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**CORRIGENDUM**

This document corrects document SWD(2019) 114 final of 04.04.2019  
Correction of a typing error for a number on p.27  
The text shall read as follows:

**COMMISSION STAFF WORKING DOCUMENT**

**The EU Environmental Implementation Review 2019  
Country Report - CROATIA**

*Accompanying the document*

**Communication from the Commission to the European Parliament, the Council, the  
European Economic and Social Committee and the Committee of the Regions**

**Environmental Implementation Review 2019:  
A Europe that protects its citizens and enhances their quality of life**

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## Executive summary

### Croatia and the Environmental Implementation Review (EIR)

In the 2017 EIR, the main challenges identified for Croatia in implementing EU environmental policy and law were:

- to improve **waste management**, particularly by increasing the recycling of municipal waste to meet the EU recycling target by 2020, and facilitate the transition to a more circular economy;
- to finish designating **Natura 2000 sites** and ensure they are managed effectively; and
- to prioritise implementing projects in **the water sector** that are needed to fulfil Accession Treaty requirements on the Urban Waste Water Treatment Directive and the Drinking Water Directive.

### Use of the EIR Peer-to-Peer tool

In 2017 the Commission launched the TAIEX-EIR Peer-to-Peer (**EIR P2P**) tool to facilitate peer-to-peer learning between experts from national environmental authorities. Environmental experts from Croatia participated in a TAIEX-EIR multi-country workshop on monitoring the impact of air pollution on ecosystems and timber.

### Progress in meeting challenges since the 2017 EIR

**Some progress has been made on waste management.** The adoption of a waste management plan and waste prevention programme for 2017-2022 has put Croatia on the path to a more circular economy. The new Ordinance on waste management implementing the waste management plan set out the priorities for infrastructure planning, including support for separate collection and composting. It also introduced a waste tax to disincentivise landfilling. Croatian municipalities will have to meet landfill diversion targets and set up 'pay-as-you-throw' schemes.

The waste prevention programme introduced some measures to reduce waste. Croatia has made a lot of progress in this area. However, the policy now needs to be implemented and enforced to achieve tangible results.

**Some progress has also been made on nature conservation.** The Natura 2000 network in Croatia – the second largest in the EU in terms of proportion of Member State area – is now considered to be largely complete. However, further designations need to be made in the marine network. Croatia needs to: (i) finish designating Natura 2000 sites as 'special areas of conservation'; (ii) put in place clear conservation objectives and the necessary conservation measures for all Natura 2000 sites; and (iii) provide a suitable

framework and adequate resources for implementing them.

Drawing on substantial EU support, Croatia has made **some progress on water quality** in accordance with the Urban Waste Water Treatment Directive and the Drinking Water Directive. However, in accordance with its Accession Treaty, Croatia should be fully compliant with the Urban Waste Water Treatment Directive by the end of 2023, with the first interim deadline having expired in 2018. The deadline for meeting the requirements of the Drinking Water Directive expired in 2018. Croatia will need to step up efforts if it is to meet the deadlines set out in its Accession Treaty.

### Examples of good practice

- In the 2014-2020 programming period, EU support was approved for the *Collection of waste water and waste water treatment on the island of Krk* project. The project will connect the local population to a modernised drinking water supply and waste water collection and treatment system. This will ensure continuous access to safe and clean drinking water and minimise the risk of uncontrolled discharge of untreated waste water.
- The nature protection strategy and action plan for 2017-2025, adopted in 2017, lays down long-term objectives and guidelines for conserving biological, geological and landscape diversity. It also sets out methods for implementing this, as part of Croatia's overall economic, social and cultural development.

### EIR national dialogue and other dialogues

The 2017 EIR package and the EIR country report for Croatia were discussed with the national authorities in April 2017. The discussion centred on how the EIR report can help Croatia bridge the implementation gap.

## Part I: Thematic areas

### 1. Turning the EU into a circular, resource-efficient, green and competitive low-carbon economy

#### Measures towards a circular economy

The Circular Economy Action Plan emphasises the need to move towards a life-cycle-driven ‘circular’ economy, reusing resources as much as possible and bringing residual waste close to zero. This can be facilitated by developing and providing access to innovative financial instruments and funding for eco-innovation.

Following the adoption of the Circular Economy Action Plan in 2015 and the setting up of a related stakeholder platform in 2017, the European Commission adopted a new package of deliverables in January 2018<sup>1</sup>. This included additional initiatives such as: (i) an EU strategy for plastics; (ii) a Communication on how to address the interplay between chemical, product and waste legislation; (iii) a report on critical raw materials; and (iv) a framework to monitor progress towards a circular economy<sup>2</sup>.

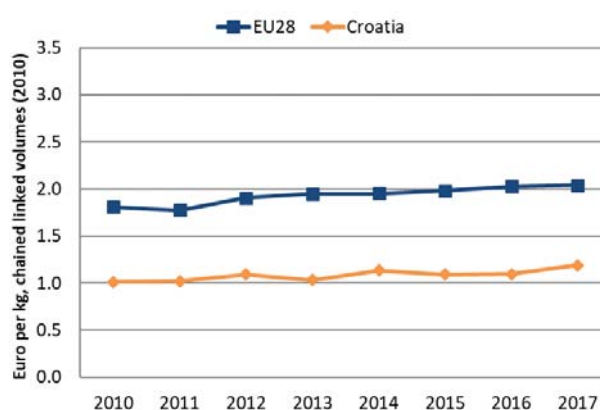
The circular (secondary) use of material, a key indicator, was 4.4 % in Croatia in 2016, against the EU-28 average of 11.7 %. In contrast, Croatia performs above the EU-28 average on the number of people employed in the circular economy. This accounted for 2.19 % of total employment in 2016, against the EU-28 average of 1.73 %.

In the 2017 Eurobarometer on the attitudes of EU citizens towards the environment<sup>3</sup>, 87 % of Croatian citizens were concerned about the effects of plastic products on the environment. This was in line with the EU-28 average of 87 %. The same was also true of the impact of chemicals, where 89 % were worried, against the EU-28 average of 90 %. There appears to be very strong support in Croatian society for circular economy initiatives and environmental protection measures.

Croatia performs below the EU average on resource productivity, i.e. how efficiently the economy uses material resources to produce wealth<sup>4</sup>. This was

EUR 1.19/kg in 2017, against the EU average of EUR 2.04/kg. Figure 1 shows a slight increase since 2016.

Figure 1: Resource productivity, 2010-2017<sup>5</sup>



The Environment Ministry’s strategic plan<sup>6</sup> will support the development of the circular economy in Croatia by focusing on waste management and green public procurement. The 10-year framework for sustainable consumption and production is also relevant to circular economy objectives. This framework will help reduce the environmental footprint of products, services and organisations in Croatia. However, Croatia currently has no comprehensive circular economy strategy. .

The number of EU ‘Ecolabel’ products and EMAS-licensed organisations in a country can help us understand to what extent the private sector and national stakeholders are engaging in the circular economy. It also provides an indication of public authorities’ commitment to supporting circular economy measures. By September 2018, Croatia had only two licences and 5 products registered in the EU Ecolabel scheme out of a total of 2167 licences and 71707 products in the EU. Take-up of these licences is therefore very low<sup>7</sup>. Moreover, by May 2018 no organisations from Croatia were registered in EMAS<sup>8</sup>, the European Commission’s Eco-Management and Audit Scheme to encourage organisations to behave in a more environmentally sustainable way. Croatia is

<sup>1</sup> European Commission, [2018 Circular Economy Package](#).

<sup>2</sup> [COM\(2018\) 029](#).

<sup>3</sup> European Commission, 2017, [Special 468 Eurobarometer](#), ‘Attitudes of European citizens towards the environment’.

<sup>4</sup> Resource productivity is defined as the ratio between gross domestic product (GDP) and domestic material consumption (DMC).

<sup>5</sup> Eurostat, [Resource productivity](#).

<sup>6</sup> Ministry of Environment and Energy, [Strategic Plan 2019-2021](#).

<sup>7</sup> European Commission, [Ecolabel Facts and Figures](#).

<sup>8</sup> European Commission, [Eco-Management and Audit Scheme](#).

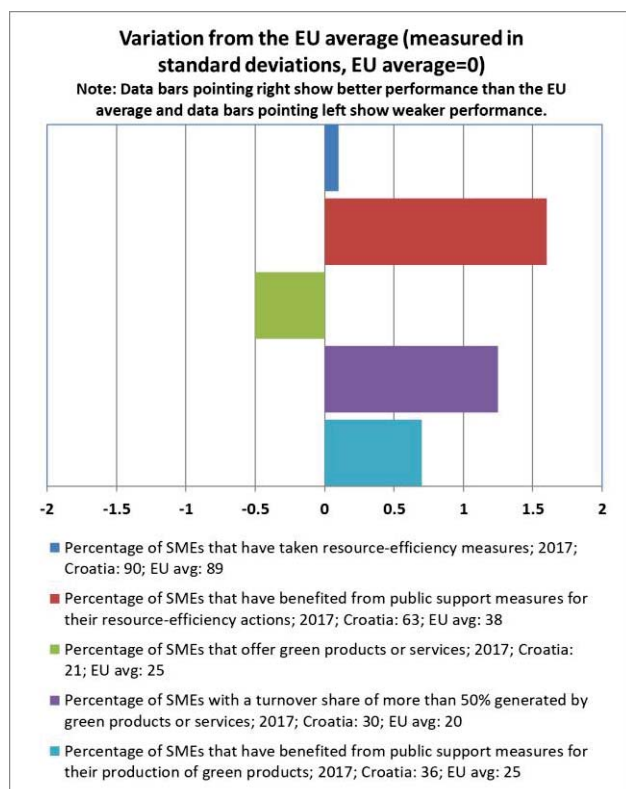
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one of only two countries in Europe with no registrations, together with Latvia.

### SMEs and resource efficiency

Croatian SMEs continue to score in line with the EU-28 average on the environmental dimension of the Small Business Act, as shown in Figure 2. Several financial incentives from different ministries and agencies were available to promote the use of renewable energy and energy-saving production technologies. In 2014 and 2015, significant improvements were achieved through the Environmental Protection and Energy Efficiency Fund and its direct co-financing programmes.

**Figure 2: Environmental performance of SMEs<sup>9</sup>**



The latest Eurobarometer on 'SMEs, resource efficiency and green markets'<sup>10</sup> asked companies about recent and additional resource efficiency measures planned for the next two years and compared responses to 2015. The proportion of companies adopting resource efficiency measures is stable and is slightly above the EU-28 average in all dimensions. The only exception is intention to draw predominantly on renewable energy. The same holds true for intention to invest in the near future. Both are increasing and are generally in line with EU averages.

<sup>9</sup> European Commission, [2018 SBA fact sheet - Croatia](#), p. 14.

<sup>10</sup> Flash Eurobarometer 456 'SME, resource efficiency and green markets' January 2018. The eight dimensions were: Save energy; Minimise waste; Save materials; Save Water; Recycle by reusing material internally; Design products easier to maintain, repair or reuse; Use renewable energy; Sell scrap materials to another company.

The only area where Croatia is below the EU average is 'design of products for ease of maintenance and repair'. Croatia scored 20 %, against 25 % in the EU and typically 35 % in the highest rated countries.

Only 12 % of Croatian companies relied on external support in their efforts to be more resource-efficient. This was compared to 22 % in the EU-28, with a range of 3 % to 38 %. For advice, 25 % of Croatian companies drew on public administrations (an increase of 16 %); 20 % on private sector consultancy (up 9 %); and 19 % on business associations (up 6 %). These are low values for private consultancy and business associations compared to the EU-28 average. For financing, 50 % drew on public grants or loans (up 12 %) and only 13 % on private sector funding sources (a fall of 24 %).

41 % of Croatian companies mention grants and subsidies as useful help (EU-28 average 36 %). Only 8 % see self-assessment tools as useful (EU-28 average 15 %). The scores on all other types of assistance offered, including technical and financial consultancy, are very close to the EU-28 average (20-23 %). Technology demonstration is viewed much more favourably than two years before. 22 % now consider it as useful, an increase of 10 % since earlier surveys.

There is an increasing interest among the Croatian business community in investing in resource efficiency. However, businesses are not very motivated to seek out external cooperation. If they do, they focus on public bodies for financing and advice.

### Eco-innovation

In 2018, Croatia ranked 26th on the 2018 European innovation scoreboard. This makes it the fifth slowest growing innovator, a 2 % decrease since 2010<sup>11</sup>. However, the country performed somewhat better on eco-innovation. In 2017, the composite index for Croatia was 72 % of the EU average, making it eighth from the bottom on eco-innovation. This places Croatia in the middle of the 16 EU countries that fall below the EU average (see Figure 3).

In 2015, Croatia scored 61 % of the EU average. In 2017, the country showed an 18 percentage point improvement on eco-innovation (see Figure 4).

External government pressures and financial subsidies have been recognised as the main incentivising factors behind growing eco-innovation. One of the institutions playing a key role in this is the Environmental Protection and Energy Efficiency Fund. The Fund is the central point for collecting and investing budgetary resources in programmes and projects on environmental and nature

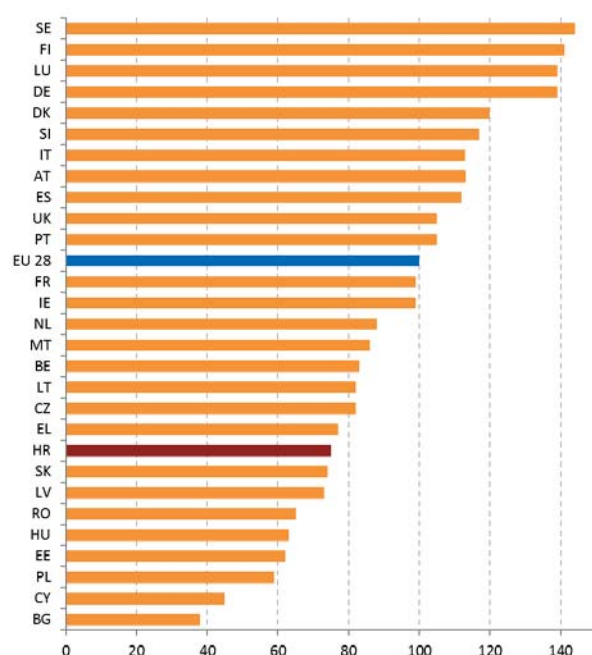
<sup>11</sup> European Commission, [European innovation Scoreboard 2018](#).



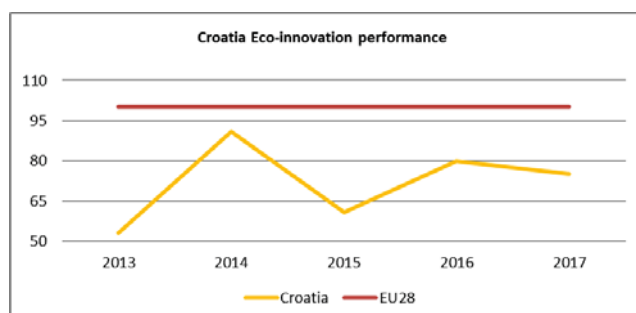
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protection, energy efficiency and the use of renewable energy sources.

**Figure 3: 2017 Eco-innovation index (EU=100)**<sup>12</sup>



**Figure 4: Croatia's eco-innovation performance**



A major barrier to eco-innovation is the significant lack of investment in R&D. Some progress has been made through policy, based on the national smart specialisation strategy adopted in April 2016. This aims to promote the creation of innovative products and services. However, no visible results have yet been achieved.

Lack of public-private cooperation is a core weakness of the innovation system (low numbers of co-publications (Eurostat) and significantly worse than regional peers ranking on the Global Competitiveness Index for university-industry collaboration in R&D. Croatia's main funding sources are still EU investment funds. However, the amount of capital provided by Croatian institutions has also increased.

<sup>12</sup> European Commission, Eco-Innovation Observatory: [Eco-innovation Scoreboard 2017](#).

The strategy for innovation support for 2014-2020 does not have a specific focus on eco-innovation, but could potentially influence it. The Act on state aid for research and development projects came into force in July 2018. The goal is to increase private sector's investment in R&D and to foster business-science/research institutions collaboration. More investment in R&D can potentially have influence on eco-innovation.

