connecting cities and municipalities within the county, as well as outside of it. However, the lines are not frequent, especially for rural areas and smaller towns. [137] Transportation within the cities or municipalities is also not at a satisfactory level, as only Pula, Labin, Rovinj, and Poreč have city buses. The existing form of shared mobility is bike sharing, available at multiple locations, such as in Poreč, Vodnjan, Pula,[138] Medulin,[139] Fažana,[140] and Pazin.[141] Additionally, in Pula[142] and Medulin,[143] there is a system of electric scooter sharing.

3.3.2.6 Internet infrastructure and available digital services

Electronic communications in the area of Istria County are at a relatively high level of development, in line with European trends.[144] The image below shows the areas of broadband internet access availability. It is evident that broadband internet access with speeds ranging from 30 Mbps to 100 Mbps (high-speed electronic communication network[145]) is available in the majority of the Istria County area.

[134] Ibid., 171-172
[135] Ibid., 173-175
[136] Ibid., 176.
[137] Arriva Hrvatska (n.d), https://www.arriva.com.hr/hr-hr/naslovna, reviewed 3.4.2024.
[138] Nextbike.hr (n.d.), https://www.nextbike.hr/hr/zagreb/lokacije/, reviewed 4.4.2024.,
[139] Općina Medulin, *Što je usluga PARK&RIDE*, https://medulin.hr/dokumenti/OPCINSKA%20UPRAVA/UO%20ZA%20POSLOVE%20NACELNIKA/PROJEKTI/MED%20BIKE/Kako%20se%20koristi%20Med%20Bike/Kako%20se%20koristi%20Med%20Bike%20-%20HR.pdf, reviewed 4.4.2024.
[140] Infofazana.hr (n.d.), *e-bike*, https://www.infofazana.hr/istrazi-fazanu/sport-outdoor/raj-za-bicikle-i-pjesacenje/bicikliranje/e-bike/, reviewed 4.4.2024.
[141] Glas Istre (2019*), Otvoren e-bike share point, projekt od 300 tisuća kuna: Električni bicikli za vožnju po istarskim brdima*, https://www.glasistre.hr/istra/otvoren-e-bike-share-point-projekt-od-300-tisuca-kuna-elektricni-bicikli-za-voznju-po-istarskim-brdima-594609, reviewed 4.4.2024.
[142] Glas Istre (2022), *Grad Pula na ulice uveo e-romobile*, https://www.glasistre.hr/pula/grad-pula-na-ulice-uvele-e-romobile-saznajte-kako-ih-koristiti-804275, reviewed 4.4.2024.
[143] Općina Medulin (2021), *U Medulinu osim električnih bicikala u funkciji i električni romobili*, https://medulin.hr/novost/u-medulinu-osim-elektricnih-bicikala-u-funkciji-i-elektricni-romobili, reviewed 4.4.2024.
[144] Istarska županija (2021), *Plan razvoja Istarske županije za razdoblje 2022.-2027., prilog 2: Analiza stanja*, 181, https://www.istra-istria.hr/media/filer_public/8e/80/8e80157e-c454-4217-b2c1-c6e592c64a92/240206_stanje_plana_2022-2027.pdf, reviewed 5.4.2024.
[145] Ibid.

Figure 6. Areas of broadband internet availability, 2023



Source: Croatian regulatory authority for network industries (2023), *Areas with the availability of broadband access*, http://mapiranje.hakom.hr/en-US/SirokopojasniPristup#sthash.AO2SEY3k.dpbs, reviewed 5.4.2024.

The Digital Transformation Strategy of the County of Istria is currently in force, which represents the beginning of the process of investing in new digital solutions and improving the operations of the county administration. With this, the county will improve operations for the benefit of the citizens.[146] The existing digital services currently in use include the e-Citizen platform, which is available to all citizens of the Republic of Croatia. They can use it for themselves, their child, or a business entity. This system offers numerous e-services across various domains. For example, some of these services include accessing electronic personal documents, issuing traffic permits, accessing personal health information, enrolling in study programmes and online courses, initiating business electronically, communicating with financial institutions, and many others.[147] It is also important to note that there are around a hundred Hotspot access points for connecting to free Wi-Fi at 26 locations, both in major tourist destinations and smaller inland areas of the peninsula.[148]

3.3.3 Economic analysis

Istria County is, after the City of Zagreb, the most developed county in Croatia.[149] The main economic sectors are tourism, agriculture and fishing, processing industry, construction, trade, creative and cultural industry, and ICT industry.

[146] Istarska županija (2021), *Strategija digitalne transformacije Istarske županije*, 3, https://www.istra-istria.hr/media/filer_public/72/d6/72d6bd92-2406-4caf-9f33-5c25a8050f6f/220914_digitalna_transformacija.pdf, reviewed 8.4.2024.
[147] e-Građani (n.d.), *Katalog usluga*, https://gov.hr/hr/katalog-usluga/10, reviewed 30.4.2024.
[148] Istria Tourist Board (n.d.), *Free WiFi locations in Istria*, https://www.istra.hr/hr/informacije/planiranje-putovanja/korisne-informacije/wi-fi, reviewed 8.4.2024.
[149] Istarska županija (2021), *Plan razvoja Istarske županije za razdoblje 2022.-2027., prilog 2: Analiza stanja*, 81, https://www.istra-istria.hr/media/filer_public/8e/80/8e80157e-c454-4217-b2c1-c6e592c64a92/240206_stanje_plana_2022-2027.pdf, reviewed 15.4.2024.

Tourism is a very important activity in Istria, as evidenced by the fact that Istria is the most visited tourist region in Croatia.[150] According to the latest available data from 2023, the number of permanent beds amounted to 303,963.[151] The following table shows some of the key indicators of tourist traffic, namely the number of arrivals and overnight stays from 2019 to 2023. The highest results of the observed period were achieved in 2023, while a noticeable decline can be seen in 2020, due to the coronavirus pandemic.

Table 12. Tourist arrivals and overnights in Istria, 2019-2023

Year	2019	2020	2021	2022	2023
Arrivals	4,609,820	1,876,999	3,499,669	4,709,074	4,969,552
Nights	28,709,938	13,514,684	23,533,167	29,507,116	30,132,143

Source: creation of the author according to the data from Istria Tourist Board (2024), *Tourist arrivals and overnights in Istria*, https://www.istra.hr/en/business-information/istria-in-media/statistics, reviewed 15.4.2024.

Agriculture has been an important economic sector in Istria for centuries.[152] Today, there are 6,826 agricultural farms, with the majority being family farms (5,331).[153] The emphasis is on olive growing, viticulture, and winemaking, which is confirmed by the fact that Istria is now a well-known eno-gastronomic brand offering exceptionally high-quality wines and olive oils. Progress is also noticeable in organic food production.[154] In addition to agriculture, fishing is also a traditional activity in Istria. There are over 800 fishing vessels,[155] and the northern Adriatic is the main fishing area of the Adriatic Sea, accounting for 60% of the total catch.[156] In the fields of the processing industry, shipbuilding, production of construction materials (lime, cement, bricks, stone), tobacco products, furniture, electrical machinery and devices, automotive industry parts, glass, metal processing, plastics, wood, textiles, and food production are developed.[157] When it comes to construction, the most prevalent activity is the building of roads and highways, followed by the construction of residential and non-residential buildings.[158] Furthermore, trade is also a significant economic activity in Istria, with the majority of businesses engaged in trade being microenterprises. In Istria County, the creative and cultural industries represent a significant potential, with indicators pointing to an existing expansion of the industry.[159] The ICT industry is also strengthening and achieving remarkable results. According to business income in the IT industry in Croatia, Istria County is the most successful after the city of Zagreb.[160]

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[150] Istarska županija (n.d.), *Gospodarstvo*, https://www.istra-istria.hr/hr/upoznaj-zupaniju/gospodarstvo/, reviewed 15.4.2024.
[151] Croatian Bureau of Statistics (n.d.), *GeoSTAT*, https://geostat.dzs.hr/, reviewed 15.4.2024.
[152] Istrapedia (2015), *Poljoprivreda*, https://www.istrapedia.hr/hr/natuknice/730/poljoprivreda, reviewed 15.4.2024.
[153] Agencija za plaćanja u poljoprivredi, ribarstvu i ruralnom razvoju, *Upisnik poljoprivrednika*, https://www.apprrr.hr/wp-content/uploads/2024/01/Upisnik_poljoprivrednika_broj_PG-a_2023_12_31.xlsx, reviewed 5.4.2024.
[154] Republic of Croatia – Ministry of Economy and Sustainable Development (n.d.), *Istria County*, https://investcroatia.gov.hr/county-stats/istarska-zupanija/, reviewed 15.4.2024.
[155] Istarska županija (2021*), Plan razvoja Istarske županije za razdoblje 2022.-2027., prilog 2: Analiza stanja*, 129, https://www.istra-istria.hr/media/filer_public/8e/80/8e80157e-c454-4217-b2c1-c6e592c64a92/240206_stanje_plana_2022-2027.pdf, reviewed 5.4.2024.
[156] Istrapedia (2015), *Jadransko more (Jadran)*, https://www.istrapedia.hr/hr/natuknice/1321/jadransko-more-jadran, reviewed, 2.4.2024.
[157] Istarska županija (2021), Plan razvoja Istarske županije za razdoblje 2022.-2027., prilog 2: Analiza stanja, 118, https://www.istra-istria.hr/media/filer_public/8e/80/8e80157e-c454-4217-b2c1-c6e592c64a92/240206_stanje_plana_2022-2027.pdf, reviewed 25.4.2024.
[158] Ibid., 121-122
[159] Ibid. 143-144
[160] Croatian Chamber of Economy (2022), Pregled stanja hrvatske IT industrije u 2021, https://hgk.hr/documents/pregled-stanja-hrvatske-it-industrije-u-2021638a05d188c2f.pdf, reviewed 15.4.2024.

It is important to note that Istria County fosters entrepreneurial development by providing support, building entrepreneurial infrastructure, offering financial incentives, financing, and creating various co-financing programmes.[161]

According to available data, the GDP in 2021 amounted to 3,309,098,000 euros, with a GDP per capita of 16,317 euros,[162] while at the national level in the same year, the GDP per capita was 15,057 euros.[163] Furthermore, due to its continuous development and characteristics, Istria County is attractive for foreign investments.[164] In the period from 1993 to 2022, foreign direct investments amounted to 3,082 million euros, and the largest part of investments refers to equity investments in real estate.[165] When looking at exports by sector, in 2023, the manufacturing industry is the leading sector, with a value of 494,197,000 euros. Following that are wholesale and retail trade, repair of motor vehicles and motorcycles (170,477,000 euros), and administrative and support service activities (18,439,000 euros). In the same year, the highest exports were made to Italy, Slovenia, and Germany.[166]

The table below displays the number of registered legal entities and the number of employees by sectors.

Table 13. Structure of the economy by sectors, 2023

Economic sector[1]	No. of business entities	No. of persons employed
Primary Sector	418	952
Agriculture, forestry and fishing	392	793
Mining and quarrying	26	159
Secondary Sector	4,598	17,778
Processing industry	1,479	9,744
Supply of electricity, gas, steam and air conditioning	84	632
Water supply; wastewater removal, waste management, and remediation activities	63	1,882
Construction	2,972	5,520
Tertiary Sector	16,762	44,293
Transportation and storage	484	2,131
Wholesale and retail trade; repair of motor vehicles and motorcycles	3,401	8,212
Activities of providing accommodation and preparing and serving food	1,970	9,710
Information and communication	534	1,582
Financial and insurance activities	62	1,362

[161] Istarska županija (n.d.), *Gospodarstvo*, https://www.istra-istria.hr/hr/upoznaj-zupaniju/gospodarstvo/, reviewed 15.4.2024.
[162] Republic of Croatia – Ministry of Economy and Sustainable Development (n.d.), *Istria County*, https://investcroatia.gov.hr/county-stats/istarska-zupanija/, reviewed 15.4.2024.
[163] Hrvatska narodna banka, https://www.hnb.hr/statistika/glavni-makroekonomski-indikatori, reviewed 15.4.2024.
[164] Istarska županija, https://www.istra-istria.hr/hr/upoznaj-zupaniju/gospodarstvo/, reviewed 15.4.2024.
[165] Republic of Croatia – Ministry of Economy and Sustainable Development (n.d.), *Istria County*, https://investcroatia.gov.hr/county-stats/istarska-zupanija/, reviewed 15.4.2024.
[166] Ibid., reviewed 26.4.2024.

Real estate activities	2,219	448
Professional, scientific and technical activities	2,101	2,079
Education	239	6,367
Human health and social work activities	274	4,018
Administrative and auxiliary service activities	1,231	2,461
Public administration and defence, social security	199	3,872
Arts, entertainment and recreation	1,556	1,556
Other service activities	2,492	495

Source: creation of the author according to the data from the Republic of Croatia, Ministry of Economy and Sustainable Development (n.d.), *Istria County*, https://investcroatia.gov.hr/en/county-stats/istria-county/, reviewed 26.4.2024

In the following table it can be seen that, in Istria County, there are a total of 21,778 registered legal entities, of which the majority are trading companies (17,746). In addition to legal entities, there are also 8,544 crafts and freelance professions.

Table 14. Number and structure of business entities in Istria County, 2023

Legal entities	No. of entities registered
Trading companies	17,746
Cooperatives	97
Institutions, bodies, associations, funds, and organisations	3,935
Total number of legal entities	21,778
Crafts and freelance professions	8,544

Source: Creation of the author according to the data from Croatian Bureau of Statistics (2023), Number and structure of business entities in 2023 by county, https://podaci.dzs.hr/2023/hr/58279 , reviewed 26.4.2024.

The table below shows the structure of the population aged 15 and over concerning economic activity. According to the data of the last population census from 2021., in Istria County, 93,245 people are economically active. Of this number, 90,221 are employed, and 3,024 are unemployed. Furthermore, 75,782 are economically inactive.

Table 15. Population aged 15 and over by economic activity, 2021

Economically active			Economically inactive						Unknown
All	Employed	Unemployed	All	Pupils or students	Homemakers	Persons who produce goods for their own consumption	Retired	Other inactive persons	
93,245	90,221	3,024	75,782	6,997	5,137	240	52,868	10,540	175

Source: Creation of the author according to the data from Croatian Bureau of Statistics (2022), *Census of population, households and dwellings in 2021 - population by towns/municipalities,* https://dzs.gov.hr/u-fokusu/popis-2021/88, reviewed 27.4.2024.

The economic analysis concludes the section about the regional context. The following is a description of the pilot area mentioned in the introduction.

3.3.4 Pilot areas of project implementation

The project activities will be implemented within one city and four municipalities in Istria County, in the northeastern and central parts of the region. Below are brief descriptions of the project areas.

3.3.4.1 The City of Buzet

The area of Buzeština is located in the northernmost inland part of Istria, between three large city centres: Rijeka, Trieste and Pula. It covers an area of 165 km^2, has a total of 5,999 inhabitants (data from 2021) and 11 local committees with headquarters in the City of Buzet. The old town of Buzet is located on a 150m high hill above the fertile valley through which the Mirna river flows. It is a famous medieval Istrian town, typical acropolis type, surrounded by magnificent walls.[167]

The area is very diverse, from 10m to over 1,000m above sea level. A mild Mediterranean climate prevails in the valley of the Mirna River, while a continental, mountainous climate prevails in the mountainous part of Ćićarija. It is full of small and large valleys, canyons, hills, as well as mountains that are partially covered with forest.[168]

The area of Buzet is an entrepreneurial and industrial hub of Istria County. According to the global magazine Forbes, Buzet is one of the best cities for living and doing business in Croatia.[169] In the area of the City of Buzet, there are 20 production and craft zones, of which 7 are located within the town of Buzet (Drvoplast, CIMOS, Irsa, Mala Huba I and II, Baraka I and II), while the remaining 13 are situated outside the town. The two largest zones are the

[167] Grad Buzet (n.d.) *O Buzetu*, https://www.buzet.hr/buzet/o-buzetu , reviewed 12.4.2024.
[168] Ibid.
[169] Grad Buzet (n.d.) Poticaji Grada Buzeta, https://poslovni.buzet.hr/informacije/poticaji-grada-buzeta/1000, reviewed 2.5.2024.

Mažinjica economic zone and the Mala Huba II production zone.[170] Economic structure: small entrepreneurs (96%), medium and large entrepreneurs (4%). Predominant activities include processing industry, construction, wholesale and retail trade, service activities and water supply.[171] In the table below can be seen the number and share of each activity in the area of Buzeština.

