



## **Factsheet on 2014-2020 Rural Development Programme for Croatia**

**March 2023**

The Croatian Rural Development Programme (RDP) was formally adopted by the European Commission on 22 May 2015, outlining Croatia's priorities for using € 2.3 billion of public money that was available for the period 2014-2020 (€ 2 billion from the EU budget / EAFRD and € 0.3 billion of national funding). Regulation (EU) 2020/2220 (Transitional Regulation) extended the duration of the 2014-2020 Rural Development Programmes until 31 December 2022 and allocated additional resources from the European Union Recovery Instrument available for rural development for programming years 2021 and 2022 (additional app. € 800 million of EAFRD funds). The Croatian RDP was last amended with a Commission Decision of 21 February 2022.

The main objective of the RDP is to restructure and modernise the farm and food sectors. It is expected that by 2025 nearly 2 700 holdings will receive investment support, more than 6 500 farmers will receive start-up aid for the development of small farms, and around 1 800 young farmers will get support to launch their businesses. The programme also puts emphasis on the restoration, preservation and enhancement of biodiversity.

There is support for the conversion to, and maintenance of, organic farming on nearly 107 000 ha. Agri-environment-climate measures are implemented on a further 45 356 ha. More than one tenth of the funds are earmarked for energy production from renewable resources. Around 116 000 people benefit from training to increase the knowledge and skills of those working in farming and forestry.

Croatia also implements the European Innovation Partnership. The programme aims by 2025 to create at least 1 200 non-agricultural jobs through a process of diversification and development of small enterprises. Around 42% of the rural population benefit from improved infrastructure.

Support for Rural Development is the second Pillar of the Common Agricultural Policy, providing Member States with an envelope of EU funding to manage nationally or regionally under multi-annual, co-funded programmes. The RD Regulation for the 2014-2020 period addresses six economic, environmental, and social priorities, and programmes contain clear targets setting out what is to be achieved. Moreover, in order to coordinate actions better and maximise synergies with the other European Structural & Investment Funds (ESIF), a Partnership Agreement has been agreed with each Member State highlighting its broad strategy for EU-funded structural investment.

This document provides a brief overview of how the challenges and opportunities faced by Croatia are addressed by the RDP. In the annex, a table indicates the priorities and focus areas each with their specific targets, and their allocated budgets.

## **1. SITUATION AND KEY CHALLENGES**

Croatia covers an area of 56 594 km<sup>2</sup> of which 99.24% is rural. Of the total area, around 40% is agricultural land while forests cover 36%. The population is around 3.9 million – more than half lives in rural areas.

According to the 2021 census, the working-age population (aged 15 and over) stood at 3.5 million, of which 1.8 million were active and of them 1.7 million were employed. Agriculture provides about 6% of the total employment, forestry 1%, the food production industry 3.9% and accommodation and food service activities 7.6%.

The average farm size in terms of Utilised agricultural area is 8.6 ha. This is less than the average size in the rest of the EU (17.1 ha). 41% of all holdings are under 2 ha and the vast majority are below 10 ha (85.4%) The average economic size of a holding, calculated on the basis of total production value, is € 14 006. Based on this criterion, 27% of farms are below € 2 000 and about half (51%) are below € 4 000.

Average crop yields are lower than in other EU countries due to outdated technologies and frequent droughts. There is a serious structural challenge in some sectors, including fruit, vegetables and livestock sector, because there is a need for investment, modernisation, preparation of products for the market and the promotion of production and market organisation of farmers, all with the common aim of ensuring stronger productivity growth and creation of new jobs.

Croatia is increasingly exposed to extreme weather conditions causing droughts and floods. This is attributed to climate change. However, only around 1% of agricultural land is irrigated, significantly affecting productivity.

Due to the war between 1991 and 1995, app. 250 ha of agricultural land currently contain land mines.

Natura 2000 sites cover nearly 37% of the country. The abandonment as well as the intensification of farming in HNV areas have a negative impact on biodiversity. The production of renewable energy is quite low. For example, the production of electricity from renewable energy resources accounted for 4.9 % of total production, with the exception of large hydro plants. Croatia has recently recorded significant growth of organic production, so in the period from 2013 to 2018 the area under organic production increased by 62 000 hectares. Due to inadequate management in the past, forest fires or other factors, degraded forms of forest stands now cover 44 % of the total forestland.