An important stakeholder in this area is the Croatian Chamber of Economy with two main initiatives: a) the strategic project to support cluster competitiveness initiatives and b) the strategic support project to set up an innovation network for industry and thematic innovation platforms<sup>13</sup>. The project leader is the Ministry of Economy, Entrepreneurship and Crafts.

### 2019 priority action

- Strengthen the policy framework to speed up the uptake of the circular economy by all economic sectors.

### Waste management

Turning waste into a resource is supported by:

- (i) fully implementing EU waste legislation, which includes the waste hierarchy, the need to ensure separate collection of waste, the landfill diversion targets, etc.;
- (ii) reducing waste generation and waste generation per capita in absolute terms; and
- (iii) limiting energy recovery to non-recyclable materials and phasing out landfilling of recyclable or recoverable waste.

This section focuses on management of municipal waste<sup>14</sup> for which EU law sets mandatory recycling targets<sup>15</sup>.

Croatia will have to put more effort into shifting waste away from landfill towards separate collection and recycling. Since 2014, municipal waste generation has gradually increased, but it remains lower than the EU average (416 kg/y/inhabitant, against 487 kg/y/inhabitant in the EU).

Figure 5 depicts municipal waste by treatment in Croatia in terms of kg per capita. It shows a slight increase in recycling and a reduction in landfilling.

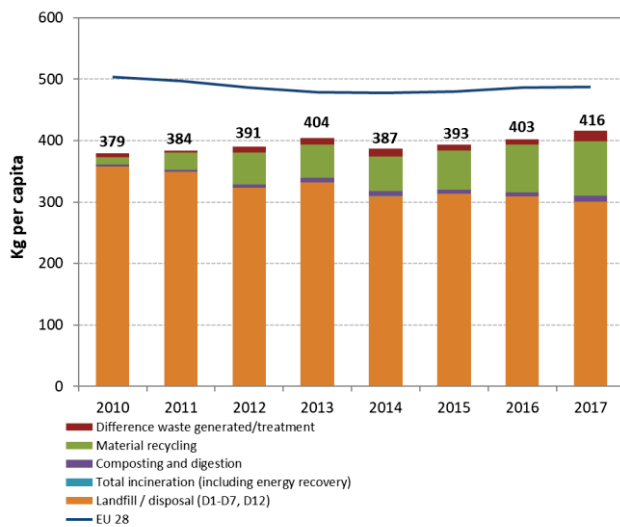
<sup>13</sup> European Commission, Eco-Innovation Observatory: [Eco-innovation Country Profiles 2016-2017](#).

<sup>14</sup> Municipal waste consists of mixed waste and separately collected waste from households and from other sources, where such waste is similar in nature and composition to waste from households. This is without prejudice to the allocation of responsibilities for waste management between public and private sectors.

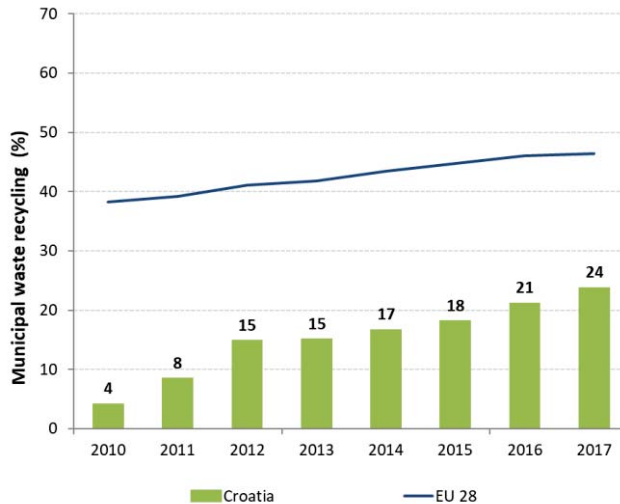
<sup>15</sup> See Article 11.2 of [Directive 2008/98/EC](#). This Directive was amended in 2018 by Directive (EU) 2018/851, and more ambitious recycling targets were introduced for the period up to 2035.

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**Figure 5: Municipal waste by treatment in Croatia, 2010-2017**<sup>16</sup>



**Figure 6: Recycling rate of municipal waste 2010-2017**<sup>17</sup>



Landfilling of municipal waste accounts for 72 % (a 8 point drop since 2014). This is significantly above the EU average of around 24 % (2017).

Furthermore, in 2015, the amount of biodegradable municipal waste landfilled was 110 % of the amount landfilled in 1997<sup>18</sup>, which is taken as a reference year. This constitutes a minor improvement since 2013. The EU Accession Treaty target for 2013 – to landfill a maximum of 75 % of biodegradable municipal waste – was therefore missed by a wide margin. According to the Accession Treaty, after 31 December 2018 waste must no longer be deposited in landfills that do not comply with the requirements of the Landfill Directive. Illegal

landfilling also remains a major problem in Croatia<sup>19</sup>. Despite great efforts to close and remedy illegal dumping sites, there is still scope for improvement. In 2018, the Commission decided to refer Croatia to the Court of Justice of the EU for its delay in finding a solution to manage the waste illegally deposited on Crno Brdo in Biljane Donje.

The underlying causes for the current distance to EU waste targets are:

- suboptimal planning of waste management;
- insufficient incentives to manage waste according to the waste hierarchy;
- insufficient ('door-to-door') separate collection of waste;
- lack of clear allocation of tasks;
- lack of coordination between the different administrative levels;
- insufficient enforcement capacity.

Although Croatia has invested in improving its waste management services, to date, most of this investment has focused on residual waste treatment.

The waste management plan for 2017-2022 was adopted in January 2017 and includes the waste prevention programme. It aims to tackle these underlying problems. The new Ordinance on waste management was adopted in 2017 to implement the waste management plan. It sets out the priorities for infrastructure planning, including support for separate collection and composting. It also introduced a waste tax to disincentivise landfilling. The municipalities will have to meet landfill diversion targets and set up 'pay-as-you-throw' schemes. The waste prevention programme introduced some measures to reduce waste generation. Overall, there has been a lot of progress in Croatia in this area. However, the policy now needs to be implemented and enforced to achieve tangible results.

Despite a slowly increasing trend, recycling of municipal waste (including composting) remains quite low (24 % in 2017 against the EU average of 46 %). For this reason, according to the Commission's Early Warning Report<sup>20</sup> Croatia risks failing to comply with the 2020 municipal waste recycling target of 50 %<sup>21</sup>. Furthermore, even more

<sup>19</sup> Partnership agreement for the European Structural and investment funds in the EU financial period 2014-2020.

<sup>20</sup> European Commission, Report on the implementation of waste legislation, including the early warning report for Member States at risk of missing the 2020 preparation for re-use/recycling target on municipal waste, SWD(2018)418 accompanying COM(2018) 656.

<sup>21</sup> Member States may choose a different method than the one used by ESTAT (and referred to in this report) to calculate their recycling rates and track compliance with the 2020 target of 50 % recycling of municipal waste.

<sup>16</sup> Eurostat, [Municipal waste by waste operations](#).

<sup>17</sup> Eurostat, [Recycling rate of municipal waste](#).

<sup>18</sup> Data reported to the Commission by Croatia in the Landfill Directive implementation report for 2013-2015.



effort will be necessary to comply with the recycling targets for the post-2020 period<sup>22</sup>.

In order to help bridge the implementation gap in Croatia, the Commission issued a further set of policy recommendations as part of the 'Early Warning Report'<sup>23</sup>. These focus on (i) improving the quality of data, especially on packaging waste; (ii) making separate collection more effective, including by supporting municipalities in fulfilling their obligations and by providing guidance and organising capacity-building programmes; and (iii) improving the extended producer responsibility schemes, especially for packaging. The spending priorities of EU Funds should be revised to bring them into line with the new waste management plan and support recycling and separate collection rather than just infrastructure to treat residual waste<sup>21</sup>.

Croatia made progress in bringing its national legislation into line with the EU directives in the waste sector. Croatian legislation now fully conforms to the Waste Framework Directive. Ongoing procedures to amend national laws should result in conformity with the Landfill Directive and directives for certain waste streams.

### 2019 priority actions

- Improve and extend separate collection of waste, including bio-waste. Establish minimum service standards for separate collection (e.g. frequency of collections, types of containers) in municipalities to ensure high capture rates for recyclable waste.
- Develop and run implementation support programmes for municipalities to support efforts to organise separate collection, implement 'pay-as-you-throw' schemes and improve recycling performance.
- Improve the functioning of extended producer responsibility systems, in line with the relevant general minimum requirements<sup>24</sup>.
- Introduce and gradually increase landfill taxes to phase-out landfilling of recyclable and recoverable waste.

### Climate change

The EU has committed to undertaking ambitious climate action internationally as well as in the EU, having ratified the Paris Climate Agreement on 5 October 2016. The EU targets are to reduce greenhouse gas (GHG) emissions by 20 % by 2020 and by at least 40 % by 2030, compared to 1990. As a long-term target, the EU aims to reduce its emissions by 80-95 % by 2050, as part of the efforts required by developed countries as a group. Adapting to the adverse effects of climate change is vital to alleviate its already visible effects and improve preparedness for and resilience to future impacts.

The EU is committed to strengthening environmental law and its implementation globally. It therefore continues to support the Global Pact for the Environment process, which was launched by the United Nations General Assembly in May 2018. The EIR is one of the tools to ensure that the Member States set a good example by respecting European Union environmental policies and laws and international agreements.

For emissions not covered by the EU ETS, Member States have binding national targets under the effort sharing legislation. Croatia had lower emissions than its annual targets in each of the years 2013-2017. For 2020, Croatia's national target under the EU Effort Sharing Decision is to avoid increasing emissions by more than 11 % compared to 2005. For 2030, Croatia's national target under the Effort Sharing Regulation is to reduce emissions by 7 % compared to 2005.

Transport represents almost a quarter of the EU's GHG emissions and is the main cause of air pollution in cities. Transport emissions in Croatia increased by 8 % from 2013 to 2016.

Croatia is developing its low-carbon development strategy 2030 with a view up to 2030 and its energy strategy. Some initial steps have been taken to define national objectives, policies and measures, however these have not been finalized or adopted.

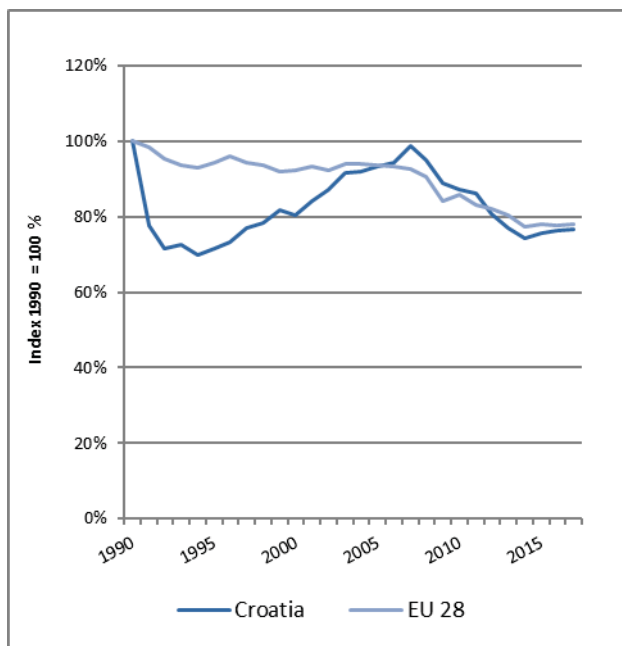
The F-gas Regulation requires Member States to run training and certification programmes, to implement rules for penalties and notify the Commission of them by 2017. Croatia has notified both measures.

<sup>22</sup> [Directive \(EU\) 2018/851](#), [Directive \(EU\) 2018/852](#), [Directive \(EU\) 2018/850](#) and [Directive \(EU\) 2018/849](#) amend the previous waste legislation and set more ambitious recycling targets for the period up to 2035. These targets will be taken into consideration to assess progress in future Environmental Implementation Reports.

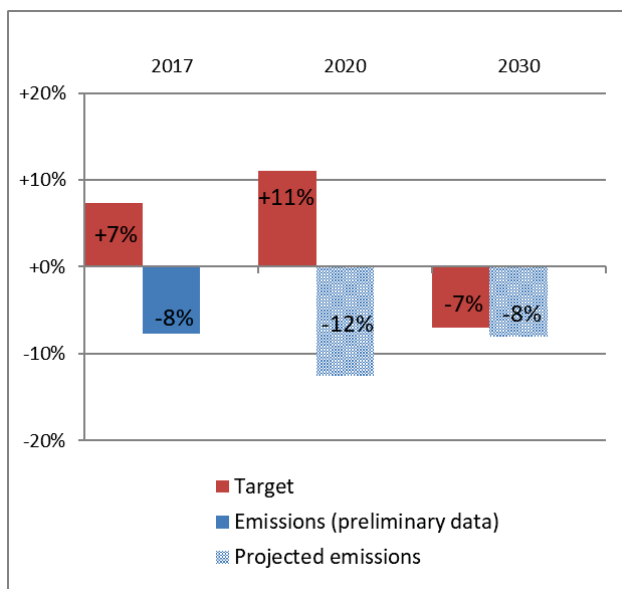
<sup>23</sup> [SWD\(2018\)414](#) accompanying COM(2018)656.

<sup>24</sup> Set out in Article 8a of [Directive \(EU\) 2018/851](#).

**Figure 7: Change in total greenhouse gas emissions 1990-2017 (1990=100%)<sup>25</sup>.**



**Figure 8: Targets and emissions for Croatia under the Effort Sharing Decision and Effort Sharing Regulation<sup>26</sup>**



The accounting of GHG emissions and removals from forests and agriculture is governed by the Kyoto Protocol. A preliminary accounting exercise for 2013-2016 shows net credits of, on average, -1.1 Mt CO<sub>2</sub>-eq, which corresponds to 1.0% of the EU-28 accounted sink of -

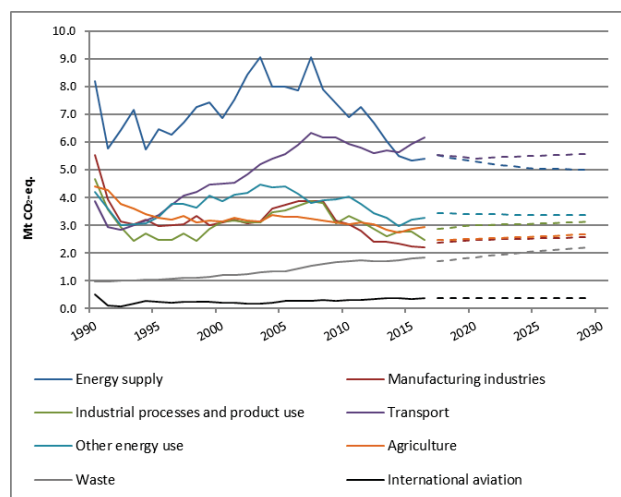
<sup>25</sup> EEA, greenhouse gas data viewer, [Annual European Union greenhouse gas inventory 1990–2016](#) (Proxy GHG emission estimates for 2017) *Approximated EU greenhouse gas inventory 2017* (European Environment Agency). Member States national projections, reviewed by the European Environment Agency.

<sup>26</sup> *Proxy GHG emission estimates for 2017* *Approximated EU greenhouse gas inventory 2017* (European Environment Agency). Member States national projections, reviewed by the European Environment Agency.

115.7 Mt CO<sub>2</sub>-eq. Reported net removals show a decrease between 2014 and 2015, while accounted net credits reveal an increase for 2016. In this preliminary simulated accounting exercise potential credits by Forest Management of, on average, -1.3 Mt CO<sub>2</sub>-eq per year are capped to -1.1 Mt CO<sub>2</sub>-eq per year. Croatia is one of eight EU Member States which exceed the cap of 3.5% from emissions of the base year (1990).

The EU Strategy on adaptation to climate change, adopted in 2013, aims to make Europe more climate-resilient, by promoting action by Member States, better-informed decision making, and promoting adaptation in key vulnerable sectors. By adopting a coherent approach and providing for improved coordination, it seeks to enhance the preparedness and capacity of all governance levels to respond to the impacts of climate change.

**Figure 9: Greenhouse gas emissions by sector (Mt. CO<sub>2</sub>-eq.). Historical data 1990-2016. Projections 2017-2030<sup>27</sup>**



Croatia's National Adaptation Strategy (NAS) is being developed and is due to be completed and prepared for adoption. A parallel National Adaptation Plan (NAP) will also be developed, covering a five-year period. Recognized vulnerable sectors are the following: water resources, agriculture, forestry, biological diversity and natural inland ecosystems, biological diversity and marine ecosystems, energy, urban and coastal areas, tourism, and human health. No reports on adaptation at the central or sectorial level have been published since the NAS and NAP are yet to be adopted. No monitoring system has yet been developed to monitor implementation of adaptation actions.