Table 16. Number and percentage of each business activity

Business activity	Number	Share (%)
Processing industry	66	16.7%
Construction	58	14.7%
Trade (wholesale and retail)	79	20%
Hospitality	30	7.6%
Transportation	32	8.1%
Service activities	88	22.3%
Agriculture	7	1.8%
Public sector	18	4.6%
Other activities	17	4.3%
TOTAL	395	100%

Source: Table made by the author using the data from City of Buzet official webpage.[172]

Buzet is located at the entrance of Italy and Slovenia and is well connected to all parts of Europe and Croatia. The area of Ćićarija, the so-called "ROOF of Istria", with its forests, lawns and pastures, can provide a wonderful vacation. In the valley of the river Mirna, "health tourism" has developed in the health resort Istarske Toplice.[173] It is also known as the City of Truffles.[174]

3.3.4.2 The Municipality of Oprtalj

The municipality of Oprtalj is placed north of the Mirna river between the towns of Buje and Buzet, and borders with Slovenia to the north. Previously, the Municipality of Oprtalj-Portole was divided into two parts and belonged to the former Municipality of Buje and the former Municipality of Buzet[175]. It covers an area of 61km^2 and has 748 inhabitants (in 2021, it is one of the least populated municipalities in the County of Istria). [176]
Oprtalj is a medieval town with only 75 inhabitants, situated at 378 metres above sea level which has, to this day, its old layout of streets, squares and defensive stone walls. It became a perfect tourist destination to escape the crowds and walk or cycle in nature.[177] The inhabitants are engaged almost exclusively in traditional farming (agricultural sector) on

[170] Gradonačelnik.hr (2020) Najbolji grad 2020. – Gospodarstvo, mali gradovi, https://gradonacelnik.hr/home-glavna-vijest/krk-u-pohodu-na-treci-naslov-najboljeg-malog-grada-u-gospodarstvu-u-finalu-buzet-hvar-mali-losinj-i-novalja/, reviewed 2.5.2024.
[171] Grad Buzet (n.d.) Poticaji Grada Buzeta, https://poslovni.buzet.hr/informacije/poticaji-grada-buzeta/1000, reviewed 12.4.2024.
[172] Grad Buzet (n.d.) *Katalog poslovnih subjekata*, https://poslovni.buzet.hr/, reviewed 2.5.2024.
[173] Grad Buzet (n.d.) *O Buzetu*, https://www.buzet.hr/buzet/o-buzetu , reviewed 12.4.2024.
[174] TZ Buzet (n.d.) Tartuf https://www.tz-buzet.hr/hr/gastronomija/tartuf, reviewed 12. 4. 2024.
[175] LAG sjeverna Istra (n.d.) *Općina Oprtalj – Portole*, https://www.lag-sjevernaistra.hr/opcina-oprtalj-portole/ , rewiewed 12.4.2024
[176] Istrapedia (2022) *Oprtalj*, https://www.istrapedia.hr/en/natuknice/448/oprtalj , reviewed 12.4.2024.
[177] Colours of Istria (n.d.) *Oprtalj*, https://coloursofistria.com/destinacije/oprtalj , reviewed 12.4.2024.

arable land on terraced slopes, while some are employed in the tertiary sector in the settlement and the surrounding area.[178]

3.3.4.3 The Municipality of Lanišće

The municipality of Lanišće is located in the hilly-mountainous area of Ćićarija, situated in the northeast of the Istrian Peninsula. It spans from the Žbevnica mountain to the Oštri vrh, covering an area of 143km^2. The fundamental characteristic of this area is karst, featuring a series of geomorphological phenomena such as karst fields, valleys, jagged rocks, and caves. It is the least populated municipality in Istria, with 268 inhabitants spread across a total of 14 settlements: Brest, Brgudac, Dane, Jelovice, Klenovšćak, Kropinjak, Lanišće, Podgaće, Prapoće, Račja Vas, Rašpor, Slum, Trstenik, and Vodice.[179]

Due to poor transportation connectivity, the area was well protected, but this significantly impacted on the development of the municipality. The economy is based on agriculture, in the past livestock farming and charcoal production were popular. The only industrial facility in the area today, is the 'Ambalaža' wooden packaging factory, employing around 20 workers.[180]

Tourism makes a small but diverse contribution, with the municipality focusing on sustainable tourism that attracts lovers of untouched nature, hiking, walking, rock climbing, cycling, and other attractions. In addition to a few private renters, there is a Robinson-style camp in Ćićarija with a capacity for 25 guests.[181]

3.3.4.4 The Municipality of Cerovlje

The municipality of Cerovlje is located in the northeastern part of central Istria and covers an area of 107km^2, with a population of 1,458 inhabitants. The municipality of Cerovlje is administratively divided into ten local boards: Cerovlje, Borut, Draguć, Gologorica, Gologorički Dol, Gradinje, Grimalda, Pagubice, Paz, and Novaki Pazinski.[182]

In the municipality, the prevailing economic activities are processing industry, construction, and trade, but also agricultural production, including crop farming, livestock farming, as well as grapevine and olive cultivation. Due to its good transport (road and rail) connections, it also has the conditions to fit into the tourist flows of inland Istria. With its relief, sub-Mediterranean climate and natural beauties, it is an ideal area for cycling, hiking, and especially for hunting and fishing, which is a long-standing tradition of this area.[183]

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[178] Istrapedia (2022) *Oprtalj*, https://www.istrapedia.hr/en/natuknice/448/oprtalj , reviewed 12.4.2024.
[179] Općina Lanišće (n.d.) *O Općini Lanišće*, https://lanisce.hr/opcina/o-opcini/ , reviewed 12.4.2024.
[180] Istrapedia (2022) *Lanišće*, https://lanisce.hr/opcina/o-opcini/ , reviewed 12.4.2024
[181] Općina Lanišće (n.d.) *Turizam na Ćićariji*, https://lanisce.hr/kultura-i-turizam/turizam-na-cicariji/ , reviewed 12.4.2024.
[182] Općina Cerovlje (n.d.) *Općina Cerovlje*, https://www.cerovlje.hr/hr/uprava/opcina-cerovlje , reviewed 12.4.2024.
[183] Općina Cerovlje (2021) *Provedbeni plan Općine Cerovlje za razfoblje od 2022. do 2025. godine*, https://cerovlje.hr/Dokumenti/Nacelnik/202201_Provedbeni_program_2022_2025.docx , reviewed 23.4.2024.

3.3.4.5 The Municipality of Lupoglav

The municipality of Lupoglav is located in the northeastern part of Istria County. It borders the Primorje-Gorski Kotar County to the east, as well as the municipalities of Lanišće and Cerovlje and the city of Buzet. It has excellent transportation connectivity as it is traversed by major roads connecting Istria County with the rest of Croatia. In the municipality of Lupoglav, the population is divided into eight larger settlements: Boljun, Boljunsko Polje, Brest pod Učkom, Dolenja Vas, Lesiščina, Lupoglav, Semić, and Vranja.[184]
Within the municipality of Lupoglav there are two geomorphological units: "Bijela Istra" (comprising the Učka and Ćićarija massifs) and "Siva Istra" (mostly areas of flysch). “Bijela Istra” settlements are located in a decent position with several residential and industrial buildings. The settlements of "Siva Istria" are well adapted to the terrain and blended with the surroundings. These are urban and rural settlements, often on hillsides, with small areas of cultivable land within the settlement.[185]
The inhabitants of the area are mostly engaged in agriculture, livestock farming, and service activities, primarily transportation.[186] Also, due to the proximity to the Učka Nature Park, Lupoglav is an unavoidable starting point for tourists for hiking and mountain climbing.[187]

3.3.5 SWOT analysis of the area

The following SWOT analysis is conducted in the workshop with stakeholders to illustrate the strengths, weaknesses, opportunities and threats of the selected area, aiming to better understand its current state and to facilitate planning for future development through the implementation of upcoming goals from the REVIVE project.

Strengths	Weaknesses
• Rich natural and cultural heritage • Favourable land conditions for agriculture • High-quality agricultural and food products (wine and olive oil) and truffles • Significant history and nurtured tradition of the area • Favourable climatic conditions (warm summers and mild winters - perfect for year-round tourism)	• Depopulation • Underutilisation of cultural heritage and landscapes • Lack of business networking • Unresolved legal-property relationships • Uneven regional development • Prevalence of tourist seasonality • Shortage of qualified workers • Insufficient number of young farmers • Underdeveloped tourist infrastructure

[184] Općina Lupoglav (n.d.) *Smještaj i stanovništvo Općine Lupoglav*, https://www.lupoglav.hr/o-nama/o-opcini , reviewed 23.4.2024.
[185] Općina Lupoglav (n.d.) *Smještaj i stanovništvo Općine Lupoglav*, https://www.lupoglav.hr/o-nama/o-opcini , reviewed 23.4.2024.
[186] Istrapedia (2023) *Lupoglav*, https://www.istrapedia.hr/en/natuknice/102/lupoglav , reviewed 23.4.2024.
[187] LAG središnja Istra (n.d.) *Općina Lupoglav*, https://lag-sredisnjaistra.hr/podrucje-lag-a/opcina-lupoglav/ , reviewed 19.4.2024.

• Successful entrepreneurial initiatives in the area of the city of Buzet • Favourable geographical position	• Weak promotion of activities and tourist destination
Opportunities	**Threats**
• Utilisation of financial support (EU funds) • Investments in citizen awareness/education (digital transformation) - utilising information and communication technology • Development and expansion of tourist offer • Promotion education for young craftsmen, farmers and entrepreneurs • Joining the trend of rural/green/sustainable tourism development • Growth in demand for organic/local products and services • Increased demand for typical tourist products • Better cooperation between municipalities and cities	• The trend of depopulation in rural areas; migration • Development of other/competitive forms of tourism • Negative impact of climate change on local production • Increased number of elderly citizens • Disappearance of agricultural farms • Mismatch between legal regulations and the real needs of entrepreneurs

From the SWOT analysis, it can be concluded that the rural area of northern Istria has a great potential for development in all the areas listed previously (rural development and agriculture, tourism, creative industries, innovation and social development). This is evident from the offerings that the area provides, such as its favourable geographical location, pleasant climate, rich history and culture etc. However, in order to enhance the offering, it is crucial to seize the opportunities available, such as, financial support, promotion and education. For progress to be achieved, it is most important to involve and collaborate with local stakeholders, as well as encourage their networking.
On the other hand, there are serious weaknesses and threats that significantly affect the development of the rural area. Currently, the biggest internal problem is depopulation, because other issues are directly connected to it. For example, due to the lack of people in rural areas, agricultural production is small or non-existent, building decay, and the appearance of cities and municipalities, is compromised due to unresolved legal-property relations. Furthermore, even if the mentioned tourism or agricultural opportunities were to be exploited, finding a workforce would still be one of the most challenging aspects. From the external factors there are two main issues: 1) Development of other/competitive forms

of tourism – due to the lack of promotion of the rural area, tourists are not being made aware of all that Istria offers, from natural beauties (mountains, forests, waterfalls), historical landmarks (castles, fortresses, churches, medieval towns) to excellent local gastronomic offerings (wine, truffles, olive oil, honey, cured meats); 2) Climate change and environmental pollution - these two factors could be crucial for the future. Instead of enhancing tourism in rural areas, there might be a decline in tourism at the national level due to excessive heat, droughts, and environmental pollution. Additionally, a favourable climate is of the utmost importance for agriculture. With the constant rise in temperatures, suitable soil conditions for planting decrease and droughts automatically lead to a reduction in the availability of potable water needed for irrigation.

3.3.6 Conclusion

The analysis of Istria County was conducted through four main chapters. The analysis of demographic characteristics revealed that the key issue in this context is the pronounced trend of population ageing, which necessitates certain population policies to rejuvenate the population. The pleasant Mediterranean climate, prevalent on the Istrian peninsula, provides ideal conditions for tourism, agriculture, and numerous outdoor activities. The analysis of the natural features of Istria County highlights its natural beauty, preservation of nature, and diversity of flora and fauna. Istria can boast an exceptionally rich history and cultural heritage, which is not fully valorised, but represents great potential. Furthermore, when it comes to transportation, the emphasis is on road traffic. Currently, there is a project underway for the construction of a full-capacity highway but, on the other hand, many other roads have deteriorated and require modernisation. Poor connectivity of Istrian towns with public transportation, especially smaller ones, is also highlighted as an issue. The Istrian County places great emphasis on proper management of wastewater and waste disposal. However, a challenge arises from possible water shortages during the summer months due to drought and increased tourism traffic. The internet infrastructure meets European standards, and what has been highlighted as a positive aspect is the planned process of digitising public services in the county. Key economic activities include tourism, the processing industry, agriculture and fishing, construction, trade and the creative and cultural industry, as well as the ICT industry. The analysis of the project's pilot area has revealed various aspects of the town of Buzet and the municipalities of Oprtalj, Cerovlje, Lupoglav, and Lanišće, covering natural, cultural, social, and economic dimensions. The pilot area can boast of numerous strengths that should be further enhanced through the collective efforts of all stakeholders. Additionally, the area holds significant potential across diverse domains. All opportunities need to be recognised and utilised through thoughtful approaches and strategies. Furthermore, certain weaknesses and threats have been identified, and continuous efforts are needed to minimise, mitigate, and avoid them. A key challenge lies in the lack of young people in rural areas. However, on the flip side, there is potential for creating new job opportunities in such environments, which could attract younger generations to return to the countryside and start a new life, thereby revitalising the rural areas of Istria.

3.4 Balearic Islands (Spain)

3.4.1 Introduction

The Balearic archipelago is formed by four main islands (Mallorca, Menorca, Ibiza and Formentera), each differing in dimensions, topography, and demography. Within a typically Mediterranean natural environment, each island stands out in various aspects that make it unique. Menorca, with gentle terrain and few elevations, and with a balanced relationship between human activity and the ecosystem, has been recognised as a UNESCO Biosphere Reserve, reflecting its significance. Mallorca, the largest island, is characterised by hosting the majority of the population and by housing the historic capital, Palma. Its northern mountain range, the Serra de Tramuntana, has also been recognised as a UNESCO World Heritage Site for its cultural landscape. Ibiza and Formentera, forming the sub-archipelago of the Pitiuses Islands, are distinguished by the gentle undulations of their terrain and pine forests. These natural values are the reason why much of the territory is under some form of protection. For example, 29% of the land surface is part of the Natura 2000 network. Additionally, the figure of the Cabrera National Park, located south of Mallorca, stands out, representing a sub-archipelago of high ecological value.

Currently, within the territorial structure of Spain, the Balearic Islands constitute an Autonomous Community (1983) with their own competences, mainly concerning Health, Land Planning, Education, and Tourism. From a historical perspective, the Balearic Islands have experienced various dominations, fully integrated into the dynamics of the western Mediterranean. In the last millennium, the incorporation of the different islands into the Crown of Aragon throughout the thirteenth century stands out, followed by their subsequent inclusion in the Hispanic monarchy, which led to the formation of the Spanish state in the eighteenth and nineteenth centuries. The historic and strategic importance, along with the natural values, led to the declaration of Ibiza as a UNESCO World Heritage Site in 1999. Furthermore, the distinctive culture, with numerous examples of great value, has been recognised on several occasions.

Like many regions in Europe, the agricultural sector has lost weight in the economy over the twentieth century. Despite an incipient industrialisation in the first half of the century, the 1950s and especially the 1960s saw tourism growth becoming the main economic engine of the islands. Currently, tourism represents around 45% of the GDP of the Balearics, with nearly 18 million tourists visiting the islands in 2023, 12 million of which were on the island of Mallorca alone. These figures are particularly significant considering that the population is approximately 1.1 million people, a fact that has led to a sense of saturation among the local population in recent years. Indeed, human pressure during the summer months doubles the census population.

The development of tourism has facilitated very fluid connectivity with Europe, mainly by air with other regions in Spain, Germany, and the United Kingdom. The Balearic airports

handle many passengers. For example, Son Sant Joan, Palma Airport, saw 31 million passengers through in 2023.
These features have shaped an island society that, despite nuances between islands, is characterised by cultural diversity and a strong dependence on tourism. Indeed, agriculture, in line with many European regions, suffers from the competitiveness of other areas and the lack of generational relief. Efforts towards innovation have been made, with a specific legal focus on sustainability and circularity.

3.4.2 Characteristics of the region

The Balearic Islands are a fragmented territory consisting of four islands that differ in size and topography. The landscape is typically Mediterranean, with a notable balance between human activity and landscape in Menorca and the Serra de Tramuntana in Mallorca. In terms of culture, the islands inherit a long history of political dominations and population contributions, among which the medieval repopulation from Catalonia stands out as the main factor shaping the current culture and language.
Within Spain the archipelago of the Balearic Islands is the second most important tourist region of the country (after the region of Catalonia), one of the main tourist destinations of reference worldwide, and one of the main poles of tourism related knowledge. In 2023 the Balearic Islands received 17,.854,981 tourists (of which 14.43 million were international tourists and 3.43 million national tourists).
Within the archipelago, the island of Mallorca is the largest island and the most important tourist destination of the archipelago (72.04% of total tourists received by the archipelago). As in other tourist regions of the world, these important figures have caused the Balearic Islands to present an economy highly dependent on the service sector. It is estimated that the services sector represents 81.7% of the total Gross Domestic Product of the Balearic Islands, and around 76.6% of employment. More specifically, it is estimated that the tourism sector represents around 48% of the Balearic GDP (directly or indirectly) and 31.5% of employment. This data shows the great importance that the tourism sector represents for the Balearic economy and its society.
Current island manufacturing is partly heir to manufacturing and industrial activity concentrated in areas such as El Raiguer, known for leather production, Manacor, with significant furniture and pearl industries, and Menorca, with jewellery production. These activities are currently in decline. Construction also stands out in the industry, with some connection to the tourism industry.
The pandemic boosted the use of digital technologies. As a matter of fact, local agricultural producer, Sand Distributors, distributed their products directly to local homes thanks to web orders. However, as the situation has normalised, the market has tended towards traditional distribution channels, losing direct contact with producers and relying more on external products.

3.4.2.1 Demography characteristics of the area

The Balearic Islands is a region located on the western Mediterranean Sea, near the eastern coast of the Iberian Peninsula. The four largest islands –Mallorca, Menorca, Eivissa (Ibiza) and Formentera– cover a surface of 5,014 km^2 and 1,239.9 km of coast, representing a wide variety of landscapes.
The highest mountain range is located in Mallorca. With 1,432 metres altitude, Puig Major in the Serra de Tramuntana, is a protected natural area that was declared UNESCO World Heritage in 2011. The minimum distance separating Mallorca from Menorca is 35 km, and Ibiza is 75 km far from Valencia by sea.
There are 3 UNESCO declarations, one on each island, related to natural biodiversity and culture: Serra de Tramuntana in Mallorca, Menorca Biosphere Reserve and Ibiza World Heritage Site. The population in 2016 was of 1,107,220 people, and the main cities are: Palma de Mallorca (the capital), Calvià, Ibiza, Manacor, Santa Eulària, Marratxí, Llucmajor and Inca.
In 2022, the Balearic Islands began with a total of 1,176,659 residents, of whom 18.9% are of foreign nationality (222,017). However, 9.3% (20,604) were born in the country. Nevertheless, it is noteworthy that, compared to 2012, the Balearic Islands show a significant population increase of 5.1%, contrasting with a national average variation of only 0.4%.
Regarding population distribution, 77.7% is concentrated in Mallorca, 13.1% in Ibiza, 8.2% in Menorca, and 1% in Formentera. One of the main concerns regarding demographic evolution is the progressive aging, with a lower proportion of people in active age compared to the elderly, and an increase in people over 85 years old. The highest life expectancy, the entry of the baby-boom generations into adulthood, and the decrease in the birth rate are the three factors explaining this trend. Since 2001, the population over 85 years old has increased by 94.4%, while the population under 16 years old has increased by only 26.4%.
According to Ibestat, in 2022, the Balearic Islands reached a maximum demographic pressure of 2,009,341 in August, and a minimum, in January, of 1,218,570 (monthly average). The day with the highest human pressure in 2022 was August 5th, with 2,062,428 people.

