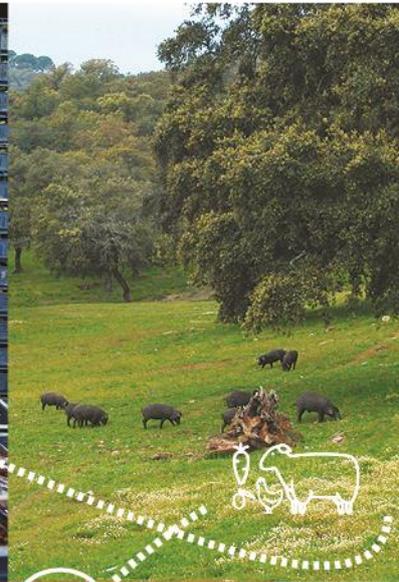




European
Commission



At a glance:

CROATIA'S CAP STRATEGIC PLAN

Agriculture
and Rural
Development

CAP Strategic Plans support the transition towards a smart, sustainable, competitive, resilient and diversified agricultural sector, while ensuring long-term food security. They also contribute to climate action, the protection of natural resources and the preservation/enhancement of biodiversity, as well as strengthen the socio-economic fabric of rural areas.

The CAP Plans support a wide range of interventions addressing the specific needs of Member States and their territories. Designed in line with a new result- and performance-oriented approach, they aim to deliver tangible results in relation to EU-level CAP specific objectives, while contributing to the European Green Deal.

For the first time, each CAP Plan defines a strategy covering all the main CAP funded instruments: direct payments, support for rural development and interventions specific to certain market sectors.

The needs of rural areas will also be addressed by other EU instruments such as the Recovery and Resilience Facility (RRF) or the European Structural and Investment Funds (ESIF).

The Russian aggression against Ukraine and the ongoing commodity price surge highlight the integral link between climate action and food security. In this context, the Commission invited Member States to review their CAP Strategic Plans to exploit all opportunities: to strengthen the resilience of the EU's agricultural sector; to reduce their dependence on synthetic fertilisers and scale up the production of renewable energy without undermining food production; and to transform their production capacity in line with more sustainable production methods.

Croatia submitted its first proposal for a CAP Strategic Plan on 31 December 2021, after consultation with stakeholders. On 7 October 2022, Croatia submitted a revised proposal, addressing the Commission's observations on the first draft. The Commission approved this proposal on 28 October 2022. This document presents some of the main features of the CAP Strategic Plan of Croatia.

1. DID YOU KNOW?



Croatian agriculture is characterised by small family agricultural holdings, often located in mountain or karst (limestone) areas and areas facing natural or other specific constraints for farming. Forests cover 37% of the total area of Croatia. About 68% of the utilised agricultural area is arable land, while 26% is mostly permanent grassland and meadows.

- ➔ Rural areas represent **63%** of Croatia's land.
- ➔ **More than 1.7 million people live in rural areas**, which represents 42.5% of Croatia's population.
- ➔ There are **more than 134 000 farms in Croatia**. While the average farm manages about 11 hectares of land, almost 70% of them cover less than 5 hectares.



2. GOALS AND STRATEGY OF THE CAP STRATEGIC PLAN OF CROATIA

Croatia's strategy aims to support the sustainable development of economically viable farms, the processing sector and the improvement of living and working conditions in rural areas. It will support the protection of natural resources, biodiversity and the climate through a number of incentives. It will also focus on young and small farmers thanks to various farm investments and business development projects, as well as on higher standards of animal welfare in five livestock sectors (cattle, pigs, poultry, goats and sheep).

2.1 AN ECONOMICALLY SUSTAINABLE AND FAIRER CAP

The Croatian Plan will reinforce efforts to **reduce the income gap between small and medium-sized farms on the one hand, and larger agricultural holdings on the other**. To stabilise the income of smaller and medium-sized farms, 20% of the direct payments envelope will be redistributed to all small and medium farmers for their first 30 hectares of agricultural land.

Croatia will **aim to maintain production in agricultural sectors in difficulty**. Support will be given mainly to the livestock sector and the fruit and vegetable sector, helping not only farmers but also rural areas at large. Indeed, maintaining production and thus jobs is also important for further development of rural areas and halting their depopulation.

Moreover, the Plan will prioritise the development of quality food production and investments to **increase the market orientation and competitiveness of farms**. It will support stronger cooperation between farmers and the processing sector, as well as short supply chains, particularly for small farms and high-quality products.

- ➔ *Almost 700 farms will receive support for a variety of investments, such as the construction of greenhouses and storage capacities for manure, the installation of irrigation systems and the purchase of farm equipment.*
- ➔ *More than 350 processing entities will receive investment support for the construction of their facilities or for purchasing equipment for the processing of agricultural products.*
- ➔ *About 6.5% of farms participating in producer groups and organisations will benefit from support to better organise themselves and improve their position in the supply chain.*

2.2 A GREENER CAP

Croatia's Plan aims to address a number of environmental and climate challenges faced by the agricultural sector. Agricultural emissions in Croatia mainly stem from soil and manure management. To protect the good state of the soil and climate, Croatian farmers will need to respect **new mandatory rules for the protection of soil organic matter and carbon content**. This will significantly contribute to climate change mitigation, improving water quality and biodiversity, while also benefitting human and animal health.



The Plan will introduce eco-schemes, which are incentives for farmers who voluntarily employ practices that achieve greater environmental and climate ambition than those that are mandatory. The supported eco-schemes will ensure better crop rotation and the use of nitrogen-fixing crops (such as legumes), maintenance of landscape features, use of natural manure on arable land, grazing on pastures and the employment of practices that reduce soil erosion.