The total revenues from the auctioning of emission allowances under the EU ETS over the years 2013-2016

<sup>27</sup> EEA, greenhouse gas data viewer, [Annual European Union greenhouse gas inventory 1990–2016](#). *Proxy GHG emission estimates for 2017* *Approximated EU greenhouse gas inventory 2017* (European Environment Agency). Member States national projections, reviewed by the European Environment Agency.

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were EUR 109 million. 100% of the auctioning revenues for the period 2013 - 2016 was spent on climate and energy purposes.



### 2019 priority action

In this report, no priority actions have been included on climate action, as the Commission will first need to assess the draft national energy and climate plans which the Member States needed to send by end of 2018. These plans should increase the consistency between energy and climate policies and could therefore become a good example of how to link sector-specific policies on other interlinked themes such as agriculture-nature-water and transport-air-health.

## 2. Protecting, conserving and enhancing natural capital

### Nature and biodiversity

The EU biodiversity strategy aims to halt the loss of biodiversity in the EU by 2020. It requires full implementation of the Birds and Habitats Directives to achieve favourable conservation status of protected species and habitats. It also requires that the agricultural and forest sectors help to maintain and improve biodiversity.

### Biodiversity strategy

In 2017, Croatia adopted the 2017-2025 nature protection strategy and action plan<sup>28,29</sup>, under the terms outlined in the 2013 Constitution and Nature Protection Act. Under each of the five strategic goals, specific objectives and activities are set out and mapped. The aim is to achieve the relevant Aichi biodiversity targets and the targets in the EU Biodiversity Strategy to 2020.

### Setting up a coherent network of Natura 2000 sites

The Croatian Natura 2000 network was officially designated in 2013 and amended in 2015. It covers 36.6 % of the area of Croatia (second largest network in the EU in terms of percentage of Member State area) and a significant marine area (4 986 km<sup>2</sup>)<sup>30</sup>. By 2015, Croatia had designated 741 sites of community interest under the Habitats Directive and 38 special protection areas under the Birds Directive.

Compliance with the legal requirement to set up a coherent national network of Natura 2000 sites is assessed individually for each species and habitat type in the Member States. The latest assessment, carried out by the Commission and the European Environment Agency, indicates that the terrestrial Natura 2000 network is now largely complete. The marine network requires further designations, if and where it will be appropriate based on a new research.

In 2016, the Commission initiated infringement proceedings against Croatia for non-conformity of its national legislation with the Habitats Directive and the Birds Directive. The amendments to the 'Law on nature protection' adopted in 2018 significantly improved conformity with the Nature Directives.



### Designating Natura 2000 sites and setting conservation objectives and measures

The six-year deadline imposed by the Habitats Directive for designating special areas of conservation and introducing appropriate conservation measures will expire in December 2020. Extensive work is underway as part of several national projects (with the support of EU funds) to establish Natura 2000 management framework, as well as monitoring and reporting systems, and map marine biodiversity. Future work on the Natura 2000 management framework should set up the necessary management structures and site management plans with specific site-level conservation objectives and measures. This will require efficient cooperation with other relevant sectors such as the energy, transport, water management, forestry, agriculture and fisheries sectors. It will also mean strengthening the capacity of nature protection institutions at state, regional and local level. More effort is needed to integrate nature and biodiversity protection objectives into inland navigation and hydropower development. This should involve the transport and energy sectors respectively.

### Progress in maintaining or restoring favourable conservation status of species and habitats

Croatia joined the EU in 2013. It has therefore not yet reported on the conservation status of habitats and species covered by the Habitats Directive and the implementation of the Birds Directive. The first report is due in 2019.

### 2019 priority actions

- Ensure that the national legal framework for nature protection and flood protection fully reflects the requirements of the Birds and Habitats Directives;
- Complete the process of designating special areas of conservation, put in place clear conservation

<sup>28</sup> [Nature Protection Strategy and Action Plan \(2017-2025\)](#), OJ 72/2017.

<sup>29</sup> Convention on Biological Diversity, [Latest NBSAPs — Croatia](#).

<sup>30</sup> EEA, [Natura 2000 Barometer](#).



objectives and the necessary conservation measures for all Natura 2000 sites and provide an adequate framework and sufficient resources to implement them;

- Set up a mechanism for effective cooperation on Natura 2000 management with other sectors; especially water management, forestry, agriculture, fisheries, transport and energy.
- Continue developing the prioritised action framework (PAF) to enable the strategic financial planning and ensure the adequate funding according to the identified needs.

### Maintaining and restoring ecosystems and their services

The EU biodiversity strategy aims to maintain and restore ecosystems and their services by including green infrastructure in spatial planning and restoring at least 15 % of degraded ecosystems by 2020. The EU green infrastructure strategy promotes the incorporation of green infrastructure into related plans and programmes.

The EU has provided guidance on the further deployment of green and blue infrastructure in Croatia<sup>31</sup> and a country page on the Biodiversity Information System for Europe (BISE)<sup>32</sup>. This information will also contribute to the final evaluation of the EU Biodiversity Strategy to 2020.

According to the Croatian Nature Protection Act<sup>33</sup>, all physical planning documents and sectoral management plans for the use of natural resources must include nature protection requirements. The trend in implementation since 2010 is positive and some new sectors have been included in the process, such as water management and, to some extent, agriculture. However, in some sectors, such as fisheries, tourism and transport, implementation need to be improved. According to the fifth national report to the Convention on Biological Diversity (CBD)<sup>34</sup>, strategic planning and the biodiversity assessment of transport corridors are generally weak.

<sup>31</sup> The [recommendations of the green infrastructure strategy review report](#) and the [EU Guidance on a strategic framework for further supporting the deployment of EU-level green and blue infrastructure](#).

<sup>32</sup> [Biodiversity Information System for Europe](#).

<sup>33</sup> Government of the Republic of Croatia, Nature Protection Act, [OJ 80/13](#), 15/18.

<sup>34</sup> BISE, [Fifth National Report of the Republic of Croatia to the CBD, 2014](#).

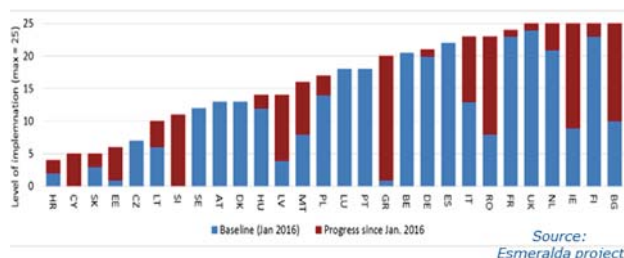
### Estimating natural capital

The EU biodiversity strategy calls on Member States to map and assess the state of ecosystems and their services<sup>35</sup> in their national territories by 2014, assess the economic value of such services and integrate these values into accounting and reporting systems at EU and national level by 2020.

Ecosystem services are being incorporated in the new 2017 national biodiversity and action plan for nature protection. One of the targets is the detailed mapping of ecosystem services with the aim of assessing their economic and improving their services. In January 2015, the baseline study on ecosystems and their services in Croatia was published, based on available data. The study also introduced national indicators. A project to map and assess ecosystem services and pressures on ecosystem services at national level is foreseen under the ‘Competitiveness and Cohesion’ operational programme.

At the Mapping and Assessment of Ecosystems and their Services (MAES) working group meeting held in Brussels in September 2018, it was reported that Croatia had provided updated information for the first time. Little progress has been recorded on the implementation of MAES since January 2016 (Figure 10). This assessment was made by the ESMERALDA project<sup>36</sup>, based on 27 implementation questions and updated every six months.

Figure 10: Implementation of MAES (September 2018)



### Invasive alien species

Under the EU biodiversity strategy, the following are to be achieved by 2020:

- (i) invasive alien species identified;
- (ii) priority species controlled or eradicated; and
- (iii) pathways managed to prevent new invasive species from disrupting European biodiversity.

This is supported by the Invasive Alien Species (IAS) Regulation, which entered into force on 1 January 2015.

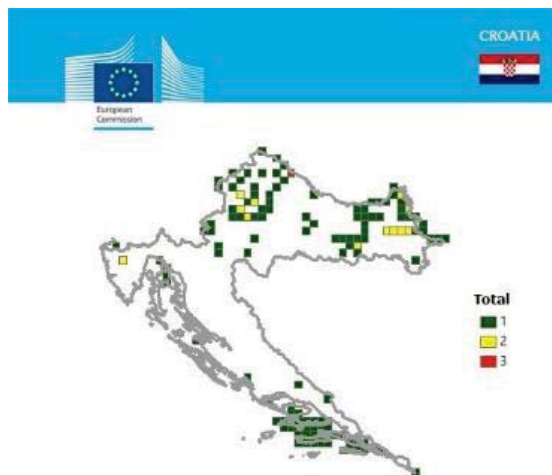
The report on the baseline distribution (Figure 11), for which Croatia reviewed its country and grid-level data,

<sup>35</sup> Ecosystem services are benefits provided by nature such as food, clean water and pollination on which human society depends.

<sup>36</sup> BISE, [MAES country fiches — Croatia](#).

shows that of the 37 species on the first EU list, 9 have already been observed in the environment in Croatia. Of these nine, seven are considered to be established. Croatia is the only Member State to have been invaded by the small Asian mongoose (*Herpestes javanicus*)<sup>37</sup>.

**Figure 11: Number of IAS of EU concern, based on available georeferenced information for Croatia**<sup>38</sup>



Between the entry into force of the EU list and 18 May 2018, Croatia did not report any new appearances of invasive alien species (IAS) of EU concern in accordance with Article 16(2) of the IAS Regulation.

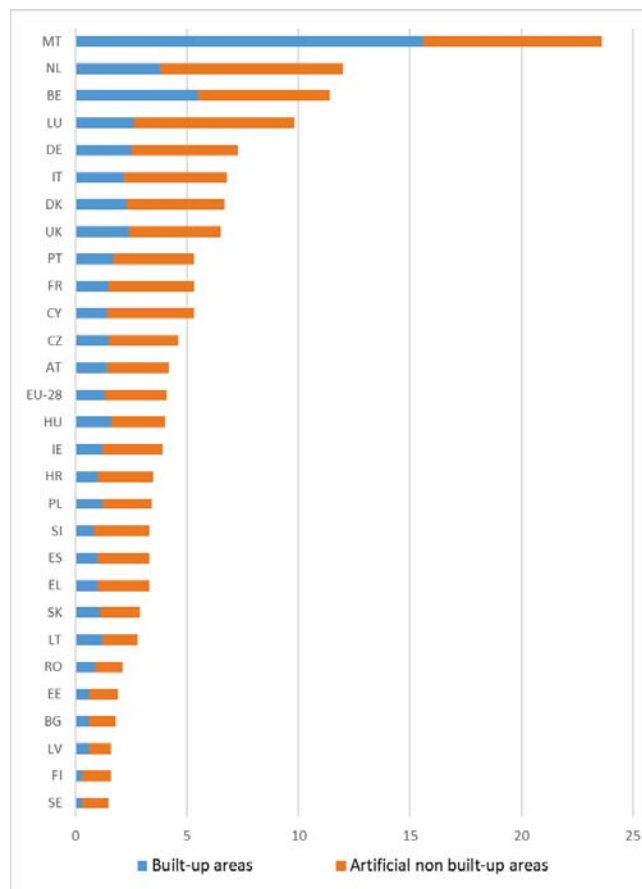
Croatia has notified the Commission of its competent authorities responsible for implementing the IAS Regulation<sup>39</sup>. The Act on the prevention and management of the introduction and spread of alien and invasive alien species containing the national provisions on penalties for infringements<sup>40</sup> entered into force in February 2018<sup>41</sup>.

### Soil protection

The EU soil thematic strategy underlines the need to ensure a sustainable use of soils. This entails preventing further soil degradation and preserving its functions, as well as restoring degraded soils. The 2011 Roadmap to a Resource Efficient Europe states that by 2020, EU policies must take into account their direct and indirect impact on land use.

Soil is a finite and extremely fragile resource and it is increasingly degrading in the EU.

**Figure 12: Proportion of artificial land cover, 2015**<sup>42</sup>



The percentage of artificial land<sup>43</sup> in Croatia (Figure 12) can be seen as a measure of the relative pressure on nature and biodiversity. It can also be seen as a measure of the environmental pressure on people living in urbanised areas. A similar measure is population density.

With 3.5 % artificial land cover, Croatia is close to the EU-28 average (4.1 %). Population density is 74.6/km<sup>2</sup>, which is below the EU average of 118/km<sup>2</sup><sup>44</sup>.

Contamination can severely reduce soil quality and threaten human health or the environment. A recent report of the European Commission<sup>45</sup> estimated that potentially polluting activities have taken or are still

<sup>37</sup> The subspecies of mongoose present in Croatia is *Herpestes javanicus auropunctatus*.

<sup>38</sup> Tsiamis K; Gervasinis E; Deriu I; D'amico F; Nunes A; Addamo A; De Jesus Cardoso A. [Baseline Distribution of Invasive Alien Species of Union concern. Ispra \(Italy\): Publications Office of the European Union; 2017, EUR 28596 EN, doi:10.2760/772692.](#)

<sup>39</sup> As required by Article 24(2) of the IAS Regulation.

<sup>40</sup> As required by Article 30(4) of the IAS Regulation.

<sup>41</sup> Act on the Prevention and Management of the Introduction and Spread of Alien and Invasive Alien Species, OJ 15/18

<sup>42</sup> Eurostat, [Land covered by artificial surfaces by NUTS 2 regions.](#)

<sup>43</sup> Artificial land cover is defined as the total of roofed built-up areas (including buildings and greenhouses), artificial non built-up areas (including sealed area features, such as yards, farmyards, cemeteries, car parking areas etc. and linear features, such as streets, roads, railways, runways, bridges) and other artificial areas (including bridges and viaducts, mobile homes, solar panels, power plants, electrical substations, pipelines, water sewage plants, and open dump sites).

<sup>44</sup> Eurostat, [Population density by NUTS 3 region.](#)

<sup>45</sup> Ana Paya Perez, Natalia Rodriguez Eugenio, Status of local soil contamination in Europe: Revision of the indicator "Progress in the management Contaminated Sites in Europe", 2018.



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taking place on approximately 2.8 million sites in the EU. At EU level, 650 000 of these sites have been registered in national or regional inventories. 65 500 contaminated sites already have been remediated. Croatia has registered 2 264 sites where potentially polluting activities have taken or are taking place, and already has remediated or applied aftercare measures on 5 sites.

Soil erosion by water is a natural process, but this natural process can be aggravated by climate change and human activities such as inappropriate agricultural practices, deforestation, forest fires or construction work. High levels of soil erosion can reduce productivity in agriculture and can have negative and transboundary impacts on biodiversity and ecosystem services. High levels of soil erosion can also have negative and transboundary effects on rivers and lakes (due to increased sediment volumes and transport of contaminants). According to the RUSLE2015 model<sup>46</sup>, Croatia has an average soil loss rate by water of 3.16 tonnes per hectare per year ( $t\ ha^{-a}\ yr^{-y}$ ) compared to the EU mean of 2.46  $t\ ha^{-a}\ yr^{-y}$ . This indicates that soil erosion in Croatia is above the EU average but moderate. It is important to note that these figures are the output of a model run at EU level and should not, therefore, be considered as values measured in specific locations. The actual soil loss rate can vary strongly within a given country depending on local conditions.

### Marine protection

EU coastal and marine policy and legislation require that by 2020 the impact of pressures on marine waters be reduced to achieve or maintain good environmental status (GES) and ensure that coastal zones are managed sustainably.

The Marine Strategy Framework Directive (MSFD)<sup>47</sup> aims to achieve good environmental status of the EU's marine waters by 2020. To that end, Member States must develop a marine strategy for their marine waters, and cooperate with the EU countries that share the same marine (sub)region.

For Croatia, the Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean (Barcelona Convention) plays a significant role in achieving the goals required by the Marine Strategy Framework Directive. The Commission could not assess whether Croatian measures were appropriate for achieving good environmental status<sup>48</sup> as Croatia

reported its measures too late for the Commission to include them in this assessment procedure<sup>49</sup>. Croatian legislation has conformed to the Marine Strategy Framework Directive since June 2017.



