

www.amcham.hr

Američka gospodarska komora u Hrvatskoj | American Chamber of Commerce in Croatia

Zagreb, November 2026

Proposal for EU Funding of Broadband Infrastructure

Table of Contents

Introduction 2

Previous Rounds of EU Broadband Funding 2

Third Round of EU Broadband Funding – Continued Investment in VHCN Infrastructure 3

- Continued Investment in VHCN Infrastructure 3

Rural VHCN Coverage – The Key Remaining Challenge 4

EU Funding to Connect More Households in Rural Areas 4

AmCham Recommendations 5

- Continued EU Funding for Broadband Infrastructure after 2027 5
- Criteria Focused on Project Outcomes 5
- Implementation Rules Adapted to Actual Conditions on the Ground 5
- Contribution of Local Infrastructure to Broader Investment Coverage 6
- Efficient use of Professional Resources 6

Conclusion 6

Introduction

Digital transformation is one of the European Union's key priorities, with the objective of ensuring gigabit connectivity for all European households by 2030. At the national level, the National Development Strategy of the Republic of Croatia until 2030 identifies the "Digital Transition of Society and the Economy" as one of its strategic objectives, while the Digital Croatia Strategy for the period until 2032 identifies the development of broadband electronic communication networks as one of the key areas of the digital transition.

One of the Strategy's key infrastructure objectives is to achieve full household coverage with very high capacity networks (VHCNs), with particular emphasis on rural areas and islands, where the availability of such networks continues to lag behind urban areas. Developing gigabit connectivity is not merely an infrastructure objective but a prerequisite for further digitalization of the economy and public services, the development of new business models, and the reduction of regional development disparities.

In areas where economic and geographical conditions result in insufficient commercial incentives for investment, these objectives cannot be achieved through market-based investment alone. Public co-financing therefore remains an important instrument for the continued development of VHCN infrastructure and for narrowing the digital divide between commercially attractive and less densely populated areas.

Croatia has already applied this model through several rounds of EU co-financing for broadband infrastructure. The experience gained from implementing these programs provides an important basis for designing future funding schemes so that available public funds are directed toward high-quality, sustainable, and feasible projects and enable as many households as possible to be connected.

Previous Rounds of EU Broadband Funding

The Framework National Program for the Development of Broadband Access Infrastructure in Areas Lacking Sufficient Commercial Interest for Investment (ONP) provided the basis for the implementation of publicly co-financed broadband infrastructure development projects in Croatia. The ONP defined implementation models, conditions for granting State aid, and rules for financing broadband network deployment projects in areas where market conditions alone did not support the necessary investment.

The first round of EU broadband funding was implemented through the Operational Program "Competitiveness and Cohesion" 2014-2020 (OPCC), financed by the European Regional Development Fund. Under the ONP, 20 projects were completed, covering 118 local and regional self-government units. Approximately EUR 91.2 million in grant funding was awarded to the selected projects.[1] The completed projects provided broadband infrastructure coverage to 194,325 addresses, representing 143,278 households. Of the total available funding, approximately EUR 9.6 million, or around 10.5% of the allocation, ultimately remained unused. Of this amount, approximately EUR 8.6 million became available following the withdrawal of one contracted project, while a further EUR 1 million remained unallocated because the remaining amount was insufficient to finance the next approved project.

The second round of EU broadband funding continued the implementation of the ONP through the National Recovery and Resilience Plan 2021-2026 (NRRP) under the Recovery and Resilience Facility. The NRRP established investment C2.3. R4-I1, "Implementation of Projects under the Framework National Program for the Development of Broadband Access Infrastructure in Areas Lacking Sufficient Commercial Interest for Investment". The second round maintained its focus on areas lacking sufficient commercial interest for investment while raising infrastructure targets toward very high capacity networks and gigabit connectivity. Following the termination of some contracted projects, 13 projects remained under implementation, with plans to cover 59,381 households, or a total of

[1] Available at: https://nop.hakom.hr/projekti-odabrani-za-sufinanciranje-1448/1448 Accessed on: October 8, 2026

105,436 users in white areas when business and public-sector users are included alongside households.

In the second round, a portion of the funding initially available did not ultimately translate into the planned infrastructure. Approximately EUR 43.5 million in support was allocated to the 13 projects that remained under implementation, while approximately EUR 97.5 million, or around 69% of the total allocation, was not used for projects that continued implementation[2].

