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Voluntary National Review of the Implementation of the United Nations 2030 Agenda for Sustainable Development



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#### **Foreword**

In a globalized world that is ever changing, humanity today faces unprecedented environmental, social and economic challenges. In addition to increasingly rapid climate changes, we are witnessing the loss of biological diversity, extreme droughts and floods, pandemics, but also related geopolitical disturbances, armed conflicts and migrations. In a world that, with 8 billion people, today has five times more inhabitants than in 1900, while at the same time has fewer and fewer natural resources, sustainable development is a prerequisite for preserving social stability and steady economic progress. In response to these challenges, all countries should make their contribution.

Croatia presented its first Voluntary National Review of the Implementation of the UN 2030 Agenda for Sustainable Development in 2019. Since then, at the beginning of 2020, Croatia assumed its first six-month presidency of the Council of the European Union, under the motto "A strong Europe in a world of challenges", during which it faced the COVID-19 pandemic and its global consequences followed by a series of devastating earthquakes that hit the capital

Zagreb and the Banovina region. Part of the answer to these challenges lies in the successful implementation of the necessary green transition and digital transformation, in the context of the fourth industrial revolution, which is why strategic planning of future policies is perhaps more important today than ever before.

In order to best adapt to all these challenges and to make use of all its potentials, Croatia has defined a clear vision of its future development with clearly defined goals in its National Development Strategy until 2030. In this umbrella strategic document Croatia has incorporated all seventeen sustainable development goals, the implementation of which we are all the more committed to since the Mediterranean is one of the most endangered areas.

Therefore, it is our responsibility to fulfill the obligations assumed by the Paris Agreement and other international legal instruments in order to stay below 2 °C of global warming. This implies faster implementation of the sustainable development goals of the UN 2030 Agenda for Sustainable Development in its three dimensions. We welcome the ambitious approach of the UN Secretary-General in his Joint Plan, as well as his concrete roadmap for its implementation. The rise of Croatia to a high 12th place among 166 countries according to the latest 2023 Sustainable Development Report is a confirmation of success and an incentive for further progress in achieving sustainable development goals.

Equally, Croatia is ready to contribute to fully protecting human rights and maintaining efficient multilateralism and an international rules-based order, because our ability to respond to future global crises depends on the degree of our collective cooperation.

In a world that is more connected than ever before, the Russian aggression against Ukraine, which we condemned from the very first day, showed that local conflicts can have global and unfathomable economic and social consequences, as for example on the world grain market. Croatia, which itself was a victim of military aggression in the early 1990s, but despite everything managed to defend itself, liberate itself, recover economically and join NATO and the European Union, could not but stand by Ukraine and support it. And it will persist in doing so.

As a member of the United Nations Economic and Social Council for the period 2022 - 2024, and chairing the United Nations Peacebuilding Commission in 2023, Croatia supports all initiatives aimed towards achieving more sustainable, greener, more inclusive, safer and more egalitarian societies.

This year, while marking the tenth anniversary of its membership in the European Union, Croatia also became a member of the Schengen Area and the euro area. This further strengthened our resistance to future crises. At the same time, we shall continue to follow the fundamental principles of the UN 2030 Agenda for Sustainable Development. We will strengthen cooperation with other countries, encourage projects, good practice and the exchange of experiences with all stakeholders of sustainable development at the national, regional and global level. We are determined to do so, because sustainable development is the only answer to unsustainable development and its harmful consequences.

Andrej Plenković

Prime Minister of the Republic of Croatia

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#### Introduction

Croatia is dedicated to achieving the Goals and implementing the United Nations 2030 Agenda for Sustainable Development. By making the political commitment to implement the 2030 Agenda for Sustainable Development, Croatia committed to ensuring the implementation of the global Sustainable Development Goals, integrating them into its strategic planning documents on a national, regional and local levels, and contributing to achieving the Sustainable Development Goals on a global level.

The adoption of the National Development Strategy 2030 of the Republic of Croatia (hereinafter: Development the National Strategy 2030) and the establishment of an integrated strategic planning and development management system created a framework for the implementation of a vision of Croatia in 2030 as an open and globally competitive country, whose social and economic growth and development are based on sustainable development. The achievement of the set strategic objectives and a harmonised implementation of policies in four development directions will contribute to the realisation of this vision. The set development directions and strategic objectives are expected to contribute to Croatia harnessing its potentials, eliminating economic and social damage caused by the global crisis, and fostering rapid recovery. This took into account the goals identified within the framework of the United Nations 2030 Agenda for Sustainable Development, the European Green Deal, and the European Territorial Agenda 2030. All of this forms the foundation for a sustainable, inclusive and innovative development of Croatia, increasing the resilience of the society and the economy to global crises.

The Voluntary National Review describes Croatian progress in the implementation of all 17 Sustainable Development Goals through 38 indicators for monitoring the achievement of the Sustainable Development Goals, and it also identifies challenges and areas where there is room for improvement.

At least one and no more than three indicators showing the progress made in achieving the Sustainable Development Goals in Croatia

were chosen for each individual Sustainable Development Goal. Sustainable development indicators showing the achieved progress have been published on the web portal created by the Croatian Bureau of Statistics and modelled on the United Nations web portal Sustainable Development Knowledge Platform, and they most closely correspond to the global indicators defined by the United Nations Statistical Commission. Moreover, the Voluntary National Review also includes Eurostat indicators related to the progress in achieving the Sustainable Development Goals.

The Voluntary National Review also contains a table with all indicators which Eurostat uses for tracking progress in achieving the Sustainable Development Goals in EU context, which are closely related to EU policies and their related initiatives.



# 1. Key messages about the implementation of the Sustainable Development Goals

Sustainable development is one of Croatia's priorities, given that the country is located in the Mediterranean, one of the world's regions expected to be hit hardest by climate change, droughts, floods, and rising sea levels. This is reflected in the national policies, initiatives and strategies aimed at achieving the Sustainable Development Goals on the national and global level.

Just like the rest of the world, Croatia faced numerous challenges in 2020. Alongside pending consequences of climate change, the global crisis caused by the COVID-19 pandemic led to a significant decrease in economic activities, even though the Government implemented targeted healthcare measures which protected individual freedoms to the largest extent possible. Croatia was also hit by two devastating earthquakes in the capital of Zagreb and in the Banovina region. The damage was on a large scale, and reconstruction after the earthquakes, whose impact was far larger than that of the pandemic, will take years. The Croatian economy was also impacted by the Russian invasion of Ukraine, and Croatia has been providing humanitarian, economic, political and military assistance to the affected country since the very beginning.

Despite all of these challenges, Croatia still bases its growth and development on sustainable development as continues implementing the goals from the United Nations 2030 Agenda for Sustainable Development. Croatia has achieved positive results as regards a significant number of indicators, whereas progress was hindered in certain areas due to the consequences of the crises which occurred in recent periods.

According to the Sustainable Development Report 2023<sup>1</sup> Croatia ranks 12th out of a total of 166 countries for which data was collected regarding their performance in implementing the Sustainable Development Goals, and in the last five years visible progress was made in numerous areas.

Progress is particularly visible when it comes to reducing poverty and social exclusion (SDG 1), ensuring economic growth and development (SDG 8) and implementing policies oriented towards reducing inequalities and bettering living conditions, especialy for the most sensitive and most vulnerable parts of the population (SDG 10). More precisely, progress is reflected in the areas of economic and social justice, labour productivity and macroeconomic stability. Croatia is promoting sustainable social and economic development through the implementation of policies which support the economy, with the ultimate aim of ensuring no one is left behind and supporting the most vulnerable social groups. Through reforms and investments supported by national funding sources as well as EU instruments, Croatia is promoting three parallel processes – digital transformation, demographic renewal, and green transition.

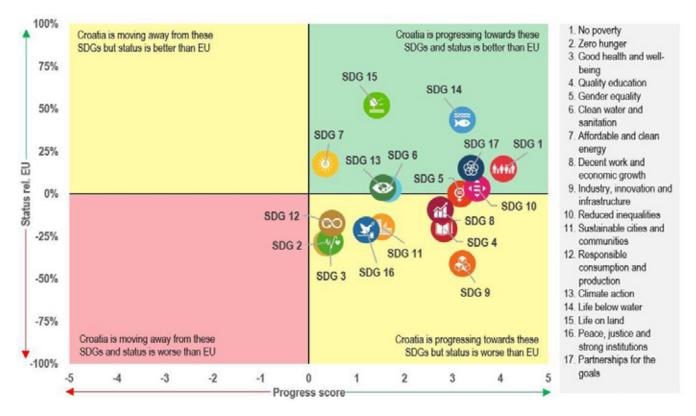
As regards green transition, Croatia is investing significant efforts in securing increased capacities of renewable energy sources. The share of renewable energy in the total final energy consumption in Croatia is above the European Union average. Significant efforts have also been invested into the decarbonisation of its energy sector and economy, as well as in the security of energy supply, so as to provide its citizens with clean, sustainable and affordable energy (SDG 7). As the European Union's leading Member State when it comes to water supply, Croatia is fully dedicated to preserving this natural resource. This is why visible progress has also been achieved in ensuring access to healthy and safe drinking water and water management (SDG 6).

As it continues bridging economic gaps between itself and the developed economies of the European

<sup>1</sup> Sachs, J.D., Lafortune, G., Fuller, G., Drumm, E. (2023). Implementing the SDG Stimulus. Sustainable Development Report 2023. Paris: SDSN, Dublin: Dublin University Press, 2023. 10.25546/102924

Union, Croatia is trying to do so without compromising its climate commitments, which it implements simultaneously. Significant efforts go into combating climate change (SDG 13), whereby Croatia aims to reduce by 2030 its greenhouse gas emissions to at least 65% of the 1990 levels. In addition to the current climate challenges, Croatia is also devoting significant efforts towards preserving the marine environment (SDG 14) and biodiversity (SDG 15), and it should also be pointed out that Croatia is the 3rd country in the EU by forest coverage. The Adriatic Sea, islands and coastal areas are home to the most valuable but also most vulnerable ecosystems in Croatia. Croatia is fully aware of the fact that the marine environment is a precious heritage that must be protected, preserved and, to the extent practicable, restored with the ultimate aim of maintaining biodiversity and providing diverse and dynamic oceans and seas that are clean, healthy and productive.

Improved investments in research and development (SDG 9) will be required in the upcoming period so as to reach the European average and achieve the objectives identified in the National Development Strategy 2030. Further investments are also needed in the area of increasing the number of children participating in early childhood education and care (SDG 4), as well as the number of adults participating in lifelong learning. The National Recover and Resilience Plan allocates significant resources for this purpose. The share of recycled municipal waste (SDG 11) also needs to be increased so as to reach the European average.



The European Commission's 2023 Country Report for Croatia shows the progress Croatia has made when it comes to achieving all Sustainable Development Goals within the last five years. It shows that Croatia is making progress in all Sustainable Development Goals. Croatia is above the European Union average in eight goals, with positive progress, while it is still below the European Union average in nine of them, although positive progress has been made.

## 2. Integration of the Sustainable Development Goals into national policies and processes

## 2.1. Reform of the strategic planning and development management system



The reform of Croatia's strategic planning and development management system began in 2017 with the adoption of the Act on the Strategic Planning and Development Management System of the Republic of Croatia, with the aim of increasing the quality of public policy formulation and improving the directing of investments.

The new legislative framework established a model for standardising strategic planning processes in Croatia, and it also set out a clear relationship between long-term, mediumterm and short-term strategic planning acts, as well as their links to the budget. The legislative framework covers all state administration bodies as well as local and regional self-government

units, and it encompasses the Act on the Strategic Planning and Development Management System of the Republic of Croatia and additional by-laws.

In order to ensure a standardised approach and proper implementation of the provisions from the legislative framework, a methodology was developed and procedures and processes defined that apply to all public authorities involved in preparing, drafting, adopting, implementing, monitoring and evaluating strategic planning acts. An Indicator Library has been established and is regularly maintained and updated, with the aim of defining a relevant and reliable framework for monitoring and reporting on the implementation of strategic planning acts. The Indicator Library contains indicators applicable to monitoring the implementation of national, regional and local policies, as well as indicators used to measure the national contribution to international commitments such as implementation of the United Nations 2030 Agenda for Sustainable Development goals and the European Green Deal.

The Act on the Strategic Planning and Development Management System of the Republic of Croatia mandated the adoption of the National Development Strategy 2030, the hierarchically highest strategic planning act, created by all key social actors such as experts, academia, state administration bodies, regional and local self-government units, civil sector representatives and representatives of social partners.

Having established the strategic planning and development management system of the Republic of Croatia and having prepared the National Development Strategy 2030, Croatia created the basis for a systemic integration of the UN Sustainable Development Goals in national policies. The strategic planning process has also been improved through the reforms carried out within the National Recovery and Resistance Plan 2021–2026 which is intended to further provide guidance for the implementation of public policies related to achieving the Sustainable Development Goals.

The adoption of the legislative, institutional and methodological strategic planning frameworks and the successful implementation of the strategic planning system support the decision-making process, ensure the efficiency and transparency of public policies, and enable a more efficient coordination in the implementation of the Sustainable Development Goals. Finally, the establishment of a comprehensive strategic planning and development management system improved the conditions for achieving a better coordination in the preparation and implementation of public investments made by public authorities at all levels.

# 2.2. Contribution of the National Development Strategy 2030 and the strategic planning system of the Republic of Croatia to the implementation of the Sustainable Development Goals

The Croatian Parliament adopted the National Development Strategy 2030 in February 2021, as the first comprehensive and systemic strategic planning act which provides strategic guidelines and serves as a foundation for formulating and implementing all public policies on the national and subnational level. The National Development Strategy 2030 defines four development directions and 13 related strategic objectives, which will contribute to an accelerated and sustainable growth and development of Croatia, i.e. to achieving the vision for Croatia for 2030.

Appendix 3 to the National Development Strategy presents an overview of the connections between the strategic framework of the National Development Strategy 2030 and the goals of the UN 2030 Agenda for Sustainable Development, namely as follows:



All strategic planning acts which regulate the implementation of public policies in Croatia, and which were adopted after the adoption of the National Development Strategy 2030, contain a mandatory link to the National Development Strategy 2030 and, consequently, to the implementation of the Sustainable Development Goals.

This means that the strategic objectives and the coordinated implementation of the policies defined in the National Development Strategy 2030 are fully in line with the implementation of the Sustainable Development Goals and aimed at enabling Croatia to harness its potentials, eliminate economic and social damage caused by the global crisis and foster recovery.

After the adoption of the National Development Strategy 2030, the comprehensive integration of sustainable development goals into sectoral policies and strategic planning acts on the national, regional and local level began. Acts and regulations addressing sustainable development issues and ensure the protection of the environment, natural resources and human rights were adopted. Moreover, sustainable development in Croatia is also promoted through the implementation of various projects and programmes. This includes active cooperation with other countries, organisations and institutions with the aim of exchanging experiences, know-how and best practices in the area of sustainable development.

The implementation of the National Development Strategy 2030 has been ensured through medium-term strategic planning acts developed at the central level of government and the regional self-government level in Croatia. These acts set out public policies and public investments aimed at implementing long-term goals. The short-term strategic planning acts which are developed on all government levels set out the deadlines and competence for implementing public investments, as well as their links to sources of funding. When developing strategic planning acts, due account is taken of the Sustainable Development Goals by ensuring that every strategic planning objective on the national, regional and local level contributes to the achievement of Sustainable Development Goals and is in line with them.

In 2021 and 2022, significant efforts were made to develop acts, defined under the National Development Strategy 2030, directly supporting and operationalising the implementation of the National Development Strategy 2030. Thus far, 70% of the strategic planning acts bearing national significance have been adopted, which directly support the implementation of the Sustainable Development Goals, while the preparation 18% of the acts is currently underway.

### Institutional framework for monitoring the implementation of the Sustainable Development Goals

The National Council for Sustainable Development, the Ministry of Foreign and European Affairs, the Croatian Bureau of Statistics, the Ministry of Regional Development and EU Funds as the coordinating authority for the strategic planning system, strategic planning coordinators, and local and regional self-government units constitute Croatia's institutional framework for monitoring the implementation of activities contributing to the achievement of the Sustainable Development Goals.

The National Council for Sustainable Development is chaired by the Prime Minister, while its members are the heads of the competent ministries and Government offices, representative of the Office of the President, and the Croatian Bureau of Statistics.

Representatives of other sustainable development actors, primarily representatives of local and regional self-government units, the economy, interested scientific and professional public as well as the civil society, are also expected to be included in the work of the National Council for Sustainable Development, in an advisory capacity.

## 2.3. Audit of the preparedness of the Republic of Croatia to implement Sustainable Development Goals

In 2021 the State Audit Office carried out a performance audit of the preparedness of Croatia to implement the goals from the 2030 Agenda for Sustainable Development. The subject of the audit were the activities undertaken by the competent institutions and bodies of the Republic of Croatia in order to be ready for the implementation of the Sustainable Development Goals from the 2030 Agenda for Sustainable Development. The goal of the audit was to assess the preparedness of the Republic of Croatia's institutions and bodies for the implementation of Sustainable Development Goals from the 2030 Agenda for Sustainable Development, as well as to check whether strategic planning acts for the implementation of the Sustainable Development Goals have been adopted, whether the institutional framework for the implementation of Sustainable Development Goals from the 2030 Agenda for Sustainable Development has been established with a clearly defined organisational and coordination structure, and whether the competences, roles and responsibilities of Croatian institutions and bodies have been clearly defined. The audit sought to check whether the implementation of the Sustainable Development Goals from the 2030 Agenda for Sustainable Development is being monitored and whether it is being reported on.

Based on the performed audit processes and the identified facts, the State Audit Office determined that Croatia has implemented some of the activities aimed at achieving the Sustainable Development Goals from the 2030 UN Agenda for Sustainable Development, namely those related to establishing a strategic and legal framework, including the adoption of the Act on the Strategic Planning and Development Management System of the Republic of Croatia and the adoption of the National Development Strategy 2030. Moreover, the institutional framework has been established and the institutions and bodies of the Republic of Croatia competent for the implementation of the Sustainable Development Goals have been defined. Therefore, the State Audit Office assessed that the activities undertaken by the competent institutions and bodies of the Republic of Croatia in order to be ready for the implementation of the Sustainable Development Goals are effective but certain improvements are needed.

Based on the recommendations arising from the audit, the Croatian Bureau of Statistics mapped the available indicators for the Sustainable Development Goals, significantly improved the statistical monitoring of the Goals, and the collected data were also used in the development of the Voluntary National Review.

The website hrvatska2030.hr was also created in order to share information regarding the implementation of the National Development Strategy 2030 with the public.

# 3. Process of developing the second Croatian Voluntary National Review

Croatia presented its first Voluntary National Review of the Implementation of the 2030 UN Agenda for Sustainable Development in July 2019. The first Voluntary National Review was developed in parallel with the development of the National Development Strategy 2030, whereas the second Voluntary National Review followed after the initial implementation stage of the National Development Strategy 2030 and the development of the first annual report on the implementation of the National Development Strategy 2030. All of this created the basis for presenting the progress achieved in the implementation of the Sustainable Development Goals in the second Croatian Voluntary National Review. A multisectoral and participative approach was applied in the process of developing the second Croatian Voluntary National Review of the Implementation of the Sustainable Development Goals. The second Croatian Voluntary National Review is the result of an inclusive and constructive dialogue among a number of key actors involved in the work of the Working Party tasked with the preparation of the Voluntary National Review.

This Working Party for the preparation of the Voluntary National Review coordinated the preparation of the Review and it was managed by the Ministry of Regional Development and EU Funds, which also coordinates the strategic planning and development management system in Croatia. The Working Party consisted of the representatives from the Office of the Prime Minister of the Republic of Croatia, the Ministry of Regional Development and EU Funds, the Ministry of Foreign and European Affairs, the Croatian Bureau of Statistics, the Ministry of the Interior, the Ministry of Health, the Ministry of Justice and Public Administration, the Ministry of Labour, Pension System, Family and Social Policy, the Ministry of Agriculture, the Ministry of Tourism and Sports, the Ministry of Culture and Media, the Ministry of Economy and Sustainable Development, the Ministry of the Sea, Transport and Infrastructure, the Ministry of Finance, the Ministry of Physical Planning, Construction and State Assets, the Ministry of Science and Education, the Central State Office for Demography and Youth, the Central State Office for the Development of the Digital Society, the Office for Gender Equality, the Office for Human Rights and Rights of National Minorities, the Office for Cooperation with NGOs, and the Croatian Chamber of Economy.

The Croatian Bureau of Statistics played a significant role in the development of the Voluntary National Review as it was tasked with collecting and analysing data on the sustainable development indicators. The Office for Cooperation with NGOs of the Croatian Government launched a Call for civil society organisations to participate in the preparation of the second Voluntary National Review of the Implementation of the 2030 Agenda for Sustainable Development in Croatia through the submission of projects related to the Sustainable Development Goals. Examples of projects successfully implemented by civil society organisations and non-governmental organisations from 2019 until the preparation of the second Croatian Voluntary National Review, which contribute to the implementation of the Sustainable Development Goals, have been included in the Voluntary National Review. Alongside the examples of projects successfully implemented by civil society organisations and non-governmental organisations, the Voluntary National Review also includes examples of projects successfully implemented by the private sector, i.e. the business community, which were consolidated by the Croatian Chamber of Economy. The examples of implemented projects focused on initiatives, best practices and innovations contributing to the implementation of the Sustainable Development Goals.

The National Council for Sustainable Development, chaired by the Prime Minister of the Republic of Croatia, adopted the second Voluntary National Review of the Implementation of the 2030 UN Agenda for Sustainable Development Goals at the Council meeting held on 21 June 2023. At the session on June 21, 2023, the Government adopted the Conclusion on the acceptance of the proposal of the Voluntary National Review on the implementation of the UN 2023 Agenda for Sustainable Development and sent it to the Secretariat of the UN Economic and Social Council.



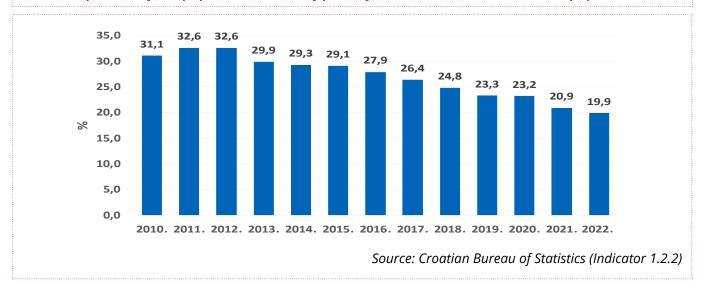




Goal 1.

End poverty in all its forms everywhere

#### Proportion of the population at risk of poverty or social exclusion in overall population



#### In work at-risk-of-poverty rate



Croatia has implemented a series of reforms, measures and activities aimed at reducing the risk of poverty and ensuring a better standard of living for all citizens. This is primarily reflected in the new strategic and legislative framework which enables continuous work on reforms that have already been launched and the implementation of new ones, specifically those in the areas of the pension system, labour market and employment, social welfare and healthcare.

According to the 2022 data of the Croatian Bureau of Statistics, the proportion of persons at risk of poverty and social exclusion in Croatia has decreased to 19.9%, and the fact that this number did not increase significantly in 2020, a year marked by a record drop in GDP, points to the quality of social measures implemented in Croatia. The proportion of employed persons over the age of 18 at risk of poverty decreased to 4.7% in 2022. In 2019, that proportion amounted to 5.1%.

In order to ensure continuity in the implementation of policies aimed at combating poverty and social exclusion in Croatia, the National Plan for Combating Poverty and Social Exclusion for the period 2021–2027 was created and adopted. It represents the continuity of the policy adopted by the Government in its strategic plans regarding the fight against poverty and social exclusion and corresponds to the provisions of the Constitution of the Republic of Croatia, which stipulates that the Republic of Croatia is a welfare state that ensures the right to assistance for the weak, infirm or other persons unable to meet their basic subsistence needs as a result of their unemployment or incapacity for work. The National Plan is in line with international and national strategic documents and contributes to the

achievement of the goals set out in UN 2030 Agenda for Sustainable Development, as well as the achievement of the fifth strategic objective of the National Development Strategy 2030 – "Healthy, Active and High-Quality Life". The National Plan sets out development priorities for combating poverty and social exclusion, and identifies the needs of vulnerable groups in systems significant for combating poverty.

In response to the crises faced by the whole world, above all the consequences of the pandemic and the energy crisis caused by Russian aggression against Ukraine, the Government allocated EUR 6.8 billion through five aid packages for citizens and the economy. The package of measures prevented increase in the prices of electricity, gas and oil derivatives, and one-time aid was directed to the unemployed, pensioners and other vulnerable groups of society. In addition to the above, the Government has kept the same energy prices for institutions, including kindergartens, schools, hospitals, social centers and other institutions.

#### Social welfare system and protection of the elderly

The functioning of the social welfare system in the Republic of Croatia is based on continuous efforts aimed at protecting all groups of beneficiaries, and is structured so as to prevent, mitigate and eliminate social exclusion, as well as care for the most disadvantaged members of the society. The Social Welfare Act defines beneficiaries and rights, as well as the conditions for exercising those rights.

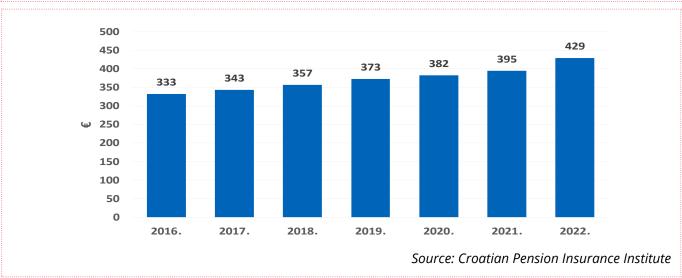
In the previous period, Croatia adopted the National Plan for the Development of Social Services for the period 2021–2027, which focuses on the inclusion of socially vulnerable groups by setting out priorities and measures for achieving specific objectives and contributes to the fifth strategic objective of the National Development Strategy 2030 – "Healthy, Active and High-Quality Life".

In the process of developing social services, priority treatment is given to developing missing services, with the aim of ensuring that beneficiaries receive services in their homes and their local communities. This creates conditions for their integration. The purpose of the National Plan is to ensure regional uniformity and availability of social services to socially vulnerable groups within the social welfare system across Croatia.

A national allowance for elderly persons was introduced with the aim of ensuring basic social protection for elderly persons, and it constitutes a monetary allowance contributing to the reduction of poverty and social exclusion of elderly persons who were unable to secure income for their old age during their working life, and they are not able to secure it in another way in their old age. This measure significantly contributes to improving the financial situation of this highly vulnerable category of citizens. Amendments to the Pension Insurance Act which came into force on 1 January 2023 made a significant step forward in increasing pensions for the most vulnerable categories of retired persons, i.e. beneficiaries of survivors' pensions and those with lowest pensions. Survivors' pensions increased in January 2023 by 10% for over 210,000 beneficiaries, while the lowest pensions increased by 3% for over 280,000 beneficiaries, which directly contributed to a lower risk of poverty for those categories of pensioners who, on average, receive lower pensions. The same legislative amendments also enabled a simultaneous receipt of personal pension (old-age pension, anticipated old-age pension, disability pension) and a portion of survivors' pension of a deceased spouse in order to protect retired persons with lowest pensions in single-person households. More than 150,000 retired persons are expected to benefit from this entitlement.

Numerous measures under the pension reform that launched on 1 January 2019 had a positive effect on the average pension income. In the period from 2019 to the end of 2022, the average pension allowance increased by EUR 56.96 (+15.29%), specifically from EUR 373 to EUR 429. In the same period, the average lowest pension allowance increased by EUR 42.06 (+17.37%), specifically from EUR 242 to EUR 284. A clear trend in increasing pensions was recorded in the period from 2016 to the end of 2022, so the average pension in accordance with the Pension Insurance Act increased by EUR 96, namely from EUR 333 to EUR 429.





Furthermore, activities are constantly being implemented within the pension system with the aim of improving the system, i.e. increasing the adequacy of pensions for current and future retired persons. In that regard, the National Recovery and Resilience Plan 2021 –2026 foresees legislative amendments to be introduced in late 2025 based on a comprehensive analysis which will serve as a foundation for improving the pension system. At the same time, there are plans to strengthen the pension insurance system based on capitalised savings (2nd and 3rd pension pillar). Analyses will be conducted into the cost-effectiveness of pension fund investments into companies owned by the Republic of Croatia in order to expand the possibilities for pension fund investments into Croatian companies and infrastructure projects, aimed at expanding the possibilities of pension fund investments and achieving greater rates of return and, subsequently, increased pensions realised from the capitalised pension savings system.

#### **Poverty and health**

A decrease in segregation and inequalities from the perspective of the healthcare system is aimed at reducing inequalities based on a dual effect: increasing the quality and accessibility of healthcare services and decreasing inequalities in income, knowledge, access to healthcare, health, etc. The main challenge for the healthcare system, given the significance of healthcare and protection of health, is achieving equality within the system so as to reduce segregation between households with lower income and those with higher levels of income. The COVID-19 pandemic and multiple earthquakes have also left a mark on citizens within the healthcare system, changing and expanding their needs in comparison to the previous period. The dimension of increased inequalities due to loss of jobs, homes, loved ones in the pandemic, etc. in crisis situations of this magnitude leads to economic impoverishment, impairment of mental health, advent of diseases, increased stress, etc., all leading to increased needs and expectations from the healthcare system.

Implementation of the National Recovery and Resilience Plan 2021–2027 and the "Healthcare" component of the National Recovery and Resilience Plan 2021-2026 will ensure an accessible, functional and efficient public healthcare system which provides quality healthcare services on all levels of healthcare and throughout Croatia.

#### **Combating energy poverty**

Energy poverty is one of the main and growing issues we are faced with today, even in the most highly developed societies. The continuous increase in energy prices presents the risk that an evergrowing number of households will be unable to pay energy bills. Energy renovation of buildings is the crucial tool for combating the risk of energy poverty. Energy efficiency measures are paramount for tackling this issue, and they need to be complementary to social security policies. Croatia has an

especially vulnerable category of residential buildings – those located in assisted areas and areas of special state concern.

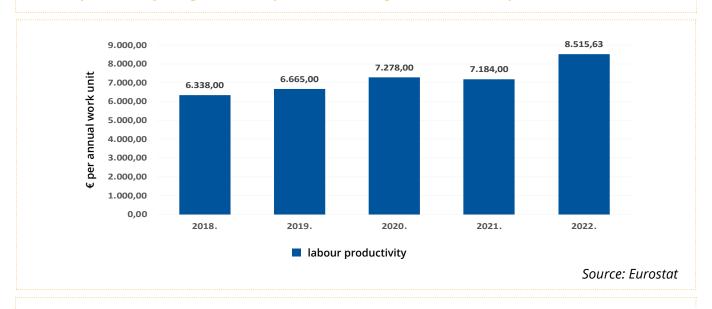
In 2021 and 2022, programmes for energy renovation of buildings were adopted, aimed at improving energy properties of buildings and achieving energy savings in the building sector. Pursuant to the guidelines from the Energy Performance of Buildings Directive, special attention is given to the implementation of measures aimed at improving the energy performance of buildings for citizens at risk of energy poverty. With the aim of combating energy poverty, the Programme for Combating Energy Poverty was also adopted, and it includes the use of renewable energy sources in residential buildings in assisted areas and areas of special state concern for the period up to 2025. Energy renovation of 387 multi-apartment buildings in assisted areas and areas of special state concern is planned under the Programme.

Within the framework of the Programme for Energy Renovation of Family Houses 2014–2020, numerous projects were contracted in 2020 related to the integration of renewable energy sources in family houses and the energy renovation of family houses of citizens at risk of energy poverty. Those projects covered the entire country. The energy renovation of family houses and integration of renewable energy sources is fully funded for citizens who are receiving the guaranteed minimum aid. Implementation of the measure will continue in the future as well.

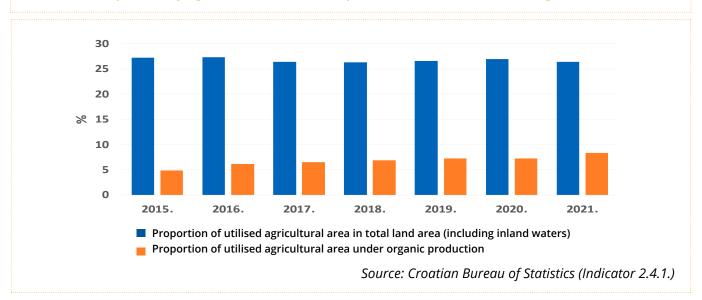
The activity of co-financing the improvement of energy efficiency and integration of renewable energy sources for citizens at risk of energy poverty is also included in the Programme of Energy Renovation of Multi-Apartment Buildings by 2030, based on it is planned to encompass more citizens at risk of energy poverty to whom the costs of energy renovation are to be fully co-funded.



#### Labour productivity in agriculture expressed as total gross value added per total annual work unit



#### Proportion of agricultural area under productive and sustainable agriculture



#### Increase in productivity and competitiveness of the agri-food sector

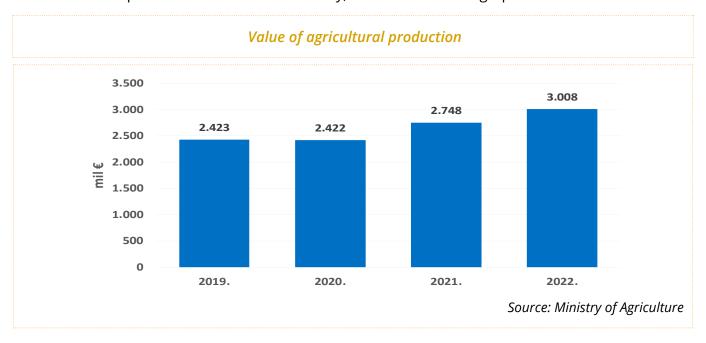
Agriculture is an area of particular interest to Croatia as it is a significant activity in rural areas. Investments made thus far, both from European funds and the state budget, have encouraged public and private investments with the aim of achieving economic growth and development, fundamental for revitalising such areas.

According to preliminary data for 2022, labour productivity in the area of agriculture in Croatia increased by 28% in comparison to 2019. The growing trend of labour productivity is particularly encouraging having in mind that the recent few years were exceptionally challenging for business due to the COVID-19 pandemic. However, Croatian agriculture is still lagging behind the European Union average. According to the European Commission, labour productivity in Croatian agriculture corresponds to about 30% of the European Union average. The proportion of agricultural area in 2021 amounted to 26.4%, while agricultural area under organic production is continuously increasing in Croatia, amounting to 8.3% in 2021, compared to it making up for 7.2% of the total agricultural area in 2019.

The Agriculture Strategy 2030 was adopted in February 2022, and its main objective is to increase the

value of agricultural production in Croatia. The Agriculture Strategy 2030 supports the implementation of the National Development Strategy 2030 and the ninth strategic objective related to self-sufficiency in the area of food and the development of bioeconomy within the green and digital transitions. The Agriculture Strategy 2030 provides for a series of measures aimed at increasing competitiveness of agriculture, achieving higher environmental sustainability of agricultural production, and improving the living and working conditions in rural areas.

The planned investments will lead to the development of agricultural potential owing to simplified administrative procedures, agricultural land consolidation, strengthened supply chains of healthy foods, and higher quality of agricultural products, which is important for achieving a balanced economic development of all areas of the country, as well as the demographic revitalisation of Croatia.



The National Recovery and Resilience Plan 2021–2026 foresees an improved use of natural resources and strengthening of the food supply chain, and it includes activities consolidated into the following measures: (1) establishment of a logistic infrastructure network for the purpose of strengthening market chains in the fruit and vegetable sector, (2) establishment of a system for restructuring agricultural lands and land reparcelling, (3) agricultural digital transformation, and (4) improvement of the food donation system.

All of these measures contribute to an increased competitiveness of the agri-food sector. Logistics and distribution centres facilitate market access for small and medium producers of agricultural products and encourage them to form associations. The services of processing and preparation of agricultural products for market placement carried out in the logistics and distribution centres increase the value of such products. Agricultural land reparcelling will enable the consolidation of agricultural land, and consequently ensure a more efficient land management. Digital transformation activities will unify and improve the existing IT systems so as to reduce administrative burden for farmers, and develop tools to make business planning easier for farmers.

The Common Agricultural Policy Strategic Plan of the Republic of Croatia for the period 2023–2027 was approved in 2022 including measures which contribute to overall agricultural objectives of the EU. The Strategic Plan is a national document ensuring access to support from European agricultural funds, and it is in line with the Agriculture Strategy 2030. The Strategic Plan supports the continuous process of transformation of the Croatian agriculture, including production modernisation, generational renewal, implementation of environment and nature friendly practices, an increase in the recognition of Croatian products, strengthening the resilience of forest communities, and improvement of rural infrastructure. The Strategic Plan emphasises investments in digital transition and overall use of innovations, as well as the so-called green transition, which entails investments

which are not detrimental to nature and the environment or are beneficial to them, as well as investments in renewable energy sources. The support will primarily be focused on small and young farmers with the largest potential for production growth and development, as well as on encouraging farmers to associate so as to strengthen their market position.

The National Aquaculture Development Plan for the period until 2027 was also adopted in 2022. The National Aquaculture Development Plan for the period until 2027 takes into account the development directions and strategic objectives from the National Development Strategy 2030, and it focuses on four specific objectives related to increasing productivity and resilience of the aquaculture sector to climate change; strengthening competitiveness of the aquaculture sector; economic reconstruction and improvement of living conditions in rural and coastal areas; as well as encouraging innovations in the aquaculture sector.

#### Improvement of food availability for vulnerable groups, the poor, and children

In Croatia, the hunger problem is almost inextricably linked to poverty. According to the most recent data available to the Croatian Bureau of Statistics for 2021 related to indicators of material deprivation, 5.6% of people lived in households which, solely due to financial reasons, cannot afford to eat a meal containing meat, chicken, fish (or a vegetarian equivalent) every other day. This indicator is lower than the European Union average, which amounted to 7.3% in 2021.