### 2019 priority action

- Ensure timely reporting of the different elements under the Marine Strategy Framework Directive so that Croatia can be part of future Commission's assessments.

<sup>46</sup>Panagos, P., Borrelli, P., Poesen, J., Ballabio, C., Lugato, E., Meusburger, K., Montanarella, L., Alewell, C., The new assessment of soil loss by water erosion in Europe, (2015) Environmental Science and Policy, 54, pp. 438-447.

<sup>47</sup>[Directive 2008/56/EC](#)

<sup>48</sup>[COM\(2018\) 562](#) and [SWD\(2018\) 393](#).

<sup>49</sup> Croatia reported its programme of measures to the Commission on 31 October 2017 whereas the due date was 31 March 2016.

### 3. Ensuring citizens' health and quality of life

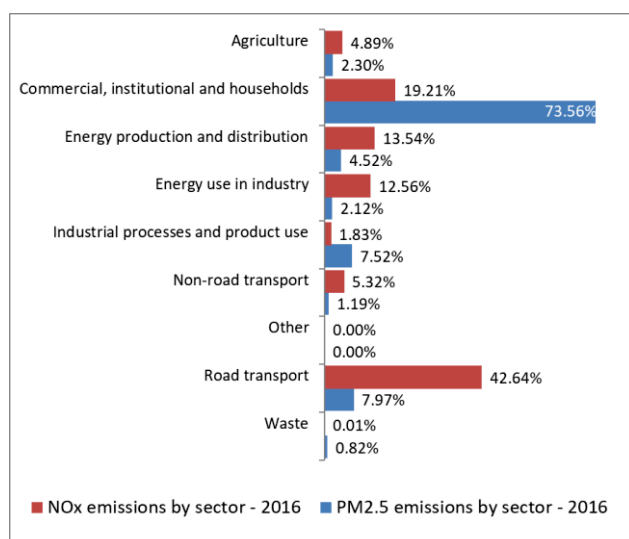
#### Air quality

EU clean air policy and legislation require the significant improvement of air quality in the EU, moving the EU closer to the quality recommended by the World Health Organisation. Air pollution and its impacts on human health, ecosystems and biodiversity should be further reduced with the long-term aim of not exceeding critical loads and levels. This requires strengthening efforts to reach full compliance with EU air quality legislation and defining strategic targets and actions beyond 2020.

The EU has developed a comprehensive body of air quality legislation<sup>50</sup>, which establishes health-based standards and objectives for a number of air pollutants.

Emissions of several air pollutants have fallen significantly in Croatia<sup>51</sup>. The emission reductions between 1990 and 2014 mentioned in the previous EIR continued between 2014 and 2016. During this period, emissions of fine particulate matter PM<sub>2.5</sub> fell by 6.83 % and emissions of nitrogen oxides (NO<sub>x</sub>) fell by 1.41 %.

**Figure 13: PM<sub>2.5</sub> and NO<sub>x</sub> emissions by sector in Croatia<sup>52</sup>**



Meanwhile, emissions of volatile organic compounds increased by 2.51 %, emissions of ammonia (NH<sub>3</sub>) by 10.37 % and emissions of sulphur oxides (SO<sub>x</sub>) by 6.67 % between 2014 and 2016 (see also Figure 13 on the total PM<sub>2.5</sub> and NO<sub>x</sub> emissions per sector).

<sup>50</sup> European Commission, [Air Quality Standards](#), 2016.

<sup>51</sup> [EIONET Central Data Repository](#) and [Air pollutant emissions data viewer \(NEC Directive\)](#).

<sup>52</sup> 2016 NECD data submitted by Member State to the EEA.

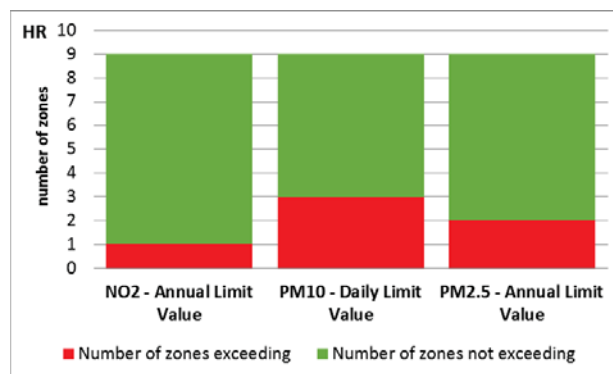
Despite these reductions, additional efforts are needed to fulfil the emission reduction commitments (compared to 2005 emission levels) laid down in the new National Emissions Ceilings Directive<sup>53</sup> for 2020-2029 and beyond.

At the same time, air quality in Croatia is giving cause for concern. For 2015, the European Environment Agency<sup>54</sup> estimated that about 4 500 premature deaths were attributable to fine particulate matter concentrations, 230 to ozone concentration<sup>55</sup> and 430 to nitrogen dioxide concentrations<sup>56</sup>.

For 2017<sup>57</sup>, exceedances related to the annual limit value for nitrogen dioxide (NO<sub>2</sub>) were registered in 1 (out of 9) air quality zones (Zagreb). Exceedances have also been registered related to particulate matter (PM<sub>10</sub>) in 3 (out of 9) air quality zones (Kutina, Zagreb, and Osijek), and for PM<sub>2.5</sub> in two air quality zones (Slavonski Brod and Zagreb). Target values for annual mean concentrations were also exceeded in two air quality zones for benzo(a)pyrene.

See also Figure 14 on the number of air quality zones in exceedance for NO<sub>2</sub>, PM<sub>2.5</sub>, and PM<sub>10</sub>.

**Figure 14: Air quality zones exceeding EU air quality standards in 2017<sup>58</sup>**



According to a special report from the European Court of Auditors<sup>59</sup>, EU action to protect human health from air

<sup>53</sup> [Directive 2016/2284/EU](#).

<sup>54</sup> European Environment Agency, [Air Quality in Europe – 2018 Report](#), p.64. Please see details in this report as regards the underpinning methodology.

<sup>55</sup> Low level ozone is produced by photochemical action on pollution.

<sup>56</sup> NO<sub>x</sub> is emitted during fuel combustion e.g. from industrial facilities and the road transport sector. NO<sub>x</sub> is a group of gases comprising nitrogen monoxide (NO) and nitrogen dioxide (NO<sub>2</sub>).

<sup>57</sup> EEA, [EIONET Central Data Repository](#).

<sup>58</sup> EEA, [EIONET Central Data Repository. Data reflects the reporting situation as of 26 November 2018](#).

<sup>59</sup> European Court of Auditors, Special report no 23/2018: Air pollution: [Our health still insufficiently protected](#).

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pollution has not achieved the expected impact. There is a risk that air pollution is being underestimated in some instances because it may not always be monitored in the right places. Member States are now required to report both real-time and validated air quality data to the Commission<sup>60</sup>.

### 2019 priority actions

- In the context of the forthcoming National Air Pollution Control Programme (NAPCP), take measures to reduce the main sources of emissions;
- Accelerate reductions of particulate matter (PM<sub>2.5</sub> and PM<sub>10</sub>) emissions and concentration. This will require, for example, further reduction of emissions from energy production and heat generation using solid fuels, and promotion of efficient and clean district heating;
- Accelerate reduction of nitrogen oxide (NO<sub>x</sub>) emissions and nitrogen dioxide (NO<sub>2</sub>) concentrations. This will require, for example, further reducing transport emissions, in particular in urban areas (and may require proportionate and targeted urban vehicle access restrictions) and/or fiscal incentives;
- Reduce ammonia (NH<sub>3</sub>) emissions to comply with currently applicable national emission ceilings, for example by introducing or expanding the use of low-emission agricultural techniques.

### Industrial emissions

The main objectives of EU policy on industrial emissions are to:

- protect air, water and soil;
- prevent and manage waste;
- improve energy and resource efficiency; and
- clean up contaminated sites.

To achieve this, the EU takes an integrated approach to the prevention and control of routine and accidental industrial emissions. The cornerstone of the policy is the Industrial Emissions Directive<sup>61</sup> (IED).

The below overview of industrial activities regulated by the IED is based on the 'industrial emissions policy country profiles' project<sup>62</sup>.

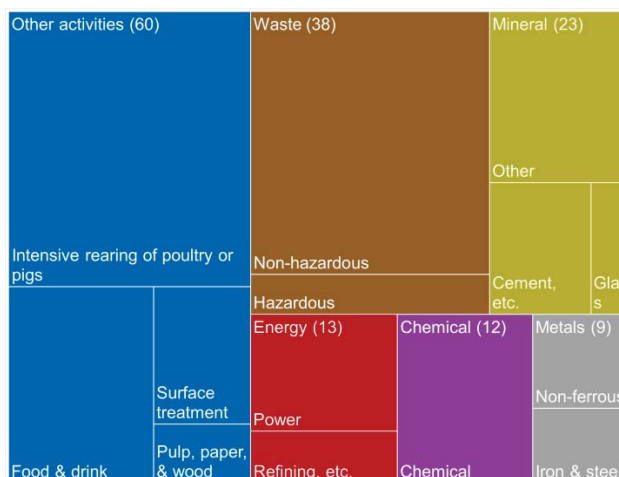
<sup>60</sup> Article 5 of Commission Implementing Decision 2011/850/EU of 12 December 2011 laying down rules for Directives 2004/107/EC and 2008/50/EC of the European Parliament and of the Council as regards the reciprocal exchange of information and reporting on ambient air quality (OJ L 335, 17.12.2011, p. 86) requires Member States to provide Up-To-Date data.

<sup>61</sup> Directive 2010/75/EU covers industrial activities carried out above certain thresholds. It covers energy industry, metal production, mineral and chemical industry and waste management, as well as a wide range of industrial and agricultural sectors (e.g. intensive rearing of pig and poultry, pulp and paper production, painting and cleaning).

<sup>62</sup> European Commission, [Industrial emissions policy country profile – Croatia](#).

In Croatia, around 155 industrial installations must have a permit pursuant to the IED according to the 2015 data. In 2015, the industrial sectors in Croatia with the most IED installations were 'other activities' (39 %, mainly intensive rearing of poultry or pigs), followed by the waste management sector (25 %), the mineral-cement sector (15 %) and the energy-power sector (6 %).

**Figure 15: Number of IED industrial installations by sector, Croatia (2015)<sup>63</sup>**



The industrial sectors that contributed significant quantities of emissions to air were: the energy-power sector for sulphur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>) and most heavy metals; the 'other activities' sector (mostly intensive rearing of poultry or pigs and surface treatment) for non-methane volatile organic compounds and ammonia (NH<sub>3</sub>) emissions; and the energy-refining sector for nickel (Ni) and smaller proportions of heavy metals, SO<sub>x</sub> and NO<sub>x</sub>. The breakdown is shown in the following graph.

For emissions to water the key industrial sectors were: chemicals, energy refining and the energy-power and non-hazardous waste management sectors. The most significant industrial sectors for hazardous waste generation were the energy-refining sector, followed by the waste management sector and the metals sector. For non-hazardous waste, the largest proportion was generated by the waste management sector, followed by the 'other activities' and energy-power sectors.

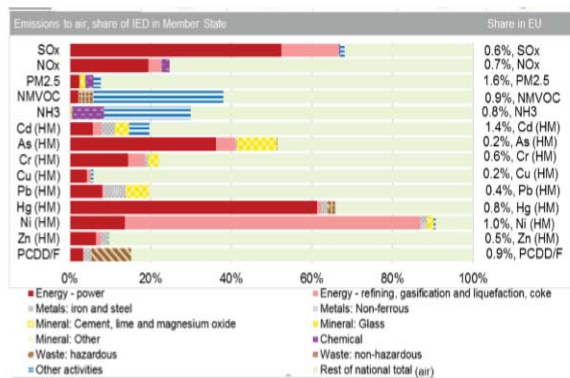
The enforcement approach under the IED creates strong rights for citizens to have access to relevant information and to participate in the permitting process for IED installations. This empowers NGOs and the general public to ensure that permits are appropriately granted and their conditions met.

**Figure 16: Emissions to air from IED sectors and all other**

<sup>63</sup> European Commission, [Industrial emissions policy country profile – Croatia](#).

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### national total air emissions, Croatia (2015)



Best available techniques (BAT) reference documents and BAT conclusions are developed through the exchange of information involving Member States, industrial associations, NGOs and the Commission. This ensures good collaboration with stakeholders and better application of the IED rules.

Thanks to the national competent authorities' efforts to apply the legally binding BAT conclusions and associated BAT emission levels in environmental permits, pollution has decreased considerably and continuously in the EU.

For example, by applying the recently adopted BAT emission levels for large combustion plants, emissions of sulphur dioxide will be cut on average by between 25 % and 81 %, nitrogen oxide by between 8 % and 56 %, dust by between 31 % and 78 % and mercury by between 19 % and 71 % at EU level.

The Croatian authorities identified implementing BAT in the waste management sector as a key challenge.

### 2019 priority actions

- Review permits to ensure they comply with the newly adopted BAT conclusions;
- Strengthen control and enforcement to ensure compliance with the BAT conclusions;
- Address the challenge implementing BAT in the waste treatment sector.

### Noise

The Environmental Noise Directive<sup>64</sup> provides for a common approach to avoiding, preventing and reducing the harmful effects of exposure to environmental noise.

Excessive noise from aircraft, railways and roads is one of the main causes of environmental health-related issues in the EU<sup>65</sup>.

In Croatia, according to a limited set of data<sup>66</sup>, environmental noise causes at least 100 premature deaths and 200 hospital admissions annually. Additionally, some 60 000 people suffer from disturbed sleep.

In summer 2018 Croatia concluded its noise mapping for major roads. It also developed action plans for the relevant urban agglomerations (Zagreb, Split, Rijeka and Osijek), all major roads and all major railways.

These instruments, adopted after a public consultation had been carried out, should include the measures to keep noise low or reduce it.

### Water quality and management

EU legislation and policy requires that the impact of pressures on transitional, coastal and fresh waters (including surface and ground waters) be significantly reduced. Achieving, maintaining or enhancing a good status of water bodies as defined by the Water Framework Directive will ensure that EU citizens benefit from good quality and safe drinking and bathing water. It will further ensure that the nutrient cycle (nitrogen and phosphorus) is managed in a more sustainable and resource-efficient way.

The existing EU water legislation<sup>67</sup> puts in place a protective framework to ensure high standards for all water bodies in the EU and addresses specific pollution sources (for example, from agriculture, urban areas and industrial activities). It also requires that the projected impacts of climate change are integrated into the corresponding planning instruments e.g. flood risk management plans and river basin management plans, including programme of measures which include the actions that Member States plan to take in order to achieve the environmental objectives.

### Water Framework Directive

Croatia adopted and reported the second generation of River Basin Management Plan under the Water Framework Directive and the European Commission assessed the status and the development since the

<sup>64</sup> Directive 2002/49/EC.

<sup>65</sup> WHO/JRC, Burden of disease from environmental noise, Fritsch, L., Brown, A.L., Kim, R., Schwela, D., Kephapopoulos, S. (eds), [World Health Organisation, Regional Office for Europe](#), Copenhagen, Denmark, 2011.

<sup>66</sup> European Environment Agency, [Noise Fact Sheets 2017](#).

<sup>67</sup> This includes the [Bathing Waters Directive \(2006/7/EC\)](#), the [Urban Waste Water Treatment Directive \(91/271/EEC\)](#) (on discharges of municipal and some industrial wastewaters), the [Drinking Water Directive \(98/83/EC\)](#) (on potable water quality), the [Water Framework Directive \(2000/60/EC\)](#) (on water resources management), the [Nitrates Directive \(91/676/EEC\)](#) and the [Floods Directive \(2007/60/EC\)](#).