3.4.2.2 Climate

The islands enjoy a mild climate with an annual average of 2,850 hours of sunshine and an average annual temperature of 18°C. Throughout the year, the temperature difference between the warmest month (August) and the coldest (January) is about 15°C. While winters feature mild temperatures (averaging 10-12°C), summers easily reach maximums of 30°C. Spring is cooler than autumn.
Regarding rainfall, there are differences between Menorca and the northern mountains of Mallorca, with higher precipitation (600-800 litres annually), and the rest of Mallorca and Ibiza (400-450 litres annually). The temporal distribution of these rains is typical of the Mediterranean, with very few precipitations in July and August.

This climate has traditionally favoured sun and beach tourism but, in recent decades, it has also enabled a growing de-seasonalisation, focused on other activities such as sports, wellness, active tourism, or culture.

3.4.2.3 Natural conditions

The Balearic Islands present a varied landscape that changes both between islands and at an intra-insular level, conditioned by their topography and geology. The northern area of Menorca is marked by gentle slopes furrowed by streams, with small agricultural plains, while the southern half of the island is a high plateau cut by ravines that lead to characteristic coves. Mallorca, on the other hand, is marked by the presence of a mountain range in the northwest, the Serra de Tramuntana, many of whose peaks reach 1,000 meters, with a maximum elevation of 1,445 metres (Puig Major). The eastern area features a series of lower mountain ranges, the Serres de Llevant. The space between these two mountainous zones also gives rise to a variation in landscapes; at the foot of the Serra de Tramuntana, El Raiguer, a transitional area between the mountains and the region of El Pla, a gently undulating terrain dedicated to cultivation in the middle of Mallorca island, and to the south, El Migjornorn, characterised by the seashores and the landscape of scrubland. Ibiza and Formentera are islands with gentle elevations and a high presence of pine forests. Many of the natural areas of the Balearic Islands are part of the Natura 2000 network, such as the north coast and much of the south ravines of Menorca, the north coast of Ibiza, the salt flats of Ibiza and Formentera, the Cap de Barbaria and La Mola in Formentera, and in Mallorca, the Serra de Tramuntana, the mountains of Artà, the east coast or the Cabrera archipelago. The latter also constitutes a Maritime-Terrestrial National Park since 1991.

3.4.2.4 Cultural heritage

The Balearic archipelago has received recognition from UNESCO on several occasions since the early 1990s, both in relation to tangible and intangible cultural heritage, across all the islands that comprise it. Menorca was granted Biosphere Reserve status in 1993 due to the establishment of a human landscape respectful of sustainable development, while preserving and enhancing ecological values in an incomparable cultural environment. Following this, in 1999, Ibiza was recognised as a World Heritage Site, including its historic centre (Dalt Vila), archaeological sites of Puig des Molins and Sa Caleta, and a significant part of the maritime ecosystem connecting it with Formentera, characterised by the presence of important Posidonia oceanica meadows.
On the island of Mallorca, the cultural landscape that has been shaped through the interaction between human activity and nature in the Serra de Tramuntana was recognised as a World Heritage Site in 2011. Thus, the 90 kilometres of nature, cliffs, and forests that have formed a human landscape through fortresses, sanctuaries, villages, terraces, and irrigation channels saw its value acknowledged as a World Heritage Site. Additionally, Mallorcans have preserved through the centuries the "Cant de la Sibil·la," a tradition

repeated every Christmas in the island's churches dating back to medieval times. In 2010, this tradition received recognition as intangible cultural heritage.
In 2019, another longstanding tradition of the Balearic Islands received recognition as intangible heritage, the art of dry stone construction: knowledge and techniques, in a joint candidacy between Croatia, Slovenia, Spain, France, Greece, Italy, Switzerland, and Cyprus. This technique plays a fundamental role in shaping the landscape of the Balearic Islands and has been one of the main means of interaction between humans and the territory. In particular, it has a prominent role in areas declared World Heritage Sites, such as Menorca Biosphere Reserve or the Serra de Tramuntana.
More recently, this solid network of recognised tangible and intangible elements as World Heritage has been expanded with the recognition of the candidacy "Talayotic Menorca" as a World Heritage Site (2020). Under the motto "An insular cyclopean odyssey," it has been the path to follow to preserve the exceptional legacy of the Talayotic culture of the island. Talayotic Menorca (1600 BC-123 BC) is the chronicle of a culture that managed to build numerous cyclopean constructions on a small island. The candidacy is divided into nine territorial areas (about 5% of the island's territory) that encompass 280 prehistoric sites, where the most important vestiges of this culture can be seen, which, with some differential facts, also developed parallelly on the neighbouring island of Mallorca.

3.4.2.5 Infrastructure and mobility

The main access route for people to the Balearic Islands remains by air, while the main access route for goods is by sea. The data on tourist cruises docking at the ports of the Balearic Islands became similar to those of 2019 from May 2022 onwards. In terms of ports, Palma attracts nearly 80% of passengers and tourist cruises, while the port of Ibiza accumulates almost 18%; in the rest of the ports, this activity has a residual presence.
The main international airports are: Son Sant Joan in Palma de Mallorca, Mahón in Menorca, and Es Codolar in Ibiza. Access to the island of Formentera is only possible by ferry boat. Approximately 75% of air traffic is concentrated at Palma airport, followed by Ibiza and Mahón. There are 7 ports with regular sea lines: Palma, Alcudia, Mahón, Ciutadella, Ibiza, Sant Antoni de Portmany, and La Savina (Formentera), which hosted around 597,773 passengers.
Transport within the Balearic Islands relies heavily on road traffic, particularly access to ports and airports. Public transport to such facilities is mainly by bus and pullman lines. Train and subway lines exist only in Mallorca, with trains reaching some of the main populations of the northern half of the island: Inca, Sa Pobla and Manacor, amongst others.
The penetration of less polluting tourism (i.e., hybrid, electric, natural gas vehicles, etc.) into the Balearic Islands remains very low at present, and newly registered vehicles are still mainly gasoline powered.

3.4.2.6 Internet infrastructure and available digital services

Regarding the science, technology, and innovation system, during the period 2015-2021, the Balearic Islands have been the second autonomous community to experience the highest growth in R&D expenditure, with an increase of 63.8%, compared to the 31.0% average of all autonomous communities. The Covid-19 pandemic did not interrupt the growth trend, although it did slow down the pace. However, it remains at the tail end of investment as a percentage of GDP. The business sector has been the largest investor, surpassing the expenditure of the University of the Balearic Islands for the second consecutive year. Additionally, for many years it had a small percentage of research personnel in its staff compared to other sectors, but since 2018, there has been growth that has led to, for the first time in 2021, surpassing the number of researchers in public research centres in the Balearic Islands.

The Balearic Islands are consolidating in terms of internet connectivity, with 97.5% of households having this service, exceeding the national average by 1.4 points. Most citizens use the internet daily, surpassing the national average by 4.5 points. E-commerce continues to grow: 75% of individuals aged 16 to 74 in the Balearic Islands claim to have made online purchases during 2022, while the national average stands at 72.8%.

Regarding the use of digital administration, 79.6% of the population of the Balearic Islands has interacted with the Administration via the internet. As for ICT equipment and use, 85.6% of Balearic micro-enterprises have internet connection, surpassing the national average (82.1%), and 89.6% already have a computer (3.5 points above the national average).[188] Regarding the use of advanced digital technologies, 13.1% of companies with more than ten employees have used big data, while artificial intelligence represents 8.1%.

3.4.3 Economic analysis

The insularity and space constraints are peculiarities of the region that mark in a special way the economy. The Balearic Islands are small territories and are also islands. This results in pressure on a territory that has grown significantly in recent years, leading to major challenges for the management of the sustainability of the territory. Some of these challenges are: the need for adequate planning of transport infrastructures, environmental management, in terms of waste management and additional pollution generated by population growth, the creation of adequate services to the new demands of the increase in population, such as energy production and water supply and the concentration of tourists during the summer season, between May and October. (Source: RIS3)

The weight of the industry in the Balearic economy increases year after year, from 6.1% in 2017 to 7.3% in 2021.

After two years of restricted demand, the recovery of the service sector in the Islands has overcome all initial cautions and, thanks mainly to the strong impetus and vigour shown by the tourist activity, presents very positive results, especially in terms of production,

[188] INE (2022). Survey on ICT use and e-commerce in companies. Available at: www.ine.es/dyngs/INEbase/es/operacion.htm?c=estadistica_C&cid=1254736176743&menu=ultiDatos&idp=1254735576799 [accessed: May 2023]

consumer spending, and labour market behaviour, positioning the archipelago as the most dynamic autonomous community in the country. The intensity with which activities involving more social contact have resumed - commerce, transportation, hospitality, and the set of activities with a strong presence of tourism-related companies, as evidenced by the high growth rates in business volume recorded in the last year.

Table 17. Structure of the economy by sectors, 2023

Economic sector[1]	No. business entities	No. of persons employed [189]
Primary Sector	899	3,225
Agriculture forestry	806	
Fishing	93	
Secondary Sector	9,513	97,000
Manufacture of:		
Food products, beverages and tobacco products	444	
Textile, wearing apparel, leather and related products	166	
Wood, paper, printing and reproduction	300	
Coke and refined petroleum products	0	
Chemicals and chemical products	27	
Basic Pharmaceutical products and pharmaceutical preparations	21	
Rubber, plastic products, other non-metallic mineral products	150	
Basic metals and fabricated metal products, except machinery and equipment	411	
Computer, electronic and optical products	10	
Electrical equipment	9	
Other machinery and equipment	29	
Motor vehicles, trailers and semi-trailers	4	
Other transport equipment	89	
Furniture, other manufacturing	196	
Repair and installation of machinery and equipment	484	
Industry other than construction and manufacturing	184	
Construction	6,989	
Tertiary Sector	21,306	536,375
Transport	2,343	
Accommodation (e.g. hotels)	1,819	
Food service activities (e.g. restaurants)	5,746	
Information and communication	630	
Financial and insurance activities	526	
Real estate activities	1,564	
Professional, scientific and technical activities	2,762	

Education	830
Human health and social work activities	1,175
Public administration and defence, social security	0
Arts, entertainment and recreation	1,102
Activities of household and extra-territorial organisations and bodies	599
Other service activities	2,210

EUROSTAT. *Economy and Finance database*. https://ec.europa.eu/eurostat/data/database and Observatorio del Trabajo, Govern de les Illes Balears. Encuesta de población activa por sectores económicos 2004-2024. Information from 1st trimester 2024. Available here: Observatorio del trabajo-Encuesta trimestral EPA (caib.es). Data from the Balearic Islands level.

3.4.4 Pilot areas of project implementation

The pilot area that we intend to implement covers the centre of the island of Mallorca, corresponding to the county of Pla de Mallorca. It is made up of fourteen municipalities (Algaida, Ariany, Costitx, Lloret de Vistalegre, Llubí, Maria de la Salut, Montuïri, Petra, Porreres, Sant Joan, Santa Eugènia, Sencelles, Sineu and Vilafranca de Bonany) that are located in the interior rural area of Mallorca. These municipalities share a common landscape, architecture, culture, and a common geomorphology and agriculture. The municipalities are grouped in the central depression of Mallorca, occupying at least 600 km², which represents 21.6% of the island's surface. It is located half an hour from the capital, Palma.

In total, the region that comprises the grouping of the municipalities of El Pla de Mallorca has a population of approximately 40,161 inhabitants (as of 2023) in an area of 592.60 km², which gives a density of 67.77 inhabitants per sq. km.

The grouping of municipalities began in 1982 at the initiative of the Department of Industry and Commerce of the Insular Council with the unique objective of coordinating the management of solid waste of all the municipalities of the region. Over time, however, the entity evolved and expanded its objectives, with the goal of facilitating the management of the municipalities in certain areas. Currently the grouping of municipalities of Pla de Mallorca offers joint services that include social services, waste management, career orientation and employment, training, support to SMEs and promotion of sustainable tourism.

El Pla de Mallorca is characterised by being an emerging destination, which, after a few years of slow tourism development with the aim of continuing to preserve the territory with its traditions, authenticity and originality, has seen the effects of the pandemic generated by Covid-19; it has an opportunity to sustainable development for a market that is demanding sparsely populated, natural territories and with a high rurality index. Nowadays it only represents 2.24% of the total touristic allotments in Mallorca (18,715 tourist places out of 412,423). Due to its incipient development, it has a limited supply of tourist products, almost all concentrated in tourist cycle and hiking routes. Pla de Mallorca counts as a Tourism Sustainability Strategy in Destination since 2021 that is financed by European Funds (Next Generation).

Likewise, with a low-skilled labour market, where there is a large population unemployed over 44 years old. There is more unemployment among women than men. El Pla de Mallorca does not have accredited training, which makes it impossible to carry out training specialties leading to professional certificates.
There is also a very marked weakness with public transportation, especially among municipalities that make up the grouping of municipalities themselves. Likewise, the connection through Fibre-Optics is little consolidated.

3.4.4.1 Natural conditions of the Pilot Area

El Pla de Mallorca is a territory greatly transformed by human activity, which has shaped a landscape neatly defined within the island. It is a homogeneous rural landscape and its division into subunits, in this case it is done based on pedological and geomorphological criteria, since they are key in the definition of the landscape:
- *Call Vermell*. Towns (Santa Eugènia, Sencelles, Costix, Llubí) and rural surroundings. They are areas of *Terra Rossa*, a type of dark-coloured soil that allows dryland tree cultivation.
- White clays. Towns (Algaida, Porreres, Petra, Santa Margalida, Sineu...) and rural environment. These are areas with light-coloured soil suitable for growing cereals.

The majority of spaces are protected by the Law of Natural Spaces that catalogues them as Natural Areas of Special Interest (ANEI): the mountains of Randa, Son Seguí, Bonany, Sant Miquel and Sant Nofre, and the Commune of Lloret or the area of Na Borges. All of these areas have great naturalistic value.
Likewise, there are areas occupied by scrublands and forests, but dominated by crops: orchards, dry fruit trees and, as a distinctive characteristic of other areas of Mallorca, also relevant cereal plains.
With uniform appearance, some areas hide small ornithological gems that make them very interesting. The species of birds that we can find, both migratory and resident, are adapted to open areas, linked to the agricultural landscape of the El Pla de Mallorca, transformed during centuries.

3.4.4.2 Cultural Heritage of the Pilot Area

El Pla de Mallorca is characterised by its historical and heritage wealth, both material and immaterial. Archaeological sites, religious heritage, heritage linked to the agriculture and rurality of the area such as mills and possessions, among others.
The key material asset is the archaeological heritage. The presence of settlers since the 2nd millennium BC results in El Pla de Mallorca having a large number of archaeological sites from different periods. The *talaiots* (850/800-550/500 BC) are the main material manifestation from the area. Amongst the most remarkable sites stand out the Talaiotic settlement of Son Fornés (Montuïri) and the Sanctuary of Son Corró (Costitx), where three exceptional bronze ox heads, held at the National Archaeological Museum, were found. In El Pla de Mallorca there are the remains of the most important Talaiotic communities of

Balearic prehistory. For example, the archaeological route between Sencelles and Costitx with some of the most notable sites such as La Cova del Bisbe in Sencelles, a funerary cave from the period 1500-1000 BC, the Talaiot of Son Fred in Sencelles, from 950-550 BC, the Sanctuary of Son Corró in Costitx, a sanctuary of the post-Talayotic era that was restored, and dates from 450-12 BC, and the Bronze Age settlement of El Turassot in Costitx; this town dates back to 1600-1050 BC and, despite excavations which began only in 2015, remarkable structures can be visited. In Montuïri we also find the site and Museum of Son Fornés, one of the most complete places to learn more about the Talaiotic culture.

Another asset is the religious heritage. The grouping of municipalities of El Pla de Mallorca also stands out for its heritage in parish temples. The Church, in addition to forming one of the main elements of influence on the popular traditions and the sociocultural life of the people of El Pla de Mallorca (many of the festivals have their origin in religion), has also been determining in the architectural development of the area. The parish church is the most important building of each of the municipalities for its historical and artistic value and, in some cases, such as Sineu, Petra or Porreres, stand out for their antiquity. Most of the small population centres of El Pla de Mallorca grew in the shadow of these buildings. Apart from the churches, there are many other buildings that remind us permanently of the great importance that religion and devotion have had: wayside crosses, vicarages, convents, sanctuaries and hermitages, etc.

El Pla de Mallorca is also characterised by its agricultural architecture. The greatest exponent and an unequivocal example of this agricultural exploitation are the properties (*possessions*), farms where all the work related to agriculture and livestock was carried out. Many of them have been converted into rural properties as accommodation for tourists, some with a very outstanding quality, but without losing their traditional essence.

Almost all cultural resources are catalogued as BIC (Assets of Interest Cultural), and some such as the archaeological site of Son Fornés was declared a Historical Artistic Monument.

