



Factsheet on 2014-2020 Rural Development Programme for Croatia

September 2021

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 main objective of the RDP is to restructure and modernise the farm and food sectors. It is expected that nearly 2 700 holdings will receive investment support, more than 7 400 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 will be support for the conversion to, and maintenance of, organic farming on nearly 107 000 ha. Agri-environment-climate measures will be implemented on a further 45 356 ha. More than one tenth of the funds will be earmarked for energy production from renewable resources. Around 116 000 people will be trained to increase the knowledge and skills of those working in farming and forestry.

Croatia will also implement the European Innovation Partnership. The programme aims to create more than 2 430 non-agricultural jobs through a process of diversification and development of small enterprises. Around 42% of the rural population will 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 km² of which 99.24% is rural. Of the total area, around 40% is agricultural land while forests cover 36%. The population is 4.1 million – more than half lives in rural areas.

According to Eurostat, the working-age population in 2012 was 2.8 million, of which 1.7 million were active and 1.4 million were employed. Agriculture provides 12.4% of the total employment, forestry 1%, the food production and food processing industry 3.4% and tourism 5.7%.

The average farm size is 5.6 ha. This is considerably less than the average size in the rest of the EU (14.4 ha). Half of all farms are under 2 ha and the vast majority are below 10 ha (89.4%) The average economic size of a farm, calculated on the basis of total production value, is € 9 064. Based on this criterion, 40% of farms are below € 2 000.

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 conflicts between 1991 and 1995, 11 000 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 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.

2. HOW THE CROATIAN RDP WILL ADDRESS THESE CHALLENGES

In addressing these challenges, the Croatian RDP will fund 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 will be trained to increase the knowledge and skills of those employed in the

agricultural and forestry sectors. There will be 109 co-operation projects while 37 Operational Groups will be established under the European Innovation Partnership.

Competitiveness of agricultural sector and sustainable forestry

Nearly 2 700 holdings are expected to receive investment support so that they can become more modern and competitive. Start-up aid will be provided to 7 400 small farmers and 1 800 young farmers. More than 1 200 holdings will receive support for investments in non-agricultural activities in rural areas. Support is also foreseen 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

Almost 1 150 farms will receive support for participating in quality schemes, local markets, short supply chains and producer organisations. Nearly 630 farms will be supported regarding quality schemes for farm products while around 50 farms will participate in cooperation projects and local promotion related to the supply chain. Support will also be provided to set up 15 producer groups. Around € 118 million will be used to de-mine land and restore agricultural infrastructure damaged by natural disasters and catastrophic events. Around 7.5% of farms will participate in risk management schemes. 2 500 farms and 500 SMEs particularly affected by the COVID-19 crisis will receive support under the newly created measure 21 of the Croatian RDP.

Restoring, preserving and enhancing ecosystems related to agriculture and forestry

Support for conversion to organic farming will cover 38 000 ha while the maintenance of organic farming will be supported on 69 000 ha. In total this means an increase in the organic area of 60%. Agri-environment-climate measures will be implemented on 45 356 ha. Payments for areas with natural constraints are planned to cover 425 000 ha. Investments which improve the resilience and environmental value of forest ecosystems will be supported through more than 410 projects covering 3 050 ha.

Resource efficiency and climate

Renewable energy production will be supported via almost 350 operations for investments. The management of 3.7 % of the country's livestock will be improved which will reduce GHG and/or ammonia emissions. Nearly 1 % of agricultural and forestland will be under management contracts. This will contribute to carbon sequestration and conservation.

Social inclusion and local development in rural areas

The programme aims to create more than 1 400 non-agricultural jobs through the diversification and development of small enterprises. 54 LEADER Local Action Groups will be selected to implement local development strategies, covering 60 % of the rural population. 42 % of the rural population will benefit from improved infrastructure.