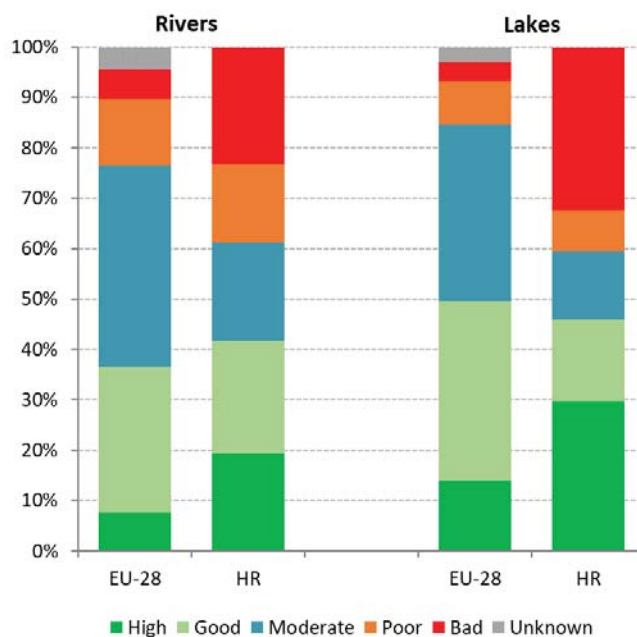


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adoption of the first River Basin Management Plan, including suggested actions in the 2017 EIR.

The **most significant pressure** on surface water bodies is diffuse pollution from agricultural (57% of surface waterbodies) and discharges not connected to sewerage network (54%). For groundwater bodies the most significant pressure is also diffuse pollution from agricultural (6%).

**Figure 17: Ecological status or potential of surface water bodies in Croatia**<sup>68</sup>



Nutrient pollution was the **most significant impact** on surface water bodies (43%) and on groundwater (6%).

Overall there was an improvement in operational monitoring regarding the **ecological status in surface water bodies**. There was for example operational monitoring in coastal and transitional waters in the second River Basin Management Plan, which was not the case in the first. The Water Framework Directive requires Member States to establish monitoring programmes for the assessment of the status of surface water and of groundwater in order to provide a coherent and comprehensive overview of water status but only 10% of surface water bodies in Croatia were included in operational monitoring and 6% in surveillance monitoring.

42 % of surface water bodies are at good or better ecological status/potential as illustrated in figure 17. This shows that Croatia has a long way to go to achieve the good status/potential objectives set down in the Water Framework Directive.

<sup>68</sup> EEA, [WISE dashboard](#).

Between the first and second River Basin Management Plan there has been a decrease in the proportion of surface water bodies in Croatia as a whole with **good chemical status**. The proportion of water bodies at good status has decreased from 97% to 92%.

Progress has been made in the assessment of **groundwater quantitative status**, but there are still areas which have limited monitoring. The total number of groundwater bodies failing good quantitative status decreased (from 1.9% to 0.5% of the total groundwater body area).

Some measures from the first Programme of Measures were implemented, but there are still measures which were not completed, for example due to lack of finance and governance issues.

Improvements seem to have been achieved in the co-operation with neighbouring countries and progress also seems to have been made in identifying significant pressures and mapping national measures and Key Types of Measures, and in performing gap analyses.

### Nitrates Directive

Croatia has designated approximately 9 % of its territory a nitrate-vulnerable zone (NVZ). This designation is not systematically associated with all areas subject to high agricultural pressure. Water monitoring in the context of the Nitrate Directive is only carried out inside the NVZ.

### Drinking Water Directive

No new data on drinking water have been made available since the 2017 EIR. Croatia benefits from a transitional measure with respect to the requirements of the Drinking Water Directive on microbiological and indicator parameters for a number of water supply zones.

### Bathing Water Directive

Figure 18 shows that in 2017, of the 976 Croatian bathing waters, 93.5 % were of excellent quality, 1.3 % of good quality and 0.2 % of sufficient quality (94.1 %, 1.7 % and 0.4 % respectively in 2016). In 2017, there was no bathing water of poor quality in Croatia<sup>69</sup>. Detailed information on Croatian bathing waters is available from a national portal<sup>70</sup> and via the European Environment Agency's interactive map viewer<sup>71</sup>.

### Urban Waste Water Treatment Directive

In 2018, Croatia finished transposing the requirements of the Urban Waste Water Treatment Directive into its national legal framework. Pursuant to its Accession Treaty, Croatia should be fully compliant with the

<sup>69</sup> European Environment Agency, [European bathing water quality in 2016](#), p. 17, 2017.

<sup>70</sup> HAOP, [Bathing water quality in Croatia](#).

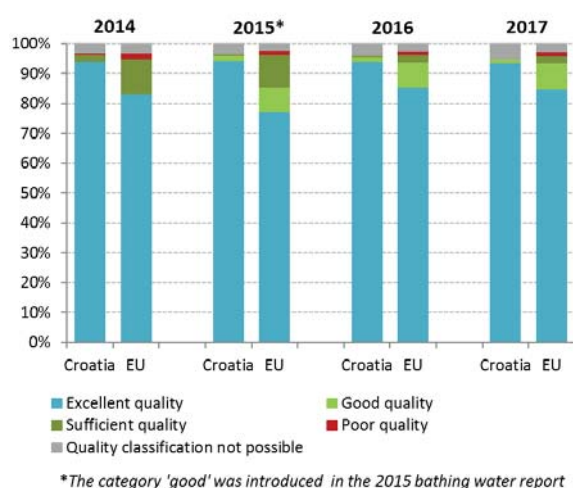
<sup>71</sup> EEA, [State of bathing waters](#).

## Environmental Implementation Review 2019 — Croatia

requirements of the Directive by the end of 2023. As the implementation deadlines for Croatia are still pending, a compliance assessment for data reported by Croatia was not carried out in 2016. However, it is already clear that Croatia will need to step up its efforts if it is to meet the deadlines set out in its Accession Treaty.

The estimated investment needed to ensure adequate waste water collection and treatment in the remaining urban agglomerations is EUR 2.9 billion<sup>72</sup>. The projects, listed in this latest report, are sufficient to ensure compliance with the Directive.

**Figure 18: Bathing water quality 2014-2017**<sup>73</sup>



### Floods Directive

The Floods Directive established a framework for the assessment and management of flood risks, aiming at the reduction of the adverse consequences associated with significant floods.

Croatia adopted and reported its first Flood Risk Management Plan under the Directive and the European Commission conducted an assessment.

The Commission's assessment found that good efforts were made with positive results in setting objectives and devising measures focusing on prevention, protection and preparedness. The assessment also showed that, as was the case for other Member States, Croatia's Flood Risk Management Plan does not yet include a baseline to assess the progress achieved in implementing measures (by extension the objectives too) and an as complete as possible estimation of the cost of measures with identification of specific sources of funding. In addition, there is scope for clarifying the method for the

prioritisation of measures, including the assessment of costs and benefits

### 2019 priority action

- Step up work on the identification of pressures, in particular in transitional and coastal waters.
- Provide all relevant information on the level of compliance and the timing to reach compliance of agglomerations in accordance with Directive 91/271/EEC: Ensure also compliance with Article 5 UWWTD for more stringent treatment, especially in big cities.
- Take steps to clarify the method for the prioritisation of measures, including the assessment of costs and benefits in relation to the Flood Risk Management Plan.

### Chemicals

The EU seeks to ensure that by 2020 chemicals are produced and used in ways that minimise any significant adverse effects on human health and the environment. An EU strategy for a non-toxic environment that is conducive to innovation and to developing sustainable substitutes, including non-chemical options, is being prepared.

The EU's chemicals legislation<sup>74</sup> provides baseline protection for human health and the environment. It also ensures stability and predictability for businesses operating within the internal market.

In 2016, the European Chemicals Agency (ECHA) published a report on REACH and the CLP Regulation<sup>75</sup> that showed that enforcement activities are still evolving. Member States cooperate closely within the Forum for Exchange of Information on Enforcement<sup>76</sup>. This dialogue has highlighted that there is scope to increase the effectiveness of enforcement activities, particularly for registration obligations and safety data sheets, where the level of non-compliance is still relatively high.

While progress has been made, there is room to further improve and harmonise national enforcement activities across the EU, including checks on imported goods. Enforcement is still weak in some Member States, particularly for checking on imports and supply chain obligations. The enforcement architecture is complex in most EU countries and enforcement projects reveal differences in compliance between Member States.

<sup>72</sup> European Commission, Ninth Report on the Implementation Status and the Programmes for Implementation of the Urban Waste Water Treatment Directive (COM(2017)749) and Commission Staff Working Document accompanying the report (SWD(2017)445).

<sup>73</sup> European Environment Agency, [European bathing water quality in 2017](#), p. 21, 2018.

<sup>74</sup> Principally for chemicals: REACH (OJ L 396, 30.12.2006, p.1.); for Classification, Labelling and Packaging, the CLP Regulation (: OJ L 252, 31.12.2006, p.1.), together with legislation on biocidal products and plant protection products.

<sup>75</sup> European Chemicals Agency, [Report on the Operation of REACH and CLP 2016](#).

<sup>76</sup> ECHA, On the basis of the projects [REF-1](#), [REF-2](#) and [REF-3](#).



A 2015 Commission study emphasised the importance of harmonised market surveillance and enforcement when implementing REACH at Member State level. These were deemed to be a critical success factor in the operation of a harmonised single market<sup>77</sup>.

In March 2018, the Commission published an evaluation of REACH<sup>78</sup>. The evaluation concludes that REACH delivers on its objectives, but that progress made is slower than anticipated. In addition, the registration dossiers often are incomplete. The evaluation underlines the need to enhance enforcement by all actors, including registrants, downstream users and in particular for importers, to ensure a level playing field, meet the objectives of REACH and ensure consistency with the actions envisaged to improve environmental compliance and governance. Consistent reporting of Member State enforcement activities was considered important in that respect.

The responsibility for enforcing REACH and CLP in Croatia lies with the Department for Chemicals and Biocidal Products in the Directorate for Sanitary Inspection<sup>79</sup>. The Directorate for Sanitary Inspection is part of the Ministry of Health. The enforcement of REACH and CLP in Croatia is carried out under the Chemicals Act (Narodne novine – Official Gazette of the Republic of Croatia – br. 18/2013) and implementation acts on REACH and CLP.

### Making cities more sustainable

EU policy on the urban environment encourages cities to put policies in place for sustainable urban planning and design. These should include innovative approaches to urban public transport and mobility, sustainable buildings, energy efficiency and urban biodiversity conservation.

Europe can be seen as a union of cities and towns. The population living in urban areas in Europe is projected to rise to just over 80% by 2050<sup>80</sup>. Urban areas pose particular challenges for the environment and human health, but they also provide opportunities for using resources more efficiently. The EU encourages municipalities to become greener through initiatives such as the Green Capital Award<sup>81</sup>, the Green Leaf Award<sup>82</sup> and the Green City Tool<sup>83</sup>.



### Financing greener cities

The concept of sustainable urban development will be implemented in Croatia exclusively through the integrated territorial investment (ITI) mechanism. The aim is to boost the role of cities as drivers of economic development. The biggest urban centres have EUR 345.35 million from the 2014-2020 programming period at their disposal for sustainable urban development activities<sup>84</sup>.

Under the Croatian Partnership Agreement, the possibility of applying for the ITI mechanism implementation will initially only be offered to the seven largest urban centres with the highest population concentration and capacity to implement projects under this mechanism. These urban centres are the agglomerations of Zagreb, Osijek, Rijeka and Split, with more than 100 000 inhabitants, and the cities of Zadar, Slavonski Brod and Pula, with more than 50 000 inhabitants<sup>85</sup>.

### Participation in EU urban initiatives and networks

Croatian municipalities are generally involved in EU environment protection and climate change initiatives.

The Urban Agenda for the EU<sup>86</sup> is an integrated and coordinated approach to deal with the urban dimension of EU and national policies and legislation. By focusing on concrete priority themes within dedicated partnerships, the Urban Agenda seeks to improve the quality of life in urban areas. Croatia participates in the work of three partnerships: Air Quality, Sustainable Land Use and Nature-Based Solutions, Digital Transition.

A total of nine cities are involved in the URBACT III, a European Territorial Cooperation programme designed to support sustainable urban development, through 12

<sup>77</sup> European Commission, [Monitoring the Impacts of REACH on Innovation, Competitiveness and SMEs, Final Report](#), 2015.

<sup>78</sup> [COM\(2018\) 116](#).

<sup>79</sup> ECHA, [National Inspectorates — Croatia](#).

<sup>80</sup> European Commission, Eurostat, [Urban Europe](#), 2016, p.9.

<sup>81</sup> European Commission, [European Green Capital](#).

<sup>82</sup> European Commission, [European Green Leaf Award](#).

<sup>83</sup> European Commission, [Green City Tool](#).

<sup>84</sup> Ministry of Regional Development and EU funds, [Sustainable Urban Development](#).

<sup>85</sup> Republic of Croatia, [Partnership Agreement](#), p. 451.

<sup>86</sup> European Commission, [The Urban Agenda for the EU](#).

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thematic networks. Croatian cities acted as Project Partners within the thematic networks<sup>87</sup>.

Several Horizon 2020 network projects have also contributed to making Croatian cities sustainable. CIVITAS is a network of cities for cities dedicated to cleaner, better transport in Europe and beyond. It includes five cities representing Croatia in a common effort to achieve this goal<sup>88</sup>. Croatian cities also take part in FosterReg, which aims to help the public plan, finance and manage integrated urban regeneration to boost the uptake of sustainable energy<sup>89</sup>. SocialCar is a research and innovation project to incorporate carpooling into existing mobility systems. Zagreb is one of the 10 European cities where the SocialCar system will be trialled<sup>90</sup>.

Croatian cities are also actively involved in initiatives such as Eurocities and the EU Covenant of Mayors. By July 2018, 70 Croatian cities had signed up to the EU Covenant of Mayors for Climate and Energy. As of July 2018, 47 cities had submitted an action plan and 15 were monitoring results<sup>91</sup>.

These urban initiatives and networks should be welcomed and encouraged as they contribute to a better urban environment. In 2017, 10.5 % of the Croatian population living in cities considered that their residential area was affected by pollution, grime or other environmental problems. This was down from 12.8 % in 2016 and closer to the amount of 10.1 % in 2015. These figures are lower than the respective EU-28 levels (20.0 % in 2017, 18.9 % in 2016, and 19.2 % in 2015)<sup>92</sup>.

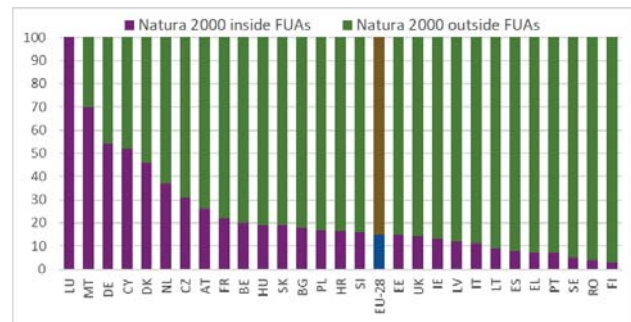
### Nature and cities

More than 16.5 % of the Natura 2000 network in Croatia is located in functional urban areas<sup>93</sup>. This is above the EU average of 15 % (see Figure 19).

### Urban sprawl

Croatia had a weighted urban proliferation rate, at 1.92 UPU/m<sup>2</sup><sup>94</sup> in 2009 compared to a European average (EU-28+4) of 1.64 UPU/m<sup>2</sup>, having increased by 6.1 % from 2006 to 2009<sup>95</sup>.

**Figure 19: Proportion of the Natura 2000 network in Functional Urban Areas (FUA)<sup>96</sup>**



### Traffic congestion and urban mobility

Croatian cities suffer most from congestion, poor air quality and noise exposure. Urban transport is responsible for about a quarter of CO<sub>2</sub> emissions from transport and 69 % of road accidents occur in cities. These issues are felt in the main urban nodes/metropolitan areas of Croatia. The solutions differ owing to the variation in the infrastructure present, geomorphological characteristics and mobility patterns (e.g. proximity to the sea and need for connections to islands)<sup>97</sup>.

According to the national transport development strategy for 2014-2030, an increase in the number of registered cars, car mileage and the general use of cars has been observed. The predominance of private transport is clear from the large traffic jams on access roads to urban centres. This contributes to increased pollution and noise levels, lack of parking space and rising costs for the general public. In any case, the number of hours spent in road congestion has decreased since 2014 (23.46 in 2016 against 25.87)<sup>98</sup>. At present, public transport in Croatia is not integrated. There are no coordinated timetables or single tickets for different modes of transport. Intermodal terminals, which enable transit from one mode of transport to another, are non-existent or extremely rare<sup>99</sup>.

In recent years, the number of rail and road passengers in Croatia has decreased. An increase has been observed in sea and coastal water transport and air transport. In 2016, railway transport passengers fell by 4.34 % against the previous year. The decrease in road transport in the same period was 3.27 %. Sea and coastal water transport increased by 3.39 %, while air transport increased by

<sup>87</sup> URBACT, [Associated Networks by country](#).