3.4.5 SWOT analysis of the area

Strengths	Weaknesses
• The Balearics are a world leading destination • Regional legislation favours sustainable and circular economy • Progressive increase in spending by tourists visiting the Balearic Islands • Small municipalities grouped under the Grouping of Pla de Mallorca • Growing awareness of the importance of tourism as a local economic driver for Pla de Mallorca	• Lack of generational turnover among field workers • High production costs in agriculture • Large population unemployed over 44 years old (more unemployed women) in Pla de Mallorca • Lack of strong agricultural organisations • Low academic level of the-Pla de Mallorca resident population,

• Destination of Pla de Mallorca as a whole, maintains its cultural traditions, its essence and its gastronomy	especially those living in the countryside • Shortage of accredited training centres in Pla de Mallorca • Little internal and external public transport connections in Pla de Mallorca • Little consolidated connection through Fibre Optics in Pla de Mallorca • Little business structure, infrastructure and tourist offer
Opportunities	**Threats**
• The Covid-19 pandemic has changed the habits of the population • The market tends to value locally sourced and "km 0" products • Tourists demand for more unique and personalised experiences, especially destinations that maintain their essence, originality and authenticity • Tourism potential for sustainable growth	• Insularity increases the costs of exporting products • The high competitiveness of prices in the external agricultural market poses a challenge for producers • Competition with highly positioned sun and beach destinations in Mallorca • Price competition with other Mediterranean destinations • Loss of cultural and archaeological heritage due to lack of planning and management • Increase of housing costs in line with the significant increase that is being experienced on the island

3.4.6 Conclusion

The Balearic islands have seen a radical turnaround of their economy in the last century. From an agriculturally based, incipiently industrial, economy, tourism has risen to become the principal and most profitable activity. In turn, most of food supply dedicated to tourism is provided by external markets, while local producers are decreasing every year. The situation after the Covid-19 pandemic has led to a change of habits amongst residents and tourists, who demand more unique experiences, especially concerning gastronomy, where

local and ecological products play a key role. The regional framework that pushes forward the circular economy, and specifically appeals to local product consumption, seems a favourable milieu to stimulating synergies between local producers and tourist establishments, particularly agrotourism and rural tourism companies.
Regarding the pilot area, the grouping is of municipalities of Pla Mallorca, which is an island within an island, with its own characteristic features and challenges. This rural area, with strong agriculture and traditional links, is characterised by a low-skilled labour market and higher unemployment. It is an emerging tourist destination with sparsely populated and natural territories that are being demanded by the market. Furthermore, it counts with the administrative grouping of municipalities that are eager to promote sustainable tourism practices in the region as well as other public services. All in all, Pla de Mallorca could largely benefit from innovative business ideas that arise from the communities to, indeed, revitalise the territory.

3.5 Northeast Region (North Macedonia)

3.5.1 Introduction

In this document are listed the demographic characteristics of the region, along with the main natural conditions and resources; climatic information about the pilot area is also presented. The current state of infrastructure in the region, including an assessment of available public transportation for both local travel and commuting beyond the area are described. Lastly, the economic analysis of the region is presented along with the SWOT analysis.

3.5.2 Characteristics of the region/pilot area

3.5.2.1 Demography characteristics of the area

The area of the municipalities of Kriva Palanka, Rankovce and Staro Nagoricane is part of the North-East Region of the Republic of North Macedonia. This Region follows the valleys of the rivers Pcinja and Kriva Reka and is constituted from six municipalities that, besides the above mentioned, include Kratovo, Lipkovo and Kumanovo. The total area of the North-East Region is 2,310 km^2. The area of the municipalities that are of our interest is 1,.154.41 km^2, which means that they make up 50% of the region.
The Northeast Region comprises the extreme northeast part of the Republic of North Macedonia and it is one of the smallest regions, covering only 9.3% of the country’s total land area and with a population density of 66.0 people per km^2 or 8.3% of the total population of the Republic of North Macedonia. Owing to the geological features of the Osogovo mountain range, the region has several lead and zinc mines. The natural conditions and resources of the Northeast Region provide good opportunities for the development and promotion of the meat and dairy processing industry.

In 2021, the region had a share of only 4.8 % in the total GDP, the smallest compared to the other regions. The employment rate in 2021 was 33.7 - the lowest compared to the other regions.

Municipality of Kriva Palanka

The municipality of Kriva Palanka is on the outermost part of the North East Region of the Republic of North Macedonia. This municipality borders with two countries; with Bulgaria to the east and with Serbia to the north. Through Kriva Palanka, North Macedonia connects with Bulgaria with the Deve Bair border pass, and it is the main border crossing used for road travel to connect the capital city Skopje with Sofia, the capital of Bulgaria. To the south, Kriva Palanka borders with the municipality of Kratovo which has open road connection and with Kocani and Makedonska Kamenica, also to the south sharing the Osogovo mountain range. To the west Kriva Palanka borders Rankovce. The Municipality of Kriva Palanka covers an area of 480.81km^2. According to the last Census, the total population is 18,059 inhabitants spread over 6,984 households. Out of the total population, 9,302 are men and 8,757 are women.

Table 18. Comparison of the number of population, households, and house buildings for the census years 1994, 2002, and 2021 for Kriva Palanka

Census year	1994	2002	2021
Number of population	20,110	20,820	18,059
Number of households	/	6,600	5,481
Number of house buildings	/	9,448	7,526

Source: Republic of North Macedonia - State statistical office

Municipality of Rankovce

Rankovce is a municipality located west of Kriva Palanka and on the north side it borders with the Republic of Serbia, to the west with the municipality of Staro Nagoricane and to the south with the municipality of Kratovo. It is located on the so called Slaviska valley that follows the river, Kriva Reka. This municipality consists of 18 villages with a total area of 242.55 km^2 and the seat of the municipality is in the village of Rankovce. Out of the total number of villages, 14 are located on hills, 4 are in the valley and only 6 of them have some kind of urban infrastructure. The entire territory of Rankovce is a rural area and the total population according to the last census is 3,465 inhabitants out of which 1,823 are men and 1,637 are women. The population density is 18.3 people per km^2. Out of the total population 16% are kids (0-15), 65% are work capable (16-64) and only 19% are old people (65+).

Table 19. Comparison of the number of population, households, and house buildings for the census years 1994, 2002 and 2021 for Rankovce

Census year	1994	2002	2021
Number of population	4,203	4,144	3,465
Number of households	1,500	1,467	1,323
Number of house buildings	2,038	2,019	2,654

Source: Republic of North Macedonia - State statistical office

Municipality of Staro Nagoricane

This municipality is located between the municipalities of Kumanovo and Rankovce. To the north Staro Nagoricane borders with the Republic of Serbia where the Prohor Pcinjski border crossing is located, and to the south-east it borders with the municipality of Kratovo. The total land area of Staro Nagoricane is 451 km^2 and it is constituted of 29 villages with the seat of the municipality in the village of Staro Nagoricane. According to the last census the total population is 3,501 out of which 1,902 are male and 1,599 female.

Table 20. Comparison of the number of population, households, and house buildings for the census years 1994, 2002 and 2021 for Staro Nagoricane

Census year	1994	2002	2021
Number of population	4,971	4,840	3,501
Number of households	/	1,697	977
Number of house buildings	/	3,598	3,411

Source: Republic of North Macedonia - State statistical office

In this table we can assess the enrolment of the population in these three municipalities in education. Human potential is the basis for any kind of business development and here we can see the education level in exact numbers recorded at the last census in 2021.

Table 21. Enrolment in education, 2021 Census

	Kriva Palanka	Rankovce	Staro Nagoricane
Population aged 5+	17,453	3,290	3,360
Not attending	14,452	2,761	2,816
Elementary school	1,473	327	300
High school	690	99	157
Undergraduate education	699	78	43
Master studies	53	3	5
Ph. D	4	1	-
Unknown	82	21	39

Source: Republic of North Macedonia - State statistical office

The demography in these three municipalities considered in the last three census years clearly shows the decline of population. Migration from these municipalities, mainly towards the capital city of Skopje but also to the nearest bigger city like Kumanovo, and migration abroad, mainly to EU countries, has contributed to devastation and hindered the development of the region (Table 22).

Table 22. Demography last three censuses – structured

	Kriva Palanka			Rankovce			Staro Nagoricane		
94 Census	All	Male	Female	All	Male	Female	All	Male	Female
Total	20,110	10,229	9,881	4,203	2,166	2,037	4,971	2,619	2,352
02 Census	All	Male	Female	All	Male	Female	All	Male	Female
Total	20,820	10,727	10,093	4,144	2,177	1,967	4,840	2,569	2,271
21 Census	All	Male	Female	All	Male	Female	All	Male	Female
Total	18,059	9,292	8,757	3,465	1,828	1,637	3,501	1,902	1,599
Kids and youth (0-14)	2,263	1,163	1,090	557	274	283	478	248	230
Productive population (15-64)	12,056	6,399	5,657	2,266	1,239	1,027	2,181	1,244	937
Seniors (65+)	3,740	1,730	2,010	642	315	327	842	410	432

Source: Republic of North Macedonia - State statistical office

3.5.2.2 Climate

Kriva Palanka

The Municipality of Kriva Palanka has a moderate continental climate (with a mild cold winter, a mild hot summer, a cool spring and a relatively warm autumn), due to the geographical disposition and certain impacts from the Aegean Sea, through the Kriva River. The average annual temperature is 10.2°C. The warmest month is July, with an average value of 20.0° C. The coldest month is January, with an average of -0.3°C. The average annual temperature fluctuation is 20.3° C. In comparison with the surrounding areas, the region of Kriva Palanka receives significant rainfall. This is due to the great height that is a natural condenser for water vapor, carried by the west and south winds. The average date of the first snow cover in this area is November 30th. The belt above 1,700 metres has quite low average annual temperatures, so the peaks Ruen and Carev Vrv are covered with snow from October until early June. The Municipality of Kriva Palanka is a windy area. The winds in Kriva Palanka blow almost everywhere and at any time of the year. Due to the high frequency of winds in this area, fog is a rare occurrence. On average, 10-12 days of fog are registered annually, mainly from November to February, with some years occurring from September to May.[190]

Rankovce

The climate in the municipality of Rankovce is the same as in Kriva Palanka - moderate continental; the average annual temperature is 10.2°C, the warmest month is July, with an average value of 20.0°C. The coldest month is January, with an average of -0.3°C.
Several winds blow in Rankovce: southwestern, northern, southern, south-eastern and eastern. The most present is the southwestern wind, with a frequency of 219‰, the annual average speed of 2.9 m/s and the maximal speed is 19.0 m/s. The amount of precipitation is significant in the area, with an average annual precipitation of 633.5mm, with minimum in November and maximum in May. The average date for the first snow is 30 November.

Staro Nagoricane

In the municipality of Staro Nagoricane the average annual air temperature is 11°C, with an average annual temperature fluctuation of 20°C. The coldest month is January, with an average of 0.0°C and the warmest month is July with an average annual air temperature of 22°C. August is also warm and follows the same average temperature as July, and in October the average monthly air temperature is warmer than April by 0.1°C as a characteristic of the Mediterranean influence of the thermodynamical regime of the air.
The average sum of rainfall is around 500mm. The month of May is the rainiest with average monthly rainfall of 67mm as a result of the continental climate influence. Summer is the driest period of the year with the minimum rainfall in August of an average monthly level of 27 mm.

[190] ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN (ESMP) Project: Upgrading of local road to the new city cemetery in Municipality of Kriva Palanka, Slavjanka Pejchinovska-Andonova, MSc, Environmental Engineer Environmental and Social (E&S) Specialist, September 2020

According to these climate characteristics, the climate of Staro Nagoricane can be defined as moderate continental with Mediterranean influences.

3.5.2.3 Natural conditions

Kriva Palanka

The territory of the municipality of Kriva Palanka is located between the Osogovo mountain range on the south and German mountain range on the north. Kriva Palanka is situated on the micro region Slaviste or Slavisko pole (valley). On the east this micro region borders with the Republic of Bulgaria with its most eastern part the mountain border cross Deve Bair. The tallest peaks on the east are Zheravinska (1,460m), Kopriva (1,315m), Deve Bair (1,199 m) and Bozidarica (1,580m). On the west the Slavisko pole continues into the municipality of Rankovce.

Rankovce

The mountains of Biljino and German on the north, the Osogovo mountain to the south east and the open valley from west to east called Slavisko pole shape the geography of the municipality. On the west Slavisko pole merges with Kumanovo valley with smaller incursions with low peaks like Ushi (972 m), Stacin (811 m) and Visok Rid (844 m).

Staro Nagoricane

The territory of the municipality of Staro Nagoricane is located between 21°47’ and 22°03’ east longitude and between 42°08’ and 42°39’ north latitude. The biggest part of the territory is on the mountain Kozjak, and its southern slope known as Kozjacija region, but also it takes parts of the east slopes of Ruen Mountain and the valley along river Pcinja. This municipality is the most northern municipality in North Macedonia.
The total area is 1,154.41 km^2, and as we can see from the previous chapter the climate conditions are the same, and the climate is strictly connected with geography and thus implies the character of the nature and the rules of the natural habitats.
There are still no Natura 2000 sites in North Macedonia. Macedonian legislation has not yet incorporated the obligations arising from Article 6.4 of the Habitats Directive 92/43 /EC regarding the assessment of plans and projects significantly affecting Natura 2000 sites, nor do similar requirements exist for Emerald network sites or ecological corridors.

3.5.2.4 Cultural heritage

Being on the crossroads of Europe, the Republic of North Macedonia is the cultural and heritage meeting point of the west and the east. Monumentally and archeologically rich, this country is not lacking in representation of humanity’s epochs and eras. The region of our interest although does not hold North Macedonia’s most renowned sites, but ultimately has enough landmarks to attract tourist both local and regional.

In general, the region is constituted of churches and monasteries, archaeological sites and war monuments. Out of the three municipalities, Kriva Palanka has the most important and most visited cultural heritage monument the Osogovo monastery.
There are several archaeological sites in the Municipality of Kriva Palanka, including late antique, Roman time and Medieval period archaeology sites of settlements.
The municipality is rich in cultural and religious monuments. The most important are:

- Osogovo monastery
- Church of St. Dimitrije - built in 1833.

There are 32 monuments in total in the territory of the municipality of different kinds. Kriva Palanka in the city centre of the municipality has two institutions, Cultural Centre and City Museum.

Staro Nagoricane
There are several archaeological sites in the Municipality of Staro Nagoricane:

- Kokino, Kostoperska Karpa, Zebrnjak

Several cultural and religious sites, most important are:

- Church of St. George, Church of St. Petka, Karpino Monastery, Monastery Zabel

Rankovce
Churches:

- Church of the Holy Virgin, St. Nikola church, St. Paraskeva church

Archaeology sites:

- Gradishte archaeological site, Locality Crkvishte St. Marijana in village Ljubinci, Mal Kamlesh village

The institutions preserving cultural and historical heritage are generally not located in the region. Local governments and the few cultural institutions do not have enough funds to preserve this important potential in these municipalities. Rarely do international organisations and funds allocate resources for this aim, and thus many important segments of historical and cultural heritage of the region are slowly collapsing.[191]
Besides landmarks, events and festival are organised and are happening in the region. The events range from popular music festivals, art colonies, folk festivals and traditions to agriculture exhibitions and fairs.
Most important and noticeable are:

- Art colony St. Joakim Osogovski, since 1987 (International character)- Kriva Palanka
- Bride worship, village of Konopnica, St. Tirion church, historical (traditional event) – Kriva Palanka
- Traditional Folklore Festival “St Joakim Osogovski”– Kriva Palanka,
- Đurđevdanski Sabor – Staro Nagoričane,
- St. Petka Sabor – Staro Nagoričane,

[191] Preparation for implementation of the Area Based Development (ABD) Approach in the Western Balkans Baseline Study and Strategic Plan for development of the cross-border region "Pčinja- Krajište", Standing working group for regional rural development (SWG), 2017

- Bajlovski Gatherings – Staro Nagoričane,
- Karpino Art Colony – Staro Nagoričane,
- Zebrnjak Memorial Service – Staro Nagoričan,e
- Joyfest – Kriva Palanka.

Cross-border cooperation during event organisation is modest, and it is based on individual visits and performances of cultural and artistic associations. There are no organised tourist visits from the neighbouring countries and cultural institutions, in general, do not cooperate during the organisation of events.

3.5.2.5 Infrastructure and mobility

These three municipalities are connected by corridor 8. It is the Pan-European route that connects Europe to Asia, the Mediterranean Sea with the Black Sea. So far only one express road connects these three municipalities to the corridor; the planned railway from Kumanovo to Kriva Palanka which is supposed to connect with Bulgaria is not being constructed yet. Two border crossings, one with Serbia in Staro Nagoricane and one in Kriva Palanka with Bulgaria. Kriva Palanka is just two hours road drive to Sofia the capital of Bulgaria or approximately 145 km, the nearest airport is Skopje Airport 85 km from Kriva Palanka, and only 40 km from Staro Nagoricane.
Commuting between these municipalities is mainly done by car by private transport. Organised transport is provided by small private bus driving companies offering transportation from these municipalities to Skopje the capital city.
Out of these three municipalities only Kriva Palanka has an urban city infrastructure, the others are villages which are the seat of a municipality.

Kriva Palanka

This municipality has adopted the General Urban Planning for the municipality for the period 2019-2029. This plan spreads over an area of 659ha and it includes the city of Palanka and parts of nine other villages surrounding the city. The municipality has also adopted several detailed urban plans and special urban plans for building hotels and similar economy development projects.
There are two elementary schools in Kriva Palanka which have twelve regional departments in the villages and one high school that offers general education and technical education studies. A high school dormitory is present in Kriva Palanka for the kids from the rural parts of the municipality.
The waste in the Municipality of Kriva Palanka is disposed of at the municipal landfill near the settlement Konopica (3 km from the City of Kriva Palanka). The waste is disposed of without any treatment (only levelled and filled with soil and sand). The solid municipal waste is collected and disposed by PCE "Komunalec" Kriva Palanka, with its own vehicles. In addition to rural settlements, waste is disposed of by the local people, which leads to the generation of illegal dumpsites.