Due to depopulation, the impact of the 1991-1995 war and the long-term economic crisis, there has been low maintenance of infrastructure, social and cultural facilities resulting in a poor availability of basic services for the local rural population. Now the war in Ukraine is causing further difficulties for the Croatian agricultural sector including liquidity problems.

## **2. HOW THE CROATIAN RDP ADDRESSES THESE CHALLENGES**

In addressing these challenges, the Croatian RDP funds actions under all six Rural Development priorities – with the main priority being Priority 2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests.

### Knowledge transfer and innovation in agriculture, forestry and rural areas

Under this priority, the RDP aims to support the transfer of knowledge, information actions, advisory services, farm management and farm relief services and co-operation. Around

116 000 people benefit from training to increase the knowledge and skills of those employed in the agricultural and forestry sectors. There are 109 co-operation projects while 20 Operational Groups are being established under the European Innovation Partnership and 17 other cooperation operations are taking place.

#### Competitiveness of agricultural sector and sustainable forestry

Nearly 2 700 holdings are expected to receive investment support by 2025 so that they can become more modern and competitive. Start-up aid is being provided to 6 500 small farmers and 1 800 young farmers. More than 1 200 holdings are receiving support for investments in non-agricultural activities in rural areas. Support is also provided for the modernisation of forest technologies and the construction of forest infrastructure.

#### Food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture

At least 630 farms are receiving support for participating in quality schemes, local markets, short supply chains and producer organisations. Nearly 130 farms are being supported regarding quality schemes for farm products while around 50 farms participate in cooperation projects and local promotion related to the supply chain. Support is also being provided to set up 15 producer groups. As of the end of 2021 a total number of 15 de-mining projects were paid for nearly € 64 million and further € 8 million were paid out to restore agricultural infrastructure damaged by natural disasters and catastrophic events. 12 500 of farms can participate in risk management schemes. Over 1 700 farms and 450 SMEs particularly affected by the COVID-19 crisis received support under measure 21 of the Croatian RDP.

#### Restoring, preserving and enhancing ecosystems related to agriculture and forestry

Support for conversion to organic farming covers 38 000 ha while the maintenance of organic farming is supported on 69 000 ha. In total this means an increase in the organic area of 60%. The newly introduced measure 22 will provide over € 27 million to 6 740 holdings and 400 SMEs that are active in organic production and are particularly affected by the impact of Russia's invasion of Ukraine. Agri-environment-climate measures are implemented on 45 356 ha. Payments for areas with natural constraints are covering 410 000 ha. Investments which improve the resilience and environmental value of forest ecosystems are supported through more than 410 projects covering 3 200 ha.

#### Resource efficiency and climate

Renewable energy production is being supported via almost 350 operations for investments. The implementation of Animal Welfare measure started in 2019 and at the end of 2021 13% of animals were concerned by investments in livestock management, which reduces the GHG and/or ammonia emissions. Nearly 1 % of agricultural and forestland is under management contracts. This contributes to carbon sequestration and conservation.

#### Social inclusion and local development in rural areas

The programme is creating more than 1 200 non-agricultural jobs through the diversification and development of small enterprises and 200 jobs through supported LEADER projects. 54 LEADER Local Action Groups have been selected to implement local development strategies, covering 60 % of the rural population. 42 % of the rural population benefit from improved infrastructure.

The **four biggest RDP measures** in budgetary terms (EU funding) are:

- € 850 million allocated for Measure 4: Investments in physical assets

- € 372 million allocated for Measure 13: Payments in areas facing natural or other specific constraints
- € 333 million allocated for Measure 7: Basic services and village renewal in rural areas
- € 245 million allocated for Measure 6: Farm and business development