Through its specific objective no. 2 ("Prevention and reduction of child poverty and social exclusion"), the National Plan for Combating Poverty and Social Exclusion for the period 2021–2027 improves the availability of free meals for children at risk of poverty and social exclusion, which represents an added value to national sectoral policies and programmes, and contributes to mitigating the worst forms of child poverty. As of 1 January 2021, a total of 25 programmes aimed at reducing social exclusion have been financed through a call for submission of proposals for two-year programmes aimed at reducing and preventing social exclusion as well as promoting social inclusion and integration of socially vulnerable groups published in 2021 and 2022, in an annual amount of around EUR 305,000.

Resources from the Fund for European Aid to the Most Deprived contribute to reducing poverty and social exclusion as an added value to existing national sectoral policies and programmes arising from the Humanitarian Assistance Act in relation to humanitarian relief activities, as well as the Social Welfare Act in relation to providing social services (which include organising meals). From 2016 to the end of 2022, a total of 10 calls for grants were published of which six calls were aimed at mitigating the worst forms of child poverty, through non-financial assistance to children faced with poverty or at risk of poverty, specifically in the form of organised meals in public primary schools, based on which 196 projects were contracted with a total value of EUR 21.55 million, thus providing school meals for over 30,000 children in around 500 schools. Within the framework of four of the calls aimed at mitigating the worst forms of poverty through non-financial assistance (meals and/or basic material assistance) to the most deprived persons and through implementing accompanying measures which will contribute to better social inclusion of the most deprived persons, 72 projects were contracted with a total value of EUR 37.1 million, providing assistance in the form of food to over 280,000 beneficiaries and basic material assistance to over 270,000 beneficiaries all over Croatia. In 2023, Croatia started providing free meals for 309,455 students in primary schools, meaning that all children are guaranteed a meal at school during school days.

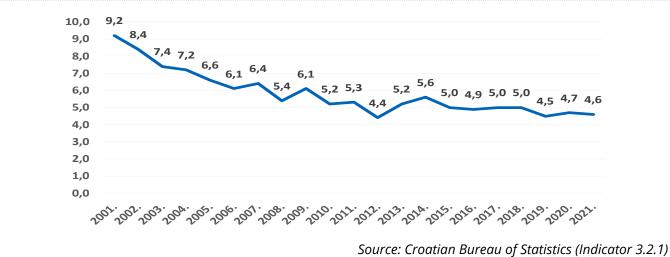
One of the programmes aimed at improving food accessibility in Croatia, and, more specifically, promoting healthy eating habits in children, is the School Scheme. This Scheme provides support for the distribution of agricultural products (fruit, vegetables, milk and dairy) and promotes a balanced diet for children in education institutions. The objectives of the School Scheme are to increase the consumption of fresh fruit and vegetables, milk and dairy, as well as to decrease the consumption of foods with high levels of fat, sugar and salt in the children's daily diet, raising awareness of the importance of healthy eating and nutritional values of fresh fruit and vegetables, milk and dairy, as well as educating students on how to reduce food waste.

State funds in the total amount of EUR 5.8 million were used betwen 2016 till today to finance a total of 335 programmes aimed at reducing social exclusion, in the form of two-year programmes aimed at reducing and preventing social exclusion as well as promoting social inclusion and integration of socially vulnerable groups.

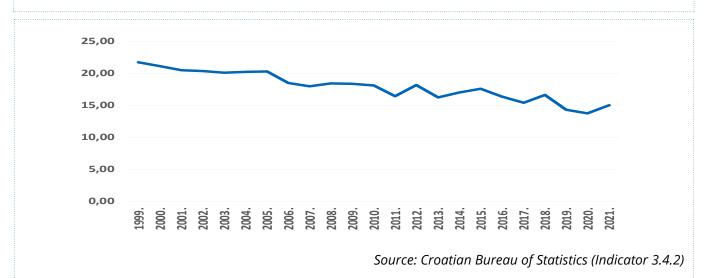
Since the begining of this year the state has secured a free school meal for all first to eighth grade pupils in primary schols, thus encompassing 311 thousand pupils in Croatia, while the practice of free school transportation and free school books was already previously in place.



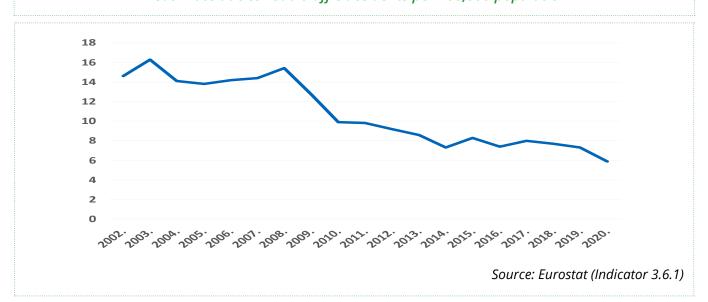




#### Suicide rate per 100,000 population



#### Death rate due to road traffic accidents per 100,000 population



Accessibility, quality and efficiency of healthcare are the fundamental values of contemporary healthcare systems, and they are at the centre of all reflections regarding the next steps in the development of Croatian healthcare. All challenges Croatia has been faced with for quite some time are expected to further intensify in this decade. These primarily relate to improving health outcomes and achieving a balance between financial possibilities and rising costs related to new and more advanced treatment methods resulting from technological and scientific advances, as well as to an increased demand for healthcare services due to an ageing population.

#### Quality and accessibility of healthcare

The outbreak of the COVID-19 pandemic proved to be a challenge not only for economic and social resilience, but also for the Croatian healthcare and social welfare systems. Accessibility, quality and efficiency of healthcare are the fundamental values of contemporary healthcare systems, and they are at the centre of all reflections regarding the further development of Croatian healthcare.

According to Eurostat, the number of healthy life years at birth in 2020 for Croatia was 59.6 for women and 57.5 for men, which shows an increase by one year when compared to 2018. However, in these terms, Croatia still ranks significantly below the European Union average (64.5 for women and 63.5 for men). Life expectancy at birth in Croatia has increased by nearly four years in the last fifteen or so years. However, due to the COVID-19 pandemic, all European countries recorded a decrease in life expectancy in 2020 and 2021 (from 77.8 to 76.7 years of age in Croatia, 79.9 for women and 73.7 for men, respectively).

With the aim of improving the healthcare system and health outcomes for the population, the National Health Development Plan for the period 2021 to 2027 was developed and adopted. The National Plan supports the implementation of the National Development Strategy 2030 through the planned improvement of the healthcare system and health outcomes as key priorities in the development of Croatia by 2030. The priority areas for development are the promotion of health and prevention of disease, prevention and control of infectious and mass chronic non-infectious diseases, as well as injuries and invalidity, protection of vulnerable and specific social groups within the population, and monitoring of environmental factors affecting health, all of which will enable Croatia to significantly contribute to the achievement relevant sustainable development goals in cooperation with various actors and the society as a whole.

The National Recovery and Resilience Plan 2021–2026 foresees the implementation of the "Healthcare" component which includes five reforms and 24 investments, with the estimated investment value of EUR 340.2 million. The implementation of the planned reforms and investments will ensure an accessible, functional and efficient public healthcare system which provides quality healthcare services on all levels of healthcare and throughout Croatia.

#### Maternal and child health, sexual and reproductive health

Perinatal healthcare and children's healthcare are carried out based on expert guidance and healthcare schemes within the framework of compulsory health insurance. In Croatia, maternal mortality ratio was 0–5 per 100,000 live births, infant mortality ratio around 3 per 1,000 live births, overall infant mortality ratio around 4 per 1,000 live births, while mortality of children under 5 years of age was 4.2 per 1,000 of live births. Around 95% of toddlers and children of pre-school age participate in primary healthcare through preventive check-ups and vaccinations. Several national screening processes are also implemented, regarding hearing, a spectrum of metabolic and hereditary conditions, as well as eyesight. For the purpose of comparing perinatal health among European countries, Croatia also participates in the Euro-Peristat Network, aimed at planning and further improving healthcare for pregnant and post-partum women, as well as newborns. Numerous civil society organisations also contribute to promoting children's health. A reduction in neonatal, infant and under-5 mortality rate is particularly significant in marginalised groups, such as the Roma population, where activities are carried out in order to ensure better antenatal healthcare and healthcare at delivery for Roma women, as well as preventive healthcare for Roma infants and children, as foreseen in the National Roma Inclusion Plan 2021–2027.

Through the implementation of activities included in Croatia's National Programme "Living Healthy", aimed at promoting sexual and reproductive health, education is provided to third-year high school students in all counties regarding the protection of sexual and reproductive health, as well as responsible sexual behaviour.

#### Infectious diseases

The epidemiological situation as regards infectious diseases in Croatia has been maintained at a relatively favourable level for years. Thanks to a systemic and very thorough implementation of vaccination programmes in Croatia, situation regarding vaccine-preventable diseases (tetanus, mumps, whooping cough, measles) is also very favourable and their incidence is low, while certain diseases have been completely eradicated, with the exception of sporadic imported cases (diphtheria, poliomyelitis, rubella). Tuberculosis incidence in Croatia in 2021 was 4.1 per 100,000 citizens, placing it among countries with a low tuberculosis incidence for five consecutive years. However, potential risk factors (migration, transport, tourism, etc.), as well as the incidences of emerging diseases, still require on-going and intense anti-epidemic and preventive actions. The newest infectious disease threats are the COVID-19 pandemic which started in 2019, monkeypox, the epidemic of hepatitis A in children, and invasive group A streptococcal infections.

Thanks to measures included in the National HIV/AIDS Prevention Programme (being implemented since 1993), HIV/AIDS have been maintained at low levels (one of the lowest in Europe) ever since the first recorded incidences.

There are continuous activities aimed at strengthening the public health domain as regards a rapid and quality diagnosis of infectious diseases. New diagnostic methods are being introduced with the aim of diagnosing imported, emerging and re-emerging infectious diseases, new sampling procedures are being developed, and studies are being carried out.

#### Preventing non-infectious diseases and promoting mental health

Through the implementation of activities included in Croatia's National Programme "Living Healthy", continuous efforts are being made in order to create stimulating environments, as well as to inform, educate and raise awareness among citizens of all age groups regarding the positive aspects of healthy lifestyles: physical, mental and sexual health. In order to ensure a comprehensive approach, this national programme is divided into five components: Health education, Health and physical activity, Health and nutrition, Health and the work place, Health and the environment. In the period between 2016–2023, the activities were carried out with co-financing from the European Social Fund, through a project with the same name – Living Healthy.

With the aim of stimulating healthy lifestyles, maintaining and improving life-long health, and preventing obesity and other chronic non-infectious diseases, activities aimed at promoting physical and mental health are regularly carried out. It is important to note that the first action plan for the prevention of obesity is currently in development, and it is aimed at resolving this public health issue. A comprehensive national programme for the prevention and control of chronic non-infectious diseases is being prepared, and it will cover all important public health issues related to chronic non-infectious diseases, with a particular focus on cardiovascular diseases. The objective of the programme is to reduce the number of avoidable premature deaths by one third by 2030, in accordance with the sustainable development goals. Efforts are continuously made in the areas of preventing disease and promoting health, as well as early diagnostics and treatment in accordance with guidelines.

In 2020, the Croatian Parliament adopted the National Cancer Strategic Framework until 2030. In line with the recommendations of the European Commission, Croatia introduced two programmes for early cancer detection back in 2006 and 2007 – National Breast Cancer Early Detection Programme and National Colorectal Cancer Early Detection Programme. Croatia also implements a National Lung Cancer Screening and Early Detection Programme, and a national programme for the prevention and early detection of melanoma is in the works. The National Cervical Cancer Early Detection Programme is currently being re-organised and it will be re-introduced when ready. Based on a global initiative

for a reduction in avoidable vision impairment launched by the World Health Organisation, a National Prevention Programme for Early Detection of Vision Impairment in Children was introduced in 2016.

In late 2022, the Government adopted the Strategic Framework for Mental Health until 2030. The Strategic Framework is specifically aimed at preserving and improving mental health, prevention and early detection of mental health issues, increasing availability of efficient psycho-social interventions, all the while respecting human rights, as well as protecting mental health in the community through establishing mobile units. Special attention is given to protecting mental health of children and young persons. Data regarding the suicide rate in Croatia show that the suicide rate in Croatia in 2019 was 14.32%, and that it increased to 15.03% in 2021, but looking at the period of the previous ten and more years, Croatia recorded a trend of decrease in the suicide rate.

#### **Addiction prevention**

In February 2023, the National Strategy on Combatting Addiction for the period until 2030 was adopted, defining priorities, specific objectives, and measures related to addiction and behavioural addictions (alcohol, tobacco, drugs, gambling, internet). Priorities and specific objectives identified in the National Strategy support the implementation of the fifth strategic objective of the National Development Strategy 2030 (Healthy, Active and High-Quality Life), as well as the related priority areas of public policies. The vision set out in the National Strategy includes a decrease in demand for and availability of illegal addictive substances, an improvement in health and safety of citizens, and a decrease in health and social risks and harm associated with addiction and behavioural addiction.

Education activities in the area of addiction prevention are carried out continuously, and they are aimed at experts developing and implementing prevention programmes.

#### Health, healthy habits and active lifestyles through sports

Croatia is one of the countries which have recorded a significant reduction in physical activity among citizens in the last few years, which was further compounded by work and sports restrictions and a decrease in free movement of citizens due to the COVID-19 pandemic.

Through the activities included in the National Programme "Living Healthy", efforts are being made in order to create stimulating environments, as well as to inform, educate and raise awareness among citizens of all age groups regarding the positive aspects of healthy lifestyles: proper nutrition and physical activity aimed at preventing obesity.

In 2019, the National Sports Programme 2019–2026 was adopted, which includes measures and activities aimed at promoting and supporting sports activities from the earliest age, from recreational to high-level and professional sports. The National Sports Programme 2019–2026 defined the overall objective of improving health-oriented physical exercise and increasing promotional values of sports through a series of measures and activities aimed at encouraging sports and recreation activities at the state and local level, as well as at increasing the number of participants who pursue daily physical activities so as to preserve their health. Education campaigns and promotion activities on the national and local level, as well as co-financing of programmes promoting health-oriented physical exercise, will be used to promote programmes and projects aimed at incorporating physical activity into the daily life for the purpose of preventing diseases and improving and preserving health. From the beginning of the implementation of the National Sports Programme in 2019 to the end of 2022, 445 programmes have been co-financed, in the total amount of EUR 6 million. In 2022 the new Sports Act was adopted, developping all types of sports, recreational, amateur and professional, with continued investment into sportsplayers, trainers and infrastructure.

#### Reduction in the number of road traffic accidents

During 2022, the number of traffic accidents increased by 3.5% when compared to 2021. However, despite the increased number of traffic accidents, the number of persons who died in these accidents in 2022 decreased by 5.8% when compared to 2021. In 2022, there were 275 deaths, or 17 fewer persons to lose their lives than in 2021, when 292 deaths were recorded.

In 2021, the Government adopted the sixth National Road Safety Plan for the period 2021–2030which is in line with the global and European road safety trends and has the goal of achieving a 50% decrease in the number of deaths from traffic accidents and the number of major road traffic accidents.

#### **Environment and health**

In late 2019, Croatia adopted the National Air Pollution Control Programme for 2020–2029. The Programme is the main instrument for air pollution control management which European Union Member States use in order to ensure that their emission reduction commitments are achieved.

During 2019 and 2020, Croatia participated in the project "AIRQ – Expansion and Modernisation of the National Network for Continuous Air Quality Monitoring", which enabled the acquisition of 6 new air quality measurement stations and the upgrade of 18 existing ones. This contributed to achieving the necessary conditions for efficient control and management of air quality in the entire territory, as well as pre-conditions for implementing appropriate air protection measures.

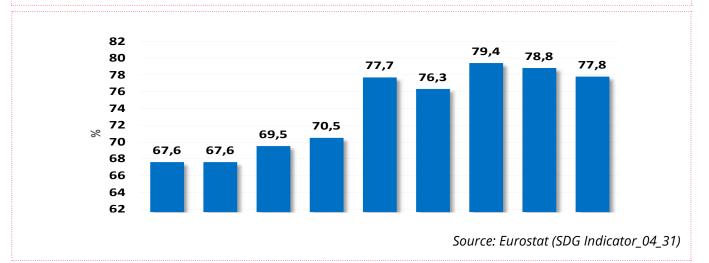
With the aim of drawing the public's attention and raising awareness, the web-portal "Air Quality in the Republic of Croatia" was developed, and it uses the Air Quality Index to present the current state of air quality using real-time data. If citizens are expected to participate in the monitoring, they need to be provided with timely, easily accessible and user-friendly information. Citizens can only participate in the formulation and mainstreaming of air protection policies and take appropriate measures, including changes to their own behaviours, if they are well-informed and educated. This is also a way to try and encourage citizens to introduce changes to their every-day lives, thus directly contributing to improving air quality and their own health.





Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

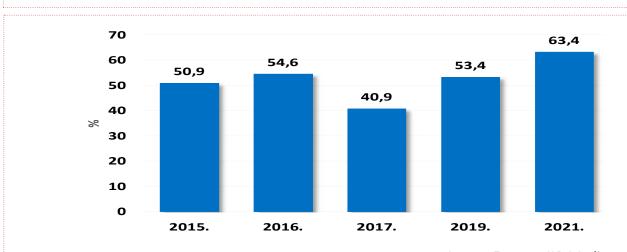
#### Percentage of participation in early childhood education and care (from age 3 to primary school)



#### Participation of adults in learning (25-64 age group)



#### Share of adults having at least basic digital skills(16 -74 age group)



Education in Croatia is accessible to everyone, under the same conditions and in line with their abilities. As such, it is crucial for long-term social stability and economic growth. Education and training are crucial for personal, civic and professional development, social cohesion, economic growth and innovation, and they are fundamental for achieving a sustainable future.

With the aim of modernising the education and training system at all levels, the National Plan for the Development of the Education System by 2027 was adopted in March 2023. The National Plan foresees the continuance of the education system reform, which entails the modernisation of the system at all levels of education and care, and aims at ensuring access to early childhood education, improving education outcomes for primary and secondary school students, ensuring higher employability of persons with vocational education and training, as well as increasing number of participants in adult education. The reform also aims at increasing accessibility of higher education and the number of students completing it, as well as improving education and care for students with special educational needs, persons belonging to national minorities and Croatian nationals outside of Croatia. The reform is also expected to increase the application of digital technologies in the education sector. The National Plan defines in more detail the implementation of the second strategic objective of the National Development Strategy 2030 and the priority public policy areas for the education sector.

Data shows that the proportion of children participating in early childhood education and care in Croatia, from the age of three until the beginning of compulsory education, reached 77.8% in 2021. The proportion of adults participating in adult education increased from 3.5% (2019) to 4.4% (2022). In Croatia, 63.37% of persons from 16 to 74 years of age possess basic digital skills.

Croatia deeply advocates for the individualisation of education so as to equalise the students' opportunities and create an inclusive and safe environment focusing on the students and their needs. Financial resources are allocated on an annual basis to prevention projects in primary and secondary schools as well as student dormitories, aimed at improving the quality, sustainability and efficiency of preventive interventions implemented within the education system following evidence-based recommendations, all in order to meet different student needs in line with their preferences, abilities and interests, as well as to encourage the development of additional specific forms of support for students. Financial resources are allocated on an annual basis for mental health crisis interventions carried out within the education system.

#### Early childhood education and care

Investments in early childhood education and care have significantly increased in the recent years, but the COVID-19 pandemic hindered and slowed down the progress.

With the aim of improving services for children in the early childhood education and care system, in the period between 2017 and 2022, a total of 739 investments were made towards the restoration and construction of 498 kindergartens, amounting to over 260 million EUR.

In order to further increase the rate of participation in early childhood education and care, measures are being implemented in order to ensure the necessary infrastructure through construction, upgrading, reconstruction and furnishing of early childhood education and care facilities, for which EUR 215 million was foreseen in the National Recovery and Resilience Plan 2021–2026. Moreover, measures are being taken in order to ensure an adequate number and quality of staff, which will ensure that the early childhood education and care system is accessible to every child. Amendments to the legislative framework regarding early childhood education and care introduced in May 2022 opened up a possibility to extend the duration of mandatory pre-school programmes, and a possibility for primary school class teachers to work as pre-school educators.

During the 2021/2022 school year, a total of 142,440 children were enrolled in early childhood education and care programmes, which is 3.6% more children than in the 2020/2021 school year. Moreover, Eurostat figures show that the proportion of children in early childhood education and care (three-year-olds and older) increased from 76.3% in 2018 to 77.8% in 2021.

#### **Primary education**

In the 2021/2022 school year, 312,964 children attended primary schools and 143,477 children attended secondary schools. With the aim of extending school hours for primary school students and achieving better learning outcomes, pre-conditions are being created for organising full-time classes through investments in infrastructure in order to support the education system in transition to working in a single shift. The objective is to extend the period of learning and teaching, leading to the acquisition of competencies crucial for lifelong learning. Investments foreseen in the National Recovery and Resilience Plan 2021–2026 amount to over EUR 300 million. Furthermore, the amendments to the legislative framework on primary and secondary education introduced in the second half of the 2022/2023 school year enabled financing and co-financing of school meals provided from the national budget for all primary school students. This has created the preconditions necessary for healthy and balanced meals for all students, which will lead to an improvement of their health.

All of these measures contribute to equalising the opportunities for an inclusive and equitable quality education for all students in the primary education system.

#### **Secondary education**

In the secondary education system measures are underway to increase the number of students in general education programmes with a focus on sciences, with the aim of supporting students who intend to pursue a career in STEM, on the basis of the criterium of ensuring equal access to these programmes in counties which do not provide enough general education programmes in secondary schools. Within the National Recovery and Resilience Plan 2021–2026, investments in infrastructure capacities for the purpose of achieving a higher enrolment in general education schools are intended to be made by June 2026. In the vocational education system, the implementation of the curriculum reform continues, introducing new, outcome-oriented vocational curricula which are able to respond to labour market demands. These curricula are based on occupational and qualification standards, and they take into account the individual needs of students, enabling them to gain specific professional know-how and skills as well as transversal and key competencies necessary for continuing education, while achieving personal growth and actively engaging in the society.

#### Adult education

Adult education is an important component within the lifelong learning system. Reform processes in the adult education system have continued, pursuant to the new Adult Education Act, which entered into force in January 2022. A total of 150 adult education programmes were created which enable students to gain micro-qualifications that are fully harmonised with the occupational standard and qualification standard from the Croatian Qualification Framework Register. These programmes are financed through a voucher system. Given that the 2021 data indicated that only 5.1% of adults participated in some kind of education activity within the previous 4 weeks, compared to 10.8% at the European Union level, this created pre-conditions for increasing the availability of adult education programmes and increasing the scope of adults participating in lifelong learning in an attempt to approach the European Union average of 10.8%, but also in an effort to enable all individuals to fully realise their potential, actively engage in society and assume their social and civic obligations. Moreover, a model for recognising previous non-formal and informal learning is currently under development, and it will enable citizens to access the labour market and advance in it, as well as continue their education.

With the aim of ensuring skills and competencies necessary for the post-earthquake reconstruction process in central Croatia, the Government adopted the National Action Plan for Skill Development in the Context of Green Jobs Related to Energy Renovation and Post-earthquake Reconstruction. The National Action Plan defined, inter alia, the activities related to tertiary education, lifelong education and linking education to the labour market. A total of EUR 5.3 million was foreseen for the implementation of the reform, which will be used to improve education and upskilling programmes so as to develop a framework for ensuring adequate skills necessary for a long-term, complex and

systematic post-earthquake reconstruction process. Adult training and education programmes are aimed at educating individuals for post-earthquake reconstruction and energy renovation, while specialist study programmes and education programmes are aimed at educating individuals for sustainable urban development and cultural heritage renovation.

#### Social aspect of higher education

Activities related to improving the social aspect of higher education contribute to ensuring equal access to higher education for underrepresented and vulnerable groups, including persons with disabilities. The implementation of the National Plan for Improving the Social Dimension of Higher Education in the Republic of Croatia 2019 –2021 led to substantial progress in achieving key objectives, namely: improvement of access to higher education for underrepresented and vulnerable groups, removing obstacles and enabling equal opportunities for all students during their studies, as well as increasing the graduation rate of students from underrepresented and vulnerable groups through providing funding for scholarships.

A particular advancement in addressing key challenges related to increasing the graduation rate of students from underrepresented and vulnerable groups was achieved on the basis of the state scholarship programme for students from lower socio-economic backgrounds, which contributes to increasing accessibility, equality and number of graduates in higher education. On the basis of a public call in Croatia, 10,000 subsidies are awarded to students from lower socio-economic backgrounds enrolled in higher education every year.

Pursuant to the Act on Higher Education and Scientific Activity, grants within the student standard in the higher education system include direct and indirect student subsidies. Direct subsidies include state scholarships and subsidies for transport costs intended for full-time students with disabilities, while indirect subsidies include subsidised accommodation for full-time students in student dormitories, as well as coverage of a part of daily meals costs in student restaurants.

#### **Development of vocational education and promoting apprenticeship**

Croatia is developing an education system for related trades, which makes up a smaller portion of the overall vocational education system, i.e. around 12.5% of all students enrolled in vocational education programmes. This is a three-year education programme and it includes 61 possible vocations directly aimed towards the labour market. In the new 2021–2027 European Union programming period, within the framework of the "Efficient Human Resources 2021 –2027" programme, various activities will be carried out, such as granting aids to licensed economic operators who provide apprenticeships, drafting vocational curricula for occupations that use the apprenticeship training model, as well as upskilling of mentors from the economic sector who provide apprenticeships and teachers in vocational training, the total value of which amounts to EUR 45 million. Measures for providing scholarships to students in trade occupations are also planned to continue.

In order to improve and strengthen capacities and expertise of human resources in the tourism sector and the catering and hospitality sector, activities are being implemented aimed at formal and non-formal adult education as well as the development of new formal and non-formal education programmes. The implementation of new education programmes will lead to significant improvements in the quality of education in the tourism sector and the catering and hospitality sector, as well as to better harmonisation with the needs in the labour market. Scholarships for students enrolled in education programmes related to tourism contribute to strengthening the competencies and skills of future workers in the tourism sector. At the same time, they lead to an increase in the number of young persons with the necessary know-how and skills for improving the overall competitiveness of tourism in Croatia. Once the students who have received scholarships graduate, they need to be employed for at least three months, as this enables young persons to acquire and improve their know-how, as well as to present their competencies with a view to obtaining permanent employment. In the period between 2008 and 2022, a total of 1,900 contracts were signed, and over EUR 2.1 million was secured for this purpose from the state budget by the end of 2022.

#### Inclusive education and care, and cultural and artistic education

When it ratified the UN Convention on the Rights of Persons with Disabilities in 2008, Croatia joined the efforts of the international community aimed at achieving further advances in the area of policies related to persons with disabilities, as well as made its own efforts to form a national framework for its implementation. The National Plan for the Equalisation of Opportunities for Persons with Disabilities 2021–2027 is a strategic planning act on the basis of which Croatia will continue to create policies related to persons with disabilities. This document emphasises equality as the basic principle of all human rights and fundamental freedoms, and its goal is to create conditions which ensure equal enjoyment of rights and active participation of persons with disabilities in all areas of community life. The National Plan for the Equalisation of Opportunities for Persons with Disabilities 2021–2027 defines the goal of "ensuring inclusive education and care for children and students with disabilities", which directly contributes to achieving the fourth sustainable development goal.

The implementation of the curricular reform in the primary school education system continued, so in school year 2022/2023 new curricula were developed for students with developmental disabilities in educational institutions applying a special education programme. These curricula will be implemented as of school year 2023/2024. Moreover, curricula are being developed for students with developmental disabilities in secondary educational institutions applying a special education programme. Their implementation is foreseen for the school year 2024/2025.

An adequate inclusion of cultural and artistic education, as well as media literacy, is one of the possible solutions for promoting a balanced approach to education and the ability to critically assess media messages which surround us in this media-dominated society, as well as for providing a high-quality foundation for the future development of each individual. Cultural and artistic education encompassing media literacy needs to be systemic and available through early childhood education and the entire mandatory education period, but later on as well, as this is a long-term process, particularly in an age when STEM fields dominate school curricula. One programme which should be particularly highlighted is "A Backpack (full) of Culture", which brings cultural and artistic programmes and workshops for children and young persons to remote and poorly connected areas. The programme makes culture and art available to all children and young persons, enabling them to improve their cultural education and become more aware of the fields of culture and art. Its objective is to make art and culture equally available to all children and young people in the Republic of Croatia, particularly those in poorly connected areas. Moreover, it is a known fact that media literacy needs to be continuously promoted, as part of life-long learning. It can be defined as an ability to access, analyse, evaluate and critically assess the different aspects of the media, as well as to create media content and messages and share them in a responsible and ethical manner.

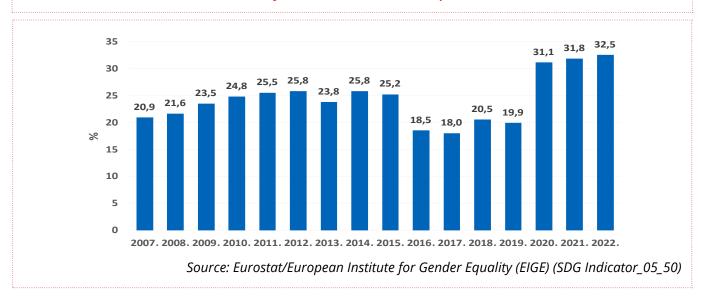
#### **Development of cultural and creative industries**

The field of culture, in which the freedom of cultural and artistic creativity and the protection of cultural heritage are the basis of cultural and national identity, is a key element of social development. Encouraging creativity, investing in artistic production and distribution of cultural content and strengthening the active participation of citizens in culture and audience development, in close connection with creative education and the economy, are tools for encouraging smart, sustainable and inclusive growth of society as a whole.

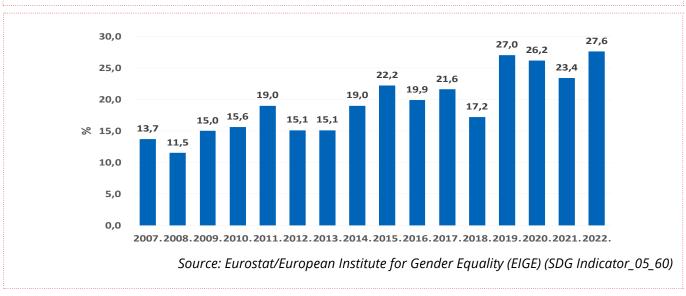
Creativity embedded in all segments of cultural and creative industries is a generator of growth and gives a strong impetus to innovation as an important element of strengthening all sectors, and above all industry, tourism, entrepreneurship and digital technologies. Cultural and creative industries (CCI) make up about 3% of Croatian GDP and their potential is most often used as a factor of economic diversification, as a means of promoting national heritage and tourism, but they are also recognised for their exceptional role in society as an important means of strengthening democratic values and social cohesion.



#### Seats held by women in the national parliament



# Positions held by women in senior management in the largest companies listed on the stock exchange



Gender equality is one of the supreme values established by the Constitution of the Republic of Croatia, whereby Croatia shows a high degree of awareness when it comes to the importance of preventing discrimination. In recent years, significant progress has been made in the area of gender equality, and acts have been adopted stressing the importance of respecting gender equality in all walks of life, especially in the area of employment and exercising employment rights, directly affecting the empowerment and economic independence of women.

Croatia currently has a larger percentage of female members of Parliament when compared to the previous Report. The overall number of female members of Parliament now amounts to 48 (32%), which means that their number in Croatia is now equal to the European average. This marks a significant increase when compared to the end of the previous term of the Croatian Parliament (2016 –2020), when the percentage of female members amounted to 19.2%. There is also an upward trend when it comes to the number of women in senior management. In 2022, there were 27.6% of women in senior management in the largest companies listed on the stock exchange in Croatia.

In March 2023, Croatia adopted the National Plan for Gender Equality for the period until 2027, as well as the Action Plan for the Implementation of the National Plan by 2024. This National Plan

fulfils the horizontal priorities from the National Development Strategy 2030. Given that gender equality is a horizontal issue, the National Plan will enable better coordination and it will contribute to responsible realisation of objectives leading to a higher degree of gender equality.

A new act of strategic planning is currently in development, aimed at protection of women against violence and domestic violence, which will focus on women who are victims of various forms of violence. Special attention will be given to the prevention of violence against particularly vulnerable victim groups, such as disabled women or victims exposed to discrimination on multiple grounds. The National Plan for the Suppression of Sexual Violence and Sexual Harassment for the period until 2027, and the accompanying Action Plan for the period until 2024, were adopted in late 2022. The purpose of that national document is to achieve a unified social reaction to sexual violence and sexual harassment, ensure efficient treatment so as to protect victims, promote victims' rights and raise public awareness of how unacceptable and detrimental violent behaviour is.

Moreover, in 2022, Croatia adopted the National Children's Rights Plan for the period from 2022 to 2026. Measures under the second specific objective "Protection of children against all forms of violence" provide additional expert support for children who are victims of violence and who witnessed criminal acts, protect their rights, and ensure their mental and physical integrity. Special support is provided through activities aimed at children who are victims of domestic violence which threatens all rights of the child and their ability to socialise. Domestic violence is a personal, family and societal issue which significantly diminishes the quality of life and mental health of anyone exposed to it, especially children. Another measure being implemented is related to the improvement of working with children and parents so as to prevent and combat bullying, as well as to encourage preventive programmes in educational institutions with the aim of preventing, reducing and impeding bullying. Such activities contribute to gender equality and the elimination of all forms of violence

### **Supporting victims of violence**

The implementation of public preventive activities and educational programmes in Croatia contributes to raising general public awareness of the need to prevent violent behaviour, reduce undesirable types of behaviour and diminish the number of new offences. A timely and high-quality response to sexual violence and sexual harassment acts is ensured, while the quality of existing services is improved and new ones are developed, and the foundation for a safer environment for all is created.

Projects are implemented through the European Social Fund aimed at combating domestic violence and violence against women. From 2020 to 2023, a project is being implemented entitled "Stop violence against women and domestic violence – No excuse for violence", the total value of which amounts to EUR 1.35 million. The project is aimed at improving the system for the prevention of violence and the protection of women against violence and domestic violence, and it includes activities such as raising public awareness about combating violence against women and domestic violence, strengthening the capacity of experts, advancing interdepartmental cooperation, and improving the work of the National Call Centre for Victims of Crime as a constituent part of the system for the prevention of violence and protection of victims, by extending its working hours and making it available 24/7.

Moreover, six new safe houses for victims of violence have been established in Croatian counties that previously had none, which means that they are now equally distributed across Croatian regions. Thanks to these new safe houses, the number of such shelters for victims of violence in Croatia has increased to 25. Apart from providing accommodation for victims of violence, safe houses also provide beneficiaries with assistance and safety in a crisis situation of escalation of domestic violence, as well as protection against such behaviour and an ability to satisfy their basic needs.

Associations providing counselling services for victims of domestic and sexual violence in Croatia have been funded through three-year programmes since 2019. A total of 20 civil society organisations are funded annually in the total annual amount of EUR 400,000. The aim is to provide counselling services to victims of domestic and sexual violence by providing financial assistance to civil society organisations offering counselling services to victims of domestic and sexual violence, by improving

knowledge and raising awareness of the rights that victims of domestic and sexual violence have, by delivering training to employees providing counselling regarding the rights and needs of victims of violence and their children as well as victims of sexual violence, and by delivering training to of members of county teams active in the areas of gender-based violence and improvement of the protection of the victims of violence, i.e. areas focused on the end beneficiary.

#### Participation of women in politics, public life, and the ICT sector

Within the framework of promoting gender equality, it is imperative to promote the participation of women in politics and public life.

When it comes to women participating in the bodies of representative and executive government at the local level, there has been a shift when compared to the previous local elections. Local elections held in 2021 led to an increase in the number of women in the bodies of representative and executive government when compared to the local elections held in 2017. This means that in 2021, the number of women in city and municipal councils increased by 3% (from 25.2% to 28.2%), and the number of women in county councils by 3.4% (from 26.8% to 30.2%). When it comes to female mayors, the percentage increased by 1.89%, i.e. from 9.01% to 10.9%. The largest shift was recorded when it comes to female county prefects, where the number increased by 9.5% as there were two county prefects elected in the previous elections, while none were elected in the 2017 elections.

As regards the representation of women in the judiciary, the largest number of women presidents of courts has been recorded in commercial courts (77.8%), while decision-making positions in misdemeanour and municipal courts are primarily held by women, with 73.5% presidents of such courts being women. There is also a noticeable shift towards a larger representation of women in decision-making positions in the economy sector – the percentage of female board members in the largest Croatian companies increased from 15.6% in 2010 to 27.6% in 2022. In 2022, in the largest companies listed on the stock exchange, there were 16.7% of female chief executive officers, 26.9% of female board members, and 12.5% of female chairs of the management board.

One of the national priorities during the Croatian Presidency of the Council of the European Union in the first half of 2020 was to promote gender equality, empower women and achieve equality in the labour market.

Croatia has also been implementing activities aimed at motivating girls to pursue STEM fields from an early age, promoting retraining or upskilling of women, supporting the development of digital skills for unemployed women and women from vulnerable groups, as well as improving the reputation and awareness of careers in the area of ICT.

With the purpose of promoting the importance of equal participation of women in the information and communication technology sector and encouraging activities aimed at popularising the employment of more women in this sector, a promotional campaign entitled "You too can be an IT girl" ("Postani i TI djevojka IT") is being implemented through round tables presenting successful women in ICT.

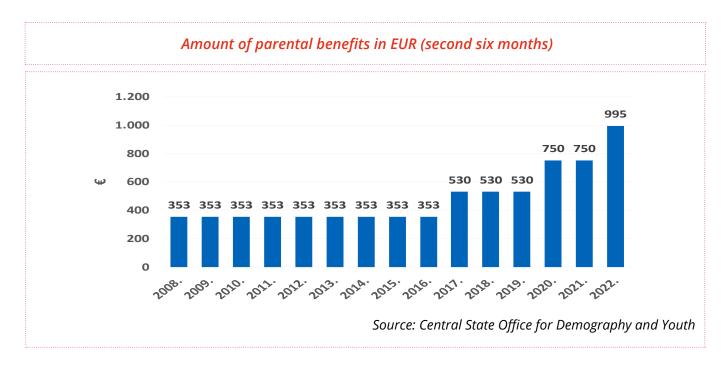
#### Work-life balance

The process of achieving balance in the family, personal and professional life is a significant aspect of eliminating inequalities in the social profiles of men and women. For this purpose, activities are being carried out in order to encourage a balanced distribution of household and family duties, as well as equal sharing of parental responsibility, including encouraging fathers to become more involved in raising their children from an early age.