The experience gained from the first two rounds of EU broadband funding provides a valuable basis for further improving the public co-financing model. The first round demonstrated the significant impact of public investment on connectivity in rural and less densely populated areas, while the unused portion of available funding in both rounds further underscores the importance of project feasibility, sustainability and the efficient use of public funding when designing future programs. The objective should be to create conditions that enable the broadest possible range of high-quality projects and connect the greatest possible number of households with the available public funds.

Third Round of EU Broadband Funding – Continued Investment in VHCN Infrastructure

Continued Investment in VHCN Infrastructure

AmCham welcomes the decision of the Republic of Croatia to continue the public co-financing of VHCN network deployment through the third round of EU broadband funding in areas lacking sufficient commercial interest for investment. This decision recognizes the need for continued investment in rural and less densely populated areas and gives households not covered by previous funding rounds another opportunity to gain access to VHCN infrastructure.

The amendment to the Competitiveness and Cohesion Program 2021-2027 has secured a financial framework of approximately EUR 100 million for investment in VHCN access networks in areas lacking adequate broadband infrastructure and sufficient commercial interest for investment.

Continued investment is particularly important for areas where VHCN infrastructure deployment had been anticipated under previous funding rounds, but the planned projects were not implemented. The need for high-quality connectivity in these areas has not diminished: local communities and their residents still need infrastructure that is a prerequisite for access to modern digital services, economic development, and quality of life.

Securing new funding therefore represents an important and timely step by the Croatian government toward further narrowing the digital divide. The third round also provides an opportunity to draw on lessons learned from previous implementation when designing calls for proposals, so that available funds are directed towards projects that can be implemented efficiently and within the required timeframe, while enabling the greatest possible number of households to be connected.

At the same time, the scale of the remaining areas without coverage demonstrates that the third round, although important, will not be sufficient to close the rural digital divide. The third round should therefore already be viewed as a part of a continuous cycle of investment that will need to continue into the next programming period.

[2] Available at: https://nop.hakom.hr/projekti-odabrani-za-sufinanciranje-npoo-1537/1537 Accessed on: October 8, 2026

Rural VHCN Coverage – The Key Remaining Challenge

The State of the Digital Decade Report[3] is the European Commission's key annual instrument for monitoring Member States' progress toward the EU's 2030 digital targets, including the development of digital infrastructure.

The 2026 State of the Digital Decade Report, published in June 2026, confirms Croatia's continued progress in developing digital infrastructure. VHCN coverage increased from 78.93% to 82.68%, while the European Union average rose from 82.49% to 85.54%, meaning that Croatia further narrowed the gap with the EU average.

Rural coverage remains the greatest outstanding challenge. According to the same report, Croatia ranks 21st, with rural VHCN coverage of 54.17%, compared with the European Union average of 66.66%. Despite significant progress in recent years, the gap of more than 12 percentage points confirms the need for continued investment specifically in areas where there is insufficient commercial interest in deploying VHCN infrastructure.

The positive trend is particularly evident in rural areas, where coverage has increased significantly over the past several years. This confirms that a combination of private investment and public co-financing can substantially accelerate efforts to narrow the rural digital divide.

This situation is also consistent with the Digital Croatia Strategy until 2032, which identifies uneven population distribution, high deployment costs, and the resulting lack of commercial viability of investment in certain rural and remote areas as key barriers to VHCN development. The Strategy also provides for the possibility of continuing funding programs under the EU's future Multiannual Financial Framework after 2027 if rural coverage indicators continue to demonstrate a need for intervention through State aid.

EU Funding to Connect More Households in Rural Areas

European Commission data confirms that, despite significant growth in VHCN coverage, there remains a substantial need for further investment, particularly in rural and other less commercially attractive areas. According to private-sector estimates, approximately 300,000 to 400,000 households still need to be connected, with total public funding requirements estimated at approximately EUR 300 million. The third round of EU broadband funding, with a planned financial framework of approximately EUR 100 million, represents an important step towards addressing this need. The number of households that will still need to be covered by future programs after the third round is implemented will depend on the final scope of the projects supported under that round. It is therefore already clear that continued investment will be necessary, while the actual scale of future needs can be determined more precisely once the third-round projects have been defined and implemented.

The European Union's next Multiannual Financial Framework for 2028-2034 will determine the priorities and funding available for European policies after the end of the current programming period. As the new financial framework is still being developed, and specific national priorities and sources of funding have yet to be defined, it is important to ensure at an early stage that the development of VHCN infrastructure in rural areas, on islands, and in other areas where investment is not commercially viable is recognized as one of Croatia's priorities for the use of future EU funding. This approach is also consistent with the Digital Croatia Strategy, which provides for the possibility of continuing funding programs after 2027.