<sup>88</sup> European Commission, [Horizon 2020 Civitas Project](#).

<sup>89</sup> European Commission, [Horizon 2020 FosterReg Project](#).

<sup>90</sup> European Commission, [Horizon 2020 SocialCar Project](#).

<sup>91</sup> [Covenant of Mayors for Climate & Energy, Country signatories](#).

<sup>92</sup> European Commission, Eurostat, [Pollution, grime or other environmental problems by degree of urbanisation](#).

<sup>93</sup> European Commission, [Definition of Functional Urban Areas](#).

<sup>94</sup> Urban Permeation Units measure the size of the built-up area as well as its degree of dispersion throughout the region.

<sup>95</sup> EEA, [Urban Sprawl in Europe, Annex I](#), 2014, pp.4-5.

<sup>96</sup> European Commission, [the 7<sup>th</sup> Report on Economic, Social and Territorial Cohesion](#), 2017, p. 121.

<sup>97</sup> Republic of Croatia, [Transport Development Strategy \(2014-2030\)](#), 2014.

<sup>98</sup> European Commission, [Hours spent in road congestion annually](#).

<sup>99</sup> Republic of Croatia, [Transport Development Strategy \(2014-2030\)](#), 2014, p. 46.

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8.7 %<sup>100</sup>.

The total number of road vehicles in Croatia was 1.56 million in 2016. The number of vehicles per 1 000 inhabitants rose from 349 in 2014 to 374 in 2016<sup>101</sup>. Hours spent on congested roads annually decreased from 25.68 in 2014 to 23.46 in 2016. This is below the EU average of 30 hours<sup>102</sup>.

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<sup>100</sup> National Statistical Office, [Croatia in Figures 2017](#), 2017, p. 25.

<sup>101</sup> Eurostat, [Number of passenger cars per 1000 inhabitants](#).

<sup>102</sup> European Commission, [Hours spent in road congestion annually](#).

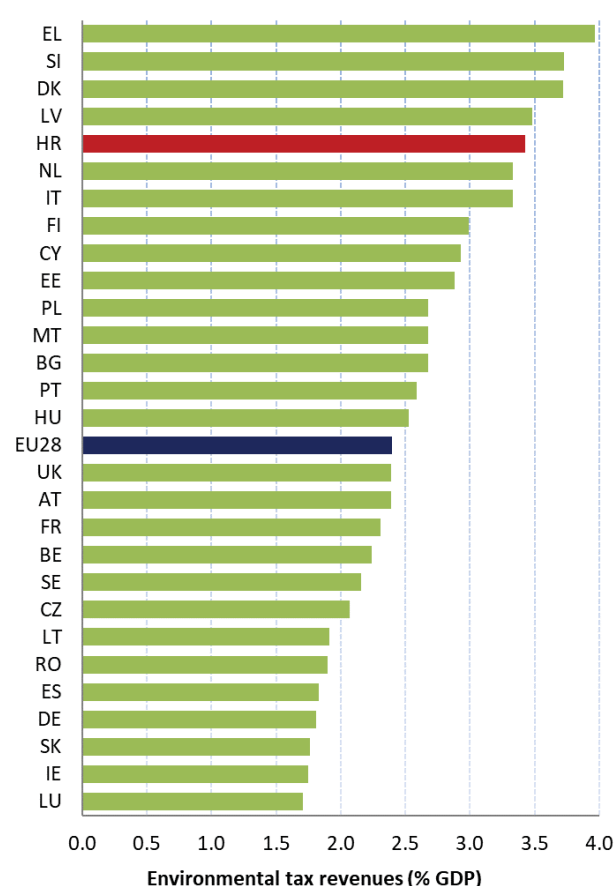
## Part II: Enabling framework: implementation tools

### 4. Green taxation, green public procurement, environmental funding and investments

#### Green taxation and environmentally harmful subsidies

Financial incentives, taxation and other economic instruments are effective and efficient ways to meet environmental policy objectives. The circular economy action plan encourages their use. Environmentally harmful subsidies are monitored in the context of the European Semester and the energy union governance process.

Figure 20: Environmental tax revenues as % of GDP (2017)<sup>103</sup>



Croatia’s revenue from environmentally relevant taxes remains among the highest in the EU. Environmental taxes accounted for 3.43 % of GDP in 2017 (EU-28 average: 2.40 %), as shown in Figure 20. Meanwhile,

<sup>103</sup> Eurostat, [Environmental tax revenues, 2018](#).

energy taxes accounted for 2.59 % of GDP, against the EU average of 1.84 %<sup>104</sup>. In the same year, environmental tax revenues were 9.08 % of total revenue from taxes and social security contributions (above the EU-28 average of 5.97 %).

In Croatia the proportion of total revenues from labour tax was lower than the EU average, at 38.1 % in 2016, while the implicit tax burden on labour was 31 %<sup>105</sup>. Consumer spending taxes remained very high (second in the EU at 49.9 %), indicating little potential for shifting taxes from labour to consumption and in particular to environmental taxes.

Nevertheless, there were several examples of sound fiscal measures on the environment being implemented. A good example is the ‘forest public benefit function fee’, a charge paid by companies and other business associations once a year since 1983. Besides managing restoring forests in karst regions, significant funds are spent on demining activities (10 %), firefighting (5 %) and scientific work (5 %)<sup>106</sup>.

Meanwhile, fossil fuel subsidies amounted to EUR 400 million in 2015, and to more than EUR 1.9 billion when post-tax subsidies are included. These include not only price-gap subsidies but also the negative externalities associated with the use of fossil fuels, such as local air pollution, faster climate change and congestion<sup>107</sup>.

Progress on reducing the ‘diesel differential’, i.e. the difference in the price of diesel and petrol, has not been measured. However, in 2016 there was still a 26 % gap between petrol and diesel tax rates<sup>108</sup>. Excise tax rates levied on petrol and diesel in 2016 increased slightly against 2015, with higher variations for diesel (EUR 0.51 per litre for petrol or 5.5 % more; and EUR 0.50 for diesel or a 7 % increase)<sup>109</sup>.

CO<sub>2</sub>-based motor vehicle taxes are in place in the country. The first registration of a motor vehicle in the country is subject to the special tax based on the vehicle

<sup>104</sup> Eurostat, [Environmental tax revenues, 2018](#).

<sup>105</sup> European Commission, [Taxation Trends Report](#), 2017.

<sup>106</sup> Institute for European Environmental Policy, Case Studies on Environmental Fiscal Reform, [Forest Public Benefit Fee in Croatia](#).

<sup>107</sup> European Parliament and IMF, [Fossil Fuel Subsidies](#), 2017, pp. 10-11.

<sup>108</sup> European Environment Agency, [Environmental taxation and EU environmental policies](#), 2017, p. 27.

<sup>109</sup> European Commission, [Taxes in Europe Database](#), 2018.

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purchase price, CO<sub>2</sub> emissions and fuel type<sup>110</sup>. Incentives to encourage people to buy cars with lower CO<sub>2</sub> emissions were unbalanced in 2016, mainly linked to annual circulation taxes, road tolls and congestion or low emission zone charges. They were also linked to the acquisition of cleaner vehicles or the use of public infrastructure<sup>111</sup>. New vehicles purchased in Croatia are in line with the EU average for CO<sub>2</sub> emissions, with 111,5 grams per kilometre, below the EU average of 118 grams in 2016<sup>112</sup>.

This report suggests that the tax system could be further used for environmental policy while also generating revenue. In particular, further alignment and equal treatment of transport fuels (for example, diesel) would lead to improvements in the environment and incentives to reduce nitrogen dioxide pollution (see Chapter 3 on Air Quality).

The use of alternative fuels in new passenger cars sold in Croatia has been increasing over the past few years. However, the uptake of these fuels is still very low. The proportion of new passenger cars using alternative fuels was 0.20 % in 2016, down from 0.79 % in 2015<sup>113</sup>. Croatia has communicated limited information to the Commission on future scenarios for most alternative fuels in the transport sector. There is also a lack of information on the tax treatment of company cars in Croatia<sup>114</sup>.

### Green public procurement

The EU green public procurement policies encourage Member States to take further steps to apply green procurement criteria to at least 50 % of public tenders. The European Commission is helping to increase the use of public procurement as a strategic tool to support environmental protection.

The purchasing power of public procurement amounts to around EUR 1.8 trillion in the EU (approximately 14% of GDP). A substantial proportion of this money goes to sectors with a high environmental impact such as construction or transport. Therefore, green public procurement (GPP) can help to significantly lower the negative impact of public spending on the environment

and can help support sustainable innovative businesses. The Commission has proposed EU GPP criteria<sup>115</sup>.

The first national action plan for green public procurement for 2015-2017 was adopted in August 2015. In view of a second national action plan, the implementation of the first plan was assessed. This assessment showed that 9 out of 17 activities had been successfully implemented, five partially, two activities had not been completed, while one activity was still ongoing. The second national action plan was due to be adopted in 2018. The implementation report highlighted the obstacles of implementing green public procurement in Croatia and provided guidelines for overcoming them.

The EU green public procurement criteria are recommended for the following product groups:

- copying and graphic paper
- transport (motor vehicles)
- electricity
- cleaning products and services, telecommunication services and mobile phones
- office and IT equipment.

In 2015, 2016 and 2017, several training programmes for trainers and procurers were held. A national website was also set up.

In Croatia, the uptake of green public procurement is monitored annually through the official Electronic Public Procurement Advertisement channel. According to the data gathered, in 2016 only 65 out of 13 838 contracts were concluded using green public procurement criteria (0.5 %).

A European Parliament study shows that Croatia has partially implemented the GPP national action plan<sup>116</sup>.

### Environmental funding and investments

European Structural and Investment Fund (ESIF) rules oblige Member States to promote environment and climate in their funding strategies and programmes for economic, social and territorial cohesion, rural development and maritime policy.

Achieving sustainability involves mobilising public and private financing sources<sup>117</sup>. Use of the European

<sup>110</sup> ACEA, [CO<sub>2</sub> based motor vehicle taxes in Europe](#).

<sup>111</sup> European Environmental Agency, [Appropriate taxes and incentives do affect purchases of new cars](#), 18 May 2018.

<sup>112</sup> European Environment Agency, [Average CO<sub>2</sub> emissions from new passenger cars sold in EU-28 Member States plus Norway, Iceland and Switzerland in 2016](#).

<sup>113</sup> European Commission, [Transport in the European Union Current Trends and Issues](#), 2018, pp.27-28.

<sup>114</sup> European Commission, [Taxation of commercial cars in Belgium](#), 2017, p. 3.

<sup>115</sup> In the Communication 'Public procurement for a better environment' ([COM\(2008\) 400](#)) the Commission recommended the creation of a process for setting common GPP criteria. The basic concept of GPP relies on having clear, verifiable, justifiable and ambitious environmental criteria for products and services, based on a life-cycle approach and scientific evidence base.

<sup>116</sup> European Parliament, [Green Public Procurement and the Action Plan for the Circular Economy](#), 2017, pp. 79-80.

<sup>117</sup> See, for example, [Action plan on financing sustainable growth \(COM\(2018\) 97\)](#).



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Structural and Investment Funds (ESIFs)<sup>118</sup> is essential if countries are to achieve their environmental goals and integrate these into other policy areas. Other instruments such as Horizon 2020, the LIFE programme<sup>119</sup> and the European Fund for Strategic Investments (EFSI)<sup>120</sup> may also support the implementation and spread of good practices. Additionally, national contributions are provided through the "polluter pays principle" and water use fee, from the ETS system and other resources.

### European Structural and Investment Funds, 2014-2020

Croatia has been allocated a total of EUR 10.7 billion from ESIF funds for 2014-2020 (see Figure 21). With a national contribution of EUR 1.9 billion, Croatia has a total budget of EUR 12.6 billion to invest in various areas:

- research and innovation
- employment
- education and training
- social inclusion
- public administration and civil society
- infrastructure
- environmental protection<sup>121</sup>.

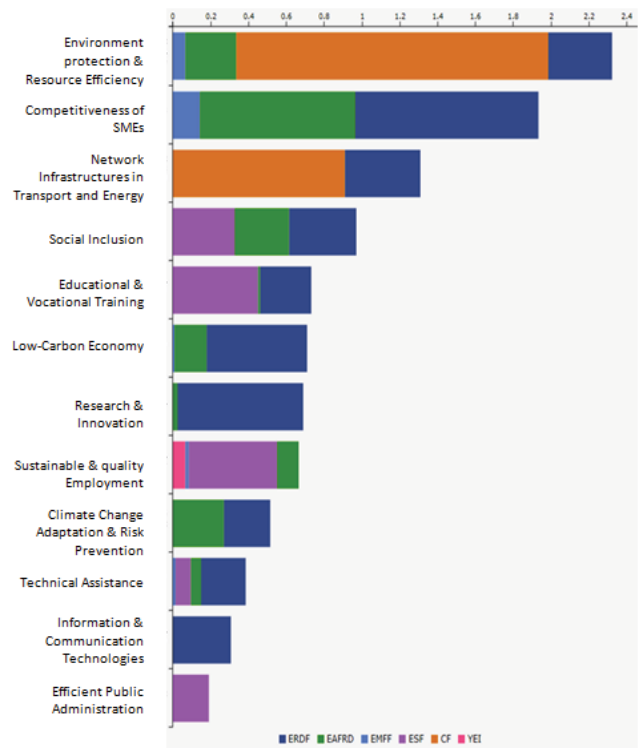
The largest proportion of ESI Funds investment is focused on the thematic objective of 'Preserving and protecting the environment and promoting resource efficiency'. This accounts for over 20 % of all investments under the ESI Funds. The *ex ante* conditionalities<sup>122</sup> for all three environmental areas<sup>123</sup> — water, waste, and environmental impact assessment and strategic environmental assessment — have been fulfilled.

### Cohesion policy

For 2014-2020, Croatia has been allocated around EUR 8.6 billion (current prices) in total cohesion policy funding. This includes EUR 5.84 billion for less-developed regions (all), EUR 2.56 billion under the Cohesion Fund and EUR 146.1 million for European Territorial Cooperation. There are two operational programmes under EU cohesion policy. Of these, one receives funding from multiple sources, including the European Regional

Development Fund (ERDF) and the Cohesion Fund, and the other receives funding from the European Social Fund (ESF)<sup>124</sup>.

**Figure 21: ESIF 2014-2020 – EU allocation by theme, Croatia (EUR billion)**<sup>125</sup>



A substantial proportion of the ERDF and Cohesion Fund under the 2014-2020 'Competitiveness and Cohesion' operational programme is devoted to investments necessary to ensure compliance with EU directives. These include directives on the landfilling of waste, urban waste water treatment, the quality of drinking water and, to a lesser extent, nature protection. In monetary terms, almost EUR 2 billion from the ERDF and the Cohesion Fund has been allocated to the environment under priority axis 6 'Preserving and protecting the environment and promoting resource efficiency'. Meanwhile, under priority axis 5, 'Climate change and risk management', EUR 215 million has been allocated from the ERDF, mostly to support flood prevention and monitoring. Under the Priority Axis 4 'Promoting Energy Efficiency and Renewable Energy Sources', there EUR 311 million has been allocated from the ERDF for reduction of energy consumption of the public sector buildings and residential buildings.

According to the Special 486 Eurobarometer<sup>126</sup>, 89 % of Croats support more EU investment in environmental

<sup>118</sup> i.e. the European Regional Development Fund (ERDF), the Cohesion Fund (CF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF). The ERDF, the CF and the ESF are referred to as the 'cohesion policy funds'.

<sup>119</sup> European Commission, [LIFE programme](#).

<sup>120</sup> European Investment Bank, [European Fund for Strategic Investments, 2016](#).

<sup>121</sup> European Commission, [European Structural and Investment Funds \(Country factsheet Croatia\)](#), 2016.

<sup>122</sup> The Fifth Cohesion Report identified the main purpose of *ex ante* conditionalities (ExACs) as helping 'countries and regions to tackle the problems that past experience has shown to be particularly relevant to policy implementation. These principles could be linked to, for example, transposition of specific EU legislation, the financing of strategic EU projects, or administrative, evaluation and institutional capacity.'

<sup>123</sup> The existence of arrangements for the effective application of Union environmental legislation related to EIA and SEA, Water and Waste.