When compared to the previous report, the parental leave allowance starting from when the child reaches six months, and intended for employed and self-employed parents, has been increased from EUR 540 to EUR 750.44. As of 1 August 2022, this allowance was increased once again, from EUR 750.44 to EUR 995.45 per month for employed and self-employed parents.

The Act on Amendments to the Maternity and Parental Assistance Act came into force on 1 August 2022 and it introduced paternity leave as a new right within the system of maternity and parental assistance for employed and self-employed parents, lasting 10 business days for one child, or 15 business days in case of twins, triplets or multiple births, to be used until the child turns six months of age. During the exercise of this right, the salary compensation is equal to 100% of the salary compensation base, determined pursuant to the regulations on mandatory health insurance.

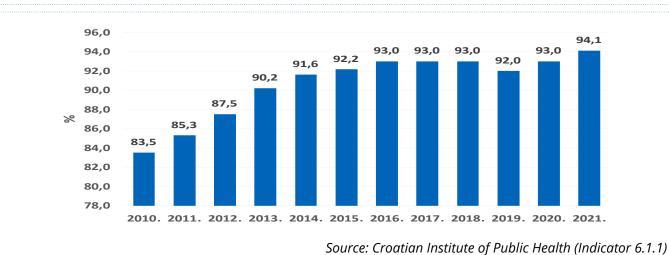
By the end of the year, a comprehensive Demographic Revitalization Strategy will be adopted, which will serve as the framework for the creation of plans, programmes, projects, measures and activities aimed at strengthening a stimulating environment for families and young people, lifelong education and improvement of the labor market, and internal mobility of the population and working forces.

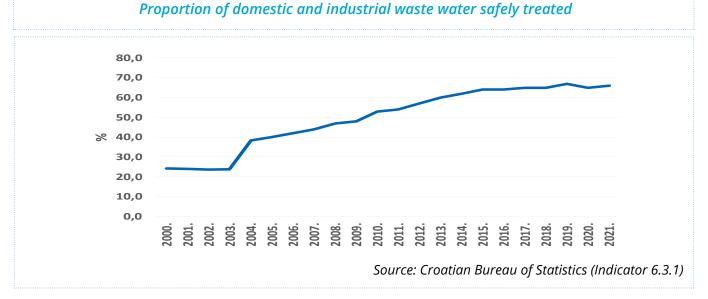


Furthermore, with the aim of empowering parents and responding to all of their needs, as well as helping them in achieving balance in their personal and professional lives, calls for the submission of projects by civil society organisations aimed at supporting parents are being launched every year, providing the opportunity of receiving funding for projects intended for assisting (current and future) parents as well as encouraging fathers to become more involved in family life.

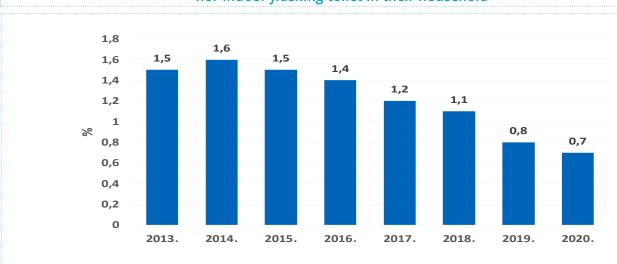


### Proportion of the population using safe water supply systems





# Proportion of the population having neither a bath, nor a shower, nor indoor flushing toilet in their household



Source: Eurostat (SDG Indicator\_06\_10)

According to Eurostat, Croatia is the leading EU Member State when it comes to water supplies, with an average of 29,200 m3 of water per capita. With continued dedication to the mission of preserving this natural resource, and following the guidelines from the Water Management Strategy, Croatia has intensified its activities at the legislative, planning, programme and project levels, and appropriate measures have been elaborated within the River Basin Management Plan 2022–2027, which essentially defines a description of natural features of water bodies status, a list of goals regarding quality of surface waters, including coastal waters, territorial sea waters and underground waters, including also protected areas, and deadlines for achieving these goals.

Values of the indicators regarding the proportion of the population using safe water supply systems and the percentage of treated waste water from households and the industry are constantly increasing. The proportion of the population using safe water supply systems in Croatia increased to 94.1% in 2021 from 92% in 2019, while the percentage of treated waste water from households and the industry amounted to 66% in 2021. The positive trend of reduction in the number of citizens living in households without a bathtub, shower or an indoor toilet with a water tank has continued, so the portion of citizens living in households without a bathtub, shower or an indoor toilet with a water tank has decreased from 0.8% in 2019 to 0.7% in 2020.

# Investments in improving the water utility infrastructure and the irrigation systems

The eighth strategic objective of the National Development Strategy 2030, namely the "Ecological and Energy Transition for Climate Neutrality", foresees investment into the improvement of the public water supply system, public drainage system, and municipal waste water treatment. The Multiannual Programme for the Construction of Municipal Water Facilities for the period until 2030 foresees an investment of about EUR 6 billion into the improvement of the water utility infrastructure. This will be realised through investments into the modernisation and construction, that is, expansion of the public water supply and drainage systems, and the construction or upgrade of municipal waste water treatment plants. Access to healthy and safe water intended for human consumption, as well as to sanitation and hygiene, i.e. the protection of the right of access to water for all citizens, and especially for vulnerable and marginalised groups, has been ensured through the 2020 Directive of the European Parliament and of the Council on the quality of water intended for human consumption, which is also in line with the "Right2Water" citizens' initiative supported by 1,8 million Europeans. The aforementioned Directive has been transposed into Croatian legislation through the Act on Water for Human Consumption and the Act on Amendments to the Water Act, and its implementation requires close cooperation of all relevant bodies, including the water service sector and local self-government units.

The Agricultural Strategy 2030 highlights the need for ensuring better access to irrigation water so as to improve agricultural productivity. Improvement of access to irrigation water and of efficiency of its use will be achieved through the implementation of the Multiannual Programme for the Construction of Water Regulation and Protection Facilities and Amelioration Facilities and the National Project for Irrigation and Agricultural Land and Water Management in the Republic of Croatia, as well as through investments into the construction, rehabilitation and modernisation of irrigation and drainage infrastructure on existing agricultural land, and through the introduction of new technologies in the field of irrigation in agriculture. Only about 1.9% of the total utilised agricultural land is being irrigated in Croatia, despite abundant water resources. In order to adapt agricultural production systems to climate and environmental conditions and to contribute to a stable agricultural production, the Common Agricultural Policy Strategic Plan of the Republic of Croatia for the period 2023–2027 foresees EUR 72.4 million of funding to support the introduction of new irrigation systems in local (regional) self-government units, which will contribute to an increase in the proportion of agricultural land area than can be irrigated.

### **Efficient water resource management**

On average, about 94% of the Croatian population has access to healthy and safe water from the public water supply system, which is an improvement when compared to 2012, when 87.5% of the

population had such access. Such improvement has been achieved despite the challenges related to a population decline and certain differences at individual county level (from 100% in Međimurje County to 84% in Krapina-Zagorje County). Additional increase in access to healthy and safe water for human consumption is financially and technically extremely challenging (e.g. in terms of connection of smaller remote villages, work on reconstructing or increasing the capacities of existing infrastructure in urban areas). In the future, additional efforts will be directed into improving access to free water for human consumption from public taps. Within the framework of the Competitiveness and Cohesion Operational Programme 2014 – 2020, a total of 60 water utility projects were approved, with a total value of EUR 3.5 billion. These projects led, among other, to identifying the solution for the issue of naturally occurring arsenic, originating from geological processes in the Pannonian basin, as well as other heavy metals in groundwater in Eastern Slavonia. Thanks to the construction of a water treatment plant in Osijek with a two-stage filtration system, the quantities of arsenic in treated water were reduced to the level set out in European Union standards. The approved projects have so far provided 270,249 more citizens with access to better water supply, and it is expected that by the end of the implementation period of the Competitiveness and Cohesion Operational Programme 2014–2020 a total of 300,000 citizens will have gained improved access to water supply thanks to the approved projects. Moreover, through the approved projects Croatia is plannig to improve access to the waste water treatmen systems for more than 800.000 citizens.

Apart from the Cohesion Fund allocations, additional resources available for investments in the water sector have been foreseen within the framework of the National Recovery and Resilience Plan 2021–2026, and 113 projects have so far been approved through this mechanism. It is expected that the implementation of the National Recovery and Resilience Plan 2021–2026 will ensure access to a better waste water treatment system for an additional 200,000 citizens, while an additional 45,000 citizens will benefit from better water supply. Prices of water services for socially disadvantaged citizens are constantly maintained at a socially sensitive level in Croatia, whereby the price of water services paid by these citizens never exceeds 60% of the full price paid by the remaining population, which includes water supply and drainage as well as waste water treatment. In addition, it is guaranteed that in case of a legitimate interruption or limitation in water supply due to unpaid bills for water services, the public water service provider is required to secure the supply of water for human consumption in the amount of at least 50 litres per household member per day, over a period of at least eight hours, keeping in mind socially disadvantaged beneficiaries.

#### Waste management

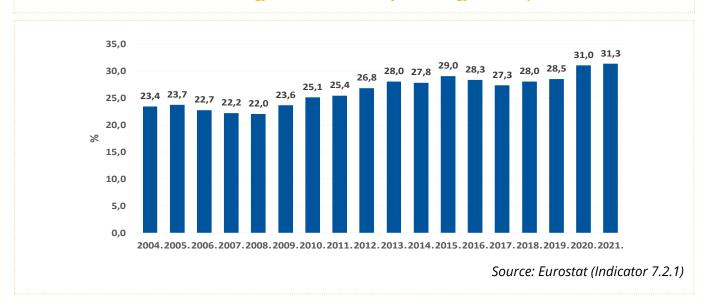
Waste management in Croatia is based on respecting the principles of environmental protection in accordance with environmental protection regulations and in the EU acquis, the principles of international environmental protection law, as well as scientific knowledge, best global practices and professional standards, and especially on the "polluter pays" principle, the proximity principle, the self-sufficiency principle and the traceability principle. So as to ensure waste prevention, an order of priority is applied within waste management, which includes waste prevention, preparation for reuse, recycling, and other recovery processes, such as energy recovery and disposal.

Separate collection of certain types of municipal waste is carried out through household containers for door-to-door collection, containers in public areas, recycling yards, retail sector, and established national systems for special waste categories. Since 2010, the share of separately collected municipal waste has been constantly increasing. This is the result of continuous investments in infrastructure for separate municipal waste collection. Quantities and portion of recovered/recycled municipal waste are constantly increasing. Out of all separately collected waste in 2021, a total of 74% (560,153 tonnes) has been recovered, while the rest has mostly been disposed in landfills (directly or as isolated non-targeted materials and impurities remaining after waste treatment), with only a smaller part placed in temporary storage. The increase in the rate of recovered municipal waste results in a decrease of the amount of municipal waste disposed in landfills.

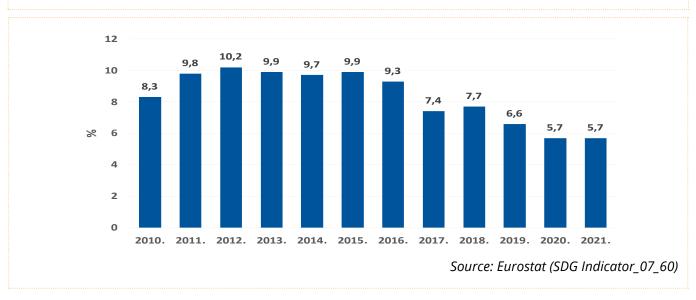
To increase the recycling rate and achieve the targets for separately collected waste paper, plastics and glass, an efficient waste management infrastructure must be put in place in cooperation with the local self-government units.



#### Renewable energy share in the total final energy consumption



#### Proportion of the population unable to keep their home adequately warm



Although it meets a significant part of its energy needs through imported oil and gas, Eurostat data for 2020 show that Croatia covers 31.3% of its energy needs through renewable energy sources, which places the country quite above the EU average of 22.1%. The indicator used for measuring the portion of the population unable to adequately heat their homes in Croatia in the 2019 – 2022 period ranged between 6.6% and 7% of the population which was better than the EU average in the same period.

The Low-Carbon Development Strategy of the Republic of Croatia until 2030 with a view to 2050 was adopted in 2021, setting the framework for an intensive development of renewable energy sources directly related to the objectives of the European Green Deal. Due to increased ambitions related to climate targets of the European Union regarding the 55% greenhouse gas emissions reductions by 2030 and achieving climate neutrality by 2050, activities have begun aimed at revising the Integrated National Energy and Climate Plan for the Republic of Croatia for the period 2021–2030.

# Energy stability, self-sufficiency and clean energy transition

The LNG terminal Krk with the Zlobin-Omišalj evacuation pipeline became operational in early 2021.

Through the realisation of this strategic project, Croatia obtained a diversified supply route for gas, strengthening its own energy stability and security of gas supply. Through the construction of a compressor station and the reconstruction of the Rogatec-Zabok gas pipeline between Croatia and Slovenia, all of the conditions for distributing gas from the LNG terminal towards Central and South East Europe were met, thus completely integrating the Croatian gas transport system into European gas flows. Recently, a contract was signed on the delivery of an additional gasification module that will enable doubling the capacity of the LNG terminal in Omišlj from 2.9 to 6.1 billion cubic meters of gas, which will enable Croatia to contribute to greater energy independence in Central and Eastern Europe. At the same time, Croatia has been investing significant efforts into the decarbonisation of its energy sector and economy, as well as in the security of energy supply, so as to provide its citizens with clean, sustainable and affordable energy.

In recent years, a series of strategy documents related to energy and climate policies was adopted, supporting decarbonisation and security and diversification of energy supply, namely the Energy Development Strategy of the Republic of Croatia until 2030 with a view to 2050, the Integrated National Energy and Climate Plan for the Republic of Croatia for 2021–2030, the Long-Term Strategy for the Renovation of the National Building Stock of the Republic of Croatia until 2050 and the Croatian Hydrogen Strategy until 2050. These documents particularly underline the need for increasing own energy production capacities in the segment of renewable energy sources, which will, combined with a reduction in CO2 emissions and increased energy efficiency, lead to an increase of Croatia's energy self-sufficiency.

A high-level objective has been set related to renewable energy sources in order to contribute to achieving the ambitious goals for 2030, so the results (Share of renewable energy in total final energy consumption and Energy productivity) show a visible increase thereof year by year. At 31.3%, the share of renewable energy in total final energy consumption is above the European Union average, and Croatia has retained high ambitions in this area. Moreover, special attention will be paid to heating and the transition to renewable energy sources, which should contribute to reaching the objective related to adequate heating of households.

There are plans to further promote generation of electricity from renewable energy sources by 2030, as well as to improve the electricity transmission system with the aim of reducing CO2 emissions in the energy sector. Apart from increased productivity, this will also lead to ensuring greater amounts of electricity for self-sufficiency, both in households and the industry. The tax levied on the installation solar panels on roofs was lifted, which will ultimately contribute to an increased security of supply and stabilisation of electricity prices. At the same time, in order to achieve this goal, it is necessary to improve the electricity system and ensure all necessary technical preconditions. Funds from the National Recovery and Resilience Plan 2021–2026 have been allocated for this purpose, i.e. for investments into upgrading, modernising and digitising the electricity system, all with the aim of ensuring a better access of new electric power plants to the system so as to increase capacities for electricity generation from renewable sources by 1,500 MW by the end of 2024 and by over 2,500 MW by 2030. Moreover, funds from the Competitiveness and Cohesion Programme 2021–2027 have been allocated to energy efficiency, micro solar cells, geothermal energy in the heating industry, battery systems and decarbonisation of traffic. Finally, significant funds from the Modernisation Fund have been allocated for co-financing solar power plants for own use in industry (manufacturing industry, waste, water, etc.), as well as for increasing energy efficiency.

The emphasis in the upcoming period will be on research and development, as well as on digitisation and smart management of systems, especially in the areas of renewable energy sources and energy efficiency. The new technologies are expected to contribute to a significant cost reduction and the introduction of innovative technologies to the market, which will enable the transition to secure energy products with low market prices. Research and development are expected to promote investment, improve competitiveness and assist in creating new jobs. The objective is to enable innovative and competitive companies to develop products, technologies and systemic solutions for the future, with support from research and innovations. Research, development and innovation are particularly important as they have the potential to develop new technologies.

#### Hydrogen economy

Finally, apart from promoting renewable energy sources, Croatia has also made strides recently when it comes to promoting the establishment of hydrogen economy, an important part of the green energy transition and a key factor in achieving goals related to clean energy and reduction in greenhouse gas emissions. Hydrogen could have an important role in the transition of more demanding sectors as a replacement for natural gas, coal and oil in carbon-intensive industries and the transport sector.

This is why Croatia has been investing significant efforts in the launching of the "North Adriatic Hydrogen Valley" project in cooperation with the Republic of Slovenia and the northern Italian autonomous region of Friuli-Venezia Giulia. The "North Adriatic Hydrogen Valley" project has received a positive technical evaluation from the Clean Hydrogen Partnership within the Horizon Europe programme for large hydrogen valleys, and it now meets the conditions for entering the negotiation stage for the allocation of grants. It is expected that the project will meet the conditions for receiving grants in the amount of up to EUR 25 million of direct financing. In order to realise projects planned for this valley, efforts are being made in order to secure public funding, with the aim of contributing to a green energy transition and establishing hydrogen economy in Croatia and beyond. Possibilities arising from hydrogen economy will lay the foundations for developing clean technologies and providing new opportunities.

#### **Energy renovation programmes**

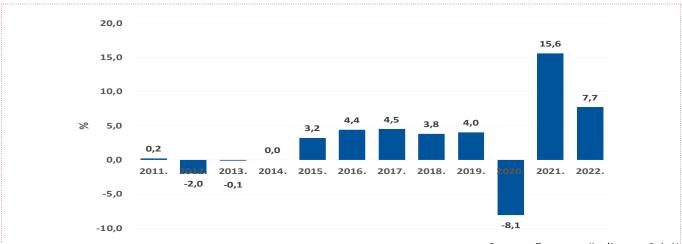
In order to fulfil the goals set in the Long-Term Strategy for the Renovation of the National Building Stock of the Republic of Croatia until 2050, and cofinance the energy renovation of buildings by 2030, the following programmes were developed: the Programme of Energy Renovation of Multi-Apartment Buildings for the period until 2030; the Programme of Energy Renovation of Cultural Heritage Buildings for the period until 2030; the Energy Poverty Reduction Programme including the use of renewable energy sources in apartment buildings in assisted areas and areas of special state concern for the period until 2025; the Urban Green Infrastructure Development Programme for the period 2021–2030; the Circular Management of Space and Buildings Development Programme for the period 2021–2030; and the Programme of Energy Renovation of Public Sector Buildings for the period until 2030.

The main goal of these programmes is to reduce annual energy needs for heating and cooling of buildings by applying measures for improving the energy efficiency of buildings and by integrating renewable energy sources systems whenever it is technically feasible and economically viable. Renovation of the existing and construction of new buildings in accordance with the high efficiency standard, i.e. buildings with low consumption of energy, with energy being from renewable sources, is a goal which the European Union needs to achieve so as to ensure security, competitiveness and sustainability. National programmes for energy renovation of buildings support building decarbonisation objectives aimed at achieving a climate-neutral and energy-independent Europe in accordance with its policy on "A Climate-Neutral Europe by 2050".

Energy renovation of buildings leads to multiple benefits. Apart from the direct energy (reduction in energy consumption, reduction in energy imports, increased use of renewable energy sources and decarbonisation of energy systems), climate (reduction of CO2 emissions), economic (construction industry and production activities, employment), and budgetary impacts, other impacts that should also be noted are the reduction of health impairment risks and risks of future increase in prices of energy products and energy. Further, in addition to energy efficiency measures, comprehensive renovation of buildings is encouraged, which, in addition to the aforementioned measures, also includes measures to improve healthy indoor climate conditions, fire protection, and increase the earthquake resistance of the building. In addition to the above, building energy renovation programmes encourage the improvement of accessibility for people with disabilities and reduced mobility, the installation of charging stations for electric vehicles, parking lots for bicycles, and the application of green infrastructure measures on the building that contribute to cooling the building and reducing urban heat islands.

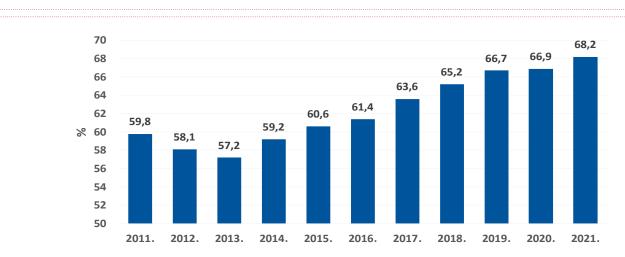


### Annual growth rate of real GDP per capita



Source: Eurostat (Indicator 8.1.1)

#### Employment rate(20-64 age group)



Source: Eurostat (SDG Indicator\_08\_30)

#### Long-term unemployment rate



Years of responsible management of macroeconomic and fiscal policy in the pre-crisis period and the timely activation of measures aimed at the economy and citizens related to managing the challenges caused by the pandemic (which was followed by the energy crisis) and having the purpose of preserving jobs and maintaining economic activity, were instrumental in enabling fast recovery following an 8.6% drop in economic activity caused by the COVID-19 pandemic in 2020. In 2021, the historically highest year-on-year growth of real GDP of 13.1% was recorded, corresponding to a year-on-year growth of real GDP per capita of 15.6%. Between 2019 and 2022, GDP at purchasing power parity in Croatia has grown from 67% to 73% of the European Union average. If the trend continues, the goal of reaching 75% of the European Union average by 2030 will be achieved even sooner. Furthermore, the values of labour market indicators in Croatia also point to positive trends. There is a steady decline in unemployment rate, whereby the unemployment in 2022 decreased by more than 37 thousand people compared to 2018. At the same time, the employment rate increased and reached 69.7% in 2022, which was the highest number of employed persons since 1991 (when Croatia gained independence).

Economic growth and recovery in previous years were accompanied by a significant reduction in external and internal macroeconomic imbalances in the Croatian economy. The process of reducing imbalances has been influenced by economic growth as well as by responsible fiscal policy and the effects of accession to the European Union, all of which resulted in significantly more favourable debt sustainability indicators and net foreign assets. Important progress has been achieved in reducing private indebtedness and external imbalances, whereas the share of general government debt is still elevated, but has started to decrease. European Commission has also confirmed the trend of reducing imbalances in Croatia, and according to their report from May 2022, Croatia no longer has macroeconomic imbalances, while a year earlier it was listed within Member States experiencing macroeconomic imbalances. In July 2022, the Economic and Financial Affairs Council of the European Union (ECOFIN) adopted three legal acts, thereby completing the legal procedure related to the introduction of the euro in Croatia. On 1 January 2023, Croatia adopted the euro and became the 20th member of the euro area. The previous year started with strong economic growth in its first half, followed by an expected slowdown towards the end of the year due to geopolitical tensions, Russian aggression against Ukraine, continued disruptions in supply chains, which was all accompanied by very strong inflationary pressures.

In 2022, cumulatively speaking, the GDP showed a real growth of 6.3% compared to 2021. This difference is the result of the aforementioned significantly more favourable general economic trends in Croatia and abroad compared to previous expectations, and it is reflected primarily in a significantly higher positive contribution to GDP growth of export of goods and services, personal consumption, as well as investments. Shortages on world markets, both of labour and many other inputs, in an environment of strong recovery in aggregate demand, have fuelled a rapid acceleration in inflation since a little over a year ago. The aforementioned pressures have been further intensified by the war in Ukraine and the associated sanctions, which have led to a strong increase in gas prices, and consequently in electricity prices. In line with the described trends, consumer price inflation in December 2022 amounted to 13.5% (its highest level in over thirty years), while the inflation rate for the whole year 2022 amounted to 10.8%. At the beginning of 2023, a slowdown in inflation is visible, with an annual inflation rate in April of 8.9%, with the Government's forecasts of 6.6% for 2023.

In order to be able to cope with the challenges in the year ahead of us which will bring a slowdown in economic growth, it is crucial to continue the use of funds from the National Recovery and Resilience Plan 2021–2026 which has already triggered significant reforms and investments in almost all policy areas. Despite difficult financial circumstances, the following period will be marked by responsible public finance management in order to reduce macroeconomic imbalances, which is a precondition for Croatia's healthy and sustainable economic recovery and growth.

### **Availability of financial services to citizens**

In Croatia, access to banking and financial services is at a satisfactory level. Citizens in Croatia mostly use the following services: mobile banking (48.4%), online banking (36.6%), standing order (35.9%) and

direct debit (17.7%), while e-invoices represent a smaller share (1.1%) compared to other payment methods.

Furthermore, in Croatia, citizens have the right to open and use payment accounts with basic features, which aims to create greater financial inclusion and mobility. A basic account is a payment account in euro that can be opened in certain banks in Croatia, which enables the citizens to use standard features. Maximum fees for opening and using basic accounts are prescribed for citizens from socially vulnerable groups, which further encourages the financial inclusion of all groups of citizens.

According to data from the Croatian National Bank, as at 31 December 2022, Croatian citizens had more than 7.1 million open bank accounts (not including the so-called special or protected accounts). Access to banking and financial services will continue to be monitored and access to targeted legislative activities and other available tools will be further encouraged, primarily from the aspect of citizen protection.

#### **Employment policy**

Croatia makes continuous efforts to facilitate the integration of unemployed people into the labour market and to retain employed workers which is achieved by implementing active employment policy measures. The measures include nine programmes aimed at encouraging employment, self-employment and supplementary/lifelong education. There is an ongoing trend of fostering economic development by implementing active employment policy measures. One of the most popular and successful active employment policy measures is the "self-employment subsidy". A high proportion of beneficiaries of the measure remain self-employed after fulfilling contractual obligations, which shows the sustainability of the measure.

From 2022, certain active employment policy measures (subsidies for employment, internship and self-employment) were given additional financial incentives under the National Recovery and Resilience Plan 2021–2026 with the aim of supporting the green and digital transition of the economy. Also, to enable greater participation of both unemployed and employed persons in lifelong learning, with emphasis being placed on acquiring skills related to the green and digital transition and providing employers with a quality workforce, a voucher system has been implemented since April 2022.

In order to facilitate access to the labour market and employment of young people, the Youth Guarantee scheme has been implemented. The Youth Guarantee Implementation Plan encompasses measures and activities of all stakeholders on the labour market, which are implemented with the aim of improving youth employment, preventing youth from having NEET status (not in employment, education or training) and integrating them into society.

Youth measures have reduced the rate of young people having NEET status, which was 15.6% in 2018 (EU average being 13.1%). In 2019, there was a further decrease down to 14.2% (EU average being 12.6%), while in 2020 it increased slightly to 14.6% (EU average being 13.8%), and in 2021 to 14.9% (EU average being 13.1%). In 2022, the rate of young people in NEET status decreased again and amounted to 13.3%, while the European Union average was 11.7%. All these measures are part of the National Plan for Work, Occupational Safety and Employment for the period 2021–2027, which contributes to establishing a harmonised and well-functioning labour market and a safe and healthy workplace. The Plan aims to increase the employment rate, improve the quality of jobs and ensure effective protection of workers' safety at workplace. The activities which are being undertaken are also put forward in the strategic objectives defined in the National Development Strategy 2030.

It is also important to note that in the period between 2017 and 2023, resources from the European Social Fund were used to finance three stages of the "Make a Wish" ("Zaželi") Programme, whose implementation had a positive impact on a series of aspects related to socio-economic issues of individuals, as well as entire local communities, through a reduction in unemployment of women by hiring them to work on projects and increasing their employability after the completion of such projects, as well as through the prevention of early institutionalisation and an improvement of the

quality of life of the end beneficiaries of the operation – the elderly and/or infirm persons, especially those living in remote and sparsely populated areas. A total of 1,184 projects with an overall value of EUR 292.39 million were contracted within the Programme.

#### A better quality of life for young people

In order to achieve sustainable and inclusive economic growth of society, numerous targeted measures are being implemented to improve the quality of life and ensure that no one is left behind, especially among young people. The government adopted the National Youth Programme until 2025, and numerous measures for young people have been implemented for six and a half years. Public policies for young people are focused on empowering and including young people in society and on their economic independence. A special priority is the creation of better-quality opportunities for young people with disabilities, young people in rural areas and young people at risk of social exclusion and poverty. The measures include the improvement of education, proactive employment policy and the fight against precarious youth work, encouraging a solution for the youth housing issue as well as tax, social, health and other policy measures that affect the improved quality of life and the position of young people in society.

#### **Employment of persons with disabilities**

The National Plan for the Equalisation of Opportunities for Persons with Disabilities 2021–2027 defines a particular goal of "Improving the system of employment of persons with disabilities". The right to decent work and the achievement of full and productive employment will be ensured by adequately preparing persons with disabilities for employment through vocational rehabilitation and career guidance by including them in active employment policy measures. Also, the Act on Professional Rehabilitation and Employment of Persons with Disabilities prescribes quotas for the employment of persons with disabilities. Employers with at least 20 employees are required to employ a certain number of persons with disabilities to fill adequate vacancies of their own choice while ensuring proper working conditions.

Introducing quotas has led to an increase in the number of employed persons with disabilities that have been entered in the Register of Employed Persons with Disabilities.

Year	Number of persons with disabilities
31/12/2015	11,389
31/12/2016	10,175
31/12/2017	10,512
31/12/2018	10,836
31/12/2019	11,194
31/12/2020	11,425
31/12/2021	11,694
31/12/2022	15,511

Integrative workshops are an example of good practice in terms of employment of persons with disabilities in Croatia. An integrative workshop is an institution or company established for the purpose of employment of persons with disabilities who cannot be employed on the open labour market and which employs at least 40% of persons with disabilities from the total number of employees. In order to encourage the integration of persons with disabilities into the tourism labour market, a measure is being implemented to co-finance projects of associations which are facilitating the integration of persons with disabilities into the tourism labour market and encouraging employers and tourist boards to develop accessible tourism.

#### Including pensioners in the labour market

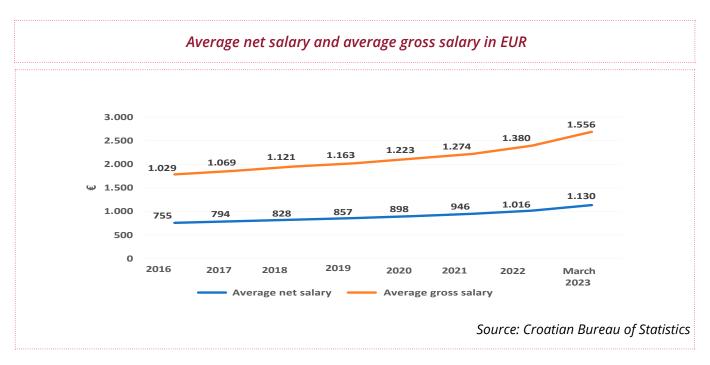
In addition to improving pension adequacy, one of the main challenges in the future will certainly be to ensure the long-term sustainability of the pension system. This challenge can be addressed by encouraging employees to stay in the workforce longer and by improving the opportunities for pensioners to participate in the labour market. From 2016 there has been an ongoing positive trend in the ratio of insured persons to pensioners. To address the demographic challenges of an aging population, it is necessary to include elderly people in the labour market to the greatest extent possible. Since 2019, the range of pension beneficiaries who can continue working while receiving pension has been extended. Pursuant to legislative amendments that entered into force on 1 August 2021, beneficiaries of survivors' pensions have also been given the possibility to work up to part-time while receiving full pension. As an additional incentive for the employment of pensioners, the same legislative amendments allowed for the minimum pension to be paid during periods of employment instead of the pension based on salaries earned by the insured person during their working life. Both pensioners and employers have shown great interest in this kind of employment, i.e. working while receiving pension. This measure is currently used by more than 24,000 pensioners, and the number is continuously growing.

Staying in the workforce longer and delaying retirement have been continuously encouraged. Legislative amendments introduced from 1 January 2023 foresee an increase of the initial factor, i.e. the so-called bonus for persons retiring after the statutory retirement age for acquiring right to an oldage pension and having a qualifying period of 35 years of pensionable service. The amendments are intended to keep fostering greater participation of elderly people in the labour market, encouraging people to stay in the workforce longer and motivating pensioners to re-enter the labour market, which contributes to meeting the ever-increasing demand for workforce at the labour market and to transfer the acquired knowledge and skills to younger generations.

#### Labour market

Trends in Croatia show that, along with the drop in the unemployment rate, there is also an increase in average salaries. Namely, the average gross salary for 2022 was EUR 1,380 and the average net salary for 2022 was EUR 1,016, which represents an increase of more than EUR 180 compared to 2018. The minimum wage was increased to EUR 560 (EUR 700 gross), which is an increase of over EUR 190 in four years.

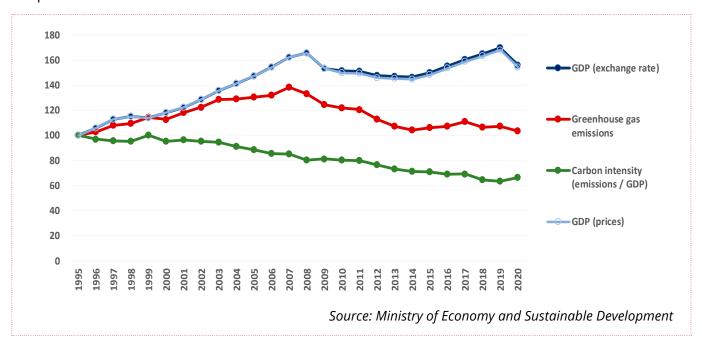
With the aim of addressing the current challenges at the labour market, the National Recovery and Resilience Plan 2021–2026 foresees a reform measure to improve labour legislation. The reform



is aimed at creating a clear and modern legislative framework which will promote fair working conditions, encourage transfer to employment contracts of indefinite duration, and stimulate the use of innovative forms of work, and enable better work-life balance, all of which will lead directly to increased employment rates and activity rates of the workforce, decreased segmentation of the labour market and reduced outflow of workers into other countries. Given that employment rates are also directly affected by a decrease in undeclared work, the legal framework and mechanisms necessary for making the switch from undeclared to declared work have been established, which will ensure that such workers receive social protection, healthcare coverage and the right to secure income in old age. Moreover, redefining the concept of minimum wage and ensuring fair pay for work performed will reduce in-work poverty.

### Balancing economic growth and environmental protection

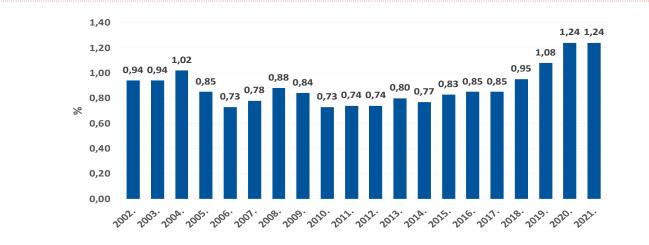
The Environmental Protection Act establishes environmental protection instruments used to achieve: environmental quality standards and technical standards of environmental protection; strategic assessment of the impact of strategies, plans and programmes on the environment; environmental impact assessment for interventions; environmental permit; prevention of major accidents involving hazardous substances; spatial plans as an instrument of environmental protection; cross-border impact of strategies, plans and programmes, interventions and facilities on the environment; environmental protection measures for interventions for which an environmental impact assessment is not mandatory. In this sense, it is especially worth highlighting the importance of the environmental impact assessment process, which helps in continuously improving the evaluation process of the impact of each individual intervention on environmental components such as soil, water, air and climate, forests, human health, flora and fauna and other, whereby the conditions at a specific location are taken into account, and which determines protection measures and establishes a monitoring programme that serve to mitigate the identified impacts or reduce them to the lowest level. This process also ensures the availability of environmental information and encourages participation of the public.



Balancing economic growth and environmental protection can also be tracked by monitoring the trend of separating economic growth from greenhouse gas emissions. Looking at the period between 1995 and 2020, it is evident that the economic growth started being separated from greenhouse gas emissions from 2003, with a reduction of emission intensity by GDP unit. This means that carbon intensity in Croatia (emissions/GDP) decreased by 28% (1.86% annually) in the period between 2004 and 2019. The achieved separation of economic growth and greenhouse gas emissions during the years marked by the COVID-19 crisis is relative because the emission reductions were accompanied by a drop in GDP. The Plan will lead to the separation of GDP and emissions through low-carbon transition, i.e. to an increase of GDP accompanied by a decrease in greenhouse emissions.

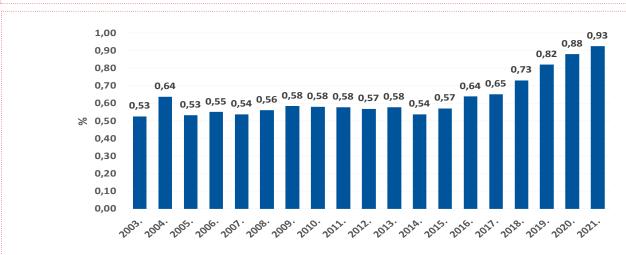


#### Research and development expernditure as a proportion of GDP



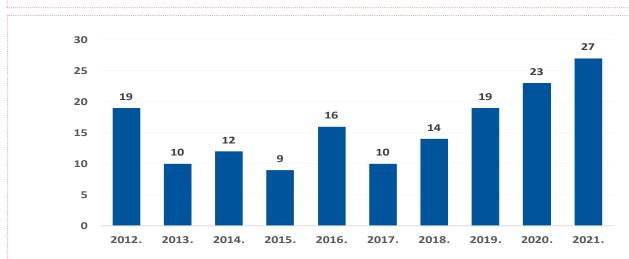
Source: Eurostat (Indicator 9.5.1)

#### Proportion of working-age population working in research and development



Source: Eurostat (SDG Indicator\_09\_30)

#### Number of patent applications submitted to the European Patent Office



Source: Eurostat/European Patent Office (SDG Indicator\_09\_40)

A positive trend of steady growth of allocations for research and development since 2017 continued (0.85% in 2017, 0.95% in 2018, 1.08% in 2019, 1.24% in 2020). In 2021, a total of 1.24% of GDP was allocated for research and development in Croatia, with a share of government budget allocations for research and development of 0.71% of GDP. The share of the economically active population employed in the research and development sector is also continuously increasing (0.93% in 2021).