Staro Nagoricane

The total road infrastructure in this municipality is 223.20 km, out of which only 41.20 km is asphalt and 64 km gravel. Staro Nagoricane is connected to Kumanovo by the M-2 magistral road, the regional road with Kumanovo and Kriva Palanka, the regional road to the border crossing with Serbia and a regional road to the village of Ramno.

This municipality does not have sewage and wastewater infrastructure. Regarding water supply some of the villages in the municipality still do not have water supply pipelines but technical plans are prepared for the building of such infrastructure. The municipality is 100% covered with electricity. Waste management is not solved in the municipality although public enterprise exists but do not work properly. There are no irrigation systems for agriculture, only primitive channels for irrigation. Two police stations are present, no bank offices and two post offices. Regarding the urban planning, the municipality does not have such a strategic document. Three elementary schools are functioning with nine regional departments spread around the villages. There is no higher education in Staro Nagoricane, and only primary health care is offered.

Rankovce

This municipality has one elementary school, one Technology and Industrial Zone on 40ha opened in 2014, one municipal building, a post office, one police station and one firefighting unit and station. Rankovce does not have sewage and wastewater infrastructure. In 2022, funded by the EU, a small meliorative system was built for irrigation on an area of 242ha with the capacity to service more than 250 farmers.

3.5.2.6 Internet infrastructure and available digital services

The Republic of North Macedonia has internet coverage on the entire territory. The Internet network is offered as 4G and 5G through mobile phone service providers and also the same companies offer cable internet in the region of our interest. There were 1.82 million internet users in North Macedonia at the start of 2024. A total of 2.55 million cellular mobile connections were active in North Macedonia in early 2024, with this figure equivalent to 122.6 percent of the total population. Therefore, the share of households with internet access in North Macedonia reached a peak in 2024 with 87.2 percent. [192]

Data indicates that internet users in North Macedonia could have expected the following internet connection speeds at the start of 2024:

- Median mobile internet connection speed via cellular networks: 82.31 Mbps
- Median fixed internet connection speed: 39.15 Mbps

[192] https://datareportal.com/reports/digital-2024-north-macedonia?rq=north%20macedonia

3.5.3 Economic analysis

As previously mentioned, the three municipalities are part of the North-East region, and when describing the state of the art of the economy we shall analyse them from the municipal level compared to the available statistics and data for the region that they are part of. In that context the Northeast region in North Macedonia has shown these indicators, observed and published by the state statistical office of Republic of North Macedonia.

According to the headquarters of the business entities, in 2022, the biggest exports (4,989 USD million) as well as the biggest imports (9,192 USD million) were registered in the Skopje Region. The business entities with headquarters in the Northeast Region had the lowest volume of external trade.

According to the final data of the State Statistical Office, the number of active enterprises in the Republic of North Macedonia in 2021 was 70,424. The data on the structure of active enterprises by regions shows that the highest share of 38.6% belongs to the Skopje Region, while the Northeast Region had the lowest share of 5.8%. The highest average monthly net wage paid per employee in 2022, compared to the overall average in the Republic of North Macedonia, was observed in the Skopje Region (13.4%), while the lowest average monthly net wage paid per employee in 2022, compared to the overall average in the Republic of North Macedonia, was recorded in the Northeast Region (18.7%). The lowest employment rate in 2022 was observed in the Northeast Region. Also worth mentioning is that the highest number of users of guaranteed minimum assistance aged 18 years and more for the year 2022 is recorded in the North-East region.

Mainly micro and small enterprises are registered in these municipalities or are doing their economic activities. In the municipalities of Rankovce there are 73 micro companies, 15 small and 1 medium, the most successful company is a pellet fuel producer. Two companies are doing mining and excavation; one specialised in Gneiss and Schist and the other mainly Iron ore, both employing over 500 people.[193]

There is also not much difference in Kriva Palanka. Out of the total number of companies 72% are micro, 27.7% are small and only one (0.2%) is a medium company. The biggest enterprise and employer is the mining complex Toranica which excavates zinc and lead ore. Other relevant economic activities are trade, textile industry, leather industry, metal processing, agriculture and agrotourism.[194]

In the municipality of Staro Nagoricane more than 40 companies are operating mainly micro and small enterprises.[195]

People from this region are known in the country as great construction workers and construction craftsmen, thus a lot of construction companies are established in this region operating on the whole territory of North Macedonia. Several restaurants or agrotourism complexes are functioning in the region offering traditional Macedonian cuisine and entertainment with folk music.

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[193] Plan for Local Economy Development 2024-2027, Municipality of Rankovce, September 2023
[194] Plan for Local Economy Development 2024-2027, Municipality of Kriva Palanka, 2023
[195] Strategy for Local Economy Development 2019-2023, Municipality of Staro Nagoricane, 2019

Regarding the local institutional help in economic activities, two municipalities have LED (local economy development) departments, only Staro Nagoricane has dismantled their department. Respectfully, the municipalities of Kriva Palanka and Rankovce have LEDP (local economy development plans) for the period 2024-2027, and only Staro Nagoricane does not have a new plan, the last being for the 2019-2023 period.

Table 23. Registered business entities by sector in selected area

Economic sector[1]	No. of business entities
Primary Sector	33
Secondary Sector	129
Tertiary Sector	517

Source: Republic of North Macedonia - State statistical office

3.5.4 Pilot areas of project implementation

SWG RRD will implement the pilot testing in the municipalities of Staro Nagoričane, Rankovce and Kriva Palanka which is the north-eastern part of the Republic of North Macedonia. The area is characterised by high biodiversity value, large areas of high mountain pastures and wild nature, surrounded by more dynamic urban areas. Although the region is facing a number of development problems, and lack of public services, the rural areas have preserved the cultural heritage and tradition. The most dominant challenges and problems faced are: an underdeveloped road infrastructure, unused tourist potentials, lack of skilled labour, weak economic power of the residents, outflow of personnel from the municipalities, and within the scope of this project, SWG will deliver capacity and skills development, service design, engage the stakeholders in co-design and implementation of community based innovative business models and digital innovation hubs aiming to develop joint economic activities, increase sustainable and green job opportunities and revive the social and economic structure in the pilot area.

3.5.5 SWOT analysis of the area

Strengths	Weaknesses
• Nature (forests, endemic species, pastures, rivers) • Mineral deposits • Closeness to airport • Connected to corridor 8	• Underdeveloped local infrastructure • Waste management • Low tourist offers • Non-existent or Undeveloped urban plans • Low budget municipality • Lack of qualified work force • Small market and lack of entrepreneurial mindset

Opportunities	Threats
• Geothermal springs • Cultural heritage and religious tourism • Organic agriculture • Rural tourism and mountaineering • IPA and national budget funding development programmes • Railroad construction possibility	• Migration • No marketing or promotion of the region • Lack of support for protection of the cultural heritage • Fragmented agriculture • Climate change

3.5.6 Conclusion

In summary, the municipalities of Kriva Palanka, Rankovce, and Staro Nagoricane are geographically characterised by their proximity to mountain ranges and valleys, shaping their landscapes and natural features. Despite their distinct geographical attributes, these areas share similar climatic conditions and ecological characteristics, influencing their natural habitats and biodiversity.

Regarding the cultural heritage in general, the region is constituted of churches and monasteries, archaeological sites and war monuments. Out of the three municipalities, Kriva Palanka has the most important and most visited cultural heritage monument, the Osogovo monastery.

Despite their proximity to major transportation routes, infrastructure disparities persist, with only Kriva Palanka boasting urban amenities, with inadequate waste management, limited educational facilities, and underdeveloped healthcare services in all three municipalities. While Kriva Palanka has made strides with urban planning and educational infrastructure, Staro Nagoricane and Rankovce face significant gaps in essential services and infrastructure.

The economic landscape of the North-East region, encompassing the municipalities of Kriva Palanka, Staro Nagoricane, and Rankovce, reflects a diverse array of economic activities and enterprise structures. The region, as indicated by statistical data, demonstrates significant variations in economic performance and development indicators compared to the national average. The economic activities span a range of sectors including mining, agriculture, agrotourism, and small-scale manufacturing. Notably, the mining sector, particularly prominent in Kriva Palanka and Rankovce, contributes significantly to local employment and economic output. Local institutional support for economic development varies across municipalities, with initiatives such as Local Economy Development Plans (LEDPs) in place to stimulate growth and entrepreneurship. However, disparities exist, with some municipalities lacking updated plans or dedicated departments for economic development. Collaborative efforts between local governments, businesses, and stakeholders are essential in fostering sustainable economic growth and enhancing livelihoods across the North-East region.

3.6 South Aegean Region (Greece)

3.6.1 Introduction

The region of the South Aegean is one of Greece's thirteen administrative districts. It includes the island clusters of Cyclades and Dodecanese and is in the southeast of Greece and the European Union. It consists of 79 islands, of which 52 are inhabited, and 178 islets. As an island complex it covers a total land and water surface of a total area of 79,332 square kilometres. The main islands that make up this island complex are, in order of size, the following: Rhodes, Karpathos, Kos, Kalymnos, Satyapal, Kasos, Tilos, Symi, Leros, Nisyros, Patmos, Chalki, Saria, Lipsi, Pserimos, Agathonisi, Levitha, and Megisti or Kastellorizo.

The South Aegean Region's permanent population amounts to 309,015 inhabitants, 155,865 men and 153,150 women, and the mild temperate Mediterranean climate prevails. The natural environment in the South Aegean Region is characterised by the prevalence of ecosystems that, on the one hand, lack dense and high vegetation and, on the other hand, it is strongly influenced by the sea.

The economy of the South Aegean Region is dominated by the Tertiary sector, which produces more than 85% of the Gross Value Added (GVA) of the local economy. The Primary (2.5%) and the Secondary sector (11%-12%) participate with small percentages. The dominance of the tertiary sector in the economy of the South Aegean Region is primarily due to tourism and trade, which is directly linked to tourism, which together contribute about 50% of the generated GVA.[196]

The pilot area in which the project will be implemented is the island Leros. Leros is located at the south-eastern end of the Aegean Sea and in the north-west of the Dodecanese, between the islands of Kalymnos, Patmos and Leipsi. Leros is the ninth largest island of the Prefecture of Dodecanese (area 53 sq. km and coastline 71 km).[197]

To provide a detailed picture of the area, this chapter is structured as follows. Section 3.6.2 presents the characteristics of the South Aegean Region, focusing on demographic, climatic, natural, cultural, infrastructure, and mobility information, as well as internet infrastructure. The economic analysis of the area will be detailed in section 3.6.3. In section 3.6.4 the main characteristics of the Pilot area, which is Leros island, are introduced. Finally, in section 3.6.5, a SWOT analysis of the South Aegean Region is presented.

3.6.2 Characteristics of the region/pilot area

The region of South Aegean is one of Greece's thirteen administrative districts. It includes the island clusters of Cyclades and Dodecanese and is in the southeast of Greece and the European Union. It extends over a vast sea zone from the coasts of Attica to the southern coasts of Turkey. It consists of 79 islands, of which 52 are inhabited, and 178 islets. The main

[196] South Aegean Region's Business Plan (2016), Skiadas Dimitrios
[197] Agricultural Development Operational Plan 2014-2020 (Leros) – South Aegean Region

islands that make up this island complex are, in order of size, the following: Rhodes, Karpathos, Kos, Kalymnos, Astypalaia, Kasos, Tilos, Symi, Leros, Nisyros, Patmos, Chalki, Saria, Lipsi, Pserimos, Agathonisi, Levitha, and Megisti or Kastellorizo.[198]

3.6.2.1 Demography characteristics of the area[199]

The South Aegean Region has a total area of 5,286 square kilometres and covers 4% of the total area of the country, with 28% of its area being mountainous, 43% semi-mountainous and 29% lowland. As an island complex it covers a total land and water surface of a total area of 79,332 square kilometres. A common picture in the morphology of the South Aegean Region's islands is the alternation of long steep coasts with smooth short coasts.
South Aegean Region's permanent population amounts to 309,015 inhabitants, 155,865 men and 153,150 women, corresponding to 2.85% of the total permanent population of the country. Rhodes island is the one with the largest participation in the total population of the Region (almost 40%). The table below depicts the percentage per age of the total Region's population.

Table 24. Region's Population – Age

Ages	% of Population
0-9	11%
10-19	10%
20-29	11%
30-39	12%
40-49	12%
50-59	13%
60-69	14%
70-79	11%
80+	7%

Source: ELSTAT

3.6.2.2 Climate[200]

In the South Aegean Region, the mild temperate Mediterranean climate prevails. It presents average temperatures ranging between 11°C and 28°C, while the winds are mainly northerly, with intensity even during the summer months. The average temperature of the coldest month (January) is 10-12°C and of the hottest (July or August) 24.5-26.5°C, while on an annual basis the average temperature fluctuates around 19°C. Frost is a rare occurrence, while the absolute maximum temperatures rarely reach 40°C on some islands.
In terms of the level of sunshine, the South Aegean is characterised by the highest sunshine in the country and ranges around 3,000 hours per year. Regarding the level of rainfall,

[198] LONG-TERM VISION FOR RURAL AREAS (2020), Nicoleta Darra
[199] South Aegean Region's Business Plan (2016), Skiadas Dimitrios
[200] South Aegean Region's Business Plan (2016), Skiadas Dimitrios

although some islands occasionally receive a relatively appreciable amount of rain, in general the rainfall is not sufficient to meet the needs, especially in the summer months.
The weather conditions contribute to the Region's economic development via mainly the Tertiary sector (Tourism/Trade) and secondly via the other two sectors, but also limits the tourist season to six-seven months of the year.

3.6.2.3 Natural conditions[201]

The natural environment in the South Aegean Region is characterised by the prevalence of ecosystems that, on the one hand, lack dense and high vegetation and, on the other hand, is strongly influenced by the sea. In particular, the following main types of ecosystems are distinguished: scrub ecosystems, maquis ecosystems, forests and woodlands, grasslands, coastal and marine ecosystems.
The largest part of the area of the two island complexes has been recognised by the scientific community as ecologically important. This is a total of 31 areas that have been proposed for inclusion in the NATURA 2000 network, a total of 39 Corine Habitats and a significant number of wetlands that have been recorded in the Greek wetlands database of the Hellenic Wetlands Habitat Centre.
A total of 181 wetlands are found on 33 islands of the South Aegean Region. Most wetlands are under some form of protection. In detail, 47 wetlands are in an area designated as a Special Protection Zone of the Natura 2000 network, 41 in a Special Conservation Zone of the Natura 2000 network, 37 in Wildlife Sanctuaries, and 102 wetlands are protected by the Presidential Decree to protect 40 small island wetlands.
It should be noted that the wider area has many biotopes, which, although they have undergone significant changes, retain their importance even at island level, both for ecological reasons and for the potential and opportunities they offer for the development of specialised tourist activities. The value of the living world of the Aegean islands is found in the intense endemism of the flora and for some species the fauna.
In the South Aegean Region, due to the long periods of drought, the short period of rainfall, the intense sunshine, the maquis vegetation, the phrygana, dominates, while to a lesser extent there are pine forests with coniferous trees, such as various types of pine, cypress and cedar depending on the area.
As far as the fauna of the Region is concerned, its characteristic feature is its great biodiversity but also its rarity. The Rhodian deer is a small number of animals that live in the forests of Rhodes. The ibex of Antimilos lives only on the rugged island of Antimilos.
Finally, 447 species of fish and thousands of species of other organisms have been recorded, such as starfish, 41 sea urchins, clams, mussels, oysters. Also, 15 species of marine mammals have been recorded, such as the Mediterranean seal (monarchs), with a population that does not exceed 350 individuals, the bottlenose dolphin, the grey dolphin, which is rare in the Aegean area, the porpoise, while some species of whales also appear rarely.

[201] South Aegean Region's Business Plan (2016), Skiadas Dimitrios

3.6.2.4 Cultural heritage

In the European Region, such as the South Aegean, the "South Aegean 2014-2020" Operational Programme emerges as a valuable tool for highlighting the cultural heritage, which, in combination with modern cultural creation, constitutes its most important comparative advantage, at global level. The South Aegean is home to the UNESCO World Heritage sites of Delos Island, the Monastery of Saint John the Theologian and the Medieval City of Rhodes.[202] [203]

The Region has made Culture a strategic priority. Projects related to the restoration and promotion of monuments and archaeological sites, the construction of new and the modernisation of old museums, the development of research programmes, new technologies or other innovative applications and procedures with intervention pillars, the diagnosis, maintenance, documentation and promotion of monuments, works of art, objects and other historical elements of culture will be carried out.[204]

In this context, the projects included in the "South Aegean 2014-2020" Operational Programme[205] are:

- Protection and promotion of the Ancient Acropolis of Rhodes
- Elevation and formation of the archaeological site of Filerimos, Rhodes
- Castle Museum Island of Naxos Town
- Fixing - restoration of the Episcopal Church of Sikinos
- Archaeological Museum of Kythnos
- Timeless Archaeological Museum of Tilos

The cultural projects that the Regional Authority finances from the Region's own resources are:

- Restoration – Highlighting of the Medieval Mole and the surviving parts of Nailak Tower
- Filerimos bell tower
- Excavation of Kimisala in Rhodes and the discovery of the Acropolis
- Securing the connecting road of the Kattavia – Prasonisi to Vroulia Provincial Road
- Illumination of Lindos Rock
- Roof sealing of Christ Church in Pothia Kalymnos
- Maintenance of Panormitis Bell Tower in Symi

In the Culture sector, the South Aegean Region cooperates with local bodies (Municipalities, Cultural Organisations, Cultural Associations, Unions) as well as other bodies of public and private legal entities that promote and advance culture, for the implementation of programmes and events of local importance that aim to link the cultural projection with the tourist development of the islands. Activities aimed at preserving the cultural heritage of the Cyclades and the Dodecanese, and spreading it to the young, are implemented.