<sup>124</sup> European Commission, [Cohesion Policy and Croatia](#), 2014.

<sup>125</sup> European Commission, [European Structural and Investment Funds Data By Country](#).

<sup>126</sup> European Commission, [Special 486 Eurobarometer](#), "Attitudes of European citizens towards the environment", 2017.



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protection. This is slightly above the EU-28 average of 85 %).

According to information submitted by the Croatian authorities, the funding for implementing the Habitats and Birds Directives is insufficient<sup>127</sup>. As the prioritised action framework had not been prepared for the 2014-2020 financing period, an estimate of the financing needs was carried out when the operational programmes were being prepared. The first prioritised action framework is due to be drawn up for the upcoming financing period. It is important that it adequately reflects financing needs and that it is done in cooperation with other relevant sectors.

In the 2014-2020 programming period, EU support was approved for the *Collection of waste water and waste water treatment on the island of Krk* project. Currently, there are 35 water infrastructure projects under implementation. Their aim is to connect everyone in the project's area to a modernised drinking water supply and waste water collection and treatment network. This will ensure continuous access to safe and clean drinking water and minimise the risk of uncontrolled discharge of untreated wastewater.

In the 2007-2013 programming period, in terms of major projects, the EU-funded *Sisak waste water programme, Water Supply and Sewerage System with wastewater treatment plant for Slavonski Brod, Kaštijun County waste management centre and County waste management centre Marišćina* projects were finalised. The main objective of the Sisak project was to unify the waste water collection system in Sisak and ensure the treatment of collected waste water in line with EU legislation. The Kaštijun project involved setting up a modern waste management system in the county of Istria in order to reduce biodegradable and landfilled municipal waste. In the light of the needs identified in this report, it is important to ensure funding for waste, water, nature protection and air quality.

### Rural development

Croatia is receiving EUR 2.026 million from the European Agricultural Fund for Rural Development (EAFRD) over 2014-2020. Particular attention is being given to the sustainable use of natural resources and measures to reduce the negative effects of climate change. A further aim is to achieve balanced development throughout Croatia's territory and reduce economic decline in rural areas, including by developing alternative economic activities<sup>128</sup>. The Croatian Rural Development Programme

can be used to fund the restoration of habitats important for biodiversity conservation.

The budget for agri-environmental-climate measures is EUR 678.7 million. This is approximately 25 % of the total EAFRD budget. EUR 256 million and EUR 3.1 million goes to organic farming and compensation for Natura 2000 obligations respectively.

Two key areas for Croatia to better integrate environmental concerns into the common agricultural policy (CAP) are:

- using rural development funds to pay for environmental land management and other environmental measures, while avoiding financing measures which could damage the environment; and
- ensuring the first pillar of the CAP is implemented effectively with regard to cross-compliance and first pillar 'greening'. Of the direct payment budget of EUR 1.22 billion for 2015-2020, 30 % is allocated to greening practices beneficial to the environment. Implementing first pillar greening effectively would clearly help to improve the environmental situation in areas not covered by rural development. If appropriate, Croatia could review how it implements first pillar greening.

### European Maritime and Fisheries Fund

Croatia has a budget of around EUR 348 million for fisheries and the maritime sector. This includes an EU contribution of EUR 252 million<sup>129</sup>. The European Maritime Fisheries Fund focuses on making the Croatian fisheries and aquaculture sector more competitive and boosting the sustainable use of natural resources. This includes promoting environmentally-friendly aquaculture and fisheries practices<sup>130</sup>.

The operational programme provides for the financing of 15 projects to protect and enhance marine diversity and ecosystems by cleaning up marine pollution, i.e. collecting waste and litter<sup>131</sup>.

### The Connecting Europe Facility (CEF)

The CEF is a key EU funding instrument developed specifically to direct investment towards European transport, energy and digital infrastructure to address identified missing links and bottlenecks and promote sustainability.

<sup>127</sup> Milieu Ltd., [Evaluation Study to support the Fitness Check of the Birds and Habitats Directives](#), 2016.

<sup>128</sup> European Commission, [Summary of the Partnership Agreement for Croatia](#).

<sup>129</sup> European Commission, [European Maritime and Fisheries Fund Fact Sheet: Croatia](#).

<sup>130</sup> European Commission, [Summary of the Partnership Agreement for Croatia](#).

<sup>131</sup> Republic of Croatia, [European Maritime and Fisheries Fund Operational Programme](#), p. 52.

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By the end of 2017, Croatia had signed agreements for EUR 424 million for projects under the CEF<sup>132</sup>.

### Horizon 2020

Croatia has benefited from Horizon 2020 funding since the programme started in 2014. As of January 2019, 204 participants have been granted a maximum amount of EUR 25.4 million for projects from the Societal Challenges work programmes dealing with environmental issues<sup>133 134</sup>.

In addition to the abovementioned work programmes, climate and biodiversity expenditure is present across the entire Horizon 2020. In Croatia, projects accepted for funding in all Horizon 2020 working programmes until December 2018 included EUR 24 million destined to climate action (36.8% of the total Horizon 2020 contribution to the country) and EUR 3 million for biodiversity-related actions (4.1% of the Horizon 2020 contribution to the country)<sup>135</sup>.

### LIFE programme

The first LIFE projects in Croatia started in 1995 under the LIFE 'third country' (TCY) component. A total of 15 TCY projects were financed between 1995 and 2005. This amounted to a combined investment of EUR 9 million, of which the EU contributed EUR 6 million.

Croatian applicants have been eligible to apply for LIFE funding since July 2013. Since then, five projects have been financed: one under the LIFE 'Environment Policy and Governance' strand, three under the LIFE 'Nature and Biodiversity' strand and one capacity-building project (see below). These constituted a total investment of EUR 15 million, of which EUR 9.6 million came from the EU<sup>136</sup>.

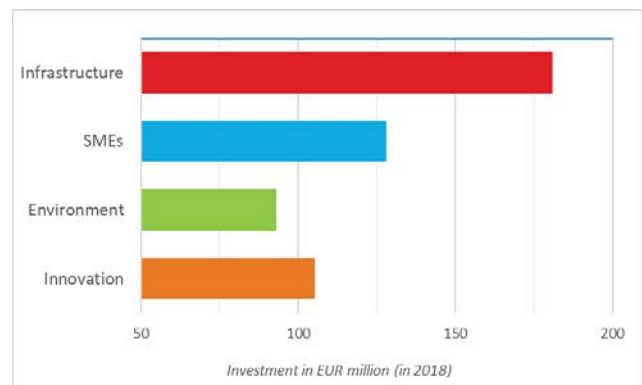
For 2014-2017, the EU allocated EUR 4 million to Croatian projects<sup>137</sup>. An example is the LIFE EUROTURTLES project, which takes collective action to improve the conservation status of EU sea turtle populations. The EU contribution was more than EUR 3.8 million<sup>138</sup>. The DRAVA LIFE

project (2015-2020)<sup>139</sup> is the first inter-sectoral cooperation and integrated management initiative, focusing on Croatian rivers. It aims to solve river ecosystem problems and increase the number of pristine, dynamic river habitats. It also seeks to preserve and create new floodplain waters, improve water level dynamics and raise awareness of Natura 2000 sites in Croatia.

### European Investment Bank

In 2018 alone, the EIB Group (the European Investment Bank and the European Investment Fund)<sup>140</sup> loaned Croatian businesses and public institutions EUR 507.3 million. Of this, EUR 93 million (18%) went to environmental projects (see Figure 22)<sup>141</sup>. The EIB signed a framework loan agreement to support smaller water supply, waste water, storm water and flood protection schemes in Croatian municipalities<sup>142</sup>.

Figure 22: EIB loans to Croatia in 2018<sup>143</sup>



### European Fund for Strategic Investments

The EFSI is an initiative to help overcome the current investment gap in the EU. By January 2019, the EFSI had mobilised EUR 204 million in Croatia. The secondary investment triggered by those funds is expected to be EUR 998 million<sup>144</sup>.

### National environmental financing

Croatia spent EUR 295.1 million on environmental protection in 2016, an increase of 15% against 2015<sup>145</sup>. EUR 77 million of this was allocated to waste water management. EUR 1.5 million was allocated to reducing pollution (0.5% of total). 23.9% of environmental expenditure was allocated to protecting biodiversity and the landscape (EUR 71.6 million)<sup>146</sup>. Between 2012 and

<sup>132</sup> European Commission, [European Semester Country Report for Croatia](#), 2018, p. 13.

<sup>133</sup> European Commission [own calculations based on CORDA \(Common Research Data Warehouse\)](#). A maximum grant amount is the maximum grant amount decided by the Commission. It normally corresponds to the requested grant, but it may be lower.

<sup>134</sup> i.e. (ii) Food security, sustainable agriculture and forestry, marine and maritime and inland water research and the bioeconomy; (iii) Secure, clean and efficient energy; (iv) Smart, green and integrated transport; and (v) Climate action, environment, resource efficiency and raw materials.

<sup>135</sup> European Commission [own calculations based on CORDA \(Common Research Data Warehouse\)](#).

<sup>136</sup> European Commission, [LIFE by country: Croatia](#) (2017) and [LIFE Artina \(2018\)](#).

<sup>137</sup> Commission services based on data provided by EASME.

<sup>138</sup> European Commission, [LIFE Euroturtles](#).

<sup>139</sup> [Drava Life Project](#).

<sup>140</sup> The EIB Group includes EIB and EFSI investments and loans.

<sup>141</sup> EIB, [Croatia and the EIB](#), 2018.

<sup>142</sup> European Investment Bank, [Projects to be financed](#).

<sup>143</sup> EIB, [Croatia and the EIB](#), 2018.

<sup>144</sup> European Investment Bank, [EFSI project map](#).

<sup>145</sup> Eurostat, [General Government Expenditure by function](#), 2018.

<sup>146</sup> No data is available on the funds used for waste management activities.

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2016, total government funding for environmental protection amounted to EUR 1.066 billion<sup>147</sup>.

The Environmental Protection and Energy Efficiency Fund is responsible for financing the preparation, implementation and development of programmes, projects and similar activities. These involve the preservation, sustainable use, protection and improvement of the environment, energy efficiency and similar areas.

The Forest Public Benefit Function Fee is a mechanism comparable to a 'payments for ecosystem services' system. It requires companies to contribute 0.0265 % of their total annual income to maintaining, restoring and managing forests in Croatia<sup>148</sup>.

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<sup>147</sup> Eurostat, [General Government Expenditure by function](#), 2018.

<sup>148</sup> BISE, [Green Infrastructure in Croatia](#).

## 5. Strengthening environmental governance

### Information, public participation and access to justice

Citizens can more effectively protect the environment if they can rely on the three ‘pillars’ of the Aarhus Convention:

- (i) access to information;
- (ii) public participation in decision making; and
- (iii) access to justice in environmental matters.

It is of crucial importance to public authorities, the public and business that environmental information is shared efficiently and effectively<sup>149</sup>. Public participation allows authorities to make decisions that take public concerns into account. Access to justice is a set of guarantees that allows citizens and NGOs to use national courts to protect the environment<sup>150</sup>. It includes the right to bring legal challenges (‘legal standing’)<sup>151</sup>.

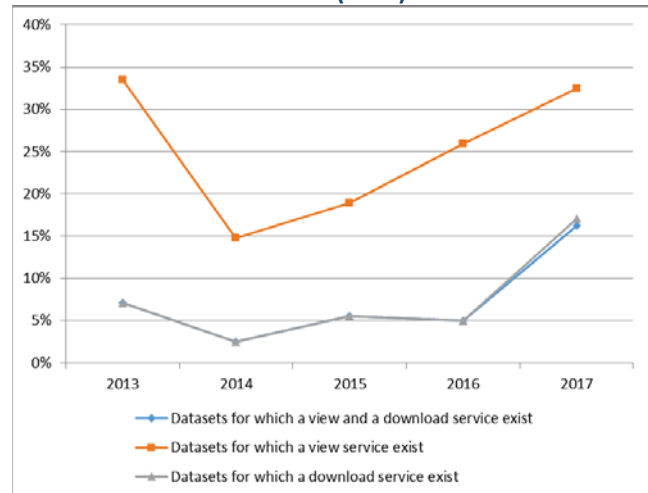
#### Environmental information

Croatian environmental data is distributed among various portals and services with two portals. The national environmental portal *haop.hr*<sup>152</sup> contains a list of links to all thematic portals, while the site of the Ministry of the Environment and Energy<sup>153</sup> contains most of the legal information. Some of these thematic portals are excellent sources of data, information and studies. In general, most sites and the two big portals have a user-friendly structure. Where available, downloads are offered in standard formats. However, access is sometimes restricted by some factors, such as registration, for example in the case of the Environmental Pollution Register (ROO).

Croatia’s performance in implementing the INSPIRE Directive could be improved. It has been reviewed on the basis of the 2016 implementation report<sup>154</sup> and the most recent monitoring data from 2017<sup>155</sup>. Good progress and implementation levels have been recorded for the

coordination and documentation of data and services. Additional efforts are needed to (i) make data accessible through services; (ii) improve the conditions for data reuse and (iii) prioritise environmental datasets in the implementation phase, particularly those identified as high-value spatial data sets for implementing environmental legislation<sup>156</sup>.

**Figure 23: Access to spatial data through view and download services in Croatia (2017)**



#### Public participation

Croatia has introduced rules governing public participation. These include the ‘Code of Consultations with Concerned Public in Lawmaking and Other Regulatory Procedures’<sup>157</sup> and the ‘Regulatory Impact Assessment Act’<sup>158</sup> on Obligatory Public Consultations On New Regulations’. These rules are complemented by access to information rules and some sector-specific legislation, particularly on public participation in environmental decision-making. This is linked to the Environmental Impact Assessment Directive and the implementation of the Strategic Environmental Assessment Directive. Moreover, a central internet portal, *e-Consultations*<sup>159</sup>, help ensuring that authorities, as a minimum, (i) publish relevant information on their websites and in the media; (ii) organise public hearings and presentations and (iii) respond to direct information requests. Finally, there are several sets of guidelines (e.g.

<sup>149</sup> The Aarhus Convention, the Access to Environmental Information Directive, 2003/4/EC and the INSPIRE Directive, 2007/2 together create a legal foundation for the sharing of environmental information between public authorities and with the public. This EIR focuses on INSPIRE.

<sup>150</sup> The guarantees are explained in Commission Notice on access to justice in environmental matters, [OJL 275](#), 18.8.2017 and a related Citizen’s Guide.

<sup>151</sup> The 2019 EIR looks at how well Member States explain access to justice rights to the public, and at legal standing and other major barriers to bringing cases on nature and air pollution.

<sup>152</sup> [Hrvatska agencija za okoliš i prirodu](#).

<sup>153</sup> [Ministry of Environment and Energy](#).

<sup>154</sup> INSPIRE HR [country sheet](#) 2017.

<sup>155</sup> INSPIRE, [Monitoring dashboard](#).

<sup>156</sup> List of high value spatial data sets.

<sup>157</sup> [Kodeks savjetovanja sa zainteresiranom javnošću u postupcima donošenja zakona, drugih propisa i akata](#), OJ 140/2009.

<sup>158</sup> [Zakon o pravu na pristup informacijama — pročišćeni tekst](#), OJ 25/13 and 85/15.

<sup>159</sup> Government of the Republic of Croatia, [e-Consultations](#).



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*A Guide to Consultation with the Interested Public*<sup>160</sup>) and consultation coordinators have been appointed and trained<sup>161</sup>. Possibly as a result of these measures, the Eurobarometer figures from 2017 indicate a strong belief in Croatia that an individual can play a role in protecting the environment (86 % of respondents). This is an improvement compared to 2014. Nevertheless, some shortcomings still exist in practice and consequently some consider these consultations to be a 'pro forma' procedure, for example when they are held during holiday periods<sup>162</sup>.

### Access to justice

Croatia does not provide the public with clear, user-friendly information on how to bring legal challenges in environmental cases.

In general, Croatia maintains a restrictive rights-based approach to legal standing. It can be complex and time-consuming to establish legal standing in litigation.



In administrative disputes with environmental authorities, standing is granted to the public concerned and environmental NGOs. Anyone can initiate an environmental lawsuit for potential or actual environmental damage. As regards environmental breaches and violations, standing is granted only to those affected by the location, nature or impact of a project or likely to be so affected. When permitting procedures regulated by special laws, standing is granted only to parties to the proceedings. In both cases, environmental NGOs are excluded from bringing a case. It is not clear that legal standing would be recognised in cases involving nature or air pollution.