According to the European Innovation Scoreboard (EIS) 2022, Croatia ranks 22nd among European Union Member States, and falls into the performance group called "Emerging innovators", with performance at 66.5% of the European Union average. According to the EIS, in the period from 2015 to 2022, Croatia had a consistent increase in performance (15.5 percentile points) at a rate higher than that of the European Union (9.9% percentile points).

Encouraging research, development and innovation is a key element of policies aimed at achieving the goals of growth, productivity and competitiveness of the economy. Investments in research, development and innovation must be increased in order to enhance market competitiveness. The Act on State Aid for Research and Development Projects has been implemented since 2019, and it is aimed at increasing private sector investments into research and development and raising the number of entrepreneurs investing in research and development, as well as encouraging cooperation between entrepreneurs and research organisations and of knowledge sharing in research and development projects. The aid is approved in the form of tax relief for research and development projects (additional reduction of the corporate tax base or income tax base).

By 10 March 2023, 116 aid applications for research and development projects were received in accordance with the Act on State Aid for Research and Development Projects, with a total value of EUR 138.99 million. Of these, 76 projects were given the status of aid beneficiaries, with a total value of EUR 93.06 million, while the planned value of the aid is EUR 18.87 million.

#### Smart specialisation and industrial transition

The Croatian Smart Specialisation Strategy 2016–2020 points out that, to achieve sustainable income and employment growth and strengthen international competitiveness, the Republic of Croatia needs to become more competitive and innovative as well as move towards higher value added economic activities, as emphasised in the previous Report.

The new Smart Specialisation Strategy for the period up to 2029, as part of the 2021–2027 European Union programming period, which is currently being approved by the European Commission, is aimed at makingthe Croatian economy sustainable, competitive and export-oriented. The quality of life of all citizens would thereby be improved, while research, development and innovation would be encouraged, particularly in the business sector. Cooperation between the scientific and research community and the business sector would be encouraged, and a strategic basis for appropriate funding in the field of research, development and innovation would be created in accordance with the needs of the business sector and the scientific community, with the aim of ensuring transformation, sustainability and growth.

For the purpose of strengthening the attractiveness and position of the regional economy in global value chains, Croatia has initiated activities related to industrial transition in NUTS 2 regions. Pannonian Croatia, Adriatic Croatia and Northern Croatia are included in the process of industrial transition.

The industrial transition of Pannonian, Northern and Adriatic Croatia is directly related to the National Development Strategy 2030, i.e. the strategic objective related to strengthening regional competitiveness through smart specialisation activities and strengthening the position of the regional economy in global value chains. This is in line with the EU Territorial Agenda 2030, the European Union's strategic framework to promote regional cohesion in Europe, i.e. its aim of developing a "balanced Europe", which emphasizes the importance of unlocking the unique potential of regions endowed with certain geographical features and territorial capital through an integrated approach

to development and place-based investments. The implementation framework for the industrial transition plans foresees the implementation of targeted public calls for the business sector in all three regions, which will support stakeholders in strengthening competitiveness and making a transition towards market niches with higher added value within regional value chains. Targeted public calls will be aimed at supporting strategic partnerships for innovation, innovation clusters, the development of smart skills, and the growth and development of innovative start-up companies and small and medium-sized enterprises through the improvement of regional infrastructure and the digital and green transition. Within the framework of the new Integrated Territorial Programme 2021–2027, a total of EUR 536 million is to be allocated for the implementation of industrial transition plans.

#### **Transport and infrastructure**

The special development of the Republic of Croatia is defined by the Spatial Planning Act and the Spatial Development Strategy of the Republic of Croatia which are the fundamental government documents for directing the development of spatial planning in Croatia. Croatia's Spatial Development Strategy, as one of the priorities of the strategic spatial development direction, defines also integration into the European infrastructure network.

The priority is to develop the transport network within the central multi-modal Trans-European Transport Network (TEN-T) as well as to connect with the European area by applying the principle of territorial cohesion, by achieving common standards in environmental protection, by participating in the realisation of European traffic and infrastructure networks, and participating in drafting joint documents. Another priority is the implementation of research and other projects related to spatial development, as well as connecting the territory of Croatia with European spatial planning systems. According to the World Economic Forum's report from 2018, Croatian road infrastructure ranks high for the quality of road infrastructure, putting Croatia in the 13th place out of 137 world countries. Over the last thirty years, Croatia has invested almost EUR 8.38 billion in motorways, and as a result, we now have one of the safest and highest quality networks with over 1,300 kilometres of motorways. Road infrastructure at national, regional and local level is continuously developed and improved. The implementation of the road sector restructuring programme in cooperation with the World Bank has been completed, and a series of activities on the preparation and implementation of international agreements related to the joint maintenance and reconstruction of bridges and road infrastructure on the state borders between Croatia, Slovenia, Hungary, Bosnia and Herzegovina and Serbia are currently underway.

In line with the future of transport policy in order for it to become competitive and climate neutral, Croatia actively participates in finding efficient and optimal methods of transition to alternative fuels in maritime transport, with the aim of preserving the environment and adapting or building the necessary infrastructure for that purpose. Croatia will encourage the purchase of vessels (through subsidies, state aid or tax reliefs) that will facilitate the green transition.

### Rail transport

There are currently 2,617 kilometres of railway lines in Croatia. In order to increase capacity and to ensure better connectivity with other modes of transport, increase the average travel speed, reduce travel time, and improve the quality of transport, intensive medium-term investments will be made in terms of renovation and modernisation of the existing and the construction of new railway lines.

Strategic documents adopted in 2022 (the Strategy for the Development of the Railway System of the Republic of Croatia until 2032, the National Plan for Railway Infrastructure and Service Facilities Management and Railway Services Development until 2030, and the National Plan for Railway Infrastructure Development until 2030) foresee, among other, the reconstruction of 400 km and the modernisation of 200 km of railway lines. The modernisation and electrification of the railway network will enable shorter train travel times on all routes while increasing infrastructure capacity and improving the transport offer. This will be further supported by upgrading the fleet with modern trains and those using alternative energy sources (battery electric motor trains (BEMV) and battery

motor trains (BMV)), which will contribute to increasing the number of users and improving the competitiveness of rail transport compared to other modes of transport.

#### **Inland waterways transport**

There are four inland ports in Croatia: Vukovar, Osijek, Slavonski Brod and Sisak. In the water transport sector, navigability is being continuously improved through the modernisation and restoration of facilities aimed at improving navigation conditions and marking inland waterways, while ensuring a high level of environmental protection in the areas of river basin regulation.

The River Transport Development Strategy of the Republic of Croatia 2022–2032 and the Medium-term Development Plan for Inland Waterways, Ports and Docks of the Republic of Croatia 2022–2031, along with the associated Action Plan 2022–2024, have defined the priority areas for the development of the river transport system in Croatia, such as the improvement of waterways, ports and docks, the implementation of ecological standards, and the improvement of infrastructure and navigation safety.

The aim of improving navigability of waterways is to ensure safe navigation, as well as good connectivity of ports (both sea and inland ports) with other types of transport (fostering intermodal mobility). For this purpose, the construction of new and the expansion of the existing infrastructure capacities is foreseen, as well as further digitalisation of inland navigation. The inland waterway commercial fleet renewal programme is aimed at modernisation and introduction of innovations in transport technology, while respecting the new technical standards and environmentally friendly technologies.

#### **Digital connectivity**

The implementation of the National Development Strategy 2030, the Digital Croatia Strategy 2032, the National Plan for Broadband Development in the Republic of Croatia 2021–2027 and the National Recovery and Resilience Plan 2021–2026 will enable access to broadband speeds of 100 Mbps and above for all households, business entities and public service institutions, as well as 5G coverage in urban areas, major land transport routes and rural areas, which will remove the digital gap in the availability of broadband internet access. Equal availability of broadband internet access throughout Croatia will increase the use of information and communications technology in the economy and enable complete digitalisation of the public administration system, which will allow Croatia to achieve faster economic growth and reduce lagging in development behind other, more advanced countries of the European Union.

Croatia ranks 24th (out of 27 European Union Member States) in the 2022 Digital Economy and Society Index in the connectivity category. The share of households with fast broadband coverage (up to 30 Mbps) is 88%, which is close to the European Union average. However, the coverage of rural areas is still insufficient (47%). Coverage by fixed very high capacity network (VHCN) is growing, but it is still lower than in the rest of the European Union, and in 2021 it amounted to only 52%. High prices of broadband internet, which in Croatia are constantly higher than the EU average, are one of the factors preventing the increased use of high-speed broadband services. In 2021, investments in fixed very high capacity networks increased by 115.5% compared to 2020. With almost complete 4G network coverage and the use of mobile broadband internet services, which is at the EU level (81%), licenses have been granted for the use of 5G radio frequency ranges, and Croatia is among the most successful countries in terms of this indicator.

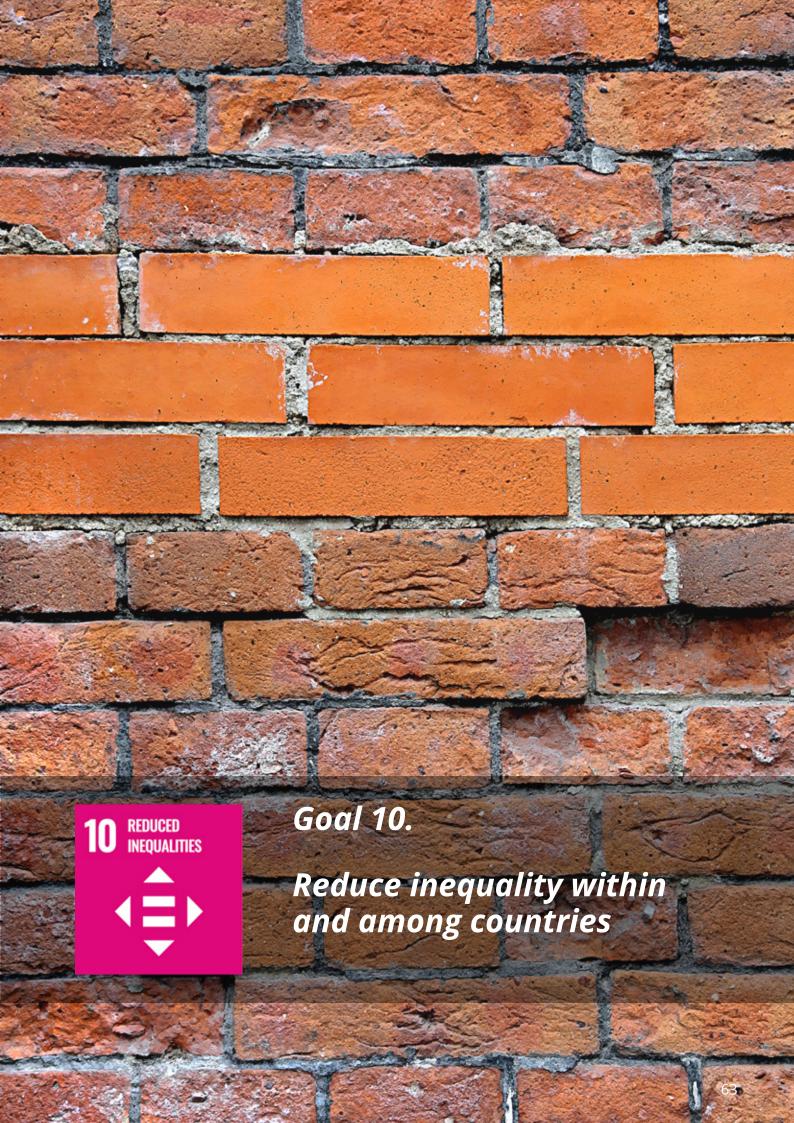
Within the framework of the National Recovery and Resilience Plan 2021–2026, projects and reforms are planned to be implemented with the aim of improving connectivity as the basis for digital transition of the society and the economy. The reform was carried out in 2022 with the adoption of the new Electronic Communications Act, along with a regulation and an ordinance in the field of construction, which helped remove obstacles related to the construction of very high capacity networks, including 5G networks, capable of providing gigabit connectivity, primarily through the simplification of the procedures for issuing building permits.

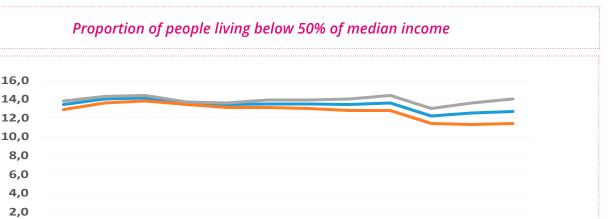
Implementation of the National Programme for Broadband Aggregation Infrastructure in the areas where there is insufficient commercial interest for investments will be continued within the Programme for Competitiveness and Cohesion 2021–2027, with the aim of building 175 nodes of a broadband very high capacity aggregation network by 2029.

#### Air transport

As far as the civil aviation sector is concerned, a round of investments that will improve the investment potential of Croatian airports has continued, with the purpose of implementing projects aimed at increasing the safety and security standards of civil aviation as well as improving the level of service for end users. In line with the international commitments, there have been active efforts for implementing measures to reduce greenhouse gas emissions, establishing infrastructure for alternative fuels, as well as encouraging the production and use of sustainable alternative aviation fuels. Electrification of operational assets at airports creates additional positive effects in reducing greenhouse gas emissions, thus enabling airports to achieve a higher level of energy independence and flexibility in planning key development projects.

By imposing the obligation to perform domestic scheduled air services in the period from 4 July 2022 to 28 March 2026, regular air connectivity has been ensured between all regions of Croatia. This obligation is continuously in force in Croatia, and it is being introduced due to extreme seasonality and non-profitability because of which air carriers in Croatia have no commercial interest in providing year-round, regular air transportation on domestic lines. This model of connectivity between the Croatian regions provides one of the key elements necessary for achieving competitiveness and sustainable development of local communities.





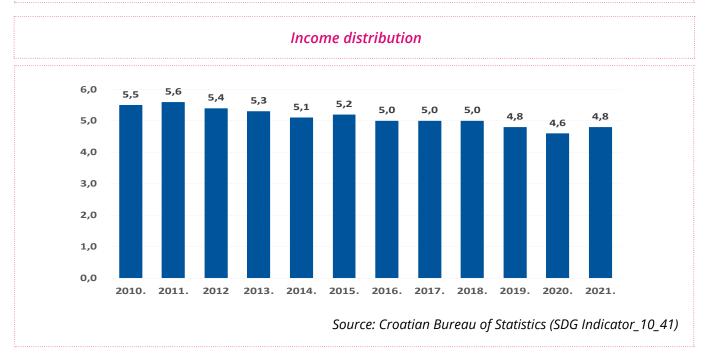
2010. 2011. 2012. 2013. 2014. 2015. 2016. 2017. 2018. 2019. 2020. 2021.

People living below 50% of median income

Source: Croatian Bureau of Statistics (Indicator 10.2.1)

-Female

Male



In Croatia, as in most countries, there are several areas in which further work is required in order to reduce inequality. One of the priority areas is the economic inequality which results from differences in income distribution and its connection with poverty, education and social exclusion.

The percentage of people at risk of poverty in Croatia has decreased in recent years, despite the crises. Thus, for 2021, it amounted to 12.7%, in the case when the risk threshold is set at 50% of the median equivalent income. When it comes to income distribution, in 2022, in Croatia, 20.0% of the population with the highest equivalent disposable income received 4.6 times more income than the 20.0% of the population with the lowest equivalent disposable income.

In addition to economic issues, Croatia also needs to work on regional equality, given that some regions, such as the city of Zagreb and coastal areas, have a higher standard of living than other regions in the country.

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#### **Reducing inequality**

There are a series of measures that help reduce inequality in Croatia, implemented on the basis of several strategic planning documents.

Thus, for example, in line with the National Plan for Children's Rights in the Republic of Croatia for the period 2022–2026, within the framework of the goal entitled "Fighting discrimination and social exclusion of children", measures are being taken to combat discrimination and protect children from social exclusion, taking into account that children at risk of social exclusion have difficulties in accessing a minimum level of services, such as early childhood education and care, adequate housing and quality nutrition, and they need support and protection.

In order to strengthen the interdepartmental cooperation aimed at protecting the rights of children who live in poverty or are at risk of poverty and social exclusion, draft of a national action plan for implementing the Recommendation of the Council of the European Union establishing a European Child Guarantee has been prepared. The establishment of an adequate system for monitoring children's rights and their access to services is also foreseen. Accordingly, the National Action Plan for the Implementation of the European Child Guarantee includes measures and activities directed towards children at risk of poverty and social exclusion with the aim of ensuring access to early childhood education and care, access and support within primary and secondary education, access to quality nutrition, and availability of health services and social services in the community.

With the aim of eliminating and reducing regional inequalities in providing social services, the National Plan for the Development of Social Services for the period 2021–2027 sets the goals of "Increasing the availability of social services" and "Creation of new services" (social innovations). The goals are achieved by increasing the scope of non-institutional services in areas where these services are insufficient, continuing the process of deinstitutionalisation and transformation of social welfare providers, building centres for the elderly, encouraging the development of foster care (increasing the number of foster families), development of new services and introducing new profiles of workers providing social services. The aforementioned measures lead to a better integration of beneficiaries into the life of the community and to achieving equal opportunities for vulnerable social groups (children without adequate parental care, children with behavioural problems, children with developmental disabilities and people with disabilities, elderly people, victims of domestic violence, victims of human trafficking, homeless people, people with addiction problems, long-term unemployed people and care leavers, international protection seekers and unaccompanied children). In addition, attention is focused on improving the management of social services (by improving the legislative framework, standardising and harmonising professional procedures, establishing information systems for exchanging, monitoring and analysing information related to beneficiaries and social services).

The goals defined by the National Plan for the Equalisation of Opportunities for Persons with Disabilities 2021–2027 contribute to creating equal opportunities, ensuring equal participation in society, and enabling independent living for persons with disabilities. In order to enable persons with disabilities to access information and communication as well as all types of content related to public life and services in the community, important prerequisites must be met, namely providing educational activities and promoting active implementation of the UN Convention on the Rights of Persons with Disabilities, the latter also being one of the measures to be implemented within the framework of the National Plan.

All these goals and measures are aimed at strengthening and promoting the social inclusion of all vulnerable groups and they serve to ensure equal opportunities and contribute to reducing inequality of outcomes, including the promotion of appropriate legislation, policies and activities.

## Regional development and territorial cooperation

Croatia is dealing with significant regional inequalities, as evident from the ratio of GDP per capita between the most and least developed counties, which amounted to 2.9 in 2020. In order to reduce regional inequalities and enhance the standards of local and regional self-government units, and

having in mind the aim of supporting economic development and human well-being, Croatia has concluded, in accordance with the Regional Development Act, the Development Agreement for Slavonia, Baranja and Srijem and the Development Agreement for Northern Croatia.

The key priority of the Government is balanced regional development, which is ensured through dialogue and partnership with local and regional self-government units in addition to the priorities of functional and fiscal decentralization of Croatia and project cooperation from national and European funds.

The Development Agreement for Slavonia, Baranja and Srijem was concluded on 20 July 2018, worth approximately EUR 1.6 billion, and includes 67 development projects and 24 projects for preparing design and technical documentation concerning the area of the five Slavonia counties. The Development Agreement for Northern Croatia was concluded on 27 December 2021, worth approximately EUR 2.02 billion in total, including 36 infrastructure and development projects and 36 projects for preparing design and technical documentation concerning the area of the five counties in Northern Croatia.

Special programmes and projects related to the development of Dalmatian Zagora, Gorski Kotar, Lika and Banovina, Croatian villages and islands also contribute to development. Special laws and investments take care of the development of mountainous, assisted and island areas, for which thousands of development and infrastructure projects have been implemented. The implementation of the Programme for social and economic revitalization of the assisted areas of the Sisak-Moslavina County affected by the earthquake is underway.

In the period from 1 January 2019 to 15 March 2023, a total of 732 projects, including infrastructure projects, having a total contracted value of EUR 134.69 million, were co-financed in line with the Programme for Co-financing the Implementation of EU Projects at the Regional and Local Level andcarried out on the entire Croatian territory. The implementation of the Programme for Co-financing the Implementation of European Union Projects at the Regional and Local Level is to be continued also during the European Union's Multiannual Financial Framework 2021–2027.

Croatia also participates in 13 European territorial cooperation programmes. Participation in programmes dedicated to cross-border, transnational and interregional cooperation contributes to the overall development of territorial cooperation, increasing the international competitiveness of Croatian regions and equalising their development, while also reducing social and economic inequality. Also, contracted projects contribute to finding common solutions for challenges that transcend national boundaries (e.g. climate change, improving the preparedness for natural disasters and solving emergency health situations).

An extremely important factor for further development of cross-border cooperation are the strategic projects designed using a top-down approach and aimed at strengthening the capacities of national and regional authorities in order to facilitate the management process in a particular sector (e.g. tourism, transport, environment, etc.) within a specific cross-border area.

Furthermore, in the context of the development of Croatia's cross-border cooperation with neighbouring countries, i.e. the countries of South East Europe, they should be provided with support and assistance in consolidating and building a stable, prosperous and democratic system. At the same time, for the purpose of security and stability, as well as the development of the entire region, it is of paramount importance to ensure continuity in providing support for the European integration processes of the countries that see the European Union as an opportunity to develop their societies and enable better lives for their citizens. In addition to cross-border cooperation, transnational programmes and macro-regional strategies are also of great importance in the process of accession of non-member countries to the EU.

#### **Migration policy**

As part of the National Development Strategy 2030, the strategic objective related to security for the purpose of stable development, more precisely to strengthening internal security, is intended to ensure orderly and regular migration flows by effectively implementing migration policy and tackling more efficiently the illegal migration challenges.

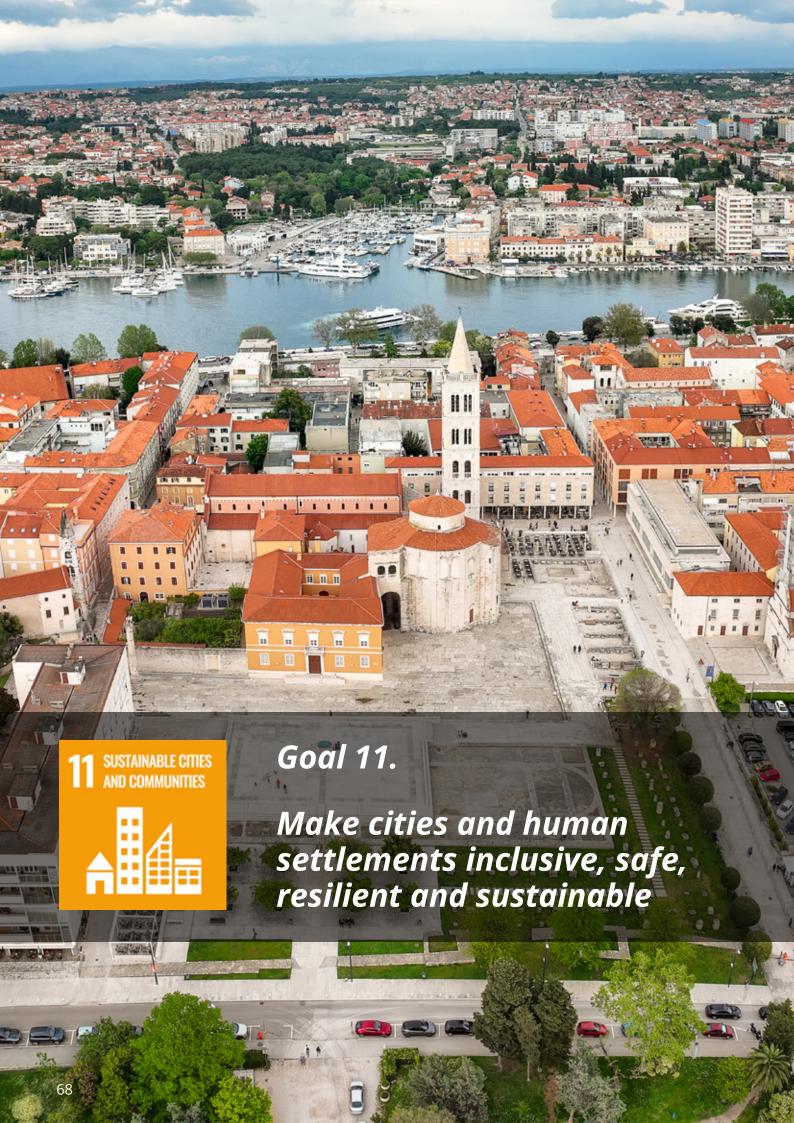
In December 2018, Croatia signed a legally non-binding but the only multilateral UN document related to global migration – the Global Compact for Safe, Orderly and Regular Migration. It builds on the commitments set out in the New York Declaration for Refugees and Migrants, which was adopted at the UN Summit for Refugees and Migrants in September 2017. By signing the Compact, Croatia has strongly supported the common approach of the European Union to include therein also the main principles of the European migration policy and the values represented by the European Union. The global problem of migration can only be solved through multilateral solutions, primarily within the framework of the UN and based on a strategy of partnership and cooperation among countries of origin, transit and destination. In September 2020, the European Commission presented a new pact on migration and asylum, which, through new legislative acts, recommendations and guidelines, seeks to build a sustainable and long-term migration management system, whether it is dealing with illegal or legal migration routes.

Croatia strongly supports a comprehensive approach to regulating the management of mixed migration flows, but in such a way that it does not represent an additional burden for Member States, especially those located on the external borders, and provided that such system does not deviate from one of the fundamental principles on which the European Union is based – the principle of solidarity. By respecting the principle of solidarity, not only towards Member States but also towards third countries, Croatia has so far resettled a total of 250 citizens of third countries from Turkey. The first project implemented by the International Organization for Migration resettled a total of 150 people from Turkey (the project budget was EUR 1 million). A total of 100 people were resettled within the second project which was implemented jointly by the International Organization for Migration, the International Catholic Migration Commission and the Jesuit Refugee Service. The project had a budget of EUR 700,000. In addition, Croatia has relocated a total of 81 people from Italy and Greece so far.

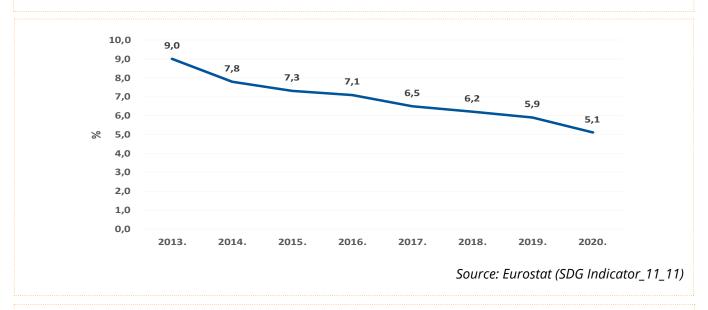
During 2021, a total of 41 Afghan citizens were admitted and were granted international protection and all the rights attached to that status. In light of the Russian aggression against Ukraine, Croatia has shown solidarity by admitting and providing accommodation for over 22,500 displaced persons from Ukraine.

At the meeting of the Home Affairs Ministers Council held on 10 June 2022, Croatia supported and adopted the Declaration on a Voluntary Solidarity Mechanism as part of the first phase of gradual access to the European Pact on Migration and Asylum, with the aim of proper response to and assistance with the migration challenges of the Mediterranean Member States as first points of entry for migrants. In this regard, Croatia has undertaken to accept up to 60 third country nationals or stateless persons from the Italian Republic, the Hellenic Republic, the Republic of Cyprus, the Republic of Malta and the Kingdom of Spain. In September 2022, Croatia expressed its willingness to relocate 30 people from Italy as the first step. For the remaining 30 persons, the final decision concerning the country of relocation and further operationalisation will be made later.

With this kind of controlled migration management, and by showing solidarity, Croatia has once again demonstrated its contribution to the implementation of a comprehensive approach to solving migration challenges.











Cities and settlements in Croatia differ when it comes to their inclusiveness, safety, resilience and sustainability. There are challenges that need to be overcome in order to make cities and settlements in Croatia more inclusive, safer, more resilient and more sustainable. For example, some cities invest more in renewable energy sources and green spaces, while others are focused on improving accessibility and safety. Also, there is a growing number of initiatives that promote sustainable construction and environmentally friendly infrastructure.

In Croatia, the proportion of the population living in severe housing deprivation is continuously decreasing. In 2020, it decreased by 0.8% compared to 2019, namely from 5.9% (2019) to 5.1% (2020). When waste management is concerned, Croatia applies the waste management order of priority in order to prevent waste generation. This includes waste prevention, preparation for reuse, recycling, other recovery processes such as energy recovery, and disposal. Croatia is working on increasing the waste recycling rate (31.4% in 2021) through the public service of municipal waste collection, which encourages waste producers and waste holders to separately hand over recyclable municipal waste intended for recycling, thereby reducing the amount of landfilled waste.

# Affordable housing programmes and development of assisted areas and areas with development specificities

For the purpose of defining the framework for implementing the housing policy and providing citizens with affordable housing which also needs to meet the established quality standards, the development of the National Housing Policy Plan of the Republic of Croatia until 2030 has started. This National Plan will address public policies related to decreasing emigration, providing housing to young persons, increasing work mobility, assisting elderly persons, achieving excellence in architecture, as well as green, circular and sustainable housing construction.

The Programme of State-Subsidised Housing Construction (POS) is a programme related to affordable housing in Croatia. The construction of apartments under the state-subsidised housing construction programme has long been recognised as a solution for providing housing to young families in Croatia, enabling them to get, for a price per square metre lower than the market price, the security and quality construction of their home. State-subsidised housing is a systematically organised housing construction supported by public funds. Financial and other resources to subsidise housing construction are provided by the central level of government and local self-government units, and used to encourage organised construction of apartments. Since the programme's inception in 2001, approximately 8,500 apartments have been built, with a total of 9,725 apartments covered by the POS Programme. The total investment value amounts to EUR 575 million, of which the Republic of Croatia invested EUR 150 million.

The programme of subsidising housing loans for young people has been successfully implemented since 2017, usually on an annual basis, except for 2020 when two calls for applications were announced. The programme subsidises a portion of housing loan payments for the first five years of loan repayment, with the possibility of an additional extension of the loan subsidisation term by two years for every live-born or adopted child during the loan subsidisation period, and an extension of the loan subsidisation term by one year per child under 18 who is a member of the household submitting the application. Moreover, where the applicant or a member of their household is a person with disability percentage exceeding 50%, the loan subsidisation term is additionally extended by two years. So far, eight application procedures have been carried out, with approximately 30,000 families benefiting from the subsidies. Around 7,800 children were born in these families, and 17,500 minors (up to 18 years of age) were declared in the loan application, along with 403 persons with disability percentage exceeding 50%.

To ensure the strengthening of competitiveness and the realisation of development potentials in assisted areas and areas with development specificities in Croatia, as well as to contribute to their overall development in line with their specificities and sustainable development principles, programmes focused on the sustainable development of assisted areas and areas with development specificities are continuously being implemented. Investments are made in infrastructure projects related to social, public, municipal, welfare and economic infrastructure with the aim of improving the availability of infrastructure and raising the standard of living and quality of life. In the period between 2020 and 2022, within the implementation of the aforementioned programmes, 1,679 projects with a total value of over EUR 83 million were carried out. In the new European Union financial perspective for 2021–2027, specific funds have been allocated for investments in assisted areas and mountain areas, with a total of EUR 470 million designated for this purpose.

Under the Competitiveness and Cohesion Programme 2021–2027, activities aimed at providing housing for vulnerable groups will be carried out in assisted areas through investments related to promoting socio-economic inclusion of marginalised communities, low-income households, and disadvantaged groups, including people with special needs, through integrated actions encompassing housing and social services. These investments will specifically target young people and families who relocate to rural and remote areas due to business/employment circumstances, with the aim of promoting demographic development.

#### **Public transport and connectivity**

As a regional development instrument, transport connectivity stimulates the exchange of goods and ensures better accessibility to all economic, healthcare, tourism and other facilities. In order to enable access to safe, affordable, accessible, and sustainable transport systems, with special attention being given to the needs of members of vulnerable groups, women, children, persons with disabilities, and senior citizens, numerous projects in the transport sector are being implemented in Croatia. Grant procedures for the modernisation of the fleet of the public railway undertaking providing passenger services are also continuously carried out. Furthermore, a ten-year Public Service Contract for services of general economic interest in the public railway transport in Croatia is being implemented.

Under the National Recovery and Resilience Plan 2021 –2026, the Liner Shipping and Occasional Coastal Maritime Traffic Act was adopted with the purpose of ensuring permanent, uninterrupted, and regular connections between inhabited islands and the mainland and/or between inhabited islands. The Act addresses the issue of providing an adequate number of regular lines in both directions to promote the demographic and sustainable economic development of the islands and improve the living and working conditions of people on the islands. Through further implementation of the Act, provisions will be developed to ensure that vulnerable groups such as children, students, retired persons, and persons with disabilities have access to privileged transport that is safe and accessible.

#### Preservation and protection of cultural heritage

The preservation and protection of cultural and natural heritage is ensured and implemented through the system for monitoring the protection and preservation of cultural heritage, and through the spatial planning system, by implementing measures to achieve the of spatial planning objectives that include the efficient use and protection of natural and cultural heritage. Particular attention is paid to investments in the renovation of individually protected cultural heritage as well as investments in various cultural and educational amenities associated with cultural heritage.

Despite the challenging economic and social situation caused by the COVID-19 pandemic, the consequences of Russia's aggression against Ukraine, and a series of natural disasters and earthquakes, Croatia continues to successfully restore cultural heritage thanks to a multidisciplinary approach. To date, a high level of success has been achieved in the restoration of cultural heritage, creating an incentive for the development of expert procedures and investment models regarding cultural heritage. The model of cultural heritage restoration after the Croatian War of Independence, with the introduction of a damage assessment and funding system, has once again proved to be very stimulating when listing and assessing damage caused by the earthquakes with epicentres in Zagreb and Petrinja in 2020. This approach significantly contributes to the assessment and management of risks to cultural heritage as well as its preservation and sustainability. Risk management in the area of cultural heritage is one of the key premises for progress in the management of risks arising as a result of human activity and climate change. By monitoring risks and creating a "risk map" for individual areas, cultural heritage finds its way to ensure protection and reduce vulnerability. The "risk maps" will be developed as an upgrade to the system for creating e-conservation bases and systematic monitoring of the condition of cultural heritage.

The project "e-Culture – Digitalisation of Cultural Heritage" established a framework that enables and encourages broad accessibility, use, and exchange of cultural content, facilitates access and presentation of national cultural heritage, and fosters the creation of new digital content and services based on modern information technologies. A future project involves integrating cultural heritage into spatial planning documentation, along with the permanent cooperation of expert bodies responsible for the protection of cultural heritage, connecting the Register of Cultural Heritage with the Spatial Planning Information System and developing cultural heritage management plans.

# **Sustainable management of settlements**

The application of the Spatial Planning Act, within the already established spatial planning system, ensures the participation of all interested stakeholders in spatial planning, and the system is

implemented as an integrated and hierarchically aligned system aimed at sustainable management of settlements. Through conducting public consultations, participants in the spatial plan adoption procedure can give their opinions, suggestions, and remarks on spatial plan proposals, and anyone can participate in such consultations.

The availability of spatial information has been increased through the development of the Spatial Planning Information System, enabling the digitalisation of a greater number of public services in the field of spatial planning and construction. The planned further development of the Spatial Planning Information System will provide new tools that will strengthen the participative part of the spatial planning process at all levels. New methods of participation also build on international experiences, such as the interregional territorial cooperation programme URBACT or cooperation within partnerships on priority topics recognised within the framework of the Urban Agenda for the EU.

Furthermore, from 2019 to 2022, Croatia participated in the Partnership on the Security of Public Spaces of the Urban Agenda for the EU. The work of the Partnership resulted in the creation and implementation of the Action Plan for the security of public spaces at the EU level, which proposed actions that are realistic and beneficial to local and regional authorities, in line with the challenges of our time, easily understandable to citizens, and bring genuine European added value in addressing urban security issues. For the purpose of Croatia's participation in the work of the Partnership, a survey on the security of public spaces in urban areas in the Republic of Croatia was conducted at the national level (2019). The Partnership recommended the Croatian qualitative-quantitative research model to other European Union Member States as a good practice example for the topic of "Urban Planning and Design to Create Safer Cities". Based on the above, a document entitled "Ten General Rules" was developed, with the ultimate aim of supporting cities in the implementation of urban planning, design, and management that reflects and considers multiple perspectives of various stakeholders, making cities safe and free from violence, crime, harassment, and fear of crime for all, which is a personal and non-transferable responsibility of all citizens.

Furthermore, since November 2022, Croatia has been participating in the work of the Greening Cities Partnership under the Urban Agenda for the EU, which focuses on green and blue infrastructure in urban areas. The new Partnership is highly significant for problems and needs of cities of all sizes, including small and medium-sized ones, as regards biodiversity preservation and restoration as well as adapting to climate change. The Partnership is in line with the cities' goals to provide their citizens with more well-being (both social and health-related), better inclusion and aesthetically more pleasing environments, as well as to ensure greater biodiversity and a higher climate resilience of cities. The new Partnership is in line with a number of Sustainable Development Goals and EU programmes.

Therefore, in order to adapt to climate change and strengthen the resilience of urban areas, it is important to invest in the green infrastructure that also contributes to the protection of the environment and biodiversity. Having this aim in mind, the Urban Green Infrastructure Development Programme for the period 2021–2030 was adopted in 2021. In 2021, the Circular Management of Space and Buildings Development Programme for the period 2021–2030 was also adopted. These programmes were developed with the aim of establishing sustainable, resilient, safe, comfortable and well-organised cities and municipalities in Croatia, and they will ensure the creation of preconditions for achieving better quality of life and health for citizens, as well as contribute to a sustainable social, economic and spatial development.