In buffer zones along watercourses, the use of all types of fertilisers and plant protection products will be restricted, thus reducing nutrient leakage. **Farmers will manage agricultural soils in a way that protects them from erosion**, such as by planting crops that cover the soil for its enrichment and protection. In order to maintain and restore biodiversity, approximately 10% of agricultural areas will be cultivated with practices supporting biodiversity conservation and restoration.

Organic farming will also play an important role in the Plan. The current share of organic production in Croatia is 6.5%. With the help of the CAP, the area under **organic farming will be further increased to 12%** of agricultural land.



- *In order to maintain and restore biodiversity, Croatian farmers will be supported to preserve hedges and dry-stone walls on 145 hectares and to preserve extensive orchards and extensive olive groves, on 93 hectares and 674 hectares respectively.*
- *27 native breeds of endangered domestic animals will be preserved under the Plan. They are of significant importance for adapting to climate change and ensuring sustainable food production in the future.*



2.3 SOCIALLY SUSTAINABLE CAP

The competitiveness of rural areas in Croatia depends, among other things, on improving the state of technical infrastructure, improving accessibility to basic services and developing entrepreneurship. For this reason, more than **14 000 new jobs will be created in rural areas, as well as 84 infrastructure investments** (such as water, local roads and kindergartens). 76 off-farm investments will also be supported. Around EUR 103 million will be invested in rural areas and will contribute to social innovation in the framework of the European LEADER programme. Around 87% of the rural population will be able to benefit from 54 local development strategies implemented by Local Action Groups under the community-led LEADER approach.

To encourage young people to undertake agricultural activities, **specific incentives will be given to more than 1 000 Croatian farmers under the age of 40**, to help them set up their agricultural holdings and sustain the initial costs of their investments.

The Croatian Plan puts a strong emphasis on better living conditions for livestock, **encouraging farmers to improve animal welfare** by compensating them for the additional costs. 65% of all livestock will be covered by payments for improved welfare for pigs, bovine animals, sheep, goats, laying hens, broiler chickens and turkeys kept for meat production. Measures will include improved feeding and care, an increase in the space available for each animal and the possibility for animals to spend time in outdoor areas.

The implementation of the Plan will be based on the principle of equal opportunities and non-discrimination, including accessibility for persons with disabilities and equal opportunities for women and men.

- *29% of livestock units will be affected by supported actions to limit the use of antimicrobials. In addition, all breeders of laying hens benefitting from the Plan will have to gradually end caged farming methods.*
- *The forestry sector will also receive aid from the Plan. The development of forest infrastructure for the public will be funded to create educational paths, small recreational facilities, information boards, shelters and lookouts. At the same time micro, small and medium-sized enterprises providing forestry services will receive aid for wood harvesting, pre-industrial wood processing and the promotion of forest products.*



3. KNOWLEDGE SHARING, INNOVATION AND DIGITALISATION

The Croatian Plan also focuses on **support for training and advisory activities for farmers**. For the purpose of organising and strengthening links and cooperation between farmers, advisors and researchers, a coordination body will be established at the Croatian Ministry of Agriculture. The register of both public and private advisors will be made public through a dedicated platform. In this way, Croatian farmers will be able to select the advisory support best suited for their individual needs.

Overall, there will be a **focus on digitalisation and the uptake of innovation** in general, as tools to facilitate the green transition. More than 2% of farms will receive financial assistance to restructure and modernise their infrastructure, with almost half of them getting support for the uptake of digital farming technologies. In addition, 34 Operational Groups will be created in the framework of the European Innovation Partnership (EIP); their task will be to bring together different actors (such as researchers, advisors, farmers) who will cooperate to address environmental and other challenges in an innovative way.

The needs of rural areas will be addressed by other EU instruments. For example, increased coverage of broadband in rural areas will be ensured by the Recovery and Resilience Facility, the European Regional Development Fund and national funding (the national telecommunication operators' own resources).

→ *Over 140 000 persons will benefit from advice, training or knowledge exchange, or will participate in EIP Operational Groups supported by the Croatian Plan, between 2023 and 2027.*

→ *100 000 persons will receive advice or training or participate in knowledge exchanges under EIP Operational Groups related to environmental and climate performance.*





4. FINANCIAL ANNEX

	EU budget (€)	National funding (€)	Total (€)
Direct payments	1 873 851 185	n/a	1 873 851 185
Sectoral support	51 181 953	9 541 953	60 723 906
Rural development	1 458 079 005	352 019 751	1 810 098 756
Total	3 383 112 143	361 561 704	3 744 673 847

National funding does not include additional national financing referred to in Article 146 of Regulation (EU) 2021/2115. Direct payments include allocations for cotton set out in Annex VIII of Regulation (EU) 2021/2115 and reflect possible transfers between pillars. Payments for support under Regulation (EU) No 1308/2013 are not included in the CSP. National funding for sectoral support only relates to apiculture. Rural development reflect possible transfers between pillars and include technical assistance.

EU FUNDING RESERVED FOR	In EUR
Young farmers (generation renewal)	98 653 495
Environmental and climate objectives under rural development	539 494 812
Eco-schemes under direct payments	468 462 796
LEADER	82 338 579
Complementary Redistributive Income Support	374 770 237

The minimum financial allocations for support for young farmers can be reserved under direct payments and/or rural development. Eco-schemes under direct payments may be lower than 25% if the possibility to use the rebate mechanism from rural development is used, in line with Article 97 of Regulation (EU) 2021/2115.

More financial information can be found in section 6 and in Annex V of Croatia's CAP Strategic Plan.