<sup>160</sup> Bardet, C., [Priručnik za savjetovanje sa zainteresiranom javnošću, Zagreb, prepared in the framework of EU-funded technical assistance project to Governmental Office for Cooperation with NGOs](#), 2012.

<sup>161</sup> Government of the Republic of Croatia, e-Consultations, [List of consultation coordinators in public authorities](#).

<sup>162</sup> Zelena Istra, [Prijedlozi za poboljšanje prakse informiranja i uključivanja javnosti u okolišno odlučivanje na lokalnoj i područnoj razini](#), 2016, p. 4.

As a rule, a request for judicial review does not stop the implementation of an administrative act. It is possible to ask the court to grant interim relief but this appears to be a rare occurrence in practice<sup>163</sup>. This can result in delayed justice, once irreparable damage to the environment has already occurred.

The ongoing infringement proceeding for non-conformity of Croatian legislation with the Environmental Impact Assessment Directive is challenging the limited standing in judicial review of project authorisation procedures.

### 2019 priority actions

- Improve access to spatial data and services by making stronger linkages between the federal INSPIRE website and regional portals. Identify and document all spatial datasets required to implement environmental law<sup>164</sup>. Make the data and documentation at least accessible 'as is' to other public authorities and the public through the digital services provided for in the INSPIRE Directive;
- Inform the public better about their access to justice rights.
- Ensure that there is legal standing for environmental NGOs to challenge all environmentally relevant permits, such as construction permits, and to bring challenges relating to nature or air.

### Compliance assurance

Environmental compliance assurance covers all the work undertaken by public authorities to ensure that industries, farmers and others fulfil their obligations to protect water, air and nature, and manage waste<sup>165</sup>. It includes support measures provided by the authorities, such as:

- (i) compliance promotion<sup>166</sup>;
- (ii) inspections and other checks that they carry out, i.e. compliance monitoring<sup>167</sup>; and
- (iii) the steps that they take to stop breaches, impose sanctions and require damage to be remedied, i.e. enforcement<sup>168</sup>.

Citizen science and complaints enable authorities to focus their efforts better. Environmental liability<sup>169</sup> ensures that the polluter pays to remedy any damage.

<sup>163</sup> Zelena Istra, [Civil Society Organisations' Report on Aarhus Convention Implementation in Croatia for the period 2014-2016](#), p. 20.

<sup>164</sup> European Commission, INSPIRE, [Main page for the MIWP action 2016.5 "Priority list of datasets for e-Reporting"](#).

<sup>165</sup> The concept is explained in detail in the Communication on 'EU actions to improve environmental compliance and governance' COM(2018)10 and the related Commission Staff Working Document, SWD(2018)10.

<sup>166</sup> The 2019 EIR focuses on the help given to farmers to comply with nature and nitrates legislation.

<sup>167</sup> The 2019 EIR focuses on inspections of major industrial installations.

<sup>168</sup> The 2019 EIR focuses on the availability of enforcement data and co-ordination between authorities to tackle environmental crime.

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### Compliance promotion and monitoring

The quality of online information to farmers on how to comply with nitrates and nature obligations is an indicator of how actively authorities promote compliance in areas with serious implementation gaps. A dedicated site for farmers, the Agricultural Extension Service, provides one guidance document on fertiliser use and manure storage in nitrate-vulnerable zones<sup>170</sup>. In general, there is a lack of practical online information on nature obligations aimed at farmers.

Major industrial installations can present serious pollution risks. Public authorities are required to have plans to inspect these installations and to make individual inspection reports available to the public<sup>171</sup>. The Ministry's website publishes annual programmes<sup>172</sup> and annual and quarterly reports on the inspections carried out<sup>173</sup>.

### Citizen science and complaint handling

Engaging the general public through citizen science can promote knowledge about the environment and help the authorities in their work. User-friendly apps have been developed to help the public interact with the Croatian administration and online information is available about the use of citizen science in Croatia<sup>174</sup>.

The availability of clear online information on how to make a complaint is an indicator of how responsive authorities are to complaints from the public. The Ministry of Environment and Energy website provides contact information for submitting a report/complaint on environmental nuisances and damage to protected areas.

### Enforcement

When monitoring identifies problems, a range of responses may be appropriate. Annual and quarterly reports on environmental inspections provide information on follow-up where non-compliance is detected. Statistics on the prosecution of environmental crimes are found in the annual report of the State Attorney's Office (*Državno odvjetništvo Republike Hrvatske*<sup>175</sup>). However, no information is published about follow-up on cross-compliance breaches relating to nitrates and nature.

<sup>169</sup> [Directive 2004/35/CE](#), creates the framework.

<sup>170</sup> Government of the Republic of Croatia, e-Consultations – [Croatian agricultural and forestry counselling service, Guidance document on fertilizer use and manure storage in nitrate vulnerable zones](#).

<sup>171</sup> Article 23, [Directive, 2010/75/EU](#).

<sup>172</sup> Ministry of Environment and Energy, [Programme of coordinated inspections for 2018](#).

<sup>173</sup> Ministry of Environment and Energy, [Quarterly reports on inspections carried out — Q1 2018](#).

<sup>174</sup> Hrvatska agencija za okoliš i prirodu, [Reporting System and Web Form](#).

<sup>175</sup> [State Attorney Office](#).

Tackling waste crime, wildlife crime and other environmental crime is especially challenging. It requires close cooperation and coordination between inspectors, customs authorities, police and prosecutors. Croatian law gives inspectors, police and the State Attorney a potential role in combating environmental crime. Cooperation between authorities has been improved through implementing the project „*Capacity building of the environmental inspections and other relevant authorities and institutions for preventing, recognizing, investigating and prosecuting offences against environment (CRO ENOFFENCE)*“ IPA 2011.

### Environmental liability

The Environmental Liability Directive (ELD) establishes a framework based on the 'polluter pays' principle to prevent and remedy environmental damage. The 2017 EIR focused on better information on environmental damage, financial security and guidance. The Commission is still collecting evidence on the progress made.

### 2019 priority actions

- Inform the public better about compliance promotion, monitoring and enforcement. As a minimum, this should involve providing Croatian farmers with online practical information on how to comply with nature obligations. It should also involve publishing information on any follow-up on cross-compliance breaches relating to nitrates and nature;
- Improve financial security for liabilities and ELD-guidance and publish information on environmental damage.
- Provide more information on the practical aspects of co-operation and co-ordination between inspectors, police, the State Attorney and others in order to combat environmental crime.

### Effectiveness of environmental administrations

Those involved in implementing environmental legislation at EU, national, regional and local levels need to have the knowledge, tools and capacity to ensure that the legislation and the governance of the enforcement process bring about the intended benefits.

### Administrative capacity and quality

In order to ensure effective environmental governance, environmental authorities must have staff with the appropriate administrative and technical knowledge and skills. With the 2017 EIR, the Commission introduced TAIEX-EIR P2P as a new instrument facilitating peer learning between experts from Member States' environmental authorities.



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In April 2018, environmental experts from Croatia participated in a TAIEX-EIR multi-country workshop on monitoring the impact of air pollution on ecosystems. The workshop provided a platform for sharing experiences and know-how on implementing Article 9 of the new National Emissions Ceilings Directive.

A TAIEX-EIR P2P workshop held in September 2018 in Graz brought together environmental authorities, regions and cities from Austria, Croatia, Estonia, Germany, Hungary, Italy, Lithuania, Poland, Romania, the Slovak Republic, Spain and Sweden. The aim was to exchange experiences and good practice on reducing air pollution. The workshop also looked at the effectiveness of air quality plans in areas where the levels of pollutants in ambient air exceed targets.

Experts from Croatia's EU Timber Regulation (EUTR) competent authority participated in a TAIEX-EIR peer-to-peer workshop. This was designed to strengthen cooperation among the competent authorities from eight EU countries in order to improve and harmonise implementation of the EUTR in the Mediterranean region. Experts from the Netherlands and Denmark contributed experiences from the Nordic-Baltic network of EUTR competent authorities.

According to the World Bank's 2018 Systematic Country Diagnostic, reforms are needed in Croatia in order to address the following:

- rigid organisational structures
- overlapping functions
- the politicisation of the civil service
- poor coordination
- unclear accountability
- fragmented and unsustainable subnational government structures.

Frequent changes of government are said to have reduced momentum for reform and the consistency of government policies over time<sup>176</sup>.

### Coordination and integration

As stated in the 2017 EIR, the transposition of the revised Environmental Impact Assessment Directive (EIA)<sup>177</sup> provides an opportunity to streamline the regulatory framework on environmental assessments. Despite a delay in full transposition, Croatia has transposed the revised Directive. The Commission is currently assessing the quality of this transposition and checking conformity.

The Commission encourages the streamlining of environmental assessments in order to reduce duplication. Streamlining helps reduce unnecessary

administrative burden and accelerates decision-making, without compromising the quality of the environmental assessment procedure<sup>178</sup>.

Croatia has introduced the streamlining of environmental assessments under the EIA Directive, the Habitats Directive and the Water Framework Directive.

### Adaptability, reform dynamics and innovation (eGovernment)

eGovernment and e-services play a significant role in modernising the provision of services in Croatia. The central eGovernment portal was set up as a one-stop shop presenting the structure, function and roles of all governmental authorities. It allows straightforward access to all public administration information and services which are searchable by service type, topic and sector. It also makes it possible to follow-up policy activities.

All environmental administration authorities have functioning websites. They communicate with the public and other stakeholders online, via email and through the e-Consultations portal, as required under the Right of Access to Information Act. Other electronic services, such as providing online environmental data directly from registers and databases, have been developed by some authorities such as the National Agency for Nature Protection.

The public administration reform strategy for 2015-2020<sup>179</sup> provides for the preparation of analyses and a proposal for territorial reform, regionalisation and substantive decentralisation by 2019 at the latest.

The adoption of the 2017-2021 national strategy for creating an enabling environment for civil society development has been delayed. The strategy envisages several improvements. These include improving the e-Consultations portal to incorporate the requirements of the regulatory impact assessment (RIA). Although Croatia has introduced the RIA, most legislation does not use it due to fast-track legislative processes. Even when carried out, the RIA is often not properly implemented due to weak quality control and lack of high-level commitment<sup>180</sup>. The Governmental Office for NGOs plans to set up online e-consultation systems for decision-making at local and regional level in cooperation with

<sup>178</sup> The Commission issued a guidance document in 2016 regarding the setting up of coordinated and/or joint procedures that are simultaneously subject to assessments under the EIA Directive, Habitats Directive, Water Framework Directive, and the Industrial Emissions Directive, OJ C 273, 27.7.2016, p. 1.

<sup>179</sup> Government of the Republic of Croatia, [Public Administration Reform Strategy 2015-2020](#), OJ 70-2015.

<sup>180</sup> World Bank, [The Republic of Croatia systematic country diagnostic](#), 2018, p. 26.

<sup>176</sup> World Bank, [The Republic of Croatia systematic country diagnostic](#), 2018, p. 10, 69.

<sup>177</sup> [Directive 2014/52/EU](#).

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national associations of towns, municipalities and counties.

In the DESI Report 2018, Croatia had a score of 45 out of 100 on digital public services, lower than the EU average of 58<sup>181</sup>.

### Enabling financing and effective use of funds

Through its portal<sup>182</sup> and media campaigns, the Ministry of Regional Development and EU Funds promotes funding possibilities using ESI Funds. It also coordinates the development of projects by sectoral authorities and regional development agencies. In addition, it provides technical assistance for drawing up investment project applications that can be funded through EU structural instruments.

### 2019 priority actions

- Consider the possibilities for further streamlining of environmental assessment procedures, while ensuring proper public participation processes. Address the fragmented governance of environmental topics.
- Croatia can further improve its overall environmental governance (such as transparency, citizen engagement, compliance and enforcement, as well as administrative capacity and coordination).

### International agreements

The EU Treaties require the EU environmental policy to promote measures at international level to deal with regional or worldwide environmental problems.

The EU is committed to strengthening environmental law and its implementation globally. It therefore continues to support the Global Pact for the Environment process, which was launched by the United Nations General Assembly in May 2018<sup>183</sup>. The EIR is one of the tools to ensure that the Member States set a good example by respecting European Union environmental policies and laws and international agreements.

### Forests: EU Timber Regulation (EUTR)<sup>184</sup> / Forest Law Enforcement, Governance and Trade (FLEGT) Regulation<sup>185</sup>

Between March 2015 and February 2017, Croatia did not plan or carry out checks on domestic timber businesses, stating that 70 % of the domestic forest was state-owned. However, of the estimated 5 000 businesses importing timber, all 46 checks that were planned were carried out. No interim measures or penalties for breaches of the EUTR were reported regarding these cases. On the cooperation obligation, Croatia reported collaborating with national customs and tax agencies, and with national CITES, regional and other governmental agencies. Furthermore, Croatia is now involved in building a Mediterranean network on EUTR implementation, together with other EU countries in the Mediterranean region.

### Genetic resources: Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising (ABS)<sup>186</sup>

The EU's ABS Regulation transposes the compliance measures required under the Nagoya Protocol into EU law. Croatia has identified its competent authorities as required by the ABS Regulation<sup>187</sup>.

### International wildlife trade: the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)<sup>188</sup>

The Basic Regulation<sup>189</sup> transposes the major obligations stemming from the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) into EU law. In line with this Regulation, Croatia has set up the relevant national authorities and regularly processes requests for import, export, re-export and intra-EU trade documents. Reports on seizures of illegal shipments – particularly those reported every six months to TRAFFIC under its contract with the Commission and those exchanged through the EU-TWIX platform – testify to the activity of customs authorities.

To ensure full implementation of the 2016 EU wildlife action plan and improve the rate of detection of illegal activities, Croatian competent national and local authorities have introduced regular checks on traders,

<sup>184</sup> [Regulation \(EU\) No 995/2010](#).

<sup>185</sup> [Regulation \(EC\) No 2173/2005](#).

<sup>186</sup> Regulation (EU) No 511/2014 of the European Parliament and of the Council of 16 April 2014 on compliance measures for users from the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilisation in the Union Text with EEA relevance.

<sup>187</sup> Law on implementation of Regulation 511/2014, [OJ 20/2018](#).

<sup>188</sup> [European Commission, The Convention on International Trade in Endangered Species of Wild Fauna and Flora \(CITES\)](#).

<sup>189</sup> [Regulation \(EC\) No 338/97](#).

<sup>181</sup> European Commission, [Digital Economy and Society Index Report 2018, Digital Public Services](#).

<sup>182</sup> [European structural and investment funds, Croatia](#).

<sup>183</sup> [UN General Assembly Resolution 72/277](#) and [Organizational session of the ad hoc open-ended working group](#).

breeders and keepers, in addition to border-crossing points.

### **Sustainable development and the implementation of the UN SDGs**

Sustainable development links environmental, social and economic policies in a coherent framework and therefore helps to implement environmental legislation and policies.

The concept of sustainable development is integrated into public policy making by virtue of the implementation of the cross-sectoral 2009 sustainable development strategy<sup>190</sup>. Several sectoral strategies and plans further integrate goals, measures and actions from this strategy into their framework. In 2010 and 2014, two national reports on education for sustainable development were submitted to the UN/ECE. In 2018, the Government set up the National Sustainable Development Council<sup>191</sup>, an inter-ministerial advisory body responsible for monitoring and reporting on the implementation of the new UN Agenda 2030, sustainable development goals (SDGs) and international cooperation on these issues. Funding sources for implementing the SDGs have not been clearly identified. However, as they need to be incorporated into individual sectoral action plans, it can be assumed that funding resources should be provided by implementation of relevant sectoral activities. These typically include national budget funds, extra-budgetary institutions such as Environmental Protection and Energy Efficiency Fund and Croatian Waters, EU structural funds and international cooperation programs. Croatia is scheduled to submit its voluntary national review for Agenda 2030 in 2019<sup>192</sup>, which is supposed to contain information on the necessary steps to implement the Agenda 2030 and SDGs on national level.

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<sup>190</sup> Government of the Republic of Croatia, [Sustainable Development Strategy, OJ 30/2009](#).

<sup>191</sup> Government of the Republic of Croatia, Odluka o osnivanju nacionalnog vijeća za održivi razvoj, [OJ 7/2018](#).

<sup>192</sup> UN, [Voluntary National Reviews Database](#).