The objective of the Urban Green Infrastructure Development Programme for the period 2021–2030 is to promote the development of planned green and water areas in cities and municipalities (green buildings, parks and recreational areas, green spaces in the vicinity of grey infrastructure, etc.), which would contribute to the conservation, improvement and regeneration of nature and natural functions and processes, in order to attain the ecological, economic and social benefits of sustainable development. Green infrastructure is beneficial for adapting to climate change through increasing the resilience of the ecosystem, reducing energy consumption for heating and cooling, decreasing effects of urban heat islands, reducing water consumption and increasing carbon dioxide absorption.

The objective of the Circular Management of Space and Buildings Development Programme for the period 2021–2030 is to promote circularity measures when designing new buildings, as well as to encourage the reuse of abandoned and/or neglected spaces and extension of durability of existing spaces and buildings, reduction of the amount of construction waste, and foster the increase of energy efficiency of buildings. Circular management of space and buildings supports sustainable development by preserving the existing resources through renovating and revitalising spaces and reusing buildings so as to create added and extended value and enable efficient resource management. Both of these programmes include the achievement of UN Sustainable Development Goals as well as the implementation of European Union level documents, particularly the European Green Deal and the new European Union recovery instruments which greatly contribute to achieving the European Semester objectives, especially as regards the COVID-19 crisis. They also rely on the following documents: The New UN Urban Agenda, the Paris Agreement on Climate Change, and the Territorial Agenda 2030 of the European Union, as well as the new Leipzig Charter adopted in 2020. The Circular Management Development Programme also contributes to the implementation of the new Circular Economy Action Plan of the European Commission.

The implementation of measures and activities from the aforementioned programmes will be promoted within the framework of Initiative 6, "Building renovation", of the National Recovery and Resilience Plan 2021–2026, as well as through measures and activities under the Competitiveness and Cohesion 2021–2027 Programme.

#### Air quality and waste management

Air quality in Croatia is monitored within the national network for continuous air quality monitoring (33 stations) as well as in local networks (under the competence of counties, the City of Zagreb, cities/municipalities and polluters, 49 measuring stations). Air pollution by particulate matter in urban areas in the continental part of Croatia remains the most extensive air pollution issue.

From 2013 to 2021, the daily limit values for particulate matter PM10 and the annual limit values for particulate matter PM2.5 were recorded in the Zagreb and Osijek agglomerations as well as in the continental Croatia (Koprivnica) and in industrial zones (Sisak, Slavonski Brod and Kutina) were exceeded. The largest number of days with elevated concentrations of particulate matter occur during the colder part of the year during stable meteorological conditions, when the main sources of pollution are domestic fireplaces and traffic. In the zones and agglomerations where limit values were exceeded, the competent administrative authorities of the local self-government units and the City of Zagreb are required to develop action plans for improving air quality and ensure the implementation of measures from such plans. From 2013 to 2020, action plans were developed for the following Croatian cities: Zagreb, Sisak, Kutina, Osijek, Rijeka, Velika Gorica, Vinkovci, Slavonski Brod, and the municipality of Viškovo.

Since the main sources of air pollution are heating in households (small domestic fireplaces that use firewood) and traffic, cities implement a whole range of measures in accordance with their action plans: subsidising the transition to cleaner heating methods, using environmentally friendlier fuels, saving energy, promoting the use of bicycles and walking, development and increase in the number of bicycle paths, and use of public transport. Air quality issues are highly complex, and improving air quality is not always directly correlated with reducing anthropogenic emissions. There are numerous reasons for this: there is no clear linear relationship between emission reductions and pollutant concentrations, air quality is heavily influenced by meteorological conditions, cross-border pollution transfer, terrain topography, chemical properties of pollutants, etc.

With respect to waste management, local self-government units in Croatia are required to provide the public service of municipal waste collection in their respective areas. By using the public service, waste producers and waste holders are encouraged to separately hand over waste in order to reduce the amount of mixed municipal waste generated, reduce the proportion of biowaste in mixed municipal waste, and fulfil Croatia's obligation to ensure separate collection and recycling, thereby reducing the amount of landfilled waste.

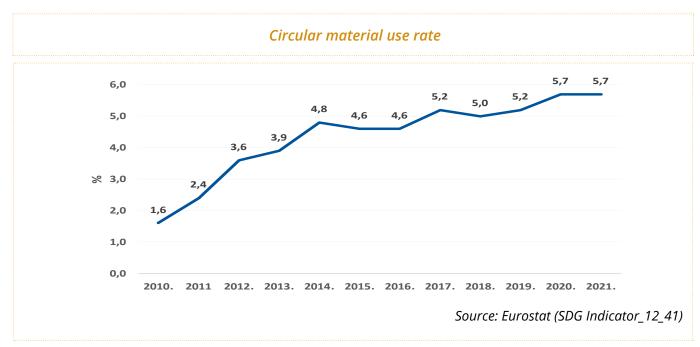


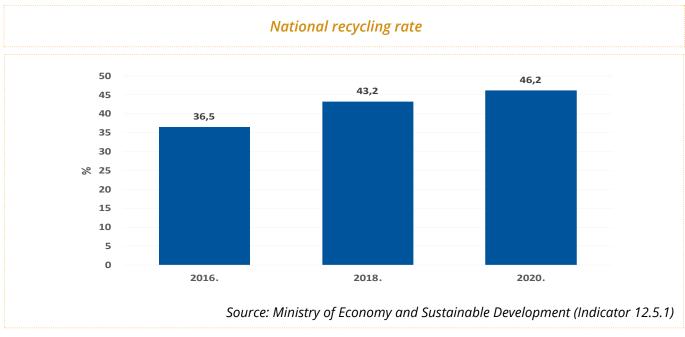
12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Goal 12.

Ensure sustainable consumption and production patterns





Croatia encourages sustainable and responsible consumption and production through sectoral policies, along with implementing six programmes from UN's 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns, namely: Consumer Information; Sustainable Public Procurement; Sustainable Food Systems; Sustainable Lifestyles and Education; Sustainable Buildings and Construction; and Sustainable Tourism. It also submits regular national reports to UNEP's global platform called One Planet Network.

#### **Consumer information**

To inform consumers about their rights, as well as about trends and initiatives brought about by the consumer policy, which also includes information regarding sustainable consumption, Croatia has launched the national central consumer portal entitled "All for Consumers". The purpose of the portal is to serve as a one-stop shop where consumers can easily find relevant and updated information from various sectoral areas, which not only facilitates the enforcement of specific consumer rights, but also ensures a greater level of general consumer awareness concerning current consumer topics. The portal also contains information related to sustainable consumption, for example, on the environmental impact of products, ecolabelled products, green public procurement, the benefits

of waste sorting, etc. At the same time, there are continuous informative and educational activities for consumers which promote sustainability as a way of life, with the aim of, at least to some extent, changing the lifestyle habits of consumers as a way of contributing to the overall sustainability. The best indication that the issue of sustainability is one of the priorities of consumer policy in Croatia is the fact that two recent national events on the occasion of World Consumer Rights Day, which is celebrated every year on 15 March, were dedicated to sustainable development. Namely, the theme of the event in 2021 was related to solving the problem of plastic pollution with the aim of raising public awareness about the negative effect of plastic on the environment, while the 2023 event was dedicated to empowering consumers in the energy transition.

#### **Green public procurement**

In Croatia, green public procurement is particularly encouraged because public authorities, as major consumers, can significantly influence the development of the green market by favouring products and services that respect the environment. Currently, it is reported that about 10% of the concluded contracts are based on green public procurement criteria, which is a significant difference compared to 2019, when there were less than 1% of green contracts. In order to further encourage green public procurement, the Government has adopted the Decision on green public procurement, under which the Central Public Procurement Office has to introduce green criteria into public procurement procedures wherever possible. The Office is Croatia's fourth largest contracting authority, which should consequently stimulate the development of the green products and services market in Croatia.

In addition, green public procurement as a cross-cutting measure that contributes to environmental and climate goals has been implemented in various national acts for strategic planning in the areas of low-carbon development, energy efficiency, waste management and sustainable food systems. Therefore, in order to better promote the practice of sustainable and green public procurement, significant efforts have been made in terms of training and development of training tools. Moreover, a national platform dedicated to green public procurement (including a helpdesk) has been established, with the aim of sharing information and examples of good practice.

## **Reducing food waste**

By donating food surplus that is safe and suitable for consumption, we can prevent food from becoming waste, which is important not only as a social measure, but also as a measure aimed at preserving and protecting the environment. In 2022, the Plan for Prevention and Reduction of Food Waste was adopted for the period 2023–2028 with the aim of increasing the amount of donated food, reducing food waste and increasing the food security of poorer sections of the population.

The Plan for Prevention and Reduction of Food Waste for the period 2023–2028 contains measures and activities that will deliver further progress towards preventing and reducing food waste in all stages of the food chain, i.e. primary production, food processing and manufacturing, retail, catering and hospitality industry, institutional kitchens and households, but also contribute to the achievement of UN's sustainable development goal to halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains by 2030.

In January 2022, the first data set from a statistical survey on the amount of food waste was published, indicating that in Croatia approximately 286,000 tonnes of food are thrown away every year. This data serves as a starting point for further evaluation and monitoring of the progress of the implementation of food waste prevention activities. By donating surplus food that is safe and suitable for consumption, food is prevented from becoming waste, which is also important as a social measure and as a measure to preserve and protect the environment. For this reason, the Government adopted the Plan for the Prevention and Reduction of Food Waste in the Republic of Croatia in 2019-2022 with a financial framework of almost EUR 400,000. Improving the food donation system in Croatia is also a measure defined in the National Recovery and Resilience Plan 2021 –2026. The total value of the measure is EUR 4.2 million. As part of implementing this measure, the Support Programme has been adopted for strengthening infrastructure capacity of intermediaries in the food donation chain and/or food banks, with the aim of providing financial support to intermediaries in the

food donation chain and food banks in order to strengthen their infrastructure capacities and create the basic preconditions for increasing the amount of donated food, which consequently contributes to reducing food waste and increasing the food security of poorer sections of the population.

In the tourism sector, the project "Reduce Food Waste, Cook for your Guests" has been ongoing since 2021, with more hotels and hotel chains participating every year. This helps reduce the amount of wasted food, i.e. biological waste, but also makes employees and guests aware of the importance of resource efficiency. Since the start of the implementation of the project, more than 20 hotels have participated in it, and their number is growing.

#### Waste management - processing, recycling and reusing waste

Eurostat data shows that Croatia is making continuous progress in increasing the circular material use rate, with the rate increasing to 5.7% in 2021 compared to the last report from 2019, when it was at 5.2%. The national recycling rate has also increased from 43.2% (2018) to 46.2% (2020).

Croatia is a party to the Basel, Stockholm, Rotterdam and Minamata Conventions, which act in synergy and regulate, to certain extent, the management of chemicals and waste management throughout their lifecycle. The provisions of these conventions are implemented through national legislation, and national reports on the implementation of said provisions are regularly submitted. In addition, Croatia monitors and participates in the creation of new legally binding and non-binding global instruments such as the Strategic Approach to International Chemicals Management and the Intersessional process considering the Strategic Approach and Sound Management of Chemicals and Waste beyond 2020 as well as the Intergovernmental Negotiating Committee to develop an international legally binding instrument on plastic pollution, including in the marine environment (INC-2), with the aim of reaching a global Agreement on plastics.

In order to protect the environment and implement an efficient waste management system, Croatia is making every effort to shut down the remaining landfills by the end of 2024 and eventually treat waste solely in modern waste disposal and treatment facilities. From 2005 to 2021, a total of 317 locations of official landfills were recorded and monitored. In 2021, waste was disposed of at 88 landfills. Municipal waste was disposed of at 80 landfills, while only production waste was disposed of at 8 locations. By the end of 2021, 229 landfills were closed, and waste has been moved from 96 locations where landfills were once located. From 2015 to the end of 2021, the number of remediated landfills increased from 171 to 229, and an additional 86 locations are being prepared for or undergoing remediation. There is no hazardous waste landfill in Croatia.

Continuous work is being done on improving the system for monitoring the compliance with prescribed goals and on implementing measures aimed at reducing waste disposal, which is supported by the adoption of the Decision on the schedule and pace of landfill closures. The Decision specifies, inter alia, the schedule and pace of closing non-hazardous waste landfills by county, which should have been closed by 31 December 2018. All 26 landfills that were planned to be closed were closed by the end of 2020. Remediation of the landfills is carried out continuously and at a satisfactory pace. A case in point is the fact that remediation has either been completed or is under way at more than 79% of all official landfills in Croatia, while for the remaining landfills remediation is being prepared.

A system for sustainable waste management has been set up at the national level and the reduction of waste generation is encouraged by entering in the Register of By-products and establishing reuse centres, which serve to collect, sort and/or repair second-hand products as well as to connect with charities that could reuse these products that would otherwise end up in a landfill.

In order to encourage high-quality recycling, the Waste Management Act prescribes a general obligation of separate collection of waste, according to which the waste holder shall hand over to an authorised person (separately from other waste) hazardous waste, waste paper, metal, plastic, glass, bulky waste, textile and footwear, packaging waste and waste that falls within a special category of waste. Producers of biological waste shall hand over biological waste to the authorised person separately from other waste or recycle the biological waste at the location where it was generated.

In order to increase the recycling rate and the reuse of recyclates, the end-of-waste criteria have been established for certain substances or products, which is necessary for the transition to a circular economy and the reduction of resource consumption. Public service of municipal waste collection has been provided, which will further increase the recycling rate.

Since 2010, the share of separately collected municipal waste has been constantly increasing. This is the result of continuous investments being made in the infrastructure for the separate collection of municipal waste (door-to-door collection), such as household containers for separate door-to-door collection, the construction of recycling yards, the procurement of vehicles and equipment for separate waste collection, as well as intensive work on raising citizens' overall awareness on the importance of separate waste collection and the ways of doing it. The objective is to motivate citizens to separate waste and in turn pay lower prices for public services.

#### **Sustainability Reporting**

In 2017, the Act on Amendments to the Accounting Act introduced the obligation of non-financial reporting for a smaller group of business entities with the purpose of providing comparable non-financial data to the general public and investors.

In 2024, amendments to the Accounting Act are expected to be adopted in order to improve non-financial reporting, which will become sustainability reporting, all with the aim of transposing the acquis. Namely, it has been determined that the non-financial data published so far is not comparable enough or of sufficient enough quality for investors to take them into account during decision making, and that such issues make it difficult to transition to a sustainable economy. Doing business in line with the Sustainable Development Goals helps combat global climate and social challenges and ensure a better future for generations to come. It is planned to provide adequate publicly available information on the risks of sustainability to the business of entrepreneurs, as well as on the impact of entrepreneurs themselves on people and the environment, and to improve reporting on sustainability at the lowest possible cost, in order to better utilize the potential of the European single market by moving to a fully sustainable and inclusive economic and financial system. This will result in expanding the circle of those required to submit sustainability reports, expanding the scope of reporting requirements, ensuring compliance with the EU Sustainability Reporting Standards (ESRS), and introducing digital access to sustainability information.

In addition, Croatia is planning to establish a common platform called the Sustainable Financing Support Forum. Taking into account that the financial sector is expected to play a key role in the process of transition towards a sustainable economy by directing capital towards sustainable economic activities, the goal is to establish a common platform for exchanging information and increasing the contributions of the financial sector to the achievement of the European Green Deal goals, including the coordination between all important stakeholders involved in the process with a focus on preparing for new requirements in due time.

In June 2021, the Act on Implementing Regulation (EU) 2019/2088 on sustainability related disclosures in the financial services sector and Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 was adopted, which ensures the prerequisites for the implementation of the aforementioned regulations. Namely, these regulations lay down a general framework for sustainability related disclosures in the financial services sector and harmonised transparency rules for financial market participants and financial advisers in relation to integrating sustainability risks and taking into account adverse sustainability impacts in their business processes, when making investment decisions and providing investment advice as well as when providing sustainability information in relation to financial products. Financial market participants that make available financial products are required to disclose how and to what extent they use the criteria for environmentally sustainable economic activities to determine the environmental sustainability of their investments.

#### Sustainable tourism development

Sustainable tourism development involves a long-term management of tourism activities in order to ensure a balance of three sustainability principles – the social, environmental and economic. International priorities in tourism include UN's Sustainable Development Goals, which are aimed at reducing poverty, fighting inequality, protecting the environment and spurring economic growth while respecting the environment.

The Sustainable Tourism Development Strategy until 2030 identifies development needs and potentials, key challenges and four strategic objectives for the development of Croatian tourism: (i) year-round and regionally more balanced tourism; (ii) tourism facilitating preservation of the environment, space and climate, (iii) competitive and innovative tourism, and (iv) resilient tourism. The implementation of the measures and activities aimed at fulfilling strategic objectives contributes to the achievement of the UN Sustainable Development Goals. The National Plan for Sustainable Tourism Development by 2027, as a medium-term planning act, defines ten specific targets and accompanying concrete measures which will ensure that the indicators for target outcomes are achieved and that they contribute to Sustainable Development Goals.

The UN Report entitled "Promotion of sustainable and resilient tourism, including ecotourism, for poverty eradication and environment protection" (A/77/219), on the basis of which the UN General Assembly adopted the Resolution of the same name (A/RES/77/178) on 14 December 2022, where in the chapter entitled "Ensuring reactivation, continuity and employment in tourism", the Croatian Sustainable Tourism Development Strategy until 2030 is mentioned as an example. Also, in the chapter entitled "Strengthening the need for sustainability and green transformation", it is pointed out that Croatia, as a part of the long-term reform measures outlined in its National Recovery and Resilience Plan 2021–2026, intends to develop a tourism sustainability satellite account system, measuring not only direct and indirect contributions of tourism to the Croatian economy but also the costs and negative effects that tourism has on the environment, natural and cultural heritage and the quality of life of residents.

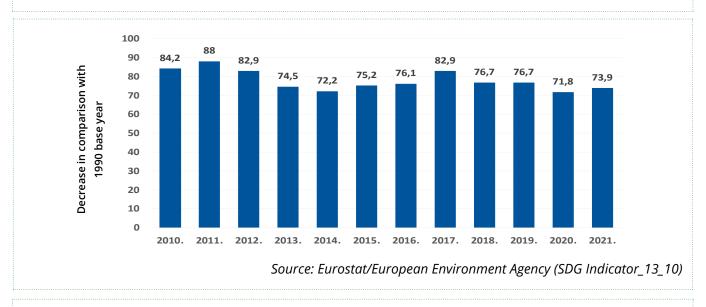
In order to ensure the development of sustainable tourism in Croatia, under the National Recovery and Resilience Plan 2021 –2026, EUR 289 million will be invested into financing public and private sector projects which contribute to infrastructure construction and reconstruction in accordance with environmental standards and with the aim of improving accessibility, education, research and development of technologies which will assist in the reduction of the negative impact of tourism on the environment and the communities. These investments, as well as all other foreseen measures, will foster job creation, and they will indirectly influence additional strengthening of the position of entrepreneurship in the value chain, which will lead to more employment, particularly when it comes to women and young persons, who form the largest portion of the tourism workforce. Moreover, the development of year-round tourism will contribute to the creation of high-quality jobs and lead to a lower number of fixed-term employment contracts. This will all contribute to achieving the goal of decent work and economic well-being, as well as assist in combating poverty.

The Tourism Act which enters into force in early 2024 will create a legislative framework for data collection, measuring the effects of tourism, and managing tourism based on available data. It will ensure the participation of the local community in developing tourism in destinations, while the management of tourism development will be decentralised and adapted to individual development needs and the resource base.

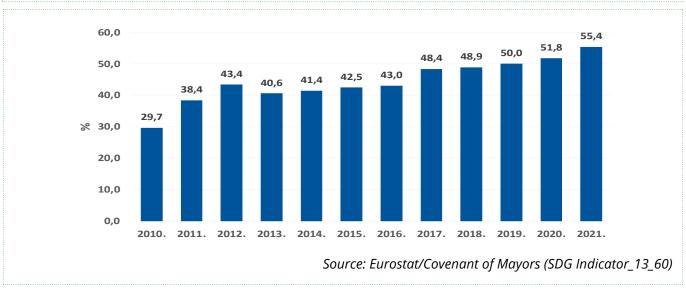
This Act will include a framework for fostering entrepreneurship in tourism, based on sustainability criteria. The local community will be provided with tools they can use to mitigate the negative impact of tourism on the environment, including the possibility of charging a special environmental fee. The described measures and activities will contribute to the economic, environmental and social resilience of urban and especially rural and island destinations, as well as companies operating in the tourism industry.







Population covered by the Covenant of Mayors for Climate & Energy signatories



In addition to the commitment to the implementation of the Paris Agreement, Croatia has developed, on the basis of the Act on Climate Change and Ozone Layer Protection, a national framework for action aimed at achieving both climate objectives: reducing greenhouse gas emissions and improving resilience to climate change.

There is an obligation to integrate climate objectives into all regulations and development documents at the national level. Counties and large cities also have a legal obligation to implement climate change mitigation and adaptation measures, and there is also a great interest of local self-government units in joining the Covenant of Mayors for Climate and Energy, through which they undertake to implement measures to reduce greenhouse gas emissions and to adapt to climate change. According to the latest available data, in 2021, a total of 56.4% of the Croatian population was covered by the Covenant of Mayors for Climate and Energy.

In addition, climate considerations are increasingly being included in projects and financial instruments the purpose of which is to contribute to the reduction of greenhouse gas emissions and be resilient to climate change (climate proofing). This is intended to contribute to the achievement of climate objectives and to strengthen resilience to climate-related hazards and hazards from natural disasters, as well as to ensure that people's lives and property are protected in an uncertain climate future.

Croatia monitors and regularly reports and evaluates the implementation of policies and measures to reduce greenhouse gas emissions. The results show that there is a reduction in greenhouse gas emissions, but the plan is to develop even stronger policies and decarbonisation measures in order to catch up with the trajectory towards climate neutrality. Thus, a positive trend of reduction in greenhouse gas emissions can be observed in Croatia, and according to available data, greenhouse gas emissions in Croatia amounted to 73.9% in 2021, showing a decrease by 2.8% in comparison to 2019.

European Union Member States, including Croatia, are the largest provider of financial assistance to developing countries in the context of specific mitigation actions and transparency regarding the implementation and full functioning of the Green Climate Fund. In 2021, that amount was almost USD 23 billion (EUR 23.04 billion).

#### Achieving the objectives in the fight against climate change

The National Development Strategy 2030 set the overarching objective of green and digital transition of Croatia towards climate neutrality. The Low-Carbon Development Strategy of the Republic of Croatia until 2030 with a view to 2050 lists measures for Croatia's low-carbon transition in key sectors, namely energy, construction, transport, agriculture and waste. Projections show that with large investments it is possible to reduce total emissions by a maximum of 89.3% by 2050, therefore the remaining 10.7% of emissions will need to be removed by increasing the sink (afforestation, reducing wood pulp export, reducing the use of biomass for energy purposes, increasing the production of furniture and other wood products, agroforestry) and implementing technological measures of capturing, using, or storing carbon.

Croatia shares the new common climate ambition of the European Union regarding the 55% greenhouse gas emissions reductions by 2030 and achieving climate neutrality of the European Union by 2050. The Integrated National Energy and Climate Plan for the Republic of Croatia for the period 2021–2030 is an implementing act defining measures for a ten-year period for key sectors regarding the aspect of fostering the energy transition. There are five objectives, i.e. dimensions: decarbonisation, energy efficiency, energy security, internal energy market, research, innovation and competitiveness.

Croatia regularly submits reports to the UNFCCC and the EU: Report on the Implementation of Policies and Measures to Reduce Greenhouse Gas Emissions and Enhance Greenhouse Gas Sink (2023), Report on Projections of GHG Emissions (2023), and the Inventory of Anthropogenic Emissions by Sources and removals by Sinks of all Greenhouse Gases (2023). According to the Inventory, Croatia has achieved its targets thus far, and it will continue to use the Inventory to monitor the fulfilment of new national commitments when it comes to reducing greenhouse gas emissions by 16.7% in sectors outside the ETS.

# Improving resilience and adaptation to climate change

As a Mediterranean country, Croatia is particularly affected by climate change and, due to its vulnerability, it is experiencing increasing economic damage from extreme weather events and climate change. The problem is also the fact that only 3% of these damages are covered by insurance. In Croatia, three main features of climate change have been identified: an increase in the average annual air temperature, a decrease in the amount of precipitation, and the increasingly frequent occurrence of extreme weather events such as storms accompanied by extreme rainfall and/or wind and heat waves. Forest fires also pose a big problem, as they destroy the environment and change the landscape, especially in coastal areas during dry periods of the summer months, and often endanger human lives. In the last decades, Croatia also recorded frequent extreme hydrological conditions with extremely large amounts of precipitation, resulting in the occurrence of record-breaking water waves and extremely high water levels with floods.

In order to strengthen resistance to climate change, the Climate Change Adaptation Strategy for the period until 2040 with a view to 2070 was adopted, which contains an assessment of climate change

for the periods up to 2040 and 2070, an analysis of the impact and vulnerability to climate change, and a series of climate change adaptation measures classified into ten sectors. Particularly important are the horizontal measures that help strengthen the capacity of the entire country to deal with climate challenges, and they relate to training, research and development, as well as investment in capacity building of local communities.

Climate change increases the risks of disasters, so in recent years Croatia has faced a series of threats, ranging from floods, fires, epidemics to plant and animal diseases, the intensity of which can increase with further climate change. The main expected impacts that cause high or medium vulnerability are the following: landslides, floods, extreme temperatures, open fires, droughts, pandemics and complex risks, especially in urban areas, which is a sufficient reason for investing more in building the resilience of society at all levels, as well as for improving the visibility of disaster risk management. The Spatial Development Strategy of the Republic of Croatia states that, as an integral part of the Water Areas Management Plan, flood hazard maps are being created containing a description of the possibility of certain flood scenarios materialising, as well as flood risk maps containing a description of the possible adverse consequences of the materialisation of the scenarios shown in the hazard maps. Those maps are particularly important from the aspect of using available spatial resources in planning new construction areas, i.e. increasing existing ones, expanding residential areas, protecting existing residential areas facing unacceptable risks of flooding, and/or directing economic activities in the spatial area concerned.

Areas exposed to erosion and floods are spatially sensitive in this sense, therefore the effectiveness of their protection system is of particular importance.

#### Disaster risk management

In the last four-year period, Croatia, like the rest of the world, has faced numerous indicators that point to the necessity of investing in disaster risk management, which is a key precondition for achieving sustainable development. This is also emphasised by the UN Office for Disaster Risk Reduction, the proposer of the Sendai Framework for Disaster Risk Reduction 2015–2030 (the Sendai Framework), of which Croatia is a signatory. Aware of these facts, Croatia has in recent years invested significant efforts in building the society's resilience to the negative impacts of natural and technical-technological threats, thus achieving the priority targets of the Sendai Framework.

These efforts are recognised and defined within the National Development Strategy 2030, specifically under the seventh strategic objective "Security for Stable Development", and further elaborated in the sectoral strategic document "Disaster Risk Management Strategy until 2030". The Disaster Risk Management Strategy until 2030 is an example of a proactive approach, with the ultimate goal of achieving comprehensive, sustainable and long-term justified disaster risk management, which includes all phases of disaster risk management, starting from prevention, preparedness to disaster response. The Strategy unifies and determines priority areas for disaster risk management, defines key intervention areas and funding sources, and monitors total investments in risk management, as well as their performance. As part of the Strategy, the first Disaster Risk Management Action Plan was created as a guideline for the implementation of the Strategy until 2024. The adoption of this Strategy, through which 82 projects with a total value of almost EUR 1.8 billion are planned, is an additional confirmation that Croatia is already taking the necessary steps in order to increase preparedness and resilience to disasters, which includes both the responsibility for managing risks by each individual and the contribution to reducing disaster risk provided by each sector through its systematic investments.

In this way, Croatia will make an additional contribution to the fulfillment of obligations arising from international agreements, the Sendai Framework, the sustainable development goals of the UN 2030 Agenda for Sustainable Development, the Paris Agreement on Climate Change from 2015 and the Glasgow Climate Agreement from 2021. The Disaster Risk Management Strategy until 2030 is an example of a proactive approach, with the ultimate goal of achieving comprehensive, sustainable and long-term justified disaster risk management.

Understanding disaster risks in Croatia is achieved through continuous collaboration with the scientific community and the obligation to develop disaster and large accident risk assessments and at all levels of governance. Currently, the third national Disaster Risk Assessment is being prepared using a new methodology, with higher-quality data for more precise results. Efforts are also continuously being made to raise awareness among citizens, particularly the youngest population, and educate them about the need to reduce disaster risks and their role in this process. On the other hand, continuous work is also being done to strengthen disaster risk management, which is achieved through multisectoral cooperation and collaboration with the scientific community. It is a fact that improving disaster preparedness is largely influenced by planning and determining roles and responsibilities in order to be able to provide the most effective response.

#### Raising awareness on climate change and disaster risk

A national web platform for the purpose of providing training and information on the impact and adaptation to climate change has been established, with the idea of having a central place for sharing examples of good practice and other relevant information. A specific training module on climate change has been developed, which is planned to be implemented in cooperation with the State School of Public Administration, intended for all civil servants for the purpose of strengthening competencies on climate change.

Particular efforts are being made to build better links with the scientific community, and the national scheme for investments in applied research in all vulnerable sectors is being implemented in line with the Climate Change Adaptation Strategy for the period until 2040 with a view to 2070. In 2023, a national conference will be held where the results of implemented projects will be presented and the role of science in adapting to climate change will be discussed. There are plans to establish a national centre for climate change in order to make adaptation to climate change faster, smarter and more systematic. At the same time, work is being done on the modernisation of the national meteorological network in order to increase the quantity and quality of data important for various meteorological analyses, and it is planned to continue investing in monitoring and assessing the impact of climate change, which is a prerequisite for making quality decisions.

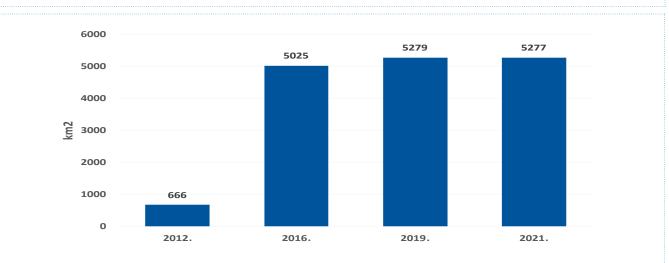
Croatia continuously works on increasing the awareness of citizens, especially the youngest, regarding their role in the process of reducing disaster risk. The project "Towards Disaster Risk Reduction" has been launched, which will see the acquisition of earthquake simulators and threat models, and the implementation of a campaign focusing on the preparation of materials for teachers who will educate the youngest members of the society about threats, reasons for the occurrence of disasters and the vulnerability of the community, i.e. about how to reduce vulnerabilities and prevent the occurrence of a disaster.

Realisation of the "Early Warning and Crisis Management System" project will enable fast and reliable communication for managing crisis situations using modern technologies, with the aim of faster and more reliable distribution of credible information as an essential component of a comprehensive early warning system.

Within the framework of the project entitled "Equipping and Training of Units of the State Administration for Protection and Rescue", which has been ongoing since 2017, the aim is to increase the preparedness and response capacity of the national disaster protection system to react in crisis situations, as well as to further develop the national disaster management system. In this regard, it is important to emphasise that the project for the procurement of two multipurpose modular helicopters for Croatia's civil protection system is also being implemented, and the project for the procurement of two firefighting aircrafts, which should be delivered to Croatia by the end of 2028, is under preparation.

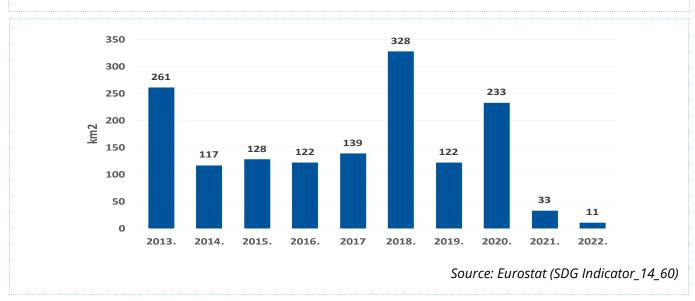






Source: Eurostat/European Environment Agency, European Commission – Directorate-General for the Environment (SDG Indicator\_14\_10)

#### Marine area affected by eutrophication in km<sup>2</sup>



Taking into account the importance of seas and oceans for economic development and biodiversity conservation, Croatia is fully aware of the fact that the marine environment is a precious heritage that must be protected, preserved and, to the extent practicable, restored with the ultimate aim of maintaining biodiversity and providing diverse and dynamic oceans and seas that are clean, healthy and productive. The surface of marine protected areas in Croatia amounts to 5,277 km2.

The Adriatic Sea, islands and coastline constitute a valuable and important natural resource both when it comes to the Croatian economy and to the activities aimed at solving environmental problems, such as preventing biodiversity degradation and adapting to climate change. Even though they have been exposed to numerous adverse effects of human activities for decades, thanks to their geographical features and historical circumstances, marine and coastal ecosystems are still, from an environmental point of view, in good condition. Along with the balanced development of economic activities, the monitoring of pressures, and the implementation of preventive measures, the preservation of the marine environment constitutes one of the main objectives and represents the strategic orientation of Croatia. In line with this goal, Croatia has declared the exclusive economic zone in Adriatic Sea in 2021.

#### Preservation and protection of seas and marine resources

Contribution to the achievement of the fourteenth sustainable development goal in relation to nature conservation activities is ensured through the project of mapping coastal and demersal habitats of the Adriatic Sea under national jurisdiction, the total value of which amounts to EUR 11.8 million, as well as the project aimed at developing a system for monitoring the conservation status of species and habitat types, with a total value of EUR 10.9 million, and the project of developing a framework for the Natura 2000 network management, the total value of which amounts to EUR 24.7 million.

Currently, over 12% of Croatian sea is under legal protection. In 2021, the Jabučka kotlina area was recognised as a permanently protected fishing restricted area, which was an important step in terms of restoring the entire ecosystem and increasing the biomass of species whose life cycle is related to the said area. In order to contribute to the new global objective of ocean protection, Croatia intends to place under protection 30% of the sea under national jurisdiction by 2030 at the latest.

Croatia has given particular attention to increasing the knowledge in the area of marine biodiversity in order to be able to adequately valorise, preserve and protect it. By the end of 2023, a new comprehensive and detailed map will be prepared for at least 51% of coastal and demersal habitats (in the territorial sea and on the continental shelf). This will be a key tool for the future sustainable management of marine ecosystems. Moreover, by the end of 2023, a condition monitoring programme will be established for all target marine species, habitat types and other strictly protected species of national interest, thus ensuring the monitoring of the environmental status of marine ecosystems. This will significantly contribute to the planning and steering of nature conservation efforts, as well as to a better sustainable management of resources.

All these activities will additionally contribute to the establishment of new strictly protected marine areas, the vast importance of which is evident through their conservation of biodiversity and fish stock (food safety), as well as to the achievement of climate objectives. In addition to increasing knowledge, the focus is also on establishing effective management of protected marine areas (Natura 2000 areas). By the end of 2023, 98 management plans will be drawn up, covering over 40% of Natura 2000 marine areas.

By transposing the European Union Marine Strategy Framework Directive 2008/56/EC into national legislation, Croatia undertook to take the required measures for the purpose of achieving or maintaining the good environmental status in the marine environment. In line with the said obligations, Croatia has been continuously monitoring the status of marine waters with regard to marine litter since 2017, namely by implementing the Monitoring and Observation System pertaining to the same monitoring obligations for the purpose of constant assessment of the environmental status of the Adriatic Sea (2021–2026). Within the said Monitoring and Observation System, both the status of the marine environment and that of eutrophication are monitored. Eutrophication data is also used in the said status assessment. Such data is monitored as part of the coastal sea monitoring based on the obligations arising from the Water Framework Directive 2000/60/EC. Monitoring data is publicly available in the Base of data and indicators regarding the environmental status in the marine environment, mariculture, and fisheries. According to Eurostat, 11 km2 of the marine area were affected by eutrophication in 2022. This was the smallest marine area surface affected by eutrophication in the 2013–2022 period.

The issue of marine litter requires a systematic approach and an interdisciplinary consideration of its different aspects, as well as the monitoring of marine litter in different parts of the marine/coastal environment. The need for a systematic approach to this topic resulted, among other things, in the prescribing of measures to prevent and reduce marine environment pollution with plastic through regulations related to waste management. As for the issue of pollution of the aquatic environment with plastic and the issue of plastic products in the circular economy in general, Croatia has prohibited the placing on the market of certain single-use plastic products by law and, from 1 January 2022, the placing on the market of lightweight plastic carrier bags.

#### Marine planning and management

An integrated approach to marine planning and management is the result of an increasingly intense demand for marine spaces for different needs, as well as multiple pressures on coastal resources. The provisions of the Barcelona Convention for the protection of the marine environment and the coastal region and its Protocol on Integrated Coastal Zone Management in the Mediterranean have been transposed into national legislation by the Spatial Planning Act through an integrated approach to spatial planning and the definition of restricted areas as protected coastal areas, namely areas of special interest for the country and building areas. This makes the Protocol on Integrated Coastal Zone Management in the Mediterranean the first international legal document introducing the obligation of integrated coastal zone management in Croatia. The multidisciplinary protocol takes into account spatial planning, environment and nature protection, cultural and architectural heritage protection and economic activities with the purpose of achieving sustainable development, particularly in the field of tourism, agriculture and fisheries. The Protocol focuses on the land territory of coastal units of local self-government and the territorial sea. In coastal zone management there is a particular need to manage risks threatening coastal zones due to climate change, which is likely to result, inter alia, in a rise in sea level, as well as to manage the risk of potential exploitation of cultural heritage. The coastal area of Croatia is particularly rich in cultural heritage, so the development and sustainability of tourist attractions need to be ensured by implementing the mechanism of monitoring the condition of cultural heritage, with the aim of achieving sustainability and managing potential risks.

Moreover, the Spatial Planning Act transposes Directive 2014/89/EU establishing a framework for maritime spatial planning aimed at promoting the sustainable growth of maritime economies, the sustainable development of marine areas, and the sustainable use of marine resources. Within the framework of the Union's integrated maritime policy, the said framework enables the Member States to establish and implement maritime spatial planning, and it applies only to the seas of the Member States.