[202] Naftemporiki (2024)
[203] Greek Tourism - Action Plans (2024) INSETE
[204] South Aegean Region
[205] SFC2021 programme

3.6.2.5 Infrastructure and mobility[206][207]

Water Supply

South Aegean region is one of the country's regions that faces the biggest problem of water quality and sufficiency, due to its excessive consumption, because of the increased use in agricultural and tourist activity, while at the same time there are limited water reserves. So, the water supply needs are currently covered by the following sources:

- Drilling for the exploitation of the underground potential.
- Sources of drainage of underground aquifers.
- Dams and reservoirs.
- Desalination installations.
- Transport of water with water carriers.
- Storage of water in private rain tanks

Waste Management

In addition, the waste management and its disposal method is a key deficit characteristic that is more noticeable in island areas and during periods of high concentration of tourists. In the South Aegean Region, there are 31 built Sanitary Burial Grounds. Also, there are 4 Waste Transfer Stations and 2 balers for temporary waste storage, serving the same number of islands.

Transportation

The geographical uniqueness of the Greek island area is not found in any other EU Member State. This peculiarity creates requirements for the development of a highly complex transport system. Air and sea transport operate in a complementary manner, mostly serving the total demand.

Fourteen airports operate in the South Aegean Region, eight of which are in Dodecanese and six in Cyclades. Despite the efforts to cover the needs of the Region, through the barren lines, in terms of the air connection of the islands with each other, there is a lack of connections between the Dodecanese and Cyclades. This fact creates major problems in intraregional transportation. In order for this problem to be solved the initiative of exploiting the water surface in the South Aegean as a field of support for air transport is considered as a solution. The creation of a network of waterways that will cover, with the use of seaplanes, transportation needs has been a key choice in the South Aegean Region. In addition, with the development of airports, helipads also serve an important part of the South Aegean Region's air transport. Now there are 28 heliports operating in Greece

The number of main ports of the South Aegean Region is 43. There are different categories of islands depending on the ferry service, which can be grouped as follows:

- Large islands with a satisfactory - regular connection to Piraeus (central country's port).
- Small islands with limited - on-board service.

[206] Strategic Environmental Impact Study of the River Basin Management Plan of the Aegean Islands Water Division-GR14
[207] Greek Tourism - Action Plans (2024) INSETE

- Small islands in the so-called barren line with minimal service.

Energy

For the South Aegean Region the production of energy is completely intertwined with its development. The existing infrastructure of autonomous power plants currently covers the Region's needs, apart from the summer months when the demand increases at a geometric rate. Autonomous power generation units are installed on islands with significant tourist activity. In the Region there are several steam power plants installed, using oil and fuel oil as fuel. There are no hydroelectric generating stations. Finally, there is an increasing tendency to install wind and photovoltaic parks which can in the long run solve the existing energy problem of the region.

3.6.2.6 Internet infrastructure and available digital services

The South Aegean Region's network infrastructures are deemed satisfactory. However, due to its geographical morphology, there are smaller islands or settlements that do not have sufficient infrastructure or do not have alternative telecommunication connection roads, which would add to the security and reliability of the system. Despite this, the South Aegean Region presents a dynamic profile regarding the broadband telecommunications network (ADSL connections), with particularly increased household access to the internet.
The South Aegean Region in the last three years succeeded to have the second fastest internet download speed after Crete Island. Residents of the South Aegean islands manage to have download speeds exceeding 100 Mbps.
Moreover, in the last two years actions have taken place like the Ultra-Fast Broadband (UFBB) project with a total budget of 884 million for the creation of fibre optic networks in semi-urban and rural areas, which have not been included in the investments of telecommunication providers. The South Aegean Region's islands Rhodes, Kos, Syros, Andros, Thira, Kea, Milos, Mykonos, Naxos, Paros, Tinos are part of this project.[208]
Moreover, Actions such as the "Digital Entrepreneurship Ecosystem of the Cyclades Chamber" which is part of the "South Aegean" Programme 2021 - 2027, are already being implemented. In particular, the action includes ICT systems and services that have the following strategic objectives:

- One Stop Shop Service for Businesses and Digital integration of geographic space
- Direct and continuous communication with Businesses
- Organisation and management of the relationship with businesses
- Customer-centric operation and process simplification
- Modern digital image
- Promotion of Tourist & Cultural Product
- Value-added digital services
- Provision of specialised business information and advice
- Organisation and availability of Entrepreneurship Development data.

[208] Hellenic Telecommunications & Post Commission (2024)

During the implementation of the Act, technologies and design practices are adopted, such as: mobile first application design, a single platform for shared user experience, single application management – Single Sign On, integration of Business Intelligence tools, use of Artificial Intelligence techniques to create original descriptions in Tourism, automatic and natural language user service (chat bots), automatic creation of summaries and article review.

3.6.3 Economic analysis[209]

The economy of the South Aegean Region is dominated by the Tertiary sector, which produces more than 85% of the Gross Value Added (GVA) of the local economy. The Primary (2.5%) and the Secondary sector (11%-12%) participate with small percentages.
The dominance of the tertiary sector in the economy of the South Aegean Region is primarily due to tourism and trade, which is directly linked to tourism, which together contribute about 50% of the generated GVA. The sector, which includes trade, repairs, transport and tourism services, shows a much higher participation than the country's equivalent (about 25% of GVA). This makes the South Aegean Region a tourist Region dependent, in terms of its economic well-being and by a very large percentage on the course of tourism and the tourist economy.
Other important sectors are public administration including education and health (14%-15%) and real estate management (13% to 14%), while in the background comes the manufacturing sector which seems to be recovering and should be further strengthened, alongside the tourism sector which should develop new differentiated products and services to become sustainable in the long term.

Table 25. Number of Business Entities and number of persons employed per sector

Economic sector	No. of business entities	No. of persons employed
Primary Sector	7,900	4,148
Agriculture, forestry, fishing	7,900	4,148
Secondary Sector	6,836	14,718
Manufacture of:		
Food products, beverages and tobacco products	1,753	1,689
Textiles, wearing apparel, leather and related products		376
Wood, paper, printing and reproduction		212
Coke and refined petroleum products		23
Chemicals and chemical products		61
Basic pharmaceutical products and pharmaceutical preparations		39
Rubber, plastic products, other non-metallic mineral products		421

[209] South Aegean Region's Business Plan (2016), Skiadas Dimitrios

Basic metals and fabricated metal products, except machinery and equipment		868
Computer, electronic and optical products		21
Electrical equipment		36
Other machinery and equipment		135
Motor vehicles, trailers and semi-trailers		7
Other transport equipment		82
Furniture, other manufacturing		413
Repair and installation of machinery and equipment	198	349
Industry other than construction and manufacturing	268	421
Construction	4,617	9,565
Tertiary Sector	27,333	117,668
Transport	2,543	4,811
Accommodation (e.g. hotels) Food service activities (e.g. restaurants)	12,249	74,237
Information and communication	402	764
Financial and insurance activities	331	661
Real estate activities	577	1,393
Professional, scientific and technical activities	3,714	6,235
Education	775	9,653
Human health and social work activities	1,284	6,009
Public administration and defence, social security	2,088	5,764
Arts, entertainment and recreation	1,087	2,981
Activities of household and extra-territorial organisations and bodies	685	895
Other service activities	1,598	4,265

Source: ELSTAT, 2024

Primary sector

Agriculture, livestock breeding and fishing are traditional branches of economic activity for the South Aegean Region. It is noted that the "Basket of Agricultural Products" action has been prepared by the South Aegean Region, under the supervision of the Ministry of Rural Development & Food, with the aim of creating an agri-food standard for self-consumption and for export. The products that have been added to the Basket show the geographical place where they come from and the way they are produced. Basic criteria for the introduction of products into the Basket are their quality characteristics and the volume of their production, so that they include products that are export-oriented, products that cover the food needs of each region and products that highlight the identity of each Region.

Secondary sector

The inability to exploit economies of scale has always been the main inhibiting factor in the development of the secondary production sector of the South Aegean Region. The small size of small and medium-sized enterprises, which constitute most enterprises, does not allow the utilisation of programmes for the implementation of investment plans which essentially refer to much larger enterprise sizes. The activity of most manufacturing and craft enterprises is in the products related to the local tradition and the primary sector and concern a small and limited market.

Tertiary sector

The tertiary sector emerges as the most important of the economy of the South Aegean Region. Sub-sectors such as real estate management, leasing, business activities and hotel-restaurants generate the most to the GVA in the sector, while the sectoral structure of employment in the tertiary sector highlights the predominance of commerce and tourism. Based on the criterion of employment and prominent activity, the South Aegean Region can be characterised as a single "tourism zone" at national, European and international levels. The South Aegean Region ranks first among the 13 regions in Greece in terms of the number of beds available.[210] As a result of the tertiary sector's contribution, the South Aegean Region has a much higher GDP per capita than the national average, ranking second nationally after the Attica Region.

3.6.4 The pilot area of project implementation [211]

The pilot area in which the project will be implemented is the island Leros. Leros is located at the south-eastern end of the Aegean Sea and in the north-west of the Dodecanese, between the islands of Kalymnos, Patmos and Leipsi. Leros is the ninth largest island of the Prefecture of Dodecanese (area 53 sq. km and coastline 71 km). It is a rocky island with small flat areas between the different elevations. The average annual temperature is 18.55°C, while the monthly average values range between 11.04°C (January) and 26.24°C (August). The permanent population of Leros is 7,917 inhabitants. The road network of the island covers to a significant extent the needs of transporting products and supplies. The port of Leros has Customs services and therefore it is possible to serve foreign traffic.

On the island there are 6 boreholes to meet the island's water needs. The water quality during the summer months presents problems of waterlogging due to sea infiltration. The energy infrastructure consists almost exclusively of the electricity grid. The island is supplied with electricity via an undersea cable from Kalymnos, while no renewable energy sources are used.

In Leros the primary sector is relatively limited. Nevertheless, there are enough products that it can produce, such as potatoes, tomatoes, watermelons, melons, olives, citrus fruits, and grapes. Livestock farming on the island includes sheep and goat farming, cattle breeding, poultry farming and beekeeping, which are adapted to the geomorphological characteristics of the area. These are products of exceptional quality, and their cultivation methods are close to organic. Moreover, 319 professional fishermen with 153 professional

[210] ANNUAL REPORT ON COMPETITIVENESS AND STRUCTURAL ADAPTATION IN THE SECTOR OF TOURISM
[211] AGRICULTURAL DEVELOPMENT OPERATIONAL PLAN 2014 - 2020 (LEROS) SOUTH AEGEAN REGION

fishing boats operate on Leros island and 5 operators with a total of 11 floating fish farming units are active.
Secondary sector: In Leros there are two wineries, a factory that makes salted fish, two honey moulds and a pastry workshop.
The Tertiary sector is quite developed on the island, with Tourism and Trade occupying a prominent position. Leros stands out both for the particularity of its natural landscape and for its settlements of outstanding architectural importance. The tourist infrastructure is mainly developed in the central and southern part of the island. Leros has 83 hotels and other tourist accommodations. In addition, 62 catering businesses operate on the island.

3.6.5 SWOT analysis of the area

The following table presents the SWOT Analysis for the South Aegean Region, and it has been based on the geographical characteristics, spatial planning and environment, public administration, transport, tourism and culture, other sectors of economic activity, and productive potential, including human resources, innovation and new technologies as presented on the South Aegean Region's Business Plan.[212] [213] [214]

Strengths	Weaknesses
• The central Region's position in the Eastern Mediterranean Sea area • Favourable natural environment for alternative sources • Energy (solar, wind, geothermal) • Rich mineral wealth • Experienced executive staff in the Regional Administration • A significant number of ports, airports, heliports • Improved transportation infrastructure in many islands • Global recognition as a tourist destination • Special tourism resources – alternative forms of tourism • Existence of significant cultural resources of national and international reach • Sufficient and high-quality hotel infrastructure on the major islands • High quality and rare agricultural and livestock products	• Geographical discontinuity (islandity) • Distance from the mainland and the major markets of Greece and the European Union • Pollution • Severe shortages of water resources • Intra-regional disparities in the distribution of natural resources • Serious shortages of water resources, energy and social services, especially in small islands and isolated areas • Inadequacy of solid waste and waste management systems • Low decentralisation • High transportation costs • Seasonality of tourism • Prevalence of mass tourism and limited growth of other forms of tourism • Insufficient agricultural production to meet demand (need for imports) • Slow rate of modernisation of the fishing fleet

212 South Aegean Region's Business Plan (2016), Skiadas Dimitrios
213 Greek Tourism - Action Plans (2024) INSETE
214 GAZETTE OF THE GOVERNMENT OF THE HELLENIC REPUBLIC, ISSUE TWO, Sheet Number 3359

• High quality sea catches with recognition in both domestic and foreign markets • Population growth in recent years and a favourable population composition • Ability to attract foreign businesses (innovation, new and high technology, services), due to climatic conditions and the natural environment	• Understaffing of health and welfare units • Lack of qualified and specialised employed staff in certain sectors • Strong differentiation of economic growth between islands and consequent predominance of tertiary sector (due to tourism) in terms of employment
Opportunities	**Threats**
• Possibilities of inter-regional and cross-border cooperation with Turkey (especially through the improvement of Greek-Turkish relations) and other countries of the Middle East • Use of desalination technology to produce drinking water • Expanding the use of renewable energy sources • Adoption of a scientifically integrated spatial planning, in terms of sustainability, as a condition for the rational development of activities including tourism • Possibilities of transnational cooperation with Mediterranean countries in the fields of research and environment • Green growth • Institutional changes - decentralisation of powers • Reorganisation of the transport system • Creation and development of waterways network • Significant prospects for developing small-scale tourism infrastructure in non-saturated areas • Attracting investments in infrastructure of special and alternative forms of tourism with international demand • Upgrading of Tourism Education Schools • A significant number of financing tools	• Inability to solve the transportation problem and isolation • Expanding the exclusion of small islands from decision-making, information and service delivery centres • Difficulties in developing collaboration and communication • Permanent population abandonment and gradual desolation of small islands • Unfavourable political situations in the wider region (relations with Turkey) • Depletion of reserves of natural resources • Overfishing • Environmental threats • Difficulty adapting to new methods of administration and use of new technologies • Reduced competition in air connections – price increases • Removal of subsidised air connections • Further isolation of small islands, due to inadequate coastal ferry connections • Saturation in some destinations due to seasonality and overcapacity • Disturbance/alteration of the historical and traditional model of coexistence of residential and cultural environment • Development of tourism exclusively and absence of significant diversification of the local economy.

• Promotion of production and distribution of Denomination of Origin & Integrated Management products • European awareness policies for the protection and restoration of fishing grounds • Utilisation of the opportunities provided by the new communication technologies • Social integration of immigrants • Utilisation of available resources for research and technology • Use of incentives to attract medical staff	• Reduction of fishing catches because of negative practices • Declining shipbuilding activity • Financial problems due to exclusive specialisation and a possible crisis in the tourism industry • Foreign markets competition, with low production costs • Illegal immigration and illegal employment • Abandonment of islands from productive ages

3.6.6 Conclusion

The South Aegean Region is a Mediterranean area in which its economy is strongly based on the tertiary sector and especially on Tourism. Its unique geographical morphology contributes to its weaknesses, but on the other hand gives to the Region many opportunities. Development among the Region's islands varies, and its main goal is the mutual Region's development.

From the South Aegean Region's islands, Leros has been chosen as the most suitable pilot area for the Programme REVIVE. Its demographic characteristics, infrastructure, cultural heritage, local economy and especially its organised local administration and the bodies representing parts of the community that can be actively involved in the Programme's implementation were the facts that led to this choice.

3.7 Podravska Region (Slovenia)

3.7.1 Introduction

The Podravska development region is the largest in terms of size, its location in the eastern part of the country and the number of inhabitants and municipalities. It is the second most important region in the country. The Sub-region is made up of several functionally rounded areas: Upper Drava Valley, Drava-Ptuj Field, Slovenske gorice, Pohorje, Kozjak and Haloze.

The sub-region is dominated by a highly urbanised area between Maribor and Ptuj with developed central activities. More than two thirds of the region's population live in this mainly flat area. Other parts of the Sub-region are mainly subject to population stagnation or decline.

The mean age of the population is 44.7 years. As in all other regions, this region also recorded a natural decrease (-3.7 per 1,000 population). According to data from 2022 approximately 51.3% of the population there are women. In 2022, the employment rate was the second lowest in Slovenia (63.8%). The average monthly net earnings of persons employed in the region amounted to EUR 1,858 and were 7% lower than the national average. The second lowest disposable income per capita was recorded in the region, EUR 14,454 or about 5% below the national average. The region generated 12.7% of the national GDP. The region had a little more than 29,500 enterprises with on average 4.6 persons employed. The at-risk-of-poverty rate was among the highest; 14.6% of people lived below the at-risk-of-poverty threshold.

The Podravje region in Slovenia, characterised by diverse natural conditions and resources, is notable for its varied landscape. The area encompasses several distinct features, like forests and plains, water resources,agricultural land and it is rich in Natura 2000 Sites, which are protected areas aimed at preserving Europe's most valuable and threatened species and habitats. The Podravje region of Slovenia boasts a rich cultural heritage that includes both tangible (monuments and Historical Buildings - UNESCO's Classification of Cultural Heritage: Ptuj Castle, Maribor Castle, Franciscan Church in Maribor, Dominican Monastery in Ptuj, Judgement Tower in Maribor); and intangible cultural heritage (traditional craftsmanship, wine production, Social Practices - Kurentovanje, a traditional festival in Ptuj featuring Kurenti, which is an essential part of the local cultural identity and has been recognised as a UNESCO intangible cultural heritage; performing arts - Folk Music and Dance, Festive Events - Lent Festival in Maribor, St. Martin’s Day.