The **four biggest RDP measures** in budgetary terms (total public 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
- € 265 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	%
P1: Fostering knowledge transfer and innovation in agriculture, forestry and rural areas		0.00	
1A Innovation, cooperation, knowledge		0.00	
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	
1B Research & innovation		0.00	
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	
1C Lifelong learning and vocational training		0,00	
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	
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		899 855 341.79	27.46%
2A Farm performance	Total: 2A	711 805 649.31	21.72%
T4: percentage of agricultural holdings with RDP support for restructuring (focus area 2A)	1,71 M01 Knowledge	4 548 849.11	0.14%
Total investment € (public + private)	913 082 701.55 M02 Advisory services	6 268 200.80	0.19%
Nr of holdings supported for investment (4.1)	2 700.00 M04 Physical Investment	584 813 548.19	17.84%
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%

2B New farmers		Total: 2B	95 577 802.56	2.82%
T5: percentage of agricultural holdings with RDP supported business development plan/investments for young farmers (focus area 2B)	1.14	M01 Knowledge	2 141 644.73	0.07%
Total investment € (public + private)	89 762 854.04	M02 Advisory services	673 303.79	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			
2C+ FA_2C+		Total: 2C+	95 471 889.92	2.91%
: 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			
P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture			501 742 189.12	15.31%

3A Competitiveness of producers		Total: 3A	276 763 457.51	8.45%
T6: percentage of agricultural holdings receiving support for participating in quality schemes, local markets and short supply circuits, and producer gr./ organisations (focus area 3A)	0.40	M01 Knowledge	19 736.84	0.00%
Total investment € (public + private)	316 287 506.48	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	189 772 503.89	5.79%
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 in producer gr. supported	450.00			

3B Risk management		Total: 3B	224 978 731.61	6.86%
T7: percentage of farms participating in risk management schemes (focus area 3B)	7.94	M05 Restoring agricultural potential	86 570 711.04	2.64%
Nr of farm holdings supported for premium for insurance (17.1)	12 500.00	M17 Risk management	90 732 197.04	2.77%
		M21 COVID-19 crisis	47 675 823.53	1.45%
P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry			866 075 057.54	26.43%

4A Biodiversity, HNV and landscapes		Total: P4	866 075 057.54	26.43%
T8: percentage of forest/other wooded area under contracts supporting biodiversity (focus area 4A)	0.13	M01 Knowledge	3 242 253.84	0.10%
T9: percentage of agr land under contracts supporting biodiversity and/or landscapes (focus area 4A)	9.12	M02 Advisory services	3 250 029.19	0.10%
4B Water management		M04 Physical Investment	10 279 656.74	0.31%
T10: percentage of agr land under contracts to improve water management (focus area 4B)	11.78	M08 Forest	56 714 783.66	1.73%
T11: percentage of forestry land under contracts to improve water management (focus area 4B)	0.13	M10 Agri-environment-climate	110 394 996.69	3.37%
4C Soil management		M11 Organic Farming	244 926 820.40	7.47%
T12: percentage of agr. land under contracts to improve soil 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			
P4 All Focus Areas				
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) under organic farming (11.2)	69 000.00			
Nr of beneficiaries advised (2.1)	4 327.00			

P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors		207 379 803.41	6.33%
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5C Renewable energy		Total: 5C	75 283 092.27	2.30%
T16: Total investment in renewable energy production (€) (focus area 5C)	118 914 059.17	M04 Physical Investment	75 283 092.27	2.30%
Total investment € (public + private)	118 914 059.17			

5D Reducing GHG and NH3		Total: 5D	131 937 897.22	4.03%
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	106 828 483.43	3.26%
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	0.77%
Total investment € (public + private)	135 456 898.34			
Area (ha) (e.g. green cover, catch crop, reduced fertilisation, extensification...)	52 114.00			

5E Carbon conservation / sequestration		Total: 5E	158 813.92	0.00%
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	0.00%
Area (ha) under agri-environment-climate for C sequestration	70.00			

P6: Promoting social inclusion, poverty reduction and economic development in rural areas		589 763 534.49	18.00%
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6A Diversification, SMEs and job creation		Total: 6A	96 866 223.04	2.96%
T20: Jobs created in supported projects (focus area 6A)	1 200.00	M06 Farm and business development	96 836 854.62	2.95%
Total investment € (public + private)	128 375 700.74	M08 Forest	29 368.42	0.00%
Nr of beneficiaries (holdings) receiving start up aid/support for investment in non-agr. activities in r. areas	1 230.00			

6B Local development		Total: 6B	492 897 311.45	15.04%
T21: percentage of rural population covered by LDS (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			
M18 National payments Croatia			127 310 125.48	
			127 310 125.48	3.88%
M20 TA			85 086 180.56	2.60%
			85 086 180.56	2.60%
Total public expenditure			3 277 212 232.39	100.00%