For many years, there has been a spatial planning system in Croatia whose legal framework involves drawing up spatial planning documents covering the land territory and the marine area in an integrated manner. There are several valid spatial planning documents covering Croatia's entire land and marine area, namely the Spatial Development Strategy of the Republic of Croatia and the Spatial Planning Programme of the Republic of Croatia – documents containing strategic and implementation components at the state level. The said documents also cover the continental shelf, where Croatia exercises special rights under the United Nations Convention on the Law of the Sea (1982). Spatial plans, covering both the land and the marine area all the way to the outer limits of the territorial sea, which are drawn up and adopted at three levels: the national level, the regional level, and the local level.

The project "Supporting maritime spatial Planning in the Eastern Mediterranean (SUPREME)" serves as a good practice example. Public authorities responsible for maritime spatial planning from four European Union Member States collaborated on the said project, namely Greece, Croatia, Italy and Slovenia, as well as the Priority Action Programme Regional Activity Centre (PAP/RAC) from Split. The leading project partner was CORILA (Consortium for Managing Research Activities in the Venice Lagoon), an Italian consortium consisting of two faculties (from Venice and Padua) and the National Research Institute and the Institute of Oceanography. The aim of the project was to support Member States in establishing a sustainable maritime spatial planning system and developing a cross-border cooperation model in the eastern part of the Mediterranean, in line with the Framework Directive on maritime spatial planning and in compliance with the requirements referred to in a number of other European Union regulations. One of the most important project tasks was to establish a common geoportal containing exchangeable spatial data related to maritime spatial planning.

Socio-economic data relevant for maritime spatial planning and land-sea interactions as well as development guidelines were established in the framework of the targeted analysis "Maritime spatial planning and land-sea interactions (MSP&LSI)" conducted as part of the ESPON 2020 programme, in which Croatia participated as a partner country.

#### **Fisheries policy**

Croatia applies rules on preventing, deterring and eliminating illegal, unreported and unregulated fishing in accordance with Council Regulation (EC) no. 1005/2008, which has been in force since 1 January 2010. Fishing opportunities are fixed every year at the European Union level for each Member State, including Croatia, depending on the stocks and based on scientific advice.

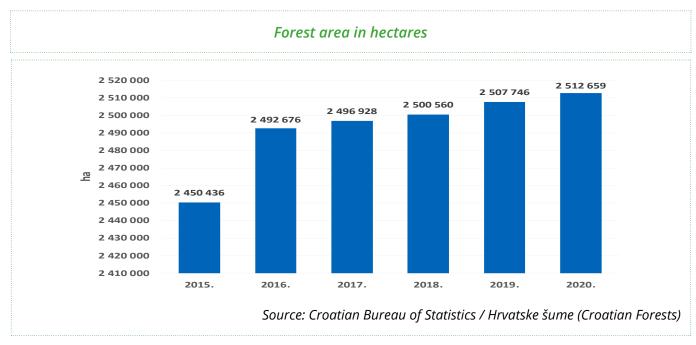
On the basis of these fundamental principles of the European Union's common fisheries policy, Croatia does not grant aids that would lead to an excess capacity for catching fish or for illegal, unreported and unregulated fishing. Croatia supports efforts to regulate said matters in an appropriate manner at the international level by means of the Fisheries Agreement of the World Trade Organization.

The Sea Fisheries Act stipulates that traditional fishing skills in the Adriatic are protected as an intangible cultural treasure. The right to use traditional fishing tools was ensured for Croatian fishermen during the negotiations on Croatia's accession to the European Union.

At the end of 2022, the Fisheries and Aquaculture Programme of the Republic of Croatia for the 2021–2027 programming period was adopted. The Programme was created following the contribution agenda of the European Maritime, Fisheries and Aquaculture Fund to the set goals of the Common Fisheries Policy and contributes to the joint achievement of priorities at the European Union level: fostering sustainable fisheries and the restoration and conservation of aquatic biological resources; fostering sustainable aquaculture activities and processing and marketing of fishery and aquaculture products, thus contributing to food security in the Union; enabling a sustainable blue economy in coastal, island and inland areas and fostering the development of fishing and aquaculture communities; strengthening international ocean governance and enabling seas and oceans to be safe, secure, clean and sustainably managed.

By supporting the reduction of the impact of fisheries and aquaculture on the environment and climate, while ensuring a fair economic return for fishermen and farmers, the implementation of the Programme contributes to the objectives of the European Green Package, the Farm to Fork Strategy, the European Union Biodiversity Strategy for 2030, the new European Union Strategy on Adaptation to Climate Change, the new GFCM 2030 Strategy, the Communication from the European Commission on a new approach for a sustainable blue economy in the European Union: Transforming the EU's Blue Economy for a Sustainable Future, as well as relevant national strategies and sustainable blue economy strategies. Priorities are aimed at promoting sustainable production methods in order to achieve better climate and environmental results, increase resistance to climate change, optimise the use of natural resources, and achieve decarbonisation and climate neutrality. Transition to sustainability will be encouraged in order to provide all stakeholders with an opportunity to realise their development potential and to preserve aquatic biological resources, with the aim of contributing to the protection and restoration of aquatic biodiversity and ecosystems. The total value of the programme amounts to EUR 348.1 million.





The exceptional diversity of nature in Croatia has resulted in legal protection (in the framework of the Natura 2000 network and through the establishment of protected areas based on the national protection categories) of over 38% of the land, which significantly contributes to the new global goal of conserving and protecting at least 30% of Earth's lands and oceans in line with the Convention on Biodiversity. According to Eurostat data, with 58% of its territory covered by forests, Croatia is the third country in the EU.

In order to further contribute to the protection of the areas at the national level, a proposal is being drafted to expand the area under strict protection, including the strict protection of all primary and secondary rainforests, with the intention of contributing to the new and ambitious European Union target by 2030 (at the moment, strictly protected areas occupy approximately 1% of Croatian territory).

#### **Conservation of biodiversity**

The worldwide issue of unprecedented loss of biodiversity, together with the climate crisis, has indicated the need for urgent action. Taking into consideration the results regarding the state of nature in Croatia, which indicate an unfavourable conservation status for 33% of species and habitat types, as well as an unknown status for 54% of them, additional efforts have been made to develop the framework for management of the Natura 2000 ecological network, as well as to improve knowledge concerning the state of nature. For this reason, management plans will be developed for at least 40% of Natura 2000 sites by the end of 2023; for comparison, at the end of 2019, only 3.15% of the network sites was included in management plans. In order to build management capacities, a five-year national training programme for managers of Natura 2000 protected areas is being implemented.

Also, by the end of 2023, monitoring programmes will be developed for almost 300 species and habitat types, both on land and in the sea, thus creating preconditions for improving knowledge about biodiversity. For comparison, in 2019, only 81 monitoring programmes were prepared/developed.

In order to further ensure the conservation of mountain ecosystems and their biodiversity, Mount Dinara was officially declared a nature park in 2021. The area of the Dinara Nature Park is important because of the preserved original natural values and the overall diversity of natural and semi-natural habitats derived from the centuries-old tradition of human use. In order to preserve the unique and representative wetland habitats and characteristic species of particular importance for Croatia, but also of global importance, in 2020 several areas within the Neretva delta were proclaimed as special reserves.

New and ambitious biodiversity policies pose additional challenges for the Member States that need to be addressed by 2030. For Croatia this includes, inter alia, improving the conservation status of at least 30% of species and habitat types with an unfavourable conservation status. To this end, in the following period Croatia will prepare a national restoration plan in which it will define priorities for restoration.

Croatia particularly promotes "nature-based solutions", one of the main tools for climate change adaptation and mitigation, which also contributes to preserving ecosystems and biodiversity. In order to reduce the negative effects that invasive alien species have on biodiversity and to meet strategic objectives and legislative obligations, a management and control system for invasive alien species is currently being developed<sup>2</sup>.

In accordance with one of the objectives of the Nature Protection Strategy, namely "to raise the level of knowledge, understanding and support for nature protection among the general public", Croatia is intensively working on raising public awareness by establishing interpretation/visitor centres, and implementing campaigns promoting the importance of nature conservation.

Being a country with rich biodiversity, great efforts must be made in terms of conserving species, in order to prevent them from disappearing or becoming extinct due to the human-caused changes to nature and excessive use of natural resources. In order to care for strictly protected native species of animals found in nature exhausted, sick, injured, wounded or poisoned, as well as seized or confiscated live specimens, the existing facilities for treating wild animals are being improved, while new ones are being established, which is a project with a value of EUR 8.7 million.

The ecosystem and biodiversity values are addressed in the already mentioned Spatial Development Strategy of the Republic of Croatia and the Spatial Planning Act which are the fundamental documents of the spatial planning system in Croatia. In that respect, planning the use and purpose of the areas encompassed by the ecological network should be based on the possibilities of utilising the potential of the areas encompassed by the ecological network by recognising the services provided by the ecosystem without jeopardizing the goals of conservation and integrity of the ecological network. By respecting the requirements for the conservation of the target habitat types of the target species and the habitats of the target species in their natural area of distribution within the ecological network as well as by enhancing ecosystem services, sustainable use and development within the ecological network area will be achieved. This applies in particular to the planning of areas of major economic activities and infrastructure corridors on land, sea and rivers, as well as the reconstruction of the existing and construction of new river routes.

For protected areas or areas with special features, spatial plans for national parks and nature parks as well as urban development plans of national importance are adopted at the national level, whereas spatial plans for other areas with special features are adopted at the lower levels.

In addition to the aforementioned spatial plans, the National Spatial Development Plan of the Republic of Croatia should be mentioned as the fundamental national document guiding the spatial development of Croatia. By respecting the principles of spatial planning and sustainable development within the procedure of its drafting and adoption, it must create preconditions for achieving various spatial planning goals, among which are: rational use and conservation of spatial capacities on land, in the sea and underwater for the purposes of efficient protection of space; rational use and protection of natural property; preservation of nature; environmental protection and prevention from pollution risks; and the integrity of valuable coastal ecosystems and quality of sea.

The spatial planning system, by determining the content of spatial plans, has defined that every

<sup>2</sup> Projects "Developing a management and control system for invasive alien species" with a total value of EUR 1,461,063.24, "Developing a control programme for invasive alien tree species Ailanthus altissima (tree of heaven) in Croatia" with a total value of EUR 2,574,822.48 and "Establishment of a national system for monitoring invasive alien species" with a total value of EUR 2,020,216.60, and the public call for direct funding of projects "Population control for priority invasive alien species" with a total value of EUR 1,327,228.

spatial plan shall also include measures to protect natural values, regardless of whether it pertains to a protected area or not.

#### Protection of agricultural land, forests and forest land

The Agricultural Land Act stipulates that agricultural land is a good of interest to the Republic of Croatia and enjoys special protection by the state. Furthermore, the Act prescribes the obligation to protect agricultural land from degradation due to intensive agricultural production, pollution from harmful substances and organisms, erosion and conversion.

Among the activities facilitating the protection of agricultural land are the prescribed conditions for good agricultural and environmental practice which are, in line with the European Union Common Agricultural Policy requirements, a precondition for farmers acquiring the right to state support. Likewise, the Agricultural Land Act provides for the establishment of a permanent system for monitoring the condition of agricultural land. Activities involving the establishment of such a system are aimed at ensuring conditions for effective protection of agricultural land, continuous availability of data necessary for soil assessment and implementation of a sustainable management policy, as well as for Croatia's reporting in line with international commitments.

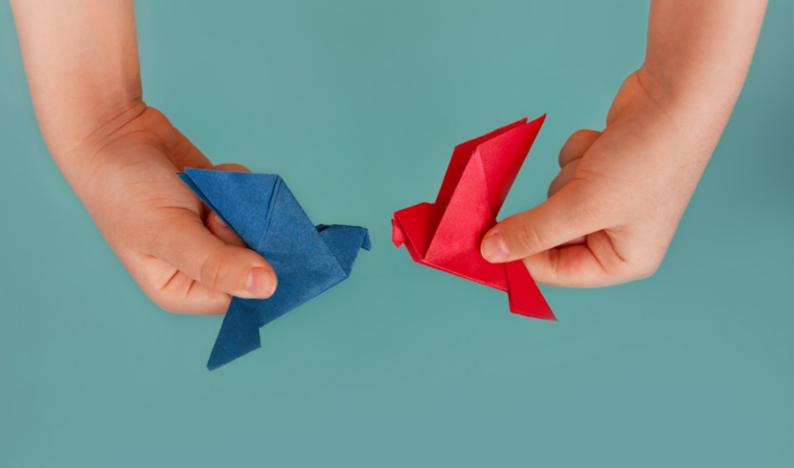
Almost half of the total land area of Croatia consists of forests and forest land, which have been managed for more than two centuries according to the principle of sustainability. According to the Forests Act, forests and forest lands are goods of interest to the Republic of Croatia and enjoy special protection by the state. The principle of sustainable forest management has the purpose of immediate and future fulfilment of appropriate ecological, economic and social functions at the local, national and global levels. When it comes to the state of forests and forest land in Croatia, the total area of forests in the category of overgrown forest land within the forest management area (all owners) amounts to 2,512,659 hectares (in 2020).

The Common Agricultural Policy Strategic Plan of the Republic of Croatia for the period 2023–2027 provides for state aids for the reconstruction (conversion) of degraded forests and forest crops, which serves to convert low into high forests and preserves native vegetation. Croatian forestry has at its disposal dedicated resources collected through the forest public benefit function fees, which serves as an innovative model (as shown in practice for years) of financial support for a wide range of forestry works/activities and sustainable forest management.

#### **Demining of mine-suspected areas**

Contamination of part of the land with mine explosives and unexploded ordnance represents a significant problem for the safety of citizens, and at the same time completely prevents systematic and long-term management of mine-suspected areas. At the beginning of 2019, the mine-suspected area was 355.4 km2 and spread over the territory of 55 cities and municipalities in 8 counties. By the end of 2022, the mine-suspected area has been reduced by 205.7 km2 through the works of demining, technical, general and supplementary general survey, and at the beginning of 2023, the total mine-suspected area is 149.7 km2 in the area of 28 cities and municipalities in 6 counties.

The National Mine Action Programme of the Republic of Croatia until 2026, adopted in February 2023, plans to eliminate the mine danger in the entire territory of Croatia by 1 March 2026 at the latest. The national programme is a plan for the execution of Croatia's obligations under international treaties, especially the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (Ottawa Convention) and the Convention on Cluster Munitions.

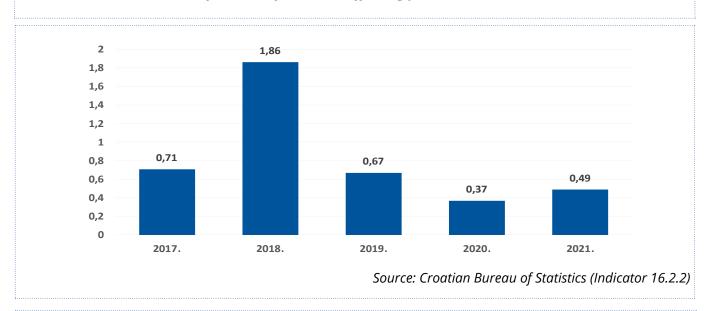




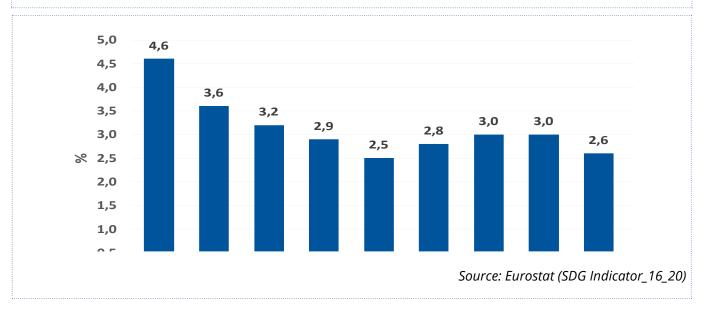
**Goal 16.** 

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels





#### Proportion of population living in crime, violence or vandalism affected areas



The EU acquis with regard to the judicial system has been fully transposed into the Croatian legislation, and Croatia continuously and regularly applies all the applicable provisions of the EU legislation relating to the judiciary. Judicial autonomy and independence are guaranteed by the Constitution of the Republic of Croatia. Courts ensure uniform application of law and equality of all before the law. Since the last Report, reforms of the judicial system have been successfully implemented with the aim of shortening the duration of court proceedings, increasing the predictability of court decisions, and modernising the Croatian judiciary. Particular progress has been made in solving court cases and using e-communication in courts, which is demonstrated by the reduction of disposition time (DT³) by 20%.

In 2022, the National Plan for the Development of the Judicial System 2022–2027 was adopted, which contributes to the implementation of strategic objectives and achievement of the impact indicators of the National Development Strategy 2030. The National Plan is a mid-term strategic planning act aimed at the development of the judicial system, with the vision of an effective judiciary and a society where the citizens are confident that their rights are respected.

<sup>3 &</sup>quot;Disposition time" (DT) allows further insight into the way in which the judicial system manages the influx of its cases, i.e. it is a benchmark of how long it takes the courts to resolve certain types of cases.

#### Improving the efficiency of courts and modernisation of infrastructure

In 2022, the courts resolved 52,503 cases more than they received, and the number of unresolved cases was reduced by 11% compared to 2021. In 2022, the clearance rate at the courts of first instance was 112% (CR<sup>4</sup>), while the average duration of proceedings before municipal courts was reduced by 23%, meaning that in 2022, courts of first instance took 80 days fewer to resolve a case than they did in 2021. These results have been achieved as part of the joint work on implementing Action Plans for Improving the Efficiency of Courts.

Great attention is also paid to the modernisation of judicial infrastructure, not only to meet the newly emerged needs related to the functioning of the judiciary, but also in order to harmonise with the European Union standards concerning energy efficiency. In recent years, more than EUR 60 million has been invested in the infrastructure of judicial authorities. In the next investment cycle, from 2023 to 2025, the plan is to invest over EUR 333 million.

#### **Combating corruption**

Within the framework of the implementation of previous national strategic anti-corruption documents, especially after its accession to the European Union, Croatia has established the necessary legislative and institutional framework for preventing and curbing corruption. In order to better address the challenges and needs of anti-corruption practices, this framework is continuously improved. National anti-corruption mechanisms have been strengthened by the adoption of the new Anti-Corruption Strategy 2021–2030 and the Anti-Corruption Programme for Companies Owned by Local and Regional Self-Government Units, by ensuring online publication of reports on judicial officials' assets (asset declarations of judges, public prosecutors and deputy public prosecutors), as well as through activities aimed at raising awareness about the fight against corruption.

The strategy reinforces the role of citizens, civil society and the media as indispensable partners of public authorities in the uncompromising fight against corruption and in monitoring its effectiveness. Including the citizens, the media and the civil society in the detection and monitoring of corruption risks, so as to provide a view "from the outside", helps public authorities to work more responsibly and more transparently, as well as to make an adequate impact on reducing possibilities for corruption. Achieving the specific objectives set and coordinating the implementation of policies in the five priority areas of intervention: strengthening the institutional and normative framework for the fight against corruption, ensuring greater transparency in the work of public authorities, strengthening the integrity system and managing conflict of interests, strengthening anti-corruption potentials within the public procurement system, as well as raising public awareness of the harmfulness of corruption and the significance of reporting corrupt behaviour will all contribute to the realisation of the vision. The more effective operation of anti-corruption mechanisms is also supported by the new Whistle-blower Protection Act and the Code of Conduct of State Officials in Executive Government Bodies which establishes the ethical principles and rules of conduct which state officials in the executive government bodies must respect during and in connection with the performance of their duties.

The results are also evident from the report prepared by Transparency International from Berlin, which has published the Corruption Perceptions Index 2022, according to which Croatia has improved by 3 points, from 47 to 50, and is now ranked 57th out of 180 countries across the world. Nevertheless, certain indicators of the current situation, for example in the context of the public perception that corruption is prevalent in the public sector operations, indicate the need to intensify the implementation of planned anti-corruption activities and form an even more decisive national anti-corruption policy.

In line with the adopted Anti-Corruption Strategy 2021–2030, a goal was set to increase the number of corruption-related criminal offences detected in relation to the previous five-year period by 3% (the five-year average is 787 criminal offences, and the set goal is 811 criminal offences). According to the available data, in 2020 there were 538 corruption offences reported, and in 2021

<sup>4 &</sup>quot;Clearance rate" (CR) is an indicator of the ratio between new cases and closed cases within a specified period expressed as a percentage

there were 912 corruption offences reported, which is an increase by 69.5%. In 2022 there were 1,187 of such criminal offences reported, marking a 30.2% increase in comparison to 2021. From all of this it can be concluded that criminal investigations as well as cooperation with other state authorities are well planned, not only at national, but also at regional level, resulting in timely detection and prosecution of numerous criminal offences.

#### Effective, responsible and transparent institutions

Strengthening institutions, the role of which has proven to be indispensable in the circumstances of the pandemic and the earthquakes, is one of the key segments of recovery and resilience in the circumstances of global challenges caused by the health, energy and security crisis. When establishing more resilient and just institutions, Croatia has brought to the forefront the implementation of reforms and investments aimed at building an effective, digital and competent public administration. Public administration needs institutions that are robust, responsible, transparent, effective and user-oriented, but are at the same time adaptable enough to numerous social challenges such as globalisation, the pandemic, security crisis, digital and green transition, changes in social values, etc. The year 2022 also saw the adoption of the National Plan for the Development of the Public Administration 2022–2027, which should enable further transformation of Croatia's public administration into a modern, highly professional, effective and transparent public administration that is adapted to the needs of the society and its citizens, with a stronger implementation of good governance principles in all public administration bodies. Such public administration will be an integral part of a competitive business environment, a lever of social and economic development and a stronghold of the democratic process.

The National Recovery and Resilience Plan 2021–2026 provides for the implementation of measures aimed at improving the quality of state and public administration services on the basis of a functional merging of certain business processes and their digitalisation. These challenges are addressed by investing in the development of new technologies and online services, by optimisation and digitalisation of processes, by speeding up administrative procedures and appeal procedures that are often the cause of long delays in obtaining permits or other acts necessary for the exercise of citizens' rights, by paying fees online, as well as by introducing measures for depoliticization and professionalisation of public administration.

In cooperation with ten European Union Member States as well as with the European Commission's support, Croatia has launched a joint project for measuring citizens' satisfaction with key public services for the purpose of better performance and increased trust. As part of the project, various activities will be carried out, namely those aimed at developing a methodology for conducting surveys on users' satisfaction with public administration services that are related to key life events, at carrying out pilot research and analysing the collected data from which action plans to improve public services will be formulated, as well as at increasing the capacity of public institutions that will conduct such research in the future.

The well-being and development of potential of civil servants employed in the public administration is the key element of the public administration reform which should also contribute to increasing the effectiveness and the development of the public administration. One of the biggest public administration reforms is currently underway in Croatia, which will regulate salaries in the public sector and redefine the assessment, motivation and reward system which encourages continuous learning and development. The intention is to introduce a pay scale system that will be competitive and just, where "equal pay for equal work" concept is in force. At the same time, mobility will be encouraged and flexible work conditions will be introduced. In 2022, a new and digitalised system for taking state exams and an e-learning programme for preparing for state exams and other professional exams was established. Furthermore, a comprehensive competency model for employees in the public administration was also prepared, which redefined the knowledge and skills necessary for performing duties, encompassing new training programmes for developing digital skills and management skills. Digital transformation of the public administration is one of Croatia's main priorities, and it is aimed at four areas: providing public e-services, digitalisation of public administration processes, digital

exchange of data, and digitalisation of administrative procedures. Since 2021, citizens have had the new e-Citizens portal for information and services at their disposal. For the first time, over 100 public services for citizens and business users have been consolidated online in one place. The portal can be used by all Croatian citizens, as well as persons that intend to live in Croatia, even if it is temporary, such as digital nomads. One of the key strategic guidelines of the public administration transformation is further digitalisation of public services as part of the e-Citizens system.

#### Protecting vulnerable social groups from violence

The "Number of victims of human trafficking per 100,000 inhabitants" indicator shows that in the observed four-year period that number has been decreasing in Croatia: in 2020, it was 0.37, in comparison to 2019 when it was 0.67. According to Eurostat, the proportion of the population living in an area where crime, violence or vandalism occur has recorded a positive decreasing trend: in 2020, 2.4% of population said that they were facing the problem of crime, violence or vandalism in their community, as opposed to 2010, when that proportion amounted to 4.6%.

One of the priorities of systematic and strategic action across Croatia is to reduce the risk of behaviours that constitute punishable domestic violence, violence in close relationships and violence against women and children, through strengthening the capacities to prevent and combat violence. Among the results of these efforts one should highlight the established support system for victims, as well as a multi-year trend of an increased number of detected and prosecuted criminal offences of violence in close relationships, especially against women and children.

The systematic approach is based on continuous training and professional development of police officers, the focus on the victim and individual assessment of victims' needs for protection and support, evaluation of the risk of repeating violent behaviour and/or occurrence of more severe forms of violence, establishment of good practices in the application of the legislative framework through coordination and supervisory guidance activities, strong interdepartmental cooperation, numerous preventive activities as well as the implementation of scientific research with the aim of detecting the risk factors that lead to the most serious crimes against women and to domestic violence. Special importance is given to interdepartmental training at national and regional level as well as to the development of interdepartmental cooperation with all civil society bodies and organisations that deal with the issues of violence against women and domestic violence. The result of this successful cooperation is the conclusion of the Agreement on Interdepartmental Cooperation in the Area of Preventing and Combating Violence Against Women and Domestic Violence, which has re-established national and county teams for preventing and combating violence against women and domestic violence.

Moreover, thanks to the awareness of the fact that in practice the institutionalisation of cooperation at the local level is necessary for the purpose of addressing and preventing risk and crisis situations, the signing of an additional cooperation agreement was initiated, providing the basis for establishing local teams - city (municipal) teams for preventing and combating violence and other threats. In addition to the agreement which established national and county teams for preventing and combating violence against women and domestic violence as well as local teams – city (municipal) teams for preventing and combating violence and other threats, for the purpose of developing and strengthening the support system for victims and witnesses of criminal offences, an interdepartmental agreement has been concluded (between the Ministry of the Interior, the Ministry of Justice and Public Administration, and the Victim and Witness Support Association) on the cooperation in the implementation of a pilot project for establishing a system of referring victims to the Victim and Witness Support Association or the National Call Centre for Victims of Crime (NCC). For the purpose of developing and strengthening the support system for victims and witnesses of criminal offences, the said pilot project has been carried out since 1 February 2022, and the aim is to ensure a practice whereby after a criminal offence is reported to the police, the victim is contacted by the employees of the Association or the NCC (with the victim's consent). Positive experiences have resulted in the drafting of a new agreement on expanding the pilot project to additional organisational units of the police system, ensuring its wider territorial coverage.

Public awareness is achieved not only through media appearances and participation in conferences, expert meetings and thematic round tables, but also through the visibility of data on domestic violence. Moreover, it is possible to report violence online, via the Red Button application. The possibility of online reporting, including anonymous reporting, of suspected child abuse and domestic violence has proven to be a strong mechanism in detecting victimisation in cases of domestic violence and child abuse. In 2019, 142 reports were received, in 2020, there were 515 reports, in 2021, there were 452 reports, and in 2022, there were 250 reports received regarding suspicions of various forms of child abuse as well as violation of children's rights. Police activities specifically focus on sexual violence as the most severe form of violence against women, and especially against children. Statistical indicators of the state and trends as regards gender-based violent behaviours, domestic violence and violent behaviours in close relationships are being regularly monitored and analysed.

In the following period, activities aimed at combating violence against women and domestic violence will continue. The National Plan for the Protection against Violence against Women and Domestic Violence until 2028, as well as an Action Plan for the purpose of said National Plan for the period until 2025, which are currently being drawn up, will definitely contribute to revealing the dark figures regarding criminal offences committed against children, women and family members/close persons.

#### Fight against organised crime

For the purpose of the most effective identification, temporary securing and confiscation of the proceeds of crime as well as collecting the necessary data relevant for the successful conduct of criminal proceedings in carrying out the most complex forms of financial investigation, progress is still being made through greater engagement and better cooperation of relevant institutions. In 2022, there were 79 money laundering criminal offences reported. In 2021, there were 52 money laundering criminal offences reported. There was a visible 51.9% increase in the number of money laundering criminal offences as well as an increase in offenders that committed these criminal offences. In 2021, 29 offenders were reported, whereas in 2022, 20 offenders were reported, representing a 31.0% decrease. In comparison to the five-year average number of reports of money laundering criminal offences (in 2018, there were 53 reports, in 2019, there were 41 reports, in 2020, there were 21 reports, in 2021, there were 52 reports, and in 2022, there were 79 reports of money laundering criminal offences), it can be noticed that the number of reports varies from year to year and there is no constant increase/decrease, which can be traced to the issue of the associated predicate offence. Furthermore, according to the typology of money laundering in Croatia, in a large number of cases, the predicate offence has been committed on the territory of another Member State, causing a problem with obtaining data from that other Member State, which can sometimes take years or cause the prosecution to be transferred to another country.

An upward trend has been detected in the number of requests for information and data exchange with national offices for the confiscation of the proceeds of crime in other European Union Member States for the purpose of investigating and determining the proceeds of crime. In the coming period, Croatia's goal is to strengthen the interinstitutional cooperation of competent state authorities and institutions through intensifying activities aimed at detecting and combating all forms of organised crime as well as illicit financial flows. Further, strengthening the framework for combating money laundering and carrying out a more extensive search for illegally acquired assets arising from all types of criminal offences is also in plan with the goal of discovering and proving money laundering criminal offences.

Croatia's accession to the European Union brought about significant changes and liberalisation of transnational economic and financial business operations, and its entry into the Schengen area enabled the movement of people and goods without border controls, consequently leading to the strengthening and creation of a specific and diverse array of issues in terms of organised crime, requiring national organised crime groups to strengthen their engagement so that they would be able to remain present on Croatian territory. In fighting organised crime, special attention is directed towards criminal offences that are prepared, planned or committed by criminal organisations as well as towards other forms of crime with the so-called dark figure. In 2022, the share of criminal offences

in the area of organised crime was 3.08% of Croatia's total crime rate. The international dimension of criminal group operations determines the necessity of a cross-border approach in the administrative and integrated fight against organised crime. Therefore, in the context of implementation of European Union policies, Croatia participates multilaterally, through Europol, by carrying out activities in line with the adopted action plans aimed at detecting and combating criminal networks involved in criminal activities that each priority deals with: "Firearms Trafficking", "Migrant smuggling", "THB" and "High-risk criminal networks."

#### Protection of human rights and the rights of national minorities

In the first quarter of 2023, a key document was adopted in the area of protecting and promoting human rights and combating discrimination: the "National Plan for the Protection and Promotion of Human Rights and Combating Discrimination for the period 2021–2027", which contributes to the implementation of the National Development Strategy 2030. The document will serve as a basis for implementing measures aimed at increasing the level of awareness of the prohibition of discrimination among public and civil servants and the general public as well as at increasing the effectiveness of sanctions for discrimination. In order to ensure equal access to certain areas of life and to goods and services for all citizens, in particular for groups of citizens who are more often in a disadvantaged position, measures aimed at the areas of education, work and employment, health and housing were developed, as was a special goal aimed at strengthening the rights of national minorities.

In 2021, virtual training courses on non-discrimination were organised, with an emphasis on antidiscrimination legislation, occurrences of discrimination in employment and at work, and examples of good practice in promoting equality. The aim was to inform the participants and make them aware of their responsibility for creating a work environment free from discrimination as well as their duty to protect the dignity of workers. The training courses were primarily intended for trade union employees who provide legal assistance, human resources experts, company managers and workers' representatives (commissioners for the protection of workers' dignity, trade union representatives, members of works councils). A survey on attitudes, awareness of discrimination and types of discrimination carried out in 2022 has shown that Roma people (18.3%) are perceived as the most frequently discriminated group in Croatian society; members of the Roma national minority are followed by sexual and gender minorities (LGBT persons, 16.2%), persons with disabilities (9.7%) and women (9%).

Furthermore, the latest available data from the Ombudsperson's Report for 2021 indicate that national origin, together with race, ethnicity or skin colour are the most common grounds for discrimination according to registered complaints, and the most common complaints from citizens regarding discrimination are filed in the field of work and employment. In 2021, the National Roma Inclusion Plan for the period 2021–2027 was adopted. The vision of the National Roma Inclusion Plan for the period 2021–2027 will be realised through the achievement of all its specific objectives, in order to ultimately realise the vision of a prosperous and sustainable Croatian society in the way the National Development Strategy 2030 describes it, which is a society that does not leave any part of its population aside, will contribute to the fulfilment of the vision. Among many novelties, the new document also contains a comprehensive model for monitoring results and outcomes in relation to the group to which it is addressed, and is completely consistent with the European Union Roma strategic framework for equality, inclusion and participation. Since 2019, the gender gap in the area of employment has more than doubled, while the poverty rate of children belonging to the Roma national minority is still at a high 91%, and only 24% of children at the age of 3–6 belonging to the Roma national minority participate in preschool education.

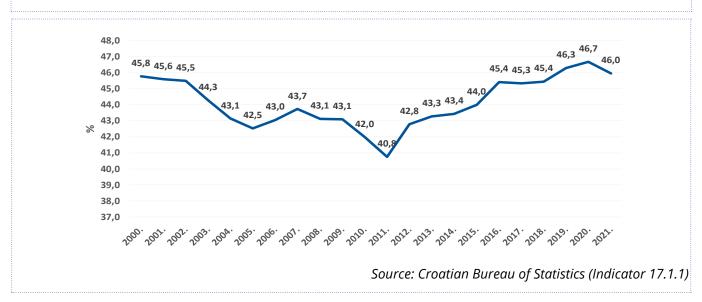
Compared to 2019, in the implementation of the national strategic framework aimed at the inclusion of members of the Roma national minority, a significant decrease (47%) of the rate of severe material deprivation of members of the Roma national minority was recorded, as was a decrease of the share of housing-deprived individuals and an increase of the share of population with access to drinking water in the household (14%), as well as a decrease of the at-risk-of-poverty rate (7%) and a slight

decrease of the share of young people with NEET status (4%). The progress achieved in reducing the rates of severe material and housing deprivation can be linked to the implementation of the National Roma Inclusion Plan, that is, to measures and activities in the framework of the Annual Programme to Improve the Living Conditions of Members of the Roma National Minority.

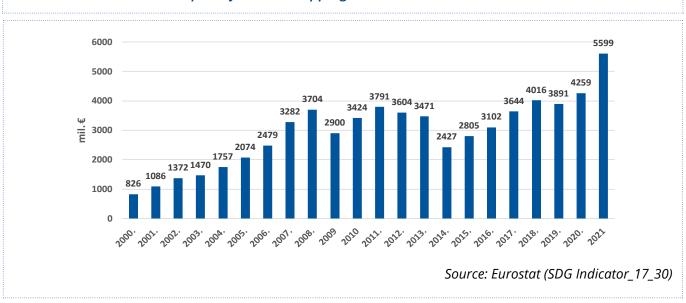
With the aim of improving the existing level of protection of the rights of national minorities, the Government adopted two Operational Programmes of National Minorities. Valid Operational Programmes for the period from 2021-2024 contain a total of 168 activities, and they consist of a general part that refers to all national minorities listed in the Basic Principles of the Constitution of the Republic of Croatia and of special operational programmes that refer to individual national minorities with regard to their specificities and needs: Serbian, Italian , Czech, Slovak, Hungarian, Albanian, Bosniak, Montenegrin, Macedonian, Slovenian, Roma, Austrian, German, Polish, Ruthenian, Russian, Turkish, Ukrainian and Jewish national minorities.











Croatia will continue to base its sustainable growth and development on a better utilisation of its own resources, an export-oriented, greener and smarter economy, and on the innovation of people, clean industries and new technologies that have great potential for opening new and better paid jobs. There are three changes that will transform the Croatian industry by 2030 and enable it to remain sustainable and competitive: the green and the digital transition, and the improvement of the position of the Croatian economy in the global value chains. In terms of sustainable and competitive development, emphasis is to be placed on the production sectors that create higher added value and knowledge-based services, all the while accepting the requirements of a circular and decarbonised economy.

Croatia has been classified as a developed country since 2011, it no longer receives official development assistance and has been removed from the OECD Development Assistance Committee's List of Recipients. By becoming a full member of the European Union in 2013, Croatia adopted the strategic and legislative framework of the development cooperation and humanitarian assistance policies of the European Union. The new Act on International Development Cooperation and Humanitarian Aid is in the process of being adopted, which is the basis for new activities and for Croatia's cooperation with other countries.

#### **Development cooperation and humanitarian assistance**

An important framework for Croatia's development cooperation are the EU development policies, which are defined in the New European Consensus on Development from 2017. The latter aims to support the implementation of the UN 2030 Agenda for Sustainable Development, which together with the Paris Agreement on Climate Change constitutes a global framework for planning and implementing development cooperation at all levels. The New European Consensus on Development is based on the overarching vision of the EU external action, as determined by the Global Strategy for the EU's Foreign and Security Policy. Meanwhile, the new guidelines for the implementation of development policies through the EU external action are mainly reflected in the concept of Team Europe (a common platform of the European Union and its Member States) as well as in the new financial instrument for the EU's external action NDICI-Global Europe (Neighbourhood, Development and International Cooperation Instrument – Global Europe).

Croatia's development cooperation and humanitarian assistance abroad is an integral instrument of its foreign policy, and serves as an expression of solidarity with developing countries in support of their sustainable development strategies, but also as an instrument of investment into its own development and security. Development cooperation helps partner countries to address their economic, social, health-related, environmental and security challenges, and by using the appropriate tools, it also helps to build resilient societies. As a responsible member of the international community, with its international development cooperation Croatia contributes to more balanced and just global development and thus assumes a responsible role in eradicating poverty and other inequalities, mitigating the consequences of natural disasters most effecting developing countries and achieving sustainable development. It also helps in mitigating the impact of humanitarian crises, and strengthening resilience to and the prevention of crises, thus contributing to mitigating the causes for migration.