The Podravje region is in a very favourable geostrategic location, as the core European transport network or two TEN-T corridors run through the region (the Mediterranean Corridor and the Baltic-Adriatic Corridor). Key transport infrastructure includes international Edvard Rusjan Maribor Airport, the A1, A4 and A5 motorways, the main rail network (Zidani corridor), the Most-Pragersko-Maribor-Gradec and Zidani Most-Pragersko-Ptuj-Hodoš-Budapest) and the national road network. In 2023, 88% of households have access to internet with speeds of at least 100 Mbps, with the possibility of upgrading to gigabit speeds. The Broadband Fund, through its RUNE project, is connecting Slovenia's territory with ultra-broadband infrastructure.

In the Pilot area there are 29,544 business entities in the region of Podravje, and 2,934 business entities in the region of Slovenske gorice. The pilot area Slovenske gorice has a rich tapestry of Nature, Culture and Community. The pilot area of Slovenske gorice is connected by nine municipalities.

The are a lot of strengths, such as: strong sense of community and local identity, good local food, rich cultural heritage and traditions, beautiful natural environment, early development of sustainable tourism practices, active and engaged local, established LAG.

The opportunities of the area are: growing interest in sustainable and responsible tourism, increasing demand for local and organic food, rise of remote work and "bleisure" travel, some government support for rural development and regional initiatives, technological advancements in areas like digital marketing and ecotourism, which can be used to improve communication, marketing, and visitor experiences.

The area still challenges some of the weaknesses and threats, such as: limited infrastructure for tourism (not enough accommodation, transportation, lack of skilled labour in certain sectors, dependence on traditional agricultural practices, limited digitalisation and online presence, knowledge gaps in areas like sustainable business practices); and threats (climate change and its impact on agriculture and the natural environment, competition from other tourist destinations, economic downturns and fluctuations, rising costs of labour and materials, increased government regulations - new compliance requirements for businesses, outmigration of young people and therefore lack of the workforce and reduction of the population base).

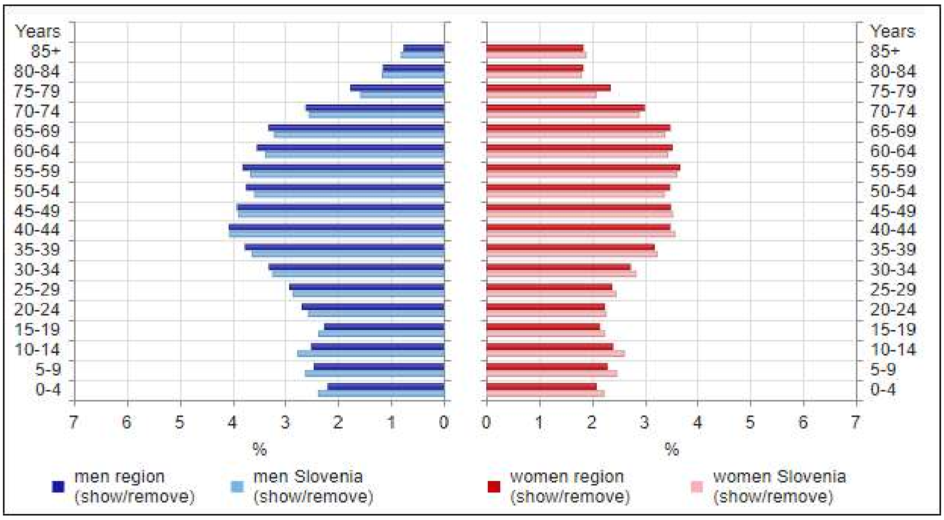
3.7.2 Characteristics of the region/pilot area

3.7.2.1 Demography characteristics of the area

Podravska, the second most populated statistical region, had 16% of Slovenia's population in 2022. In terms of area, with 2,170 square kilometres, it is the fifth largest region. Its population density was 151 inhabitants per square kilometre.

The mean age of the population was 44.7 years. As in all other regions, this region also recorded a natural decrease (-3.7 per 1,000 population). However, due to the positive net migration between statistical regions and from abroad, the population in 2022 slightly increased over the previous year. Net migration was 6.9 per 1,000 population. The share of people aged 0–14 was the second lowest (13.9%); it was lower only in Pomurska (13.1%). In the region, 64.7% of children were born to unmarried mothers. Only two regions had higher shares: Pomurska and Koroška. The mean age of first-time mothers was 29.7 years. This region stood out in terms of the lowest share of married population aged 15+ (40.0%) and the second highest share of divorced residents with the same share (7.7%) as in Osrednjeslovenska. The share of the population (25–64 years) with basic education or less was the second lowest (10.8%) and was lower only in Osrednjeslovenska (10.0%). At 59.7%, the region had the second highest share of people with upper secondary education.

Table 26. Population pyramid for 2022



Source: Public database SIStat, https://www.stat.si/obcine/en/Region/Index/2

Gender Distribution

Men: Approximately 48.7% of the population.

Women: Approximately 51.3% of the population (Culture of Slovenia).

Age Structure

The age distribution in Podravje mirrors national trends, with a growing proportion of older adults due to decreasing birth rates and increasing life expectancy:

0-14 years: Around 14% of the population.

15-64 years: About 65% of the population.

65 years and older: Roughly 21% of the population.

In 2022, the employment rate was second lowest in Slovenia (63.8%). At 5.1%, the LFS unemployment rate was the third highest at the regional level. 18.0% of persons in employment worked outside the region of residence, which is not much since only Osrednjeslovenska (10.3%) and Goriška (17.4%) had lower values. Average monthly net earnings of persons employed in the region amounted to EUR 1,858 and were 7% lower than the national average. The second lowest disposable income per capita was recorded in the region, EUR 14,454 or about 5% below the national average. The region generated 12.7% of the national GDP; GDP per capita was the seventh lowest in the country (EUR 22,045). The region had a little more than 29,500 enterprises with on average 4.6 persons employed.

The at-risk-of-poverty rate was among the highest; 14.6% of people lived below the at-risk-of-poverty threshold. The overcrowding rate (13.4%) was the second highest at the regional level. There were 560 passenger cars per 1,000 population, which was 11 per 1,000 population fewer than the national average, and the cars were on average 10.9 years old, which was the same as the national average. In the region, 490 kg of municipal waste per capita was generated and 74.3% of it was collected separately. This ranked Podravska third in the country.

Table 27. Population in Podravska Region 2004–2023 (on day 1. 1.)

Year	2004	2011	2023
Slovenia	1,996,433	2,050,189	2,116,972
Podravska region	319,426	323,119	329,014
Share (%)	16%	15.8%	15.5%

Source: Public database SIStat

3.7.2.2 Climate

The Podravje region in Slovenia experiences a varied climate throughout the year. There are four seasons:

Summer (June to August):

Temperature: During the summer months, the Podravje region, including cities like Ptuj and Maribor, enjoys warm temperatures. In July, temperatures often reach around 28°C during the day, with nighttime temperatures dropping to about 16°C. This period is characterised by high sunshine hours, averaging around 278 hours in July.
Precipitation: Rainfall is moderate, with July typically receiving around 98 mm of rain over 15 days (World Weather & Climate Information).
Activities: These conditions are ideal for outdoor activities such as hiking, cycling, and water sports in the Drava River.
Autumn (September to November):
Temperature: Autumn sees a gradual drop in temperatures. In September, daytime temperatures are still pleasant, averaging around 22°C but, by November, they drop to about 10°C during the day and 3°C at night.
Precipitation: Rainfall remains consistent, with September receiving about 110 mm and November around 78 mm.
Activities: This season is popular for wine harvesting and enjoying the autumn foliage (World Weather & Climate Information).
Winter (December to February):
Temperature: Winters can be cold, with January temperatures typically around 5°C during the day and dropping to -3°C at night. Hočko Pohorje and other mountainous areas experience slightly lower temperatures.
Precipitation: Snowfall and rain are moderate, with January receiving about 42 mm of precipitation over 11 days.
Activities: Winter sports such as skiing and snowboarding are popular in the Pohorje mountain range (World Weather & Climate Information).
Spring (March to May):
Temperature: Spring sees a gradual warming, with temperatures in March averaging around 12°C during the day and increasing to about 20°C by May.
Precipitation: This season also experiences moderate rainfall, which supports the blossoming of the region's diverse flora.
Activities: Spring is ideal for exploring nature reserves and parks, as well as enjoying cultural festivals and events (World Weather & Climate Information).
Overall, the Podravje region has a climate that supports a variety of activities year-round, from winter sports in the colder months to hiking and wine tasting in the warmer months.

3.7.2.3 Natural conditions

The Podravje region in Slovenia, characterised by diverse natural conditions and resources, is notable for its varied landscape. The area encompasses several distinct features:
Forests and Plains: The region includes a mix of forested areas and plains, contributing to its rich biodiversity and natural beauty. These landscapes support a variety of plant and animal species, making the region ecologically significant.

Water Resources: Podravje is home to the Drava and Mura rivers, which are crucial for both the natural ecosystem and human activities such as agriculture and recreation. The presence of these rivers enhances the region's landscape, providing scenic beauty and opportunities for water-based activities.
Agricultural Land: A significant portion of Podravje's land is used for agriculture, with vineyards and orchards being prominent. This agricultural focus not only supports the local economy but also shapes the cultural landscape, with wine and fruit production playing key roles.
Natura 2000 Sites: Podravje includes several Natura 2000 sites, which are protected areas aimed at preserving Europe's most valuable and threatened species and habitats. These sites are part of the EU's largest coordinated network of protected areas, reflecting the region's commitment to biodiversity conservation.
The combination of forests, plains, agricultural land, and significant water bodies, along with protected Natura 2000 sites, makes Podravje a region with a rich natural heritage. This diversity not only supports a wide range of wildlife but also provides residents and visitors with numerous opportunities for outdoor activities and nature appreciation.
The protection and development of protected areas also represents a great potential for the creation of new regional tourism products that will contribute to the sustainable development of the region and beyond. Particularly important are the Natura 2000 sites along the river Drava, in Pohorje and Halózze, the preserved cultural landscape of the Slovenske gorice and Ormož Mountains, and the Boč - Donačka gora Landscape Park, where the region is planning important projects. There has been some ongoing projects of Drava Natura 2000 - A River for the Future project and the Natura 2000 Interpretation and Information Centre - Borl Castle and the "Pohorka na Pohorju" project.
Notable Natura 2000 Sites

- Drava River - Known for its significant biodiversity, including rare bird species.
- Haloze - A region with unique habitats and rare plant species.
- Pohorje - Featuring diverse forests and rare species.
- Kozjak - Notable for its pristine natural habitats.
- Šturmovci Nature Reserve - Important for birdlife conservation.
- Lutra - Protects the habitat of the European otter.
- Maribor Island - A habitat for various protected species.
- Rački Ribniki-Požeg - Wetlands important for bird species.
- Zgornja Drava Valley - Significant for its unique aquatic ecosystems.
- Fram-Rače Marshes - Important for preserving wetland habitats and species.

These sites collectively highlight the rich cultural heritage and diverse natural environment of the Podravje region, contributing significantly to its unique landscape and ecological importance.

3.7.2.4 Cultural heritage

The Podravje region of Slovenia boasts a rich cultural heritage that includes both tangible and intangible elements, reflecting its long history and diverse cultural influences.

Tangible Cultural Heritage

Monuments and Historical Buildings - UNESCO's Classification of Cultural Heritage:

Ptuj Castle: This medieval castle houses several museums and offers panoramic views of the oldest town in Slovenia.

Maribor Castle: A historical building in the heart of Maribor, now a museum showcasing local history and art.

Franciscan Church in Maribor: Known for its stunning architecture and religious significance.

Dominican Monastery in Ptuj: A cultural and historical landmark that hosts various exhibitions.

Judgement Tower in Maribor: Part of the city's medieval defence system.

Archaeological Sites - UNESCO's Classification of Cultural Heritage:

Orpheus Monument in Ptuj: The oldest Roman monument in Slovenia, dating back to the 2nd century AD.

Romanesque Rotunda in Ptuj: An important archaeological site reflecting the town's Roman past.

Intangible Cultural Heritage

Traditional Craftsmanship:

Wine Production: The region is famous for its wine, particularly from areas like Haloze and Slovenske gorice, which have a long tradition of viticulture.

Social Practices:

Kurentovanje: A traditional festival in Ptuj featuring Kurenti, costumed figures believed to chase away winter and usher in spring. This event is an essential part of the local cultural identity and has been recognized as a UNESCO intangible cultural heritage.

Performing Arts:

Folk Music and Dance: Traditional Slovenian folk music and dance are integral to the region's cultural expression, often performed at local festivals and cultural events.

Festive Events:

Lent Festival: Held in Maribor, this is one of the largest open-air festivals in Slovenia, featuring music, theatre, dance, and other cultural performances.

St. Martin's Day: Celebrated throughout the region, this festival marks the end of the grape harvest and the christening of new wine, with various cultural and gastronomic events.

These elements of tangible and intangible cultural heritage highlight the rich and diverse cultural landscape of the Podravje region, preserving its historical legacy and continuing traditional practices for future generations.

3.7.2.5 Infrastructure and mobility

The Podravje region in Slovenia, encompassing 41 municipalities, is actively engaged in developing its infrastructure and promoting sustainable mobility options.
One of the strategic advantages of the Podravje region is the very favourable geostrategic location, as the core European transport network or two TEN-T corridors run through the region (the Mediterranean Corridor and the Baltic-Adriatic Corridor). The key transport infrastructure includes international Edvard Rusjan Maribor Airport, the A1, A4 and A5 motorways, the main rail network (Zidani corridor), the Most-Pragersko-Maribor-Gradec and Zidani Most-Pragersko-Ptuj-Hodoš-Budapest) and the national road network.
Most of the population is within half an hour's drive of a major city or regional centre. Due to population changes, high commuter migration and excessive use of private cars car use has led to a significant increase in motor traffic. In particular, the high volume of traffic has led to urban centres, which has a negative impact on the quality and attractiveness of urban living.
Transport Infrastructure: the region is served by good road connections, including the A1, A4 and A5 motorways and other major routes, facilitating travel within and outside the area. Public transport options are available, including buses and trains, connecting various municipalities within the region and offering routes to larger cities and neighbouring countries. The main rail network goes from corridor Zidani Most-Pragersko-Maribor-Graz and Zidani Most-Pragersko-Ptuj-Hodoš-Budapest.
Accessibility: There are two airports in the region - Edvard Rusjan Maribor International Airport in Hoče-Slivnica and Ptuj Sports Airport in Moškanjci. Maribor Edvard Rusjan Airport (Slovene: Letališče Edvarda Rusjana Maribor) (IATA: MBX, ICAO: LJMB) is an international airport in Maribor, Slovenia. The second biggest Slovenian airport, it is the only other airport besides the airport in Ljubljana suitable for international commercial aviation, equipped with ILS. In 2008 it was renamed Maribor Edvard Rusjan Airport as a tribute to aviator and airplane designer – pioneer of aviation - Edvard Rusjan. DRI upravljanje investicij, d. o. o. is temporarily carrying out the services of operating the Maribor Edvard Rusjan Airport on the basis of a contract concluded with the Ministry of Infrastructure of the Republic of Slovenia. The airport is currently mostly used by flight schools for training purposes.
In the Municipality of Cerkvenjak an airstrip is being developed, which is important in terms of protection against the effects of storms, as the Maribor Aviation Centre has established a base for air defence against hailstorms.
The region benefits from cross-border partnerships and initiatives that aim to enhance transportation and economic integration. The region has the highest density of public road network among all Slovenian regions, at 2.98 km/km^2.
Sharing Mobility: Initiatives such as "Drava Bike" promote sustainable and shared mobility solutions. There are efforts to develop cross-border connections and partnerships to support international mobility and collaboration.
Overall, the Podravje region is focused on improving its infrastructure and transportation networks to support economic development and sustainable mobility options for residents

and visitors alike. Many municipalities in the Podravje region have recently developed Integrated Transport Strategies (Maribor, Ptuj, Miklavž na Dravskem polju, Hoče-Slivnica, Ormož, Lenart v Slovenskih Goricah and Slovenska Bistrica). This process has led to a systematic approach to the development of sustainable mobility in cities and multimodality. In order to improve inter-urban connectivity and the development of regional multimodality, a regional integrated transport strategy will need to be developed in the future.
The Podravje region has great potential for the development of tourist and recreational cycling. Although the region is crossed by three important national long-distance cycling links (D1-Eurovelo 9, D3-Dravska cycle route and D8-Health Resort Cycle Route), the region has only recently started to connect and plan the construction of connected, attractive and safe independent cycle routes. In the Slovenske gorice ORP area, the construction of cycling links is underway to ensure 174.4 km of sustainable cycle routes. In the coming years, the construction of cycle routes will continue., In parallel, the necessary infrastructure for cycling - electric charging stations, bike storage facilities, etc. - will be built.

3.7.2.6 Internet infrastructure and available digital services

According to a government document on Slovenia's digital transformation efforts, as of 2023, 88% of households have access to internet with speeds of at least 100 Mbps, with the possibility of upgrading to gigabit speeds. Their goal by 2030 is to have gigabit connectivity for all households. Slovenia has set a target to provide 96% of the population with internet speeds of 100 Mbps or more. The Broadband Fund, through its RUNE project, will be able to get part of the way towards this target. RUNE, a €200 million project, is connecting Slovenia's territory with ultra-broadband infrastructure. Construction is expected to cover about 1/3 of all households in Slovenia. In the areas that will not be covered by the RUNE project, the Internet connectivity will be provided by the GOŠO3 project, which is led by the Ministry of Public Administration (MoPA).
It is expected that there will be uncovered white spots, which are the most remote and the most difficult to implement. The aim is to upgrade the existing infrastructure to 1 Gb/second and cover the whole area Sub-region with high-capacity broadband connections.
There are a number of municipalities in the Subregion which are a grey spot in terms of fibre optic coverage, as well as the possibility of higher internet speeds.
The following municipalities in Podravje do not have a fibre optic connection: Cerkvenjak, Cirkulane, Kungota, Makole, Podlehnik and Žetale. Among the municipalities that do have the possibility to connect to fibre optic connections, there are low Destrnik, Juršinci and Zavrč.

