



Factsheet on the Rural Development Programme 2014-2020 of Croatia

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 is available for the period 2014-2020 (€ 2 billion from the EU budget and € 0.3 billion of national funding).

The main objective of the RDP is to restructure and modernise the farm and food sectors. It is expected that nearly 2 000 holdings will receive investment support, more than 5 000 farmers will receive start up aid for the development of small farms and around 1 000 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 60 000 ha. Agri-environment-climate measures will be implemented on a further 40 500 ha. More than one tenth of the funds will be earmarked for energy production from renewable resources. Around 42 000 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 2 000 non-agricultural jobs through a process of diversification and development of small enterprises. 30% 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. In total, 118 programmes are foreseen in all 28 Member States. The new 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 4.4 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 total

employment, forestry 1%, the food production and food processing industry 3.4% and tourism 5.7%.

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 the total production, with the exception of large hydro plants. Only 2.4% of the total agricultural land is currently used for organic farming. Due to inadequate management in the past, forest fires or other factors, degraded forms of forest stands now cover 44% of the total forest land.

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 42 000 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 33 Operational Groups will be established under the European Innovation Partnership.

Competitiveness of agricultural sector and sustainable forestry

Nearly 2 000 holdings are expected to receive investment support so that they can become more modern and competitive. Start-up aid will be provided to 5 000 small farmers and 1 000 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 1 500 farms will receive support for participating in quality schemes, local markets, short supply chains and producer organisations. Nearly 1 000 farms will be supported regarding quality schemes for farm products while around 110 farms will participate in cooperation projects and local promotion related to the supply chain. Support will also be provided to set up 33 producer groups. Around € 118 million will be used to demine land and restore agricultural infrastructure damaged by natural disasters and catastrophic events. 3.5% of farms will participate in risk management schemes.

Restoring, preserving and enhancing ecosystems related to agriculture and forestry

Support for conversion to organic farming will cover 16 496 ha while the maintenance of organic farming will be supported on 41 648 ha. In total this means an increase in the organic area of 40%. Agri-environment-climate measures will be implemented on 40 500 ha. Payments for areas with natural constraints are planned to cover 422 000 ha. Investments which improve the resilience and environmental value of forest ecosystems will be supported through more than 4 500 projects covering 6 300 ha.

Resource efficiency and climate

Renewable energy production will be supported via almost 800 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 forest land 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 2 000 non-agricultural jobs through the diversification and development of small enterprises. 45 LEADER Local Action Groups will be selected to implement local development strategies, covering 40% of the rural population. 30% of the rural population will benefit from improved infrastructure.

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

- € 581 million allocated for Measure 4: Investments in physical assets
- € 273 million allocated for Measure 13: Payments in areas facing natural or other specific constraints
- € 226 million allocated for Measure 7: Basic services and village renewal in rural areas
- € 226 million allocated for Measure 6: Farm and business development

Annex: Indicative public support for the Croatian Rural Development Programme

Target	Measure	€ Total public	%
Priority1: Knowledge transfer and innovation in agriculture, forestry and rural areas¹			
1A: Fostering innovation, cooperation, knowledge base 1.80 % of RDP expenditure	01 knowledge		
	02 advisory		
	16 cooperation		
1B: Strengthening links (with research etc.) 109 cooperation projects	16 cooperation		
1C: Training 14 999 participants trained	01 knowledge		
Priority 2: Farm viability, competitiveness and sustainable forest management			
2A: Economic performance, restructuring & modernisation 0.78% of holdings with RDP support	01 knowledge	4 000 000,00	0.17
	02 advisory	2 117 647,06	0.09
	04 investments	356 877 647,06	14.97
	06 farm / business development	79 764 705,88	3.35
	16 cooperation	7 500 000,00	0.31
2B: Generational renewal 0.43% of holdings with RDP supported business development plan/investments for young farmers	01 knowledge	2 000 000,00	0.08
	02 advisory	2 117 647,06	0.09
	06 farm / business development	50 222 222,22	2.11
2C+: Improve the sustainability and competitiveness of forest enterprises and promote Sustainable Forest management	04 investments	21 345 882,35	0.9
	08 forest investments	43 182 453,79	1.81
Priority 3: Food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management		286.956.380,04	12.04
3A: Improving competitiveness of primary producers 0.63% of agricultural holdings receiving support for participating in quality schemes, local markets and short supply circuits, and producer groups/organisations	01 knowledge	666 666,67	0.03
	03 quality schemes	7 058 823,53	0.3
	04 investments	111 717 647,06	4.69
	09 producer groups	8 888 888,89	0.37

¹ No financial allocation shown for Priority 1 as the expenditure is distributed across other focus areas.

	14 animal welfare	20 000 000,00	0.84
	16 cooperation	833 333,33	0.03
3B: Farm risk prevention and management 3.54% of farms participating in risk management schemes	05 restoring agric. potential	94 117 647,06	3.95
	17 risk management	43 673 373,50	1.83
Priority 4: Restoring, preserving and enhancing ecosystems in agriculture and forestry²		659.748.724,27	27.68
4A Biodiversity 0.25% of forest/other wooded area under contracts 7.68% of agricultural land under contracts	01 knowledge	6 666 666,67	0.28
	02 advisory	16 941 176,47	0.71
	04 investments	26,682,352.94	1.12
4B Water management 5.18% of agricultural land under contracts 0.25% of forestry land under contracts	08 forest investments	47 881 224,69	2.01
	10 AEC	111 667 680,00	4.69
4C Soil erosion and management 5.18% of agricultural land under contracts 0.25% of forestry land under contracts	11 organic farming	128 309 623,50	5.38
	13 ANC	321 600 000,00	13.49
Priority 5: Resource efficiency and shift to low carbon and climate resilience economy in agriculture, food and forestry sectors		194.597.894,12	8.17
5C Renewable energy Total investment in renewable energy production	04 investments	94 055 294,12	3.95
5D Reducing GHG and NH3 3.71% of LU (Live-stock Unit) concerned by investments in live-stock management in view of reducing GHG (Green House Gas) and/or ammonia emissions 0.91% of agricultural land under management contracts targeting reduction of GHG and/or ammonia emissions	04 investments	73 380 000,00	3.08
	10 AEC	9 930 000,00	0.42
5E Carbon conservation and sequestration 0.92% of agricultural and forest land under management contracts contributing to carbon sequestration or conservation	10 AEC	17 232 600,00	0.72
Priority 6: Social inclusion, poverty reduction and economic development in rural areas		468 241 752,40	19.65
6A Diversification, creation of small enterprises and jobs	06 farm / business development	132 941 176,47	5.58

² Expenditure under Priority 4 is programmed for the priority as a whole, not for individual focus areas.

2014 jobs created in supported projects	08 forest investments	1 877 497,99	0.08
6B LEADER 39.63% rural population under local development strategies	07 basic services	265 882 352,94	11.16
29.78% rural population with improved services/infrastructure 180 jobs created (via LEADER)	19 LEADER and CLLD	67 540 725,00	2.83
Complementary National Direct Payments		139 875 000,00	5.87
Technical Assistance		64 746 543,59	2.72
Total public expenditure €		2 383 294 499,84	100