Development cooperation and humanitarian assistance policy represents one of Croatia's foreign policy priorities, and it is based on the Act on Development Cooperation and Humanitarian Assistance as well as national strategic planning acts. Croatia implements its development and humanitarian policy in accordance with international frameworks, taking into account its own political, economic and security interests. Supporting global prosperity and achieving the UN Sustainable Development Goals is the main objective of development cooperation, and the first step towards achieving this objective is combating poverty, which is a very complex global challenge that often causes inequalities in other areas of life. In this sense, developed countries are called to make continuous efforts to support developing countries in protecting fundamental human rights, guaranteeing health and social security for their citizens, especially the most vulnerable, and in creating preconditions for economic and social progress of local communities.

The sectoral and geographical priorities for the implementation of the international development cooperation in 2021 followed the guidelines defined by the framework of the National Strategy for Development Cooperation from 2017 to 2021, which directs the official development assistance primarily towards the projects and programmes in the sectors dealing with education, health, strengthening human rights, and protection and enforcement of women's, children's and youth's rights. The first sectoral priority of the National Strategy is the area of peace, security and development, including the promotion of Croatia's specific experiences related to war and post-war stabilisation, the second sectoral priority is support in building democratic institutions while the third sectoral priority directs official development assistance into activities that support responsible economic development.

The geographical priorities take into consideration the foreign policy, security, development and economy; and steer the activities towards the area of South East Europe, with Bosnia and Herzegovina being chosen as the programme country. The second geographical priority steers the development assistance towards Europe's Eastern and Southern Neighbourhood, with Ukraine and Jordan as programme countries, while the third geographical priority includes all other developing countries on the OECD DAC list.

Listed below are examples of implementation of sectoral and geographical priorities through various projects.

In cooperation with UN WOMEN, Croatia supported women's economic empowerment by providing IT training for Syrian refugees in Lebanon and Lebanese women (project implementation period: 2020/2021). The value of the project was EUR 200,000.

In cooperation with UNHCR, Croatia financed a project on the importance of educating Syrian refugee children through informing educators and the broader community and designing models for distance learning in state and private schools (project implementation period: 2020/2021). The value of the project was EUR 200,000.

By making a financial contribution in the amount of USD 100,000 in 2021, Croatia supported the World Food Programme's (WFP) School Feeding Project (one of WFP's most prominent programmes), which provides everyday healthy meals for school children in Syria with the aim of keeping as many children as possible, especially girls, in the education system. As far as the development segment is concerned, in 2021 Croatia supported (by making a financial contribution) the UNICEF project aimed at improving the quality of primary healthcare services for Syrian refugee women and children in Egypt.

Furthermore, during 2021 a total of twenty stakeholders implemented development and humanitarian projects by paying annual membership fees to international organisations and other multilateral institutions. The membership fees are considered to be development assistance in the percentage prescribed by the OECD DAC for each organisation.

The wide geographic coverage in terms of humanitarian and development activities in 2021 confirms Croatia's focus on the priority area of South East Europe and on the world's most vulnerable countries which often depend on the help of developed countries for tackling global challenges. Respecting the principles of equality and partnership, i.e. "the partnership of equals", Croatia has intensively encouraged cooperation with state and public authorities as well as with civil society organizations in the beneficiary countries, thus succeeding in ensuring adequate project visibility and increasing the effectiveness of its development policies.

Thanks to its active engagement in global initiatives, Croatia raised its allocation rate by 20.8% in 2021, once again demonstrating its solidarity and responsibility as an EU Member State and a reliable partner for developing countries.

Active participation in the European Commission's working groups having focus on international development and humanitarian assistance, as well as annual reporting to OECD-DAC, ensures the global visibility and credibility of Croatia as a donor country that implements its international development cooperation and humanitarian assistance in accordance with the priorities outlined in national and international documents and decisions.

# Allocations for official development assistance

An agreement has been reached at the European Union level on the share of the gross national income (GNI) that the Member States have committed to allocate annually to official development assistance. That share for the so-called old Member States is set at 0.7% of GNI, while for new Member States, that is, those that joined the European Union after 2003, the share is 0.33% of GNI. In total, Croatia's official development assistance amounted to EUR 82.85 million in 2021. Allocations increased by 14% compared to 2020. This followed the overall trend of increasing Croatia's total annual allocations for implementing the development and humanitarian projects abroad. According to the latest results provided by the OECD Development Assistance Committee, Croatia's allocations for official development assistance in 2021 amounted to 0.13% of GNI. The total amount of allocations of Croatia for official development assistance in the period from 2009 to 2021 shows a stable annual growth.

#### **Trade policy**

As a member of the WTO and a European Union Member State, Croatia provides continuous support to creating a strong and open rule-based multilateral trade system. We believe that strengthening the WTO in such a way as to ensure a broad support of its members represents a path towards achieving a trading system which is not only non-discriminatory, but also fair. Croatia supports such an approach because a safe, rule-based and predictable system will facilitate global trade. A safe and predictable trading environment is particularly beneficial for least developed countries.

Also, European Union trade policy covers a wide range of sustainability challenges. In fact, the European Union is fully engaged in negotiations on and subsequently in the implementation of strong environmental and labour provisions in its trade agreements with third countries. Also, free trade agreements allow the least developed countries to benefit from preferential trade with the European Union. Therefore, Croatia supports the efforts that all actors and stakeholders are making to create greater transparency and opportunities for the least developed countries by giving them the opportunity to benefit from certain preferential trade arrangements. In addition, Croatia, together with other European Union Member States, implements the Generalised Scheme of Preferences, which enables developed countries to unilaterally grant tariff preferences to developing or least developed countries. The aim of the Generalised Scheme of Preferences is to strengthen the economies of developing countries and the least developed countries through enhancing their export opportunities, promoting their industrialisation and accelerating their economic growth.

#### Strengthening regional cooperation in South East Europe

Croatia is making continuous efforts in identifying further potential areas that would, in accordance with its national interests, contribute to the greatest extent to achieving progress in the implementation of the Sustainable Development Goals in South East Europe, either bilaterally or through European Union mechanisms and initiatives.

Furthermore, as an active participant in drafting the SEE 2030 Strategy of the Regional Cooperation Council, which was adopted at the summit of the South East European Cooperation Process (SEECP), Croatia will continue proposing key programme objectives for the purpose of effective implementation of the Strategy. This primarily refers to creating value chains in South East Europe and to enhancing interregional investments in innovation, as well as strengthening performance management and strategic planning systems in the countries of the region.

## Partnerships at the international level

The sustainability of cities and settlements is a very common topic in terms of Croatia's collaborations at the global, regional and European Union level. Croatia is engaged in active cooperation within UNECE and especially UN Habitat, as part of which it participated at WUF11, i.e. the 11th Session of the World Urban Forum focusing on the thematic objective of "Transforming our Cities for a Better Urban Future" held in 2022, which resulted in the organisation of a panel discussion on the green future of cities with the aim of exchanging knowledge, good practices and challenges in the development of green infrastructure and enhancing the urban landscape in European cities.

As part of implementation of the Council of Europe Landscape Convention, International Landscape Day of the Council of Europe is celebrated in Croatia every year in October by organising an expert meeting with the aim of raising public awareness of the importance of landscape, its planning, protection and management. Integrated spatial and urban planning that encompasses the topic of landscape is a basic tool for sustainable use and development of space.

Croatia is involved in a number of initiatives and various forms of cooperation between European Union Member States having the goal to achieve a balanced and sustainable development, such as, the Network of Territorial Cohesion Contact Points (NTCCP) and the Urban Development Group (UDG), at whose meetings the New Leipzig Charter on Sustainable European Cities and the Territorial Agenda 2030 (TA 2030) were adopted in 2020. The 2021 Ljubljana Agreement determined the further

steps in the implementation of the Urban Agenda for the EU. For the purpose of implementing these documents, Croatia participates in the pilot action called "Climate change adaptation and resilience through landscape transition" as well as in the Greening Cities Partnership under the Urban Agenda for the EU.

European cooperation on architectural policies and building culture ("Baukultur") will continue through participation in ECAPs (European Conference on Architectural Policies), i.e. meetings of European directors in charge of architecture. Promotion of building expertise has additionally been achieved by further implementing the Davos Declaration 2018 "Towards a high-quality Baukultur for Europe" and the declaration on launching the Davos Baukultur Alliance 2023. Cooperation between European Union Member States in the area of building culture and the quality of the built environment is also achieved through the EU Work Plan for Culture 2019–2022 and 2023–2025. The New European Bauhaus initiative was launched in 2021 as an ecological, economic and cultural project that promotes beauty, sustainability and inclusion as the fundamental values of the new vision for the development of cities and settlements. It has also prompted the establishment of the National Platform of the New European Bauhaus of the Republic of Croatia, which gathers a large number of state administration authorities, professional associations and civil society organisations with the aim of cooperation and promotion of common values.

Through the European territorial cooperation programmes URBACT and ESPON (European Spatial Planning Observation Network), Member States exchange knowledge and experience both at the local level and within the scientific community, but they also build the capacities of European cities (and municipalities) that are developing or implementing integrated strategies and action plans for sustainable urban development through projects.

One of the regional partnerships for achieving Sustainable Development Goals is the Union for the Mediterranean (UfM), a multilateral partnership between the European Union and the Southern and Eastern Mediterranean countries, established with the purpose of protecting the Mediterranean Sea and the natural resources of the countries belonging to its area. As part of the implementation of the UfM Urban Agenda, the Strategic Urban Development Action Plan 2040 for sustainable, resilient, and inclusive cities and communities in the Mediterranean has been established, along with the Action Plan for Sustainable and Affordable Housing. These action plans were integrated via a declaration entitled "Implementing the UfM Strategic Urban Action Plan", which was adopted at an informal ministerial meeting held on 4 May 2023 in Zagreb.

In 2021, Croatia joined the informal group of Mediterranean member states of the European Union "EU MED 9", through which it participates in dialogue on common challenges such as climate change, migration, security and other topics and contributes to strengthening cooperation in the Mediterranean.

# 5. Cooperation with other sustainable development actors and good practice examples

# 5.1 Contribution of Civil Society Organisations to achieving Sustainable Development Goals

Civil society organisations (CSOs) play an important role in establishing a dialogue on the creation and implementation of sustainable development policies, on designing and implementing innovations (social, cultural, economic, etc.), and on initiating partner projects aimed at sustainable local development.

Croatian CSOs contribute to achieving the ambitious goals defined in the National Development Strategy of the Republic of Croatia 2030 by presenting possibilities for the development of new skills and new jobs in the growing green sector. Their contributions are especially valuable when it comes to including citizens' views into decision making processes, participating in expert groups, and carrying out research and studies in the area of drafting and implementing public policies.

The Croatian CSOs play an important role in raising awareness and educating the public on sustainable development and environmental protection, in implementing projects that contribute to the implementation of national and EU environmental policies, as well as in developing new and innovative approaches to policies as well as technologies, techniques and instruments.

CSOs promote sustainable development at the local, national and international levels by organising educational programmes and holding public campaigns, by focusing on the effects of business on society and the environment, by advocating putting effort into and investing in environmental protection and social issues, thereby taking responsibility for the effects of doing business, and reporting on the environmental effects of various stakeholder activities.

Education in the area of sustainable development enhances and strengthens the ability of individuals, groups, communities, organisations and countries to make judgements and decisions in favour of sustainable development. Topics and subjects related to sustainable development are represented in formal education, but it is necessary to further focus teaching methods on competencies, rather than content, in line with the UNECE Strategy ("Learning to Know, Learning to Do, Learning to Be and Learning to Live Together"). Although sustainable development issues have been integrated into formal education curricula (in primary and secondary schools), certain topics are not equally represented (environmental protection and conservation of natural resources receive more attention than, for example, social cohesion), and it is possible to achieve further improvements in this field in cooperation with CSOs.

The Government has secured more than EUR 150 million for civil society development projects from the European Social Fund (ESF) in the period 2014–2020. We should particularly mention the ESF call for proposals for thematic networks worth almost EUR 12 million, under which the cooperation of the civil sector and scientific institutions is supported with the aim of developing public policies, with one of networks being the network in the area of sustainable development. The synergy between the Government Office for Cooperation with CSOs and the National Foundation for Civil Society Development in using funds from the European Social Fund significantly increased the funds allocated for civil society development, therefore ensuring its sustainability.

The main goal of investing funds from the European Social Fund + for the period 2021–2027 is to strengthen the economy and society through achieving a higher level of employment, implementing

activities aimed at strengthening workforce skills, providing quality and accessible education and training in tune with the labour market (with an emphasis on vocational training), and ensuring a strong social protection system and quality and accessible social and health services, including long-term care services. Particular attention has been given to persons at risk of poverty and social exclusion, especially to children from a disadvantaged socio-economic background, young people, as well as other vulnerable groups, including women, with the aim of ensuring their full equality in the society.

The Efficient Human Resources Programme 2021–2027 (EHRP) is based on the National Development Strategy 2030. Investments from the ESF+ Programme will contribute to a balanced regional development. The Programme provides for significant investments in four key areas: employment, education, social inclusion, and health and long-term care. In order to strengthen the key partners in the implementation the ESF+ Programme, civil society organisations and social partners, a total of EUR 64 million was secured (EUR 54 million for building civil society capacities and EUR 10 million for building social partners' capacities).

Government advisory bodies, such as the Youth Council of the Government of the Republic of Croatia that takes part in the development of public policies concerning the youth, and the Council for Civil Society Development that works on the development of a stimulating environment for the development of civil society in Croatia, play an important role in the formulation of public policies. On 30 May 2017, under the Framework Agreement, the Ministry of Regional Development and EU Funds signed eight contracts within the scope of the Swiss-Croatian Cooperation Programme, encompassing grants valued at CHF 37.9 million.

In addition to the above grants, CHF 7.48 million were secured through the Swiss-Croatian Cooperation Programme to be used for the purpose of cooperation between Croatian and Swiss non-profit organisations, and promotion of civil society's contribution to the economic and social cohesion through the implementation of 52 projects.

The projects supported activities related to the improvement of skills and knowledge regarding sustainable development in children, young people (primary and secondary school age), and members of their families. Volunteer work of children and young people was also promoted. Participants included 9855 primary and secondary school students and 182 sustainable development training programmes were carried out, resulting in 62 good practice models for the purpose of achieving sustainable development goals.

# 5.2 Examples of successfully implemented projects of Croatian Civil Society Organisations that contribute to achieving Sustainable Development Goals

# The World's Largest Lesson in Croatia

**Project coordinator:** Institute for Corporate Social Responsibility

Partner organisations: Jabukovac Primary School, Zagreb; "Lijepa Naša" Association; First Accredited

Private Gymnasium, Zagreb

**Project duration:** 24 months (1 March 2019 – 28 February 2021)

Location of implementation (counties): City of Zagreb, Republic of Croatia

Total project value: EUR 34,255.90



This project has contributed to raising awareness and educating children and young people, members of their families and their teachers of global sustainable development goals for the improvement of economic and social cohesion. It also contributed to the development of skills and knowledge on sustainable development of students in primary and secondary schools through four capabilities (Learning to Know, Learning to Do, Learning to Be and Learning to Live Together).

The project objectives also included the development of educational and teaching materials as well as interactive materials on sustainable development in Croatian in order to provide a quality foundation for achieving economic and social cohesion, and establishing dialogue among civil society organisations, education institutions and companies, as main actors in creating and implementing sustainable development activities.

# (O)DRŽI KORAK ("KEEP STEP"): Education of Roma Children and Youth for the Sustainable Development of the Community

**Project coordinator:** Roma Association "Korak po korak" ("Step by Step")

**Partner organisations:** "Fran Koncelak" Primary School, Drnje; "Antun Nemčić Gostovinski" Primary School, Koprivnica; "Korak po korak" ("Step by Step") Public Open University; "Fran Galović" Library,

Koprivnica; Koprivnica-Križevci County

**Project duration:** 1 March 2019 – 29 February 2020

Location of implementation (counties): Koprivnica-Križevci County

Total project value: EUR 63,021.85



The project was designed to give Roma national minority students a better starting position in the early stage of their education, facilitate work for their teachers, motivate Roma parents to encourage their children to pursue education, and encourage students at the beginning of their primary school education and their parents to cooperate better with the aim of creating an educational environment of the highest possible quality.

Project activities included bringing students closer to and motivating them to use library services, as well as encouraging creative strengths and interests lower primary school students within and outside of school learning. Activities within the project were in line with the fourth Global UN Sustainable Development Goal (Quality Education), which is exceptionally important for the development of the Roma community and our society in general.

Values such as inclusivity and tolerance, necessary for the sustainable development of our society, were improved.

# Blue Eco-Patrol – Extracurricular Educational Programme for Sustainable Development in the Coastal and Island Local Communities of the Šibenik-Knin County Intended for Primary Schools

Project coordinator: Association for Nature and Environment Conservation and Sustainable

Development "Argonauta"

Partner organisations: LAG More 249 – Local activity group, "Murterski škoji" Primary School, Murter-

Kornati Municipality

Project duration: 1 June 2019 - 31 March 2021

Location of implementation (counties): Šibenik-Knin County, Croatia

Total project value: EUR 169,709.45

The project objective was to solve the problem of non-existing opportunities for systemic extracurricular education on sustainable development for students of primary schools in island and coastal local communities and thus strengthen civil society organisations' contribution to their sustainable social development and the sustainable social development of the society as a whole.

Implementation of the project contributed to the increase of the role that CSOs have in the development of competences and active participation of students attending primary schools in local communities in the island and coastal area of the Šibenik-Knin County in the field of sustainable development. This was done by developing, testing and implementing interdisciplinary extracurricular sustainable development educational programme intended for students in upper primary school grades, and it resulted in strengthened partnerships of local stakeholders in the area of the Šibenik-Knin County in raising awareness of sustainable development by implementing an interdisciplinary extracurricular sustainable development educational programme for upper primary school students.



By renovating the Education Centre, a coworking space was created which enables a synergistic effect of various sustainable development initiatives and the development of the local and regional community. At the same time, more than 160 students were empowered through the Blue Eco-Patrol Pilot Programme to become active and environmentally conscious members of the society who create a more sustainable future. Project sustainability and transfer of knowledge to new generations were achieved by publishing the Blue Eco-Patrol Handbook.

# Let's Think Sustainably – Teaching the Youth to Implement Sustainable Community Development

**Project coordinator**: CSO ODRAZ – Sustainable Community Development

**Partner organisations:** SMART – Association for Civil Society Development; "MI" Association – Split; Osijek Volunteer Centre, First Gymnasium Osijek, Private Accredited Gymnasium of Arts, High School

of Design, Graphics and Sustainable Construction **Project duration:** 1 July 2019 – 29 June 2021

Location of implementation (counties): City of Zagreb, Primorje-Gorski Kotar County, Split-Dalmatia

County, Osijek-Baranja County **Total project value:** EUR 176,316.74

The aim of this project was to strengthen the contribution of associations to sustainable development by training secondary school students on sustainable development principles and by promoting inclusion of young people into the local community life in Zagreb, Rijeka, Split and Osijek.

Within the scope of the project, teachers' and students' competencies were developed, and students became involved in the sustainable development of local communities. Through the Sustainable Development Academy for Teachers, the partner organisations carried out training for teachers of project partner schools in order to enable them to acquire knowledge of and attitudes towards sustainable development, identify social issues and organise their communities, as well as to learn how to actively involve students in the life of the local communities.



Students from the partner schools were educated on sustainable development, the importance of involvement in the life of the local community and doing volunteer work in the community. By educating teachers and students, the partner schools were encouraged to organise activities in the school or community to promote sustainable development principles and encourage other students and schools to get involved with the local community. Apart from the education and training, teachers and students expressed their critical opinions through debates organised in schools, at student gatherings, through a Global Sustainable Development Goals competition, at drama workshops, and in questionnaires on students' views on sustainable development and volunteer work. Teachers and students were educated on volunteer work and on how to organise volunteer actions, and they contributed to their communities through a number of volunteer actions. Within the scope of the project, associations, schools and the local communities strengthened their partnership in the area of active involvement and volunteer work of students in social activities, and the awareness of the public on the sustainable development was raised.

# **Community Learning**

**Project coordinator:** DOKKICA – Children's Creative Centre **Partner organisation:** "Tin Ujević" Primary School, Osijek

Project duration: 1 July 2019 - 31 December 2020

Location of implementation (counties): Osijek, Osijek-Baranja County, Croatia

Total project value: EUR 68,889.29

Connecting various local community stakeholders and ensuring their participation in the implementation of project activities aimed at raising awareness of the importance of implementing more quality content related to sustainable development, in accordance with the specific objectives of the project:

- (1) Building teachers' capacities to apply alternative and creative methods when working with students on the subject of sustainable development through a training course for teachers entitled "Teacher for the Future"
- (2) Building students' capacities to develop civic competencies through a training course for students entitled "Student for the Future", implementation of peer workshops, organising and implementing school initiatives/actions
- (3) Implementing thematic activities using an interdisciplinary approach: school civil society organisation community through volunteer actions, EKOART and EKOLABOS creative workshops, camps, etc.).

The Project also contributed to strengthening children's participation for the purpose of implementing innovative learning models on the topic of sustainable development (collaborative learning and training for children's trainers), to strengthening students' civil competencies and to empowering students for independent implementation of initiatives and actions in the local community.



The Community Learning project provided a creative and active approach to sustainable development education. Such positive changes are most evident from the implementation school initiatives as part of which students and teachers attempted to find solutions for social needs, and the community obtained a new resource – an outdoor classroom which can be used by all schools in our community.

### New Rules of the Game

**Project coordinator:** SMART – Association for Civil Society Development

**Partner organisations:** Delta Association, Centre for Culture of Dialogue, "Naša djeca" ("Our Children") Society of the Town of Gospić, Rijeka City Library, "Ambroz Haračić" Secondary School,

"Nikola Tesla" Primary School and the City of Rijeka **Project duration:** 1 May 2019 – 31 December 2020

Location of implementation (counties): Primorje-Gorski Kotar County and Lika-Senj County

Total project value: EUR 156,807.44

The New Rules of the Game project was aimed at the development of new approaches to learning, teaching and promoting sustainable development and active participation of children and young people based on the partnership among CSOs, schools and the local community.





The implementation of this project resulted in building the capacities of CSOs for educating children and young people on sustainable development, strengthening the competencies of children and young people for active participation in creating sustainable local communities, and increasing the level of understanding and interest for sustainable development in the local community.

# **Building a Sustainable Future Together**

**Project coordinator:** Biovrt Association – in Harmony with Nature

Partner organisations: Novo Selo Rok Branch School (part of the First Primary School Čakovec) and

Gornji Mihaljevec Primary School

Project duration: 1 March 2019 – 28 February 2021

Location of implementation (counties): Međimurje County

Total project value: EUR 68,204.20

The project included capacity building activities for 10 primary schools. It motivated them for implementation of educational programmes, and educated students of 12 primary schools on a healthy lifestyle, preservation of nature, biodiversity and sustainable development through various activities.

In 10 participating schools, through 20 volunteer actions which included students, school staff and students' families, 10 bug hotels were set up, 10 plant beds for flowers, berries and medicinal and culinary herbs were planted, and partner schools were additionally equipped for implementing educational activities. Students of 12 primary schools were educated on a healthy lifestyle, preservation of nature, biodiversity and sustainable development through various activities.

Over two years, in the Novo Selo Rok Branch School, continuous educational programmes implemented were and students received more than 40 education and training courses in the school garden. In all the schools included in the project, along with watching educational videos, the students learned about the importance of birds in the biosystem and how we can all help them survive. To further encourage all students to an active contribution in the preservation of biodiversity, the Biovrt Association gave everybody a package of cosmos seeds (Cosmos bipinnatus). The students were given a task to sow these flowers the following spring, so



that their floral beds could help bees and other useful insects survive. Activities were mainly done on the site (in schools), and some of them were done online due to epidemiological measures. We video recorded our visits to partner schools and Biovrt Association's premises in order to be able to share them with all the participants, and through video materials the students visited the newly opened visitor centre "Med dvemi vodami" ("Between Two Waters") run by the public institution for nature protection "Međimurska priroda" ("Nature of Međimurje").

The educational poster "12 Ways to Become a Little Guardian of Nature" showed the very simple ways in which we can all preserve nature and the world around us.

# Education for Volunteer Work and Sustainable Development in Schools

Project coordinator: Croatian Association of "Naša djeca" ("Our Children") Societies

Partner organisations: "Eugen Kumičić" Primary School, Slatina; "dr. Jure Turić" Primary School,

Gospić; "Naša djeca" ("Our Children") Society Zabok **Project duration:** 1 May 2019 – 30 April 2021

Location of implementation (counties): City of Zagreb, Zagreb County, Lika-Senj County and

Virovitica-Podravina County

Total project value: EUR 126,515.05

The project "Education for Volunteer Work and Sustainable Development in Schools" was implemented within the call "Strengthening the Contribution of CSOs to Education for Sustainable Development for the Purpose of Economic and Social Cohesion Enhancement" published by the Government Office for Cooperation with CSOs through the Swiss-Croatian Cooperation Programme.

The Project was designed as a response to insufficient education for volunteer work and sustainable development in educational institutions. The main objective of the project was to provide education and training, and strengthen the competencies and raise awareness of students and school staff, as well as volunteers from CSOs, for the purpose of developing volunteer work, sustainable local communities and active participation of the children and young people. The project helped primary school students, members of Children's Councils, educational institutions' staff, and employees/volunteers in the CSOs acquire knowledge and competencies in the field of child participation, volunteering and sustainable development.



By achieving specific goals through project activities carried out by partners and collaborators (education and training, study trips, conferences, volunteer actions, media campaign and the project promotion online, on social networks, TV, radio and portals, children's comic book on 17 global Sustainable Development Goals ), the project made a longterm contribution which will enable other primary schools and CSOs in the Republic of Croatia to launch such or similar initiatives and in their communities, developing volunteer work, educating children and young people on sustainable development. and encouraging them to actively participate in the society.

The project was awarded the "Žuti okvir" ("Yellow Frame") acknowledgement for 2021, in the category of the 17th global Sustainable Development Goal – Partnership for the Goals, which means that the project was recognised as a good example of partnership among the Association of "Naša djeca" Societies, our members and volunteers from the "Naša djeca" societies and primary schools from Zabok, Gospić and Slatina where the project was implemented. The partnership also included the children who actively participated in volunteer actions in their schools and communities by learning about child participation, sustainable development and volunteer work through taking part in workshops and volunteer actions. It is important that all project participants acquired new knowledge and skills, and became aware of the fact that sustainable development is a part of our everyday life, but also a part of the future, and that it is a matter of personal development of every individual and community. Sustainable development is not only ecology, recycling and climate change, it is also the life of each individual and community, as well as survival of humanity on the global level.

# **Development of Children and Young People through STEM - RASTEM** ("I am growing")

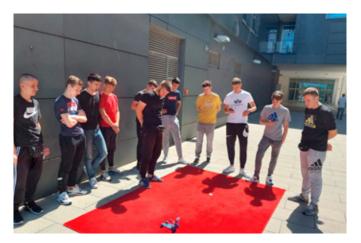
Project coordinator: APOLD Academic Polytechnic Society, Rijeka

**Partner organisations:** University of Rijeka **Project duration:** 12 May 2021 – 12 May 2023

**Location of implementation (counties):** Primorje-Gorski Kotar County

**Total project value:** EUR 193,904.52

With the help of the "Development of Children and Young People through STEM – RASTEM" project, the association APOLD from Rijeka strengthened its capacities for implementing STEM field popularisation programmes by organising four seminars, four study trips and participating in two conferences in the field of STEM education. It created innovative and interactive content in the form of permanent exhibits by founding and equipping a STEM laboratory. In this laboratory, anyone who is interested can independently, with expert supervision, carry out numerous experiments from the STEM field, experience the virtual reality, control drones, make their own model on a 3D printer,









produce electricity from solar energy, wind or hydrogen, and so much more. It has actively involved children and young people in multiday STEM workshops (this week we are organising the ninth out of ten workshops). Topics covered through the STEM workshops cover sustainable development and ecology, renewable energy sources, electromobility, industry 4.0, and the role of technology in the post-pandemic period. Cooperating with the University of Rijeka (POLIRI), the project also presents various topics and scientific discoveries from the STEM field at STEM days. So far, we have organised eight STEM days in primary schools in the Primorje-Gorski Kotar County and the Istria County.

# We can Achieve Anything with Technology and Education

**Applicant:** NGO "Žena" ("Woman")

Partner organisations: Algebra University College; Society of Persons with Intellectual Disabilities

Osijek; "Kninska bojna" Croatian War Veterans Association

Project duration: 6 July 2021 – 6 July 2023

Location of implementation: City of Zagreb, Osijek-Baranja County, Šibenik-Knin County

Total project value: EUR 226,419.33

The aim of the project is to strengthen capacities of three associations for applying STEM in everyday activities when working with target groups, namely through a partnership with the Algebra University College participating in the project. This was achieved by organising "train the trainers" courses and a study trip, by equipping three LAB classrooms, and by organising multiday workshops for end beneficiaries and one-day events.

In accordance with the objectives of the project, a training programme for trainers was carried out, in which employees of three partner CSOs took part. Through this activity, the Algebra University College provided the foundation for training courses, and ensured access to technology and trainings intended for trainers who work with the applicant organisation, partner organisations and other cooperating associations.









STEM education and training courses included citizens with lower levels of education, socially marginalised people, persons with intellectual disabilities, war veterans and their families, long-term unemployed people, young people without work experience, elderly persons, and people with disabilities. Project activities contributed to the promotion of quality education and training by providing opportunities for lifelong learning to small and deprived communities as well as to vulnerable groups in our society

# SPARK - Sinergy between Natural Scientists, Astronomers and Computer Scientists of Križevci

**Project coordinator:** P.O.I.N.T. ASSOCIATION – "PROMOTING EDUCATION, INFORMING, JOURNALISM AND TECHNOLOGIES"

**Partner organisations:** Faculty of Electrical Engineering and Computing of the University of Zagreb; "Perzeidi" Astronomic Association from Križevci; "Franjo Marković" Križevci Town Library; Križevci Public Open University; Town of Križevci; "Volim Križevce" ("I Love Križevci") Foundation for Local Development and Solidarity

Project duration: 1 September 2021 – 1 September 2023

Location of implementation (counties): Koprivnica-Križevci County

Total project value: EUR 385,902.17

In the first place, SPARK wishes to get children and young people from Križevci, its surrounding areas and neighbouring towns interested in science, astronomy, computing and modern technologies through innovative programmes of non-institutional education and additional socio-technological activities. All programmes result from the synergy between local CSOs and public institutions in the area of culture and education, the Faculty of Electrical Engineering and Computing of the University of Zagreb, and external experts and educators. An observatory was set up in the centre of the activity space as a permanent symbol of natural sciences in Križevci, as a monument of connection of the man with the universe, but also as an inspiration for future ventures and new generations to dare go deep into the universe and the universal.



Opening of the observatory in Križevci was the peak of the initiative to start a cosmological centre, the first of its kind in Croatia and beyond, which would bring together education, science popularisation and scientific work in the field of space physics at the same premises. During the period of a little more than two years, many lectures were held in the Cosmological Centre, along with continuous workshops and summer schools on the subject of space physics, computing, philosophy of nature and art. Experts and scientists are involved in the implementation, and two doctors of physics returned to Croatia from abroad thanks to this project. Apart from this, a significant number of scientific papers have been published on the topics of black holes, early universe and wormholes. In parallel with the project implementation, an Institute for Cosmology and Philosophy of Nature was founded as part of the Cosmological Centre, representing an expert community of scientists and researchers focused on the fundamental issues of material reality and universe as a whole. It is dedicated to promoting fundamental research in theoretical physics, and achieving synthesis between theoretical physics and philosophy, as well as connecting other disciplines related to understanding nature and man's relationship with it. The magazine Kozmologija ("Cosmology") was also founded – the first magazine for universe research in the Croatian language, which aims to connect research methods used in natural sciences and philosophy.

# "Bilo kuda STEM svuda" ("STEM Anywhere and Everywhere")

Project coordinator: "Inovatic" Robotics Association

**Partner organisations:** Faculty of Science of the University of Split; "Ivan Goran Kovačić" Primary School in Cista Velika; Žnjan-Pazdigrad Primary School; Star Village Mosor – science, culture, art;

"RoboBrač" Association for the Promotion of New Technologies **Location of implementation (counties):** Split-Dalmatia County

Total project value: EUR 262,883.18

The aim of the project "STEM Anywhere and Everywhere" is to strengthen the capacities of associations and their cooperation with educational institutions at lower and higher education levels, as well as to enhance the education of children and young people in the field of science.











The main purpose of the project is to popularise robotics among primary school children. The project implementation included adapted workshops and a robotics summer camp for children and young people from the early school age with the aim of popularising robotics and bringing it closer to as many children as possible. The project also aims at educating teachers, parents, as well as society as a whole, on the importance of including children and young people into STEM education.

### **UrbanSTEM – for Cities and Communities of the Future**

**Project coordinator:** Society for Sustainable Development Design

**Partner organisations:** ODRAZ – Sustainable Community Development; Faculty of Transport and Traffic Sciences of the University of Zagreb; Faculty of Mechanical Engineering and Naval Architecture

of the University of Zagreb

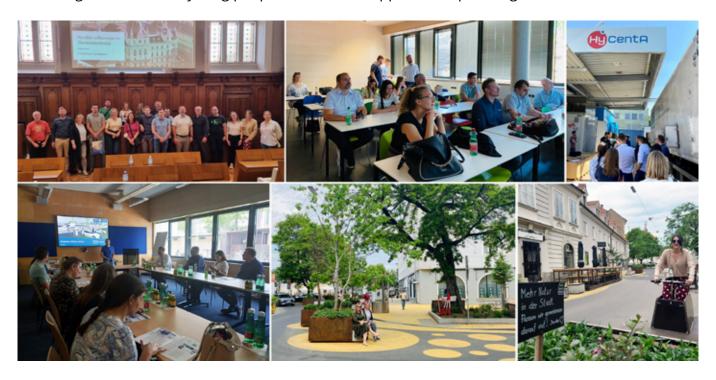
**Project duration:** 13 July 2021 – 13 July 2023

Location of implementation (counties): City of Zagreb

Total project value: EUR 249,358.30

The project UrbanSTEM will enhance the capacities of CSOs and multiply the number of STEM popularisation activities implemented by associations, as well as improve intersectoral cooperation of CSOs and academic institutions.

Within the context of a smart growth and inadequate approach to planning the cities of the future, the project intends to contribute to an innovative approach by combining interdisciplinary and intersectoral cooperation with the aim of increasing the quality of communities that we live in and attracting the interest of young people for scientific approach to planning.



In addition to young people from two partner faculties, students from five other faculties in Zagreb also participated in the project. Through public events and workshops for children and young people, future students in STEM fields, more than 1,000 young people were involved in the project. As part of the project, innovative equipment for contemporary approaches to teaching young

As part of the project, innovative equipment for contemporary approaches to teaching young people and for carrying out practical exercises was acquired, which will enable them to acquire the best possible education in accordance with the requirements of the modern age and advanced technologies.

The acquired equipment will also be used for the purpose of scientific and professional work and cross-sectoral cooperation with CSOs, which will significantly increase the quality of studies.

### STEM(AJMO!) ("LET'S STEM!")

Project coordinator: Centre of Technical Culture Rijeka

**Partner organisations:** Višnjan Astronomical Society; Connect IT – Association for ICT Development; "Inovatic" Robotics Association; Međimurje Informatics Club Čakovec; "Robotic" Association; Tehno

OZ Association; Faculty of Engineering of the University of Rijeka; City of Rijeka

**Project duration:** 29 June 2021 – 29 June 2023

Location of implementation (counties): Primorje-Gorski Kotar County, Istria County, Karlovac

County, Zadar County, Split-Dalmatia County, Međimurje County and Brod-Posavina County

Total project value: EUR 383,740.41

The project STEM(AJMO!) will strengthen the capacities of seven participating CSOs from seven Croatian counties with the purpose of implementing STEM popularisation activities among children, young people and the general public. Partners will, with the help of the scientific community, design 20 topics for 100 multiday workshops and 10 topics for 60 one-day events which will be carried out as pilot activities attended by 3,000 children and young people.



A STEM picnic will also be organised, intended for STEM popularisation among the general public from the wider Rijeka area. In addition, a STEM park and STEM laboratories will be built, which will remain as permanent exhibits focused on STEM popularisation.

### **BIOPLAnet**

**Project coordinator:** Institute of Entrepreneurial Education and Innovation

Partner organisations: Carpe Diem - Association for Encouraging and Developing Creative and Social Potential in Children, Youth and Adults; Association for the Promotion of Creative and Healthy Life "Otok"; Association for Creative Social Work; FabLab - Association for the Promotion of Digital Fabrication; Nikola Tesla Technical Museum; Faculty of Architecture

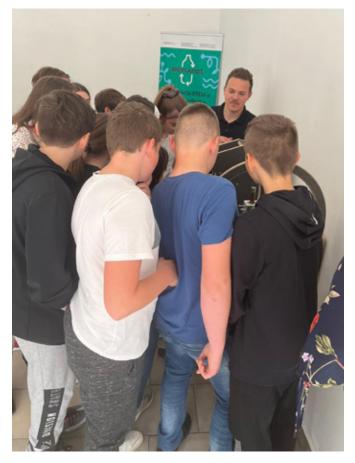
Project duration: 31 December 2021 – 31 December 2023 Location of implementation (counties): City of Zagreb

Total project value: EUR 377,517.87

The aim of the project is to strengthen the capacities of CSOs participating in the project for STEM popularisation by raising awareness of circular economy and recycling for the well-being of our environment.

Building the capacities of CSOs and implementing activities related to all four STEM fields, with the emphasis on brining STEM closer to children, young people and the general public as a tool for creating innovations and contributing to environmental protection.





For this purpose, permanent exhibits of different devices used for extruding and grinding plastic materials and moulding usable plastic items were set up, which were also used in the implementation of multiday workshops intended for children and young people, and as mobile devices used in the implementation of 50 one-day workshops all over Croatia, as well as for the promotion of STEM at the national level.

### STEM EDUCATORSI

Project coordinator: INSTITUTE FOR THE POPULARISATION OF SCIENCE

**Partner organisations:** Krapina-Zagorje County; Zagorje Development Agency; PAR Institute for the Development of Lifelong Learning; Novska Youth Association; Faculty of Engineering of the University

of Rijeka

**Project duration:** 29 June 2021 – 29 June 2023

Location of implementation (counties): Krapina-Zagorje County, Primorje-Gorski Kotar County

and Sisak-Moslavina County

Total project value: EUR 300,608.22

CThe aim of the STEM Educators project was focused on strengthening the capacities of three associations active in the field of science popularisation.