## Annex 1: Indicative public support for the Croatian Rural Development Programme

Target		Measure	Indicative public support	%
<b>P1: Fostering knowledge transfer and innovation in agriculture, forestry and rural areas</b>			<b>0.00</b>	
<b>1A Innovation, cooperation, knowledge</b>			<b>0.00</b>	
T1: percentage of expenditure under Articles 14, 15 and 35 of Regulation (EU) No 1305/2013 in relation to the total expenditure for the RDP (focus area 1A)	0.77	M01 Knowledge	0.00	
		M02 Advisory services	0.00	
		M16 Cooperation	0.00	
<b>1B Research &amp; innovation</b>			<b>0.00</b>	
T2: Total number of cooperation operations supported under the cooperation measure (Article 35 of Regulation (EU) No 1305/2013) (groups, networks/clusters, pilot projects...) (focus area 1B)	37.00	M16 Cooperation	0.00	
<b>1C Lifelong learning and vocational training</b>			<b>0.00</b>	
T3: Total number of participants trained under Article 14 of Regulation (EU) No 1305/2013 (focus area 1C)	116,250.00	M01 Knowledge	0.00	
<b>P2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests</b>			<b>893,198,370.51</b>	<b>27.25%</b>
<b>2A Farm performance</b>		<b>Total: 2A</b>	<b>706,575,448.22</b>	<b>21.56%</b>
T4: percentage of agricultural holdings with RDP support for investments in restructuring or modernisation (focus area 2A)	1.71	M01 Knowledge	2,571,279.26	0.08%
Total investment € (public + private)	908,654,130.11	M02 Advisory services	6,115,569.56	0.19%
Nr of holdings supported for investment in agricultural holdings (4.1)	2,700.00	M04 Physical Investment	581,713,548.19	17.75%
Nr of beneficiaries advised (2.1)	12,000.00	M06 Farm and business development	111,850,039.51	3.41%
		M16 Cooperation	4,325,011.70	0.13%
<b>2B New farmers</b>		<b>Total: 2B</b>	<b>91,151,032.37</b>	<b>2.78%</b>

T5: percentage of agricultural holdings with RDP supported business development plan/investments for young farmers (focus area 2B)	1.14	M01 Knowledge	595,424.01	0.02%
Total investment € (public + private)	89,762,854.04	M02 Advisory services	792,754.32	0.02%
Nr of beneficiaries (holdings) receiving start up aid young farmers (6.1)	1,790.00	M06 Farm and business development	89,762,854.04	2.74%
Nr of beneficiaries advised (2.1)	1,925.00			
<b>2C+ FA_2C+</b>		<b>Total: 2C+</b>	<b>95,471,889.92</b>	<b>2.91%</b>
: Total length of forestry infrastructure (re)constructed	150.00	M04 Physical Investment	21,345,882.35	0.65%
: Total investment in modernisation of technologies, machines, tools and equipment	148,252,015.14	M08 Forest	74,126,007.57	2.26%
Total investment € (public + private)	21,345,882.35			
<b>P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture</b>			<b>525,201,464.65</b>	<b>16.02%</b>
<b>3A Competitiveness of producers</b>		<b>Total: 3A</b>	<b>271,169,866.41</b>	<b>8.27%</b>
T6: percentage of agricultural holdings receiving support for participating in quality schemes, local markets and short supply circuits, and producer groups/organisations (focus area 3A)	0.40	M01 Knowledge	6,464.56	0.00%
Total investment € (public + private)	306,986,975.12	M03 Quality schemes	3,231,862.93	0.10%
Nr of operations supported for investment (e.g. in agricultural holdings, in processing and marketing of ag. products) (4.1 and 4.2)	240.00	M04 Physical Investment	184,192,185.07	5.62%
Nr of beneficiaries	3,200.00	M09 Producer groups / organisations	6,274,455.79	0.19%
Nr of holdings supported (3.1)	130.00	M14 Animal welfare	76,631,564.73	2.34%
Nr of agricultural holdings participating in cooperation/local promotion among supply chain actors (16.4)	50.00	M16 Cooperation	833,333.33	0.03%
Nr of holdings participating in producer groups supported	450.00			
<b>3B Risk management</b>		<b>Total: 3B</b>	<b>254,031,598.24</b>	<b>7.75%</b>
T7: percentage of farms participating in risk management schemes	7.94	M05 Restoring agricultural potential	86,570,711.04	2.64%