Narrowing the existing gap between rural VHCN coverage in Croatia and the European Union average is an immediate objective, while the long-term objective remains achieving the EU's gigabit connectivity targets. Continued public co-financing after the third round of EU broadband funding

[3] Available at: https://digital-decade-desi.digital-strategy.ec.europa.eu/s/KgYG5owM65X3O/ Accessed on: October 8, 2026

should therefore be viewed as part of an ongoing investment cycle aimed at gradually connecting the remaining households in areas where market-based investment alone is insufficient. How the available funding is allocated is just as important as the amount of funding available. Lessons learned from previous rounds should be used to further improve the criteria for future programs, with the objective of connecting the greatest possible number of households with the available public funding.

AmCham Recommendations

The further development of very high capacity networks in areas lacking sufficient commercial interest for investment remains an important prerequisite for achieving Croatia's and the EU's digital connectivity targets. In addition to ensuring continued funding after 2027, lessons learned from previous rounds of EU broadband funding should be used to further improve the criteria for future programs.

Continued EU Funding for Broadband Infrastructure after 2027

The estimated scale of the remaining need to connect households indicates that the third round of EU broadband funding will not mark the end of investment in rural VHCN infrastructure. The final extent of future needs will depend on the number of households covered by projects under the third round. The next programming period should therefore ensure continuity of public co-financing in areas where market-based investment alone is insufficient.

- ***AmCham's Proposal:***

Include co-financing for the deployment of VHCN access networks in rural areas, on islands, and in other areas lacking sufficient commercial interest for investment among Croatia's priorities for the use of EU funding in the 2028-2034 programming period. Ensure sufficient funding to continue connecting households that, following the implementation of existing programs and commercial investments, still lack adequate access to VHCNs.

Criteria Focused on Project Outcomes

Future programs should be open to different market and organizational models, with the focus on the results that projects deliver in the public interest. Network openness and equal access should be ensured through uniform obligations for all recipients of public funding.

- ***AmCham's Proposal:***

Focus selection criteria on measurable project outcomes – particularly project feasibility, sustainability, the required level of public financing, and the number of households provided with VHCN access – without giving preference in advance to any particular business model.

Implementation Rules Adapted to Actual Conditions on the Ground

Address data are essential for project planning, but objective circumstances that could not have been fully anticipated may arise during deployment, such as non-existent or permanently unoccupied buildings and locations where providing a connection is not reasonably feasible. Implementation rules should allow such exceptions to be addressed without imposing disproportionate costs on the project.

- ***AmCham's Proposal:***

Establish a proportionate and clearly documented mechanism in the rules governing future calls for proposals for addressing individual addresses where it is determined during implementation that a connection is not possible due to objective circumstances or that there are no actual users at the location.

Contribution of Local Infrastructure to Broader Investment Coverage

Deployment costs in rural areas can be reduced through better use of existing local infrastructure and closer coordination of works with local self-government units. Such cooperation can reduce investment costs and the level of public co-financing required, allowing the same public budget to support the connection of a larger number of households.

- ***AmCham's Proposal:***

Involve local self-government units more systematically in the preparation of future programs and encourage the use of local infrastructure, coordination of works, and other feasible models that reduce deployment costs and increase project coverage.

Efficient use of Professional Resources

Cost eligibility rules should allow beneficiaries to use the most cost-effective combination of internal and external professional resources for project implementation. Where a beneficiary already has the necessary expertise and resources, using them can reduce the overall project cost and the amount of public co-financing required.

- ***AmCham's Proposal:***

Allow justified internal professional costs to be eligible where they are directly related to the project, subject to clear rules for recording, monitoring, and substantiating such costs.

Conclusion

The availability of VHCN infrastructure in rural and less densely populated areas is an important prerequisite for balanced economic and social development in Croatia. Previous EU broadband programs have demonstrated that public co-financing can play a key role in connecting areas where market-based investment alone is insufficient.

Croatia has made significant progress in developing VHCN infrastructure in recent years, but rural coverage continues to lag behind the European Union average. The third round of EU broadband funding is an important step toward narrowing this gap, but continued investment will be necessary after its implementation to connect the remaining households.

The next programming period therefore presents an opportunity for Croatia to make further progress – not only toward the EU average for rural VHCN coverage, but also toward the long-term objective of making gigabit connectivity available to all households. Achieving this objective will require securing adequate funding and designing rules that ensure that every euro of available public funding delivers the greatest possible number of connected households.

For additional information, please contact: American Chamber of Commerce in Croatia

Andrea Doko Jelušić | Executive Director

T: 01 4836 777 | E: andrea.doko@amcham.hr