3.7.3 Economic analysis

In the Pilot area there are 29,544 business entities in the Podravje region, and 2,934 business entities in the Slovenske gorice region. The total number of business entities in 2020 was 12% higher than in 2014. This growth is marginally below the level for Slovenia as a whole,

where it is 13%, and at the level of the Podravje region. All municipalities in the pilot area in 2020 have increased the number of business entities compared to 2014.
On 31.3.2020, there were 2,934 business entities in the Slovenske gorice ORP area, of which the largest number were 687 in the municipality of Lenart and the lowest in the municipality of Sveti Jurij v Slovenske goricah, with 108.
Entrepreneurs in 2023: According to the AJPES data in Podravje in year 2023 there were 7,615 entrepreneurs who had 2,452 employees. Those entrepreneurs had a total income of 146,499,709,000 EUR and they had created 229,416,000 EUR added value. They made entrepreneur's income of 555,238,000 EUR.
Companies in 2023: According to the AJPES data in Podravje in year 2023 there were 71,638 companies who had 547,873 employees. Those entrepreneurs had a total income of 1,020,497,000 EUR and they had created 33,693,589 EUR added value. They made a net profit of 7,823,853,000 EUR.

Table 28. Breakdown of entrepreneurs by field of activity in 2023

Economic sector	No. of business entities	No. of persons employed
Primary Sector Agriculture forestry Fishing	1,162	3,219
Secondary Sector	63,295	416,947
Manufacture of: Food products, beverages and tobacco products Textile, wearing apparel, leather and related products Wood, paper, printing and reproduction Coke and refined petroleum products Chemicals and chemical products Basic Pharmaceutical products and pharmaceutical preparations Rubber, plastic products, other non-metallic mineral products Basic metals and fabricated metal products, except machinery and equipment Computer, electronic and optical products Electrical equipment Other machinery and equipment Motor vehicles, trailers and semi-trailers Other transport equipment Furniture, other manufacturing	16,568	222,772

Repair and installation of machinery and equipment	22,498	98,557
Industry other than construction and manufacturing	4,585	30,123
Construction	19,644	65,495
Tertiary Sector	**57,463**	**168,154**
Transport	7,433	48,264
Accommodation (e.g. hotels)		
Food service activities (e.g. restaurants)	8,303	29,699
Information and communication	5,276	25,593
Financial and insurance activities	1,756	2,889
Real estate activities	3,928	5,858
Professional, scientific and technical activities	18,468	38,391
Education	2,040	1,791
Human health and social work activities	1,945	7,536
Public administration and defence, social security	25	134
Arts, entertainment and recreation	1,984	3,592
Activities of household and extra-territorial organisations and bodies	2	0
Other service activities	6,303	4,407

For the economic analysis of business entities there is no available data for the pilot region. The data is publicly available only on a national basis.

Source: Breakdown of entrepreneurs by field of activity in 2023[215]
Information on the performance of companies in the Republic of Slovenia in 2023 [216]
AJPES - data for Slovenia - companies and entrepreneurs by field of activity in Slovenia in year 2023

3.7.4 Pilot areas of project implementation

The pilot area Slovenske gorice has a rich tapestry of Nature, Culture and Community. The pilot area of Slovenske gorice encompasses nine municipalities:

- Benedikt, Cerkvenjak, Duplek (partially included), Lenart, Pesnica, Sveta Ana, Sveta Trojica v Slovenskih goricah, Sveti Jurij v Slovenskih goricah, Šentilj

The area is rich in Natural Heritage: This region boasts breathtaking scenery, characterised by rolling hills, vineyards, orchards, and vast forests. The Kozjak Šalek range provides stunning panoramic views. The area is a haven for diverse wildlife, with a rich bird population and protected natural areas.
The Cultural Heritage of Slovenske gorice is steeped in history and tradition. Medieval castles, charming churches and traditional villages showcase the region's rich heritage. Folklore, music and local cuisine are deeply ingrained in the identity of the area.

[215] https://www.ajpes.si/Doc/LP/Informacije/Informacija_LP_SP_2023.pdf
[216] https://www.ajpes.si/Doc/LP/Informacije/Informacija_LP_GD_zadruge_2023.pdf

The pilot area Slovenske gorice is managed by the LAS OVTAR Slovenske gorice[217] (Local Action Group Eastern Halo of Slovenske gorice). This group plays a crucial role in promoting rural development, coordinating local initiatives, and securing funding for projects.

Priorities:

Sustainable Development: Enhancing responsible agricultural practices, promoting eco-tourism, and protecting the natural environment.

Strengthening Local Economy: Supporting local businesses, fostering entrepreneurship, and leveraging the potential of agriculture and tourism.

Cultural Preservation: Promoting cultural heritage, traditions, and local crafts.

Community Development: Building a strong sense of community, encouraging collaboration, and improving the quality of life for residents.

Active Communities:

Tourist Associations: Promote local tourism attractions and organise events.

Agricultural Cooperatives: Support local farmers and promote local food production.

Cultural Associations: Preserve traditional crafts, music, and folklore.

Environmental NGOs: Advocate for sustainable practices and nature conservation.

Sports Clubs: Provide recreational activities and foster a sense of community.

Community Projects:

Hiking and cycling trail networks: Enhance accessibility and promote outdoor recreation.

Local food initiatives: Connecting producers and consumers, promoting farm-to-table practices.

Restoration of cultural heritage sites: Preserving historical buildings and promoting cultural tourism.

Educational programmes: Promoting sustainable agriculture, local crafts, and entrepreneurship.

Examples of Ongoing Community Projects:

The "From Farm to Plate" initiative connects local food producers with restaurants and consumers through online platforms and farmers' markets.

The "Slovenske gorice Hiking Trail" project is developing a network of scenic hiking trails to promote sustainable tourism and showcase the natural beauty of the region.

The "Revitalisation of Traditional Crafts" programme provides training and resources for artisans to preserve and promote traditional crafts like blacksmithing and weaving.

By collaborating with local communities, the LAG, and focusing on its strengths and opportunities, Območje Slovenske gorice has the potential to become a model for sustainable rural development in Slovenia.

[217] https://www.rasg.si/index.php/sl/

3.7.5 SWOT analysis of the area

Strengths	Weaknesses
• Strong sense of community and local identity - Fosters social cohesion and attracts visitors interested in authentic experiences. • Established agricultural sector with potential for growth - Provides a solid foundation for local food systems and agrotourism. • Rich cultural heritage and traditions - Offers unique attractions for tourists seeking cultural immersion. • Beautiful natural environment - Supports environmentally responsible practices and attracts eco-conscious visitors. • Early development of sustainable tourism practices - Positions ORP Slovenske gorice as a leader in sustainable tourism. • Active and engaged local communities - Strengthens social fabric, drives development projects, and provides local knowledge. • Established LAG (Local Action Group) - Facilitates collaboration, secures funding, and implements development strategies.	• Limited infrastructure for tourism (e.g., accommodation, transportation) - Hinders the growth of tourism and visitor experience. • Lack of skilled labour in certain sectors - Creates challenges in attracting and retaining a skilled workforce. • Dependence on traditional agricultural practices - Limits productivity and potential for innovation. • Limited digitalisation and online presence - Makes it difficult to reach a wider audience and compete effectively. • Knowledge gaps in areas like sustainable business practices - Hinders the development and implementation of sustainable tourism practices.
Opportunities	**Threats**
• Growing interest in sustainable and responsible tourism - Creates a strong market for ORP Slovenske gorice's tourism offerings. • Increasing demand for local and organic food - Provides opportunities for local food producers to expand their reach. • Rise of remote work and "bleisure" travel - Increases potential for attracting remote workers and tourists seeking extended stays. • Government support for rural development and regional initiatives - Provides access to funding and resources for development projects.	• Climate change and its impact on agriculture and the natural environment • Competition from other tourist destinations - Requires differentiation and innovation to maintain a competitive edge. • Economic downturns and fluctuations - Creates economic uncertainty and potential for reduced tourism revenue. • Rising costs of labour and materials - Puts pressure on local businesses and limits profit margins. • Increased government regulations May introduce new compliance requirements for businesses.

• Technological advancements in areas like digital marketing and ecotourism - Can be used to improve communication, marketing, and visitor experiences.	• Outmigration of young people - Weakens the workforce and reduces the population base.

3.7.6 Conclusion

The SWOT analysis of ORP Slovenske gorice based on its programme reveals a promising future for sustainable rural development and tourism in the region.

Overall, ORP Slovenske gorice has a unique opportunity to leverage its strengths and resources to capitalise on emerging trends in sustainable travel. By addressing weaknesses and proactively managing threats, the region can become a leading destination for eco-conscious visitors seeking authentic experiences.

The Local Action Group can facilitate collaboration, secure funding, and implement development strategies. Growing interest in sustainable and responsible tourism can create a strong market for ORP Slovenske gorice's tourism offerings. Increasing demand for local and organic food can provide opportunities for local food producers to expand their reach, not only regionally and nationally but also internationally and finally into the whole pilot Mediterranean pilot area. Raising of remote work and "bleisure" travel can increase potential for attracting remote workers and tourists seeking extended stays. Also, government support for rural development and regional initiatives is essential, as it can provide access to funding and resources for development projects. There are technological advancements in areas like digital marketing and ecotourism, which can be used to improve communication, marketing, and visitor experiences.

With proper collaboration of all actors the pilot area could kill the threats and become a more attractive, sustainable and economic area for future employees and new start-ups, focusing more on the creation of green jobs in all sectors, not only agriculture. For exchanging of good practices in the revive models, the pilot area could get some useful information and models and tools from other tourist destinations and thus develop the required differentiation and innovation to maintain a competitive edge for their own place. With establishing a more attractive Mediterranean micro area it could beat down the economic downturns and fluctuations in order to create economic certainty and potential raising of tourism revenue. With new approaches it can develop a business model, which will manage the costs of labour and materials and give a chance to local businesses to get higher profit margins. Proper government regulations could help companies to introduce new compliance requirements for businesses. That is how the pilot area will build a better place to live and work and reduce the outmigration of young people and raise the workforce in the area.

3.8 General overview of pilot areas

A brief overview of the characteristic economic activities for each area is provided, as well as the number of business entities and employees in the primary, secondary, and tertiary sectors.

After that, the following sections of the work outline the strengths, weaknesses, opportunities, and threats highlighted in the SWOT analysis of all or most pilot areas. Below each stated strength/weakness/opportunity/threat are listed the pilot areas for which the above is indicated in the individual SWOT analysis. Altogether, it provides insight into the common main features of the internal and external environment of the project's pilot areas.

Scheme 7: Characteristic economic activities

Table 29. Number of business entities and people employed by sector

Sector	Pilot area	Rural Larnaca	Appennino Pistoiese	Istria County	Balearic Islands	Kriva Palanka, Rankovce, and Staro Nagoricane	South Aegean Region	Slovenia
Primary sector	No. of business entities	561	185	418	899	33	7,900	1.162
	No. of persons employed	678	/	952	3,225	/	4,148	3.219
Secondary sector	No. of business entities	734	316	4,598	9,513	129	6,836	63,295
	No. of persons employed	3,264	/	17,778	97,000	/	14,718	416,947
Tertiary sector	No. of business entities	2,903	650	16,762	21,306	517	27,333	57,463
	No. of persons employed	11,588	/	44,293	536,375	/	117,668	168,154

Scheme 8: SWOT analysis

STRENGTHS*

Rich natural and cultural heritage
- Rural Larnaca
- Appennino Pistoiese
- Istria County
- Mallorca
- Northeast Region
- South Aegean Region
- Podravska Region

High quality agricultural and food production
- Rural Larnaca
- Appennino Pistoiese
- Istria County
- South Aegean Region
- Podravska Region

Existence of infrastructure and conditions for tourism
- Rural Larnaca
- Appennino Pistoiese
- Istria County
- Mallorca
- South Aegean Region
- Podravska Region

Convenient geographical position
- Rural Larnaca
- Istria County
- Northeast Region
- South Aegean Region
- Podravska Region

WEAKNESSES

Lack of the workforce and high elderly population index
- Rural Larnaca
- Appennino Pistoiese
- Istria County
- Mallorca
- Northeast Region
- South Aegean Region
- Podravska Region

Underdeveloped infrastructue and services
- Rural Larnaca
- Appennino Pistoiese
- Istria County
- Mallorca
- Northeast Region
- South Aegean Region
- Podravska Region

Problem of seasonality and tourism challenges
- Rural Larnaca
- Appennino Pistoiese
- Istria County
- Mallorca
- Northeast Region
- South Aegean Region
- Podravska Region

High economic costs and low entrepreneural initiatives
- Rural Larnaca
- Appennino Pistoiese
- Istria County
- Mallorca
- Northeast Region
- South Aegean Region

Inadequate resource management
- Rural Larnaca
- Appennino Pistoiese
- Istria County
- South Aegean Region
- Northeast Region
- Podravska Region

*SWOT analysis refers to specified pilot areas, the SWOT table includes the name of the region for clarity of presentation

OPPORTUNITIES

Demand for local products and services

- Rural Larnaca
- Appennino Pistoiese
- Istria County
- Mallorca
- Northeast Region
- South Aegean Region
- Podravska Region

The trend of sustainable / green / rural tourism development

- Rural Larnaca
- Appennino Pistoiese
- Istria County
- Mallorca
- Northeast Region
- South Aegean Region
- Podravska Region

Development and expansion of tourist infrastructure and offerings

- Rural Larnaca
- Appennino Pistoiese
- Istria County
- Mallorca
- Northeast Region
- South Aegean Region
- Podravska Region

Utilisation of financial support and funding opportunities

- Appennino Pistoiese
- Istria County
- Northeast Region
- South Aegean Region
- Podravska Region

Investment in education and skills development

- Rural Larnaca
- Appennino Pistoiese
- Istria County
- South Aegean Region

THREATS

Trend of depopulation; migration

- Appennino Pistoiese
- Istria County
- Northeast Region
- South Aegean Region
- Podravska Region

Economic and market competitiveness

- Rural Larnaca
- Appennino Pistoiese
- Istria County
- Mallorca
- South Aegean Region
- Podravska Region

Negative impact of climate change on environment

- Appennino Pistoiese
- Istria County
- Mallorca
- Northeast Region
- South Aegean Region
- Podravska Region

Agricultural challenges

- Rural Larnaca
- Appennino Pistoiese
- Istria County
- Mallorca
- Northeast Region
- South Aegean Region
- Podravska Region

Inadequate legal framework and administration

- Rural Larnaca
- Appennino Pistoiese
- Istria County
- Mallorca
- Northeast Region
- South Aegean Region
- Podravska Region

4 Conclusion

To achieve the project's goal of creating innovative business models for revitalising rural areas, it was necessary to analyse the pilot areas where the designed models will be implemented. This document presents an analysis of seven pilot areas, providing insights into their current state. All areas described and analysed in this document have their own unique characteristics, but common features that connect them have also been identified. The analysed pilot areas are rural environments with a rich natural and cultural heritage, which can serve as important resources for future development. However, to ensure this heritage remains a strength, it must be utilised in a sustainable and eco-friendly manner. Furthermore, high-quality agricultural and food production is a characteristic of most pilot territories. The existence of tourist infrastructure and conditions for tourism is also highlighted as a common strength. Besides, four pilot areas have identified their geographical position as an advantage.

In addition to common strengths, pilot areas share to an even greater extent certain problems characteristic for rural environments. The lack of workforce and a high aging index are issues present in all the pilot territories. Furthermore, weaknesses include underdeveloped infrastructure and services, high economic costs, and insufficient entrepreneurial initiatives. Regarding tourism, seasonality is recognised as a problem, along with other tourism-related issues. Additionally, in most pilot areas, inadequate management of existing resources is identified as a weakness, leading to either their potential not being utilised or their destruction.

The external environment provides certain opportunities for rural areas. There is a growing trend in demand for local products and services. People are increasingly turning to a healthy lifestyle, and the origin of products is becoming more important to them. In addition, local and domestic products and services offer a certain guarantee of quality. Furthermore, the sustainability of tourism is an extremely important factor in tourism development. Just as destinations need to preserve their areas, there is also a growing awareness among tourists about the importance of protecting these areas in every aspect. Modern tourists are also interested in learning about the traditions and customs of small rural communities. For these reasons, themes of sustainability, green, and rural tourism are in the spotlight. This is connected with the opportunity to develop and expand tourist infrastructure and offerings in ways that meet demand. Additionally, most areas recognise the potential to utilise financial support and funding opportunities. Investing in knowledge and skill development is also an opportunity because the development of innovations, and thus the progress of the area is based on this.

Alongside opportunities, the areas face certain challenges. Specifically, the trend of depopulation and emigration is a typical characteristic of rural areas, which raises into question the economic and social survival of these regions. Nowadays, we are witnessing visible climate changes that negatively affect the environment and, consequently, other aspects of the area. Since agriculture is important in most pilot areas, challenges related to agriculture are a crucial current issue for them. Furthermore, in today's market conditions, increasing competition can be an obstacle, particularly affecting small entrepreneurs from rural areas. On top of everything, inadequate legal frameworks and administration are challenges that often hinder and slow down development.

After all the above, it can be concluded that the pilot areas have a lot in common, whether it is positive aspects or common problems and challenges. The information given and the conclusions reached provide a suitable basis for the creation of innovative business models that will be aligned with characteristics and that will truly meet the needs of the area. The detailed analysis of the territorial context allows for the creation of value for the destination (value capture, value creation, and value delivery) and the development of business models capable of ensuring long-term competitiveness, sustainability, innovation and long-term profitability. It is important to create models that will emphasise the area's strengths, try to minimise weaknesses, take advantage of opportunities and avoid threats, and in addition to all this, preserve authenticity and, in sustainable and innovative ways, with cooperation and networking of stakeholders, truly revive areas.

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