(focus area 3B)				
Nr of farm holdings supported for premium for insurance (17.1)	12,500.00	M17 Risk management	109,256,947.65	3.33%
		M21 COVID-19 crisis	26,350,465.54	0.80%
		M22 Impact of Russia's invasion of Ukraine	31,853,474.01	0.97%
<b>P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry</b>			<b>863,645,301.10</b>	<b>26.35%</b>
<b>4A Biodiversity, HNV and landscapes</b>		<b>Total: P4</b>	<b>863,645,301.10</b>	<b>26.35%</b>
T8: percentage of forest/other wooded area under management contracts supporting biodiversity (focus area 4A)	0.13	M01 Knowledge	3,082,986.47	0.09%
T9: percentage of agricultural land under management contracts supporting biodiversity and/or landscapes (focus area 4A)	9.12	M02 Advisory services	6,979,540.12	0.21%
<b>4B Water management</b>		M04 Physical Investment	10,279,656.74	0.31%
T10: percentage of agricultural land under management contracts to improve water management (focus area 4B)	11.78	M08 Forest	50,714,783.66	1.55%
T11: percentage of forestry land under management contracts to improve water management (focus area 4B)	0.13	M10 Agri-environment-climate	110,394,996.69	3.37%
<b>4C Soil management</b>		M11 Organic Farming	244,926,820.40	7.47%
T12: percentage of agricultural land under management contracts to improve soil management and/or prevent soil erosion (focus area 4C)	11.40	M13 Areas with natural constraints	437,266,517.02	13.34%
T13: percentage of forestry land under management contracts to improve soil management and/or prevent soil erosion (focus area 4C)	0.13			
<b>P4 All Focus Areas</b>				
Total investment € (public + private)	10,279,656.74			
Area (ha) under agri-environment-climate (10.1)	45,356.00			
Area (ha) - conversion to organic farming (11.1)	38,000.00			

Area (ha) - maintenance of organic farming (11.2)	69,000.00			
Nr of beneficiaries advised (2.1)	4,327.00			
<b>P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors</b>			<b>213,379,803.41</b>	<b>6.51%</b>
<b>5C Renewable energy</b>			<b>Total: 5C</b>	<b>75,283,092.27</b>
T16: Total investment in renewable energy production (€) (focus area 5C)	118,914,059.17	M04 Physical Investment		75,283,092.27
Total investment € (public + private)	118,914,059.17			
<b>5D Reducing GHG and NH3</b>			<b>Total: 5D</b>	<b>137,937,897.22</b>
T17: percentage of LU concerned by investments in live-stock management in view of reducing GHG and/or ammonia emissions (focus area 5D)	9.31	M04 Physical Investment		112,828,483.43
T18: percentage of agricultural land under management contracts targeting reduction of GHG and/or ammonia emissions (focus area 5D)	3.80	M10 Agri-environment-climate		25,109,413.79
Total investment € (public + private)	143,249,106.13			
Area (ha) (e.g. green cover, catch crop, reduced fertilisation, extensification...)	52,114.00			
<b>5E Carbon conservation / sequestration</b>			<b>Total: 5E</b>	<b>158,813.92</b>
T19: percentage of agricultural and forest land under management contracts contributing to carbon sequestration and conservation (focus area 5E)	0.40	M10 Agri-environment-climate		158,813.92
Area (ha) under agri-environment-climate for carbon sequestration	70.00			
<b>P6: Promoting social inclusion, poverty reduction and economic development in rural areas</b>			<b>569,763,534.49</b>	<b>17.38%</b>
<b>6A Diversification, SMEs and job creation</b>			<b>Total: 6A</b>	<b>76,866,223.04</b>
T20: Jobs created in supported projects (focus area 6A)	1,200.00	M06 Farm and business development		76,836,854.62
Total investment € (public + private)	101,709,034.07	M08 Forest		29,368.42
Nr of beneficiaries (holdings) receiving start up aid/support for investment in non-agric activities in rural areas (6.2 and 6.4)	1,230.00			



<b>6B Local development</b>		<b>Total: 6B</b>	<b>492,897,311.45</b>	<b>15.04%</b>
T21: percentage of rural population covered by local development strategies (focus area 6B)	66.62	M07 Basic services	392,158,575.63	11.97%
T22: percentage of rural population benefiting from improved services/infrastructures (focus area 6B)	41.64	M19 LEADER and CLLD	100,738,735.82	3.07%
T23: Jobs created in supported projects (Leader) (focus area 6B)	200.00			
Population benefiting from improved services/infrastructures (7.1; 7.2; 7.4; 7.5.;7.6; 7.7)	1,500,000.00			
Population covered by LAG	2,400,000.00			
Number of LAGs selected	54.00			
<b>M18 National payments Croatia</b>			<b>127,155,008.88</b>	
			<b>127,155,008.88</b>	<b>3.88%</b>
<b>M20 TA</b>			<b>85,086,180.56</b>	<b>2.60%</b>
			<b>85,086,180.56</b>	<b>2.60%</b>
<b>Total public expenditure</b>			<b>3,277,429,663.60</b>	<b>100.00%</b>