According to the curriculum from the Faculty of Engineering of the University of Rijeka, by the time the project ends, the associations will have delivered 20 trained science popularisers from the STEM field into the non-institutional education and science system.









The education and training are carried out at the national level through organising science popularisation events, and it includes designing and creating educational exhibits which are left at the local community's disposal after the project ends. The target group includes children and young people from kindergarten to university age. The project was aimed at getting children interested in STEM from an early age and keeping this interest until the time comes for them to choose their studies.

The project also contributes to raising the awareness of the general public about this topic, and it serves as a gateway to the 4th industrial revolution.

### Boranka - Afforestation of Areas in Dalmatia Devastated by Fires

Project coordinator: Scout Association of Croatia

Partner organisations: Hrvatske šume; Croatian Mountain Rescue Service; Association of Croatian

Homeland War Volunteers; Civil Protection Directorate

Project duration: autumn of 2018 – Location of implementation (counties): Total project value: EUR 175,000.00

Boranka was initiated in 2018 by the Scout Association of Croatia in cooperation with Hrvatske šume and with the creative help of Imago Ogilvy agency, with the aim of helping restore nature devastated by fires, and it has been implemented continuously every autumn. The campaign got hundreds of thousands of people involved, and engaged over 10.000 volunteers in afforestation actions. In addition, more than 10,000 children and young people participated in educational activities held in approximately 100 kindergartens and schools on the subject of forest protection, fire prevention and climate change consequences. Members of the Scout Association of Croatia and other diligent volunteers taking part in Boranka have so far planted more than 100,000 new trees using seedlings, seeds and acorns. All of that made Boranka the largest European volunteer action in the field of afforestation of areas devastated by fires. In cooperation with Imago Ogilvy agency, which has joined the campaign for free from its very beginning, an original solution was designed. From the burnt down pines collected from fire sites in Dalmatia, wooden crayons were made – the so-called Boralice. Boralice are unique crayons made of ashes of pines burnt in fires, and were manufactured and donated by the company Karbon. Apart from offering volunteer work, citizens can join the afforestation actions in another unique way – by using Boralice, they can draw their own tree, name it and "plant" it into a virtual forest at <a href="www.boranka.hr">www.boranka.hr</a> using a special web application.





For each drawn tree "planted" on the website boranka.hr, scouts and other volunteers taking part in Boranka will plant a real seedling on a fire site. As the virtual forest grows, so does the number of live plants in nature. This is a symbol of a new life being born out of a burnt tree – from a black and white fire site, a colourful forest is born. Within the last five years of the campaign, more than 150,000 Boralice crayons were distributed for free. Because of its originality and efficiency, the Boranka campaign has already won numerous awards in Croatia and abroad, and it is also the first campaign in Croatia and the entire region to have won the golden Euro Effie – the most prestigious European award for marketing efficiency. In addition to the European Parliament award and the national "Ponos Hrvatske" ("Pride of Croatia") award, as well as numerous other awards, Boranka has become the most awarded non-profit campaign in Croatia ever. Apart from the domestic institutions, many foreign institutions also joined the campaign. It has so far received support from the European Parliament, the American Chamber of Commerce, as well as Embassies of Canada, Great Britain and the USA. Other European countries that face and struggle with the consequences of forest fires, to the same or even greater extent than Croatia started following the example and applying the experiences gained from Boranka.

# Birds of a feather flock together

**Project coordinator:** Biom Association

Partner organisations: Dynamo International (Belgium); Plantar Uma Árvore (Portugal); Movement

Sfera (Russia); Asociación Cultural Youropia (Spain)

**Scheme:** European Solidarity Corps

**Project duration:** 1 January 2021 – 28 February 2022

Location of implementation (counties): City of Zagreb, Split-Dalmatia County, Dubrovnik-Neretva

County

Total project value: EUR 43,520.60

The project has brought together four foreign volunteers from various countries who contributed to preserving nature in Croatia over ten months. The volunteers built solidarity towards nature by participating in the research and protection of animal and plant species, raising awareness of the importance of preserving biodiversity, and encouraging local communities to take part in the protection of nature. Volunteers helped implement direct measures of preserving endangered sea birds in the Lastovo Archipelago and the population of the Eurasian griffon vulture on the island of Cres, and they also helped restore grasslands in Dinara and Učka nature parks, whereby they contributed to preserving biodiversity of those areas. Data collected during the research will be used in drafting proposals for measures for the protection of those areas and will additionally help preserve their ecosystems. At the same time, volunteers educated the general public on the various threats to birds such as invasive species, poaching, light pollution, habitat loss or disturbance during the tourist season. Educational and volunteer activities were carried out, apart from Zagreb, in smaller communities as well, such as areas around Dinara and Učka, for which these activities represented





a unique chance to join in on the protection of their local area and strengthen the sense of pride and solidarity towards nature. The mere presence of the foreign volunteers motivated to work on preserving biodiversity served as an inspiration for the community to engage themselves. Thanks to the efforts made to protect the last population of the Eurasian griffon vulture in Croatia, restore overgrown grasslands, monitor poaching, monitor the death toll of birds due to power lines, and collect data on the status of various other species, the project directly contributed to preserving life on Earth. Removing invasive species, increasing the number of sea birds nesting, and organising beach cleaning actions all contributed to the preservation of the marine life. Project goals would not have been achieved had it not been for a successful cooperation with organisations from volunteers' home countries, and especially had it not been for cooperation with public institutions managing the protected areas where the activities were carried out. With their educational activities, the volunteers were continuously improving the knowledge of the communities as regards the protection of nature, and encouraged sustainable practices. For volunteers themselves, the project was an opportunity to gain experience and develop key employment skills, and it empowered them to assume the roles of young leaders who instigate change in nature protection.

# 5.3 Examples of successfully implemented projects of companies from Croatia that contribute to achieving Sustainable Development Goals

# Croatian Chamber of Economy ESG Academy of the Croatian Chamber of Economy

In 2022, the Croatian Chamber of Economy launched the ESG Academy of the Croatian Chamber of Economy, an educational platform for the transfer and exchange of knowledge, experience and best ESG practices with the aim of creating a more resilient and sustainable economy, as well as preparing and educating participants on the upcoming European Union regulation related to sustainability reporting.



Monthly workshops are held within the ESG Academy. The workshops focus on acquiring specific knowledge and tools, proactivity, sectoral approach, good practice examples, and exchanging experiences and interconnection.

Workshop speakers are experienced national and international experts from the academia, as well as the public and private sectors.

Three strategic workshops and five industry workshops have been held so far, and in 2023 another six industry workshops will be held. More than 700 participants have attended the workshops.

# Support Sustainability\_

The Croatian Chamber of Economy organises an international conference on sustainability and Sustainable Development Goals entitled Support Sustainability\_. The conference is intended for all sectors and industries, with representatives of companies, institutions, the academia, decision makers, representatives of NGOs, students and the youth participating in it.



Some of the world's most renowned sustainability experts and specialists participated as speakers and held presentations on the challenges and opportunities of sustainable business.

The first conference was held in 2019 in Zagreb with the theme "Accelerating Change". The conference focused on preparing the first Voluntary national review regarding the progress in achieving the 17 Sustainable Development Goals.

At the second conference held in Šibenik in 2021, the key topics were challenging and considering the role and mode of action of the business community in the world in which crises must be considered together, as well as to communication and education for the purpose of sustainable development and achieving the UN Sustainable Development Goals: how to make them simple, accessible and stimulating.

The third conference was held in 2022 in Zagreb, with the central topic being challenges of sustainable development in crisis conditions, and opportunities arising from the implementation of sustainable business policies. The above initiatives contribute to Goal 17: Partnership for the Goals.

# **Integrated Photovoltaic Power Plants on KONČAR Factories**

In its business operations, KONČAR invests in the green and digital transitions, as well as in sustainable energy transition towards transforming itself into a low carbon company.

The latest example is KONČAR – Distributivni i specijalni transformatori (D&ST) (Distribution and Special Transformers), that commissioned an integrated photovoltaic power plant having 1.1 MW of connected power which was built using own funds. It is estimated that the power plant will produce 1,456.16 MWh annually and cover up to 35 percent of D&ST's power consumption. Apart from the power plant contributing to significant financial savings in overhead expenses, CO2 emission will decrease by 35 percent, i.e. by 480,532.80 kg of CO2 annually.



This year, KONČAR will commission another two photovoltaic power plants. The project for the construction an integrated photovoltaic power plant of the company KONČAR – Generatori i motori (GIM) (Generators and Motors) is currently underway, for which the company was awarded grants in December 2021 under the call "Increase in Energy Efficiency and Using Renewable Energy Sources in Product Industries". A 450 kW photovoltaic power plant will partially satisfy GIM's power needs, while the potential surplus will be returned into the power distribution network. A 350 kW photovoltaic power plant built by the company KONČAR – Motori i električni sustavi (Motors and Electrical Systems) will be a part of the connection registered with the HEP Group.

The project contributes to the achievement of Goal 7: Affordable and Clean Energy, and Goal 13: Climate Action.

# LIFE4GREENBROADBAND Project

The A1 Hrvatska company is implementing the LIFE4GREENBROADBAND project under the LIFE programme, whose goal is to increase energy efficiency and use renewable energy sources in the electronic communication networks in Croatia. The project plans for an installation of 120 solar power plants and an installation of 200 energy efficient cooling systems on base stations in order to decrease greenhouse gas emissions.



By installing solar panels and free cooling systems, A1 Hrvatska will decrease the consumption of 1,721,560 kWh annually, corresponding to a CO2 emission reduction of 404 tonnes. The project is expected to be fully implemented by the end of 2024.

The project contributes to the achievement of Goal 7: Affordable and Clean Energy, and Goal 13: Climate Action.

# **Enhanced Oil Recovery**

In 2014, INA launched the EOR (Enhanced Oil Recovery) project. The purpose of the project is capturing CO2 resulting from natural gas purification at Molve Gas Processing Facilities, its compression and pumping into deposits near Žutica and Ivanić Grad. Over eight years, 2.7 million tonnes of CO2 were pumped in this manner, which would have otherwise been released into the atmosphere. At the end of 2022, the construction of the project's second stage commenced, whereby an additional compression station will be built at the Ivanić Grad Fractionation Facilities with the aim of capturing CO2 resulting from natural gas purification at the Fractionation Facilities. This will completely eliminate CO2 emissions from natural gas at the Fractionation Facilities. Additionally, the plan is to expand the area where CO2 pumping is carried out to the field near Šandrovac and other fields.



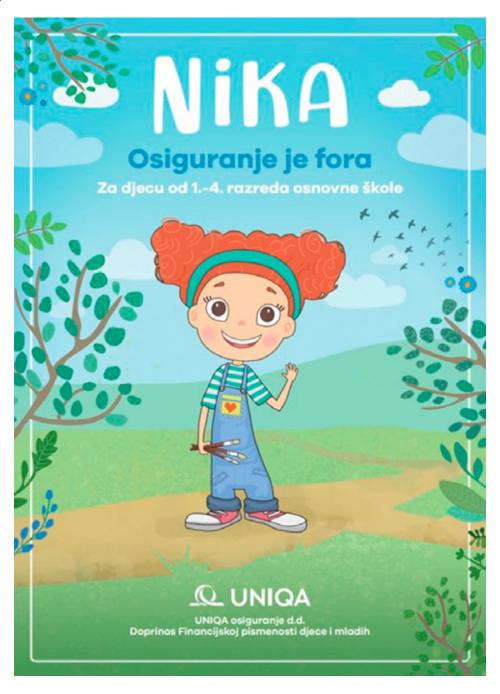
The project contributes to the achievement of Goal 9: Industry, Innovation and Infrastructure, and Goal 13: Climate Action.

### Financial Literacy Project "Sigurnije sutra" ("Safer Tomorrow")

The insurance company UNIQA osiguranje d.d. participated with HUO (Croatian Insurance Office), the Association of Insurers, the Croatian Chamber of Commerce and other insurance companies in the financial literacy project "Sigurnije sutra" (Safer Tomorrow) (https://sigurnijesutra.huo.hr/).

Financial literacy is very important. With the aim of its promotion, a picture book/colouring book was created for children in lower primary school grades, which deals with financial literacy in insurance in a fun and simple way. It is intended for children, but also for parents and teachers. With the help of this book, through a fun story and games, children can learn how to protect themselves and others, as well as things valuable and important to them. Education is very important for the development and prosperity of the society in general, as well as for the future of economic development.

The project contributes to the achievement of Goal 4: Quality Education, and Goal 17: Partnership for the Goals.



# Konzum: Project "Reciklopedija" ("Recyclopedia")

As a large food donor, the supermarket chain Konzum has also contributed to the change of habits when shopping for groceries, preparing the food and storing it, specifically through the project of launching the educational platform Reciklopedija (<a href="https://www.konzum.hr/reciklopedija">https://www.konzum.hr/reciklopedija</a>).

With the aim of inspiring and motivating customers to handle food responsibly, and in cooperation with Marina Matijević, the founder of the initiative "Ja bolji građanin" ("I, a Better Citizen"), Konzum has created a dedicated website (<a href="https://www.konzum.hr/reciklopedija-akademija">https://www.konzum.hr/reciklopedija-akademija</a>) (Recyclopedia Academy) containing useful and practical advice that all members of any family can apply immediately and in a simple and fun way. To all who make a promise on the platform Reciklopedija to themselves, the future generations and the nature that they will behave in a more responsible manner towards food, Konzum sends a gift via email which helps them keep their promise. By sharing their experiences on social networks with the handle #reciklopedija, Konzum encourages citizens to show how they discard bad habits, and not food, which can help motivate others. Each week, Konzum gifts five most motivated customers with a HRK 500 gift card to spend in its stores, reminding them in doing so of the importance of smart and planned shopping.



The project contributes to the achievement of Goal 12: Responsible Consumption and Production.

# Zvijezda: Project "Sapuni s točkicama" ("Soaps with Dots")

The Zvijezda company shows its care for vulnerable groups in its local community by supporting social entrepreneurship in such a way that their donations result in measurable market impact and new employments.

By cooperating with the Association of the Blind from Zagreb and their company Sfera Visia, which employs blind and visually impaired persons, Zvijezda donates an annual quantity of raw material necessary for the manual production of solid and liquid soaps to Sfera Visia. Zvijezda's olive and sunflower oil, and coconut fat are used for the manual production of soap within the "Sapuni s točkicama" project. This is a project of social entrepreneurship of blind and visually impaired persons carried out by the Association of the Blind Zagreb. The project has been recognised and initiated by the Social and Service Cooperative "Martinov plašt", and supporting the project represents an active contribution to the employment of blind and visually impaired persons.



At the same time, thanks to the active support from Zvijezda, a plant for the production of liquid soaps was also opened, which immediately employed three blind and visually impaired persons, with the aim of additional employment depending on sales results.

The project contributes to the achievement of Goal 10: Reduced Inequalities.

# **Jamnica: PET Packaging Project**

The Jamnica company has been continuously adjusting its business and production processes to reduce the impact of plastic products on the environment. Jamnica has introduced PET packaging of reduced weight for all its brands, whereby at the end of 2021, it reduced the amount of plastic by 51 tonnes and CO2 emission by 872 tonnes. A cap connected to the bottle was developed, which should enter the market in 2024. This is an effort of compliance with the European Union legislation that aims to solve the problem of single-use plastics pollution, as plastic caps are the part of the packaging that most often evades the waste collection system and ends up in the environment. Connecting the cap and the bottle can be completely solved by the new product design, whereby Jamnica will comply with the Directive requirement that all drink containers must have connected caps and lids during the product's intended use by 2024. Such a cap is called a "tethered cap" and it was developed in cooperation with the cap supplier.



The initiative contributes to the achievement of Goal 12: Responsible Consumption and Production, and Goal 13: Climate Action.

# Belje: "Circular Economy at the Agricultural Complex Mitrovac"

The focus on organic agriculture and the development of products and services whose inherent activities do not disrupt nature's ecosystems is one of the focuses of the operations of Fortenova Group. An example of circular economy in the Agriculture Division is the agricultural complex Mitrovac in Belje, where tomatoes are grown in a greenhouse which is heated with the energy from a biogas power plant adjacent to a farm with 4,000 dairy cows. In addition, only bioprotection without pesticides is used in this production, and the plants are pollinated by bumblebees, as the intention is to minimise the use of pesticides in agricultural production and tillage, as well as cultivate the soil and carry out production in the most natural way possible.



The project contributes to the achievement of Goal 7: Affordable and Clean Energy, and Goal 13: Climate Action.

# **Identifying and Managing ESG Risks**

Aware of the fact that environmental and climate risks can be drivers of existing risk categories such as the credit risk, operational risk, reputational risk, market risk or liquidity risk, Hrvatska poštanska banka (HPB), has been intensively working on their integration into the Bank's risk profile and has been analysing to what extent environmental and climate risks affect the individual types of existing risks.



HPB has introduced a data management model into its business operations that enables creation and analysis of spatial databases necessary for determining environmental and climate risks at the level of the client, collateral or individual level, which will enable the Bank to carry out stress tests in addition to a quantitative data perspective. We have also started activities of creating an address model and calculating environmental and climate physical risks for our existing clients, and during 2023, the plan is to full implement it fully into the underwriting process.

The project contributes to the achievement of Goal 13: Climate Action.

# 6. Overview of Eurostat indicators for Sustainable Development Goals

The table below shows indicators used to measure the progress Croatia has made towards achieving the UN Sustainable Development Goals. It contains a set of EU indicators used by Eurostat to monitor progress towards achieving the Sustainable Development Goals in the EU context, and they are closely related to EU policy initiatives. The data was sourced from the European Statistical System and other relevant data sources. In order to assess trends within a five-year period, the latest available values are shown, as well as values recorded at the beginning of the five-year period. The data was retrieved in May 2023 from the Eurostat database.

| Indicator                                                     | Unit -                                  | Starting |         | Latest |         |
|---------------------------------------------------------------|-----------------------------------------|----------|---------|--------|---------|
| indicator                                                     | Unit                                    | year     | value   | year   | value   |
| Goal 1 – No poverty                                           |                                         |          |         |        |         |
| People at risk of poverty or social exclu-sion                | % of population                         | 2017     | 23.7    | 2022   | 19.9    |
| People at risk of poverty or social exclu-sion in rural areas | % of population                         | 2017     | 30.8    | 2022   | 25.5    |
| People at risk of income poverty after social transfers       | % of population                         | 2017     | 20.0    | 2022   | 18.0    |
| Severe material deprivation rate                              | % of population                         | 2017     | 7.1     | 2022   | 4.0     |
| People living in households with very low work intensity      | % of population aged 0 to 64            | 2016     | 11.1    | 2021   | 7.5     |
| In work at-risk-of-poverty rate                               | % of population aged<br>18 or over      | 2017     | 5.8     | 2022   | 4.7     |
| Housing cost overburden rate by poverty status                | % of population                         | 2017     | 5.8     | 2022   | 3.8     |
| Self-reported unmet need for medical examination and care     | % of population aged<br>16 or over      | 2017     | 1.6     | 2022   | 1.3     |
| Severe housing deprivation rate                               | % of population                         | 2015     | 7.3     | 2020   | 5.1     |
| Goal 2 - Zero hunger                                          |                                         |          |         |        |         |
| Obesity rate                                                  | % of population aged<br>18 or over      | 2014     | 18.7    | 2019   | 23.0    |
| Agricultural factor income per annual work unit (AWU)         | EUR, chain linked<br>volumes (2010)     | 2016     | 5 946   | 2021   | 7 184   |
| Government support to agricultural research and development   | euro per inhabitant                     | 2016     | 2.00    | 2021   | 1.40    |
| Area under organic farming                                    | % of utilised agricultural area         | 2016     | 6.05    | 2021   | 8.26    |
| Use of more hazardous pesticides                              | index, average<br>2015. – 2017. = 100   | 2015     | 106     | 2020   | 77      |
| Ammonia emissions from agriculture                            | kg per ha of utilised agricultural area | 2015     | 16.1    | 2020   | 17.3    |
| Estimated soil erosion by water                               | km2                                     | 2010     | 3 780.9 | 2016   | 2 562.1 |

|                                                                         | Starting                                                                                     |      | arting | Latest |        |  |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|------|--------|--------|--------|--|
| Indicator                                                               | Unit                                                                                         | year | value  | year   | value  |  |
| Goal 3 – Good health and well-                                          | being                                                                                        |      |        |        |        |  |
| Healthy life years at birth                                             | years                                                                                        | 2015 | 56,1   | 2020   | 58,5   |  |
| Share of people with good or very good perceived health                 | % of population aged 16 or over                                                              | 2017 | 60,9   | 2022   | 63,2   |  |
| Smoking prevalence                                                      | % of population aged 15 or over                                                              | 2014 | 33     | 2020   | 36     |  |
| Standardised death rate due to tuberculosis, HIV and hepatitis          | standardized mortality rate                                                                  | 2015 | 2,74   | 2020   | 1,55   |  |
| Standardised preventable and treatable mortality                        | standardized mortality rate                                                                  | 2015 | 393,71 | 2020   | 395,15 |  |
| Self-reported unmet need for medical examination and care               | % of population aged 16 or over                                                              | 2017 | 1,6    | 2022   | 1,3    |  |
| Obesity rate                                                            | % of population aged 18 or over                                                              | 2014 | 18,7   | 2019   | 23,0   |  |
| Fatal accidents at work per 100 000 workers                             | number per 100 000<br>employed persons                                                       | 2015 | 2,16   | 2020   | 2,89   |  |
| Population living in households considering that they suffer from noise | % of population                                                                              | 2015 | 8,3    | 2020   | 8,1    |  |
| Road traffic deaths                                                     | number of killed people                                                                      | 2016 | 307    | 2021   | 292    |  |
| Premature deaths due to exposure to fine particulate                    | number of premature<br>deaths, per 100 000<br>people                                         | 2015 | 110    | 2020   | 102    |  |
| Goal 4 – Quality education                                              |                                                                                              |      |        |        |        |  |
| Early leavers from education and training                               | % of population aged<br>18 to 24                                                             | 2017 | 3,1    | 2022   | 2,3    |  |
| Early leavers from education and training, by citi-zenship              | % of population aged<br>18 to 24                                                             | 2017 | 3,1    | 2022   | 2,3    |  |
| Tertiary educational attainment                                         | % of population aged 25 to 34                                                                | 2017 | 32,7   | 2022   | 35,5   |  |
| Participation in early childhood education                              | % of the age group<br>between 3-years-old<br>and the starting age of<br>compulsory education | 2016 | 70,5   | 2021   | 77,8   |  |
| Low achieving 15-year-olds in reading                                   | % of 15-year-old students                                                                    | 2015 | 19,9   | 2018   | 21,6   |  |
| Adult participation in learning                                         | % of population aged<br>25 to 64                                                             | 2017 | 2,3    | 2022   | 4,4    |  |
| Share of individuals having at least basic digital skills               | % of population aged<br>16 to 74                                                             | 2016 | 54,61  | 2021   | 63,37  |  |
| Goal 5 – Gender equality                                                |                                                                                              |      |        |        |        |  |
| Physical and sexual violence to women                                   | % of women aged<br>15 to 74                                                                  | N/A  | :      | 2012   | 5      |  |
| Gender pay gap in unadjusted form                                       | % of average gross hourly earnings of men                                                    | 2016 | 11,6   | 2021   | 11,1   |  |
| Gender employment gap                                                   | percentage points,<br>persons aged 20 - 64                                                   | 2017 | 10,6   | 2022   | 9,5    |  |

| Star                                                                                          |                                                         | arting | Latest |      |        |
|-----------------------------------------------------------------------------------------------|---------------------------------------------------------|--------|--------|------|--------|
| Indicator                                                                                     | Unit                                                    | year   | value  | year | value  |
| Gender gap in inactive population due to caring responsibilities                              | percentage points,<br>persons aged 20 - 64              | 2017   | 1,7    | 2022 | 0,5    |
| Seats held by women in national parliaments and governments                                   | % of seats                                              | 2017   | 18,0   | 2022 | 32,5   |
| Positions held by women in senior management positions                                        | % of board members                                      | 2017   | 21,6   | 2022 | 27,6   |
| Early leavers from education and training                                                     | percentage points,<br>persons aged 18 - 24              | 2017   | 3,1    | 2022 | 2,3    |
| Tertiary educational attainment by sex                                                        | percentage points,<br>persons aged 25 - 34              | 2017   | 32,7   | 2022 | 35,5   |
| Goal 6 – Clean water and sanit                                                                | ation                                                   |        |        |      |        |
| Population having neither a bath, nor a shower, nor indoor flushing toilet in their household | % of population                                         | 2015   | 1,5    | 2020 | 0,7    |
| Population connected to at least secondary waste water treatment                              | % of population                                         | 2015   | 36,9   | 2020 | 36,9   |
| Biochemical oxygen demand in rivers                                                           | mg O2 per litre                                         | 2015   | 1,92   | 2020 | 1,59   |
| Phosphate in rivers                                                                           | mg PO4 per litre                                        | 2015   | 0,022  | 2020 | 0,026  |
| Water exploitation index, plus (WEI+)                                                         | %                                                       | 2014   | 0,17   | 2019 | 0,17   |
| Inland bathing sites with excellent water quality                                             | % of inland bathing sites with ex-cellent water quality | 2016   | 14,8   | 2021 | 19,5   |
| Goal 7 Affordable and clean en                                                                | ergy                                                    |        |        |      |        |
| Primary energy consumption                                                                    | million tonnes of oil equivalent (Mtoe)                 | 2016   | 8,1    | 2021 | 8,3    |
| Final energy consumption                                                                      | million tonnes of oil equivalent (Mtoe)                 | 2016   | 6,6    | 2021 | 7,0    |
| Final energy consumption in households per capita                                             | kgoe                                                    | 2016   | 577    | 2021 | 618    |
| Energy productivity                                                                           | EUR per kgoe                                            | 2016   | 5,48   | 2021 | 6,13   |
| Share of renewable energy in gross final energy consumption                                   | %                                                       | 2016   | 28,27  | 2021 | 31,7   |
| Energy import dependency                                                                      | % of imports in gross available energy                  | 2016   | 48,43  | 2021 | 54,54  |
| Population unable to keep home adequately warm                                                | % of population                                         | 2017   | 7,4    | 2022 | 7,0    |
| Goal 8 – Decent work and econ                                                                 | omic growth                                             |        |        |      |        |
| Real GDP per capita                                                                           | EUR per capita, chain-<br>linked vol-umes (2010.)       | 2017   | 11 770 | 2022 | 14 540 |
| Investment share of GDP                                                                       | % of GDP                                                | 2016   | 19,75  | 2021 | 20,73  |

|                                                                             |                                                                             | Starting |        | Latest |        |  |
|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------|----------|--------|--------|--------|--|
| Indicator                                                                   | Unit                                                                        | year     | value  | year   | value  |  |
| Young people neither in employment nor in educa-tion and training           | % of population aged 15<br>to 29                                            | 2017     | 17,9   | 2022   | 13,2   |  |
| Employment rate                                                             | % of population aged 20 to 64                                               | 2017     | 63,6   | 2022   | 69,7   |  |
| Long-term unemployment rate                                                 | % of active population aged 15 to 74                                        | 2017     | 4,6    | 2022   | 2,4    |  |
| People killed in accidents at work                                          | number per 100 000<br>employed persons                                      | 2015     | 2,16   | 2020   | 2,89   |  |
| In work at-risk-of-poverty rate                                             | % of population aged 18 or over                                             | 2017     | 5,8    | 2022   | 4,7    |  |
| Inactive men and women due to caring responsibili-ties                      | % of inactive population aged 20 to 64                                      | 2017     | 1,7    | 2022   | 0,5    |  |
| Inactive men due to caring responsibilities                                 | % of inactive men aged 20 to 64                                             | 2017     | 0,7    | 2022   | 0,1    |  |
| Inactive women due to caring responsibilities                               | % of inactive women aged 20 to 64                                           | 2017     | 2,7    | 2022   | 0,8    |  |
| Goal 9 – Industry, innovation a                                             | nd infrastructure                                                           |          |        |        |        |  |
| Gross domestic expenditure on R&D                                           | % of GDP                                                                    | 2016     | 0,85   | 2021   | 1,24   |  |
| R&D personnel                                                               | % of active population                                                      | 2016     | 0,64   | 2021   | 0,93   |  |
| Patent applications to the European Patent Office (EPO)                     | number                                                                      | 2017     | 10     | 2022   | 32     |  |
| Share of buses and trains in total passenger transport                      | % of total inland<br>passenger transport –<br>passenger-kilometres<br>(PKM) | 2015     | 14,1   | 2020   | 11,1   |  |
| Share of rail and inland waterways in total freight transport               | % of total inland<br>passenger transport –<br>tonne kilometres (TKM)        | 2016     | 26,6   | 2021   | 30,1   |  |
| Air emission intensity from industry                                        | grams per euro, chain<br>linked vol-umes(2010.)                             | 2015     | 0,23   | 2020   | 0,19   |  |
| Tertiary educational attainment                                             | % of population aged 25 to 34                                               | 2017     | 32,7   | 2022   | 35,5   |  |
| Gross value added in environmental goods and services sector                | % of GDP                                                                    | 2016     | 1,52   | 2021   | 1,47   |  |
| Share of households with fixed very high capacity network (VHCN) connection | % of households                                                             | 2016     | 15,6   | 2021   | 51,7   |  |
| Goal 10 – Reduced inequalities                                              |                                                                             |          |        |        |        |  |
| Purchasing power adjusted GDP per capita                                    | real expenditure per<br>capita (in PPS)                                     | 2017     | 18 700 | 2022   | 25 800 |  |
| Adjusted gross disposable income of households per capita                   | purchasing power standard                                                   | 2016     | 12 644 | 2021   | 16 433 |  |

| Indicator                                                                               | Unit                                                                   | Starting |        | Latest |        |
|-----------------------------------------------------------------------------------------|------------------------------------------------------------------------|----------|--------|--------|--------|
|                                                                                         |                                                                        | year     | value  | year   | value  |
| Relative median at-risk-of-<br>poverty gap                                              | % distance to poverty threshold                                        | 2017     | 26,0   | 2022   | 25,3   |
| Income distribution                                                                     | income quintile share ratio                                            | 2017     | 5,03   | 2022   | 4,58   |
| Income share of the bottom 40 % of the population                                       | % of income                                                            | 2017     | 20,8   | 2022   | 21,8   |
| Asylum applications                                                                     | positive first instance<br>decisions, per million<br>inhabitants       | 2016     | 24     | 2021   | 18     |
| People at risk of poverty or social exclusion in rural areas                            | % of population                                                        | 2017     | 30,8   | 2022   | 25,5   |
| People at risk of income poverty after social trans-fers, by citizenship                | % of population                                                        | 2017     | 19,5   | 2022   | 18,5   |
| Early leavers from education and training, by citi-zenship                              | % of population aged<br>18 to 24                                       | 2017     | 3,1    | 2022   | 2,3    |
| Young people neither in employment nor in education and training (NEET), by citizenship | % of population aged<br>15 to 29                                       | 2016     | 19,5   | 2021   | 14,9   |
| Employment rate, by citizenship                                                         | % of population aged 20 to 64                                          | 2017     | 63,6   | 2022   | 69,7   |
| Goal 11 – Sustainable cities and                                                        | d communities                                                          |          |        |        |        |
| Severe housing deprivation rate                                                         | % of population                                                        | 2015     | 7,3    | 2020   | 5,1    |
| Population living in households considering that they suffer from noise                 | % of population                                                        | 2015     | 8,3    | 2020   | 8,1    |
| Settlement area per capita                                                              | m2 per capita                                                          | 2015     | 670,7  | 2018   | 722,5  |
| Road traffic deaths                                                                     | number of killed people                                                | 2016     | 307    | 2021   | 292    |
| Premature deaths due to exposure to fine particu-late matter                            | number of premature<br>deaths, per 100 000<br>people                   | 2015     | 110    | 2020   | 102    |
| Recycling rate of municipal waste                                                       | % of total waste generated                                             | 2016     | 21,0   | 2021   | 31,4   |
| Population connected to at least secondary waste water treatment                        | % of population                                                        | 2015     | 36,9   | 2020   | 36,9   |
| Share of buses and trains in total passenger transport                                  | % total inland passenger<br>transport – passenger-<br>kilometres (PKM) | 2015     | 14,1   | 2020   | 11,1   |
| Population reporting occurrence of crime, violence or vandalism in their area           | % of population                                                        | 2015     | 2,8    | 2020   | 2,4    |
| Goal 12 – Responsible consump                                                           | otion and production                                                   |          |        |        |        |
| Raw material consumption (RMC)                                                          | tonnes per capita                                                      | 2015     | 12,499 | 2020   | 13,085 |

|                                                                                                     |                                                                 | Starting |         | Latest |         |  |
|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|----------|---------|--------|---------|--|
| Indicator                                                                                           | Unit                                                            | year     | value   | year   | value   |  |
| Average CO2 emissions per km from new passen-ger cars                                               | g CO2 per km                                                    | 2016     | 111,5   | 2021   | 129,0   |  |
| Circular material use rate                                                                          | %                                                               | 2016     | 4,6     | 2021   | 5,7     |  |
| Generation of waste by hazardousness                                                                | hazardous and non-<br>hazardous waste – total,<br>kg per capita | 2016     | 1 286   | 2020   | 1 483   |  |
| Gross value added in environmental goods and services sector                                        | % of GDP                                                        | 2016     | 1,52    | 2021   | 1,47    |  |
| Energy productivity                                                                                 | EUR per kgoe                                                    | 2016     | 5,48    | 2021   | 6,13    |  |
| Goal 13 - Climate action                                                                            |                                                                 |          |         | l      |         |  |
| Net greenhouse gas emissions                                                                        | index 1990 = 100                                                | 2015     | 74,3    | 2021   | 76,8    |  |
| Net greenhouse gas emissions<br>of the Land use, Land use<br>change and Forestry (LULUCF)<br>sector | tonnes per capita                                               | 2016     | -1,4    | 2021   | -1,5    |  |
| Climate related economic losses                                                                     | million euro                                                    | 2015     | 166     | 2020   | 52      |  |
| Contribution to the international 100bn USD commitment on climate related expending                 | million euro, current<br>prices                                 | 2017     | 0,02    | 2021   | 0,17    |  |
| Population covered by the Covenant of Mayors for Climate & Energy signatories                       | % of total population                                           | 2016     | 43,0    | 2021   | 56,3    |  |
| Share of renewable energy in gross final energy consumption                                         | %                                                               | 2016     | 28,27   | 2021   | 31,33   |  |
| Average CO2 emissions per km from new passen-ger cars                                               | g CO2 per km                                                    | 2016     | 111,5   | 2021   | 129,0   |  |
| Goal 14 – Life below water                                                                          |                                                                 |          |         |        |         |  |
| Surface of marine sites designated under Natura 2000                                                | km2                                                             | 2016     | 5 025   | 2021   | 5 277   |  |
| Coastal water bathing sites with excellent water quality                                            | % of bathing sites with excellent water quality                 | 2016     | 96,4    | 2021   | 99,2    |  |
| Marine waters affected by eutrophication                                                            | km2                                                             | 2017     | 139     | 2022   | 11      |  |
| Goal 15 – Life on land                                                                              |                                                                 |          |         |        |         |  |
| Share of forest area                                                                                | % of total land area                                            | 2015     | 50,6    | 2018   | 58,0    |  |
| Surface of terrestrial sites designated under Natura 2000                                           | km2                                                             | 2020     | 21 332  | 2021   | 21 332  |  |
| Soil sealing index                                                                                  | index 2006 = 100                                                | 2012     | 102,9   | 2018   | 107,3   |  |
| Estimated soil erosion by water                                                                     | km2                                                             | 2010     | 3 780,9 | 2016   | 2 562,1 |  |
| Biochemical oxygen demand in rivers                                                                 | mg O2 per litre                                                 | 2015     | 1,92    | 2020   | 1,59    |  |
| Phosphate in rivers                                                                                 | mg PO4 per litre                                                | 2015     | 0,022   | 2020   | 0,026   |  |

| Indicator                                                                     | Unit                                                                          | Starting |       | Latest |       |  |  |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|----------|-------|--------|-------|--|--|
| indicator                                                                     | Unit                                                                          | year     | value | year   | value |  |  |
| Goal 16 – Peace, justice and str                                              | Goal 16 – Peace, justice and strong institutions                              |          |       |        |       |  |  |
| Standardised death rate due to homicide                                       | standardized mortality rate                                                   | 2015     | 0,9   | 2020   | 0,97  |  |  |
| Population reporting occurrence of crime, violence or vandalism in their area | % of population                                                               | 2015     | 2,8   | 2020   | 2,4   |  |  |
| General government total expenditure on law courts                            | million euro                                                                  | 2016     | 215   | 2021   | 264   |  |  |
| Perceived independence of the justice system                                  | % of population whose<br>level of perception is<br>"very good or fairly good" | 2017     | 32    | 2022   | 21    |  |  |
| Corruption Perceptions Index                                                  | score scale of 0 (highly<br>corrupt) to 100 (very<br>clean)                   | 2017     | 49    | 2022   | 50    |  |  |
| Population with confidence in the EU Parliament                               | % of population                                                               | 2018     | 50    | 2023   | 56    |  |  |
| Goal 17 – Partnerships for the                                                | goals                                                                         |          |       |        |       |  |  |
| Official development assistance as share of gross national income             | % of GNI                                                                      | 2016     | 0,07  | 2021   | 0,13  |  |  |
| Imports from developing countries                                             | million euro, current prices                                                  | 2017     | 3 643 | 2022   | 8 057 |  |  |
| General government gross debt                                                 | % of GDP                                                                      | 2017     | 76,5  | 2022   | 68,4  |  |  |
| Share of environmental taxes in total tax revenues                            | % of total tax revenues and social contributions                              | 2016     | 9,3   | 2021   | 8,75  |  |  |
| Share of households with fixed very high capacity network (VHCN) connection   | % of households                                                               | 2016     | 15,6  | 2021   | 51,7  |  |  |

Source: Eurostat

# 7. Challenges in implementing the UN 2030 Agenda for Sustainable Development and possible improvements

When compared to the Voluntary National Review of the Implementation of the 2030 Agenda for Sustainable Development presented in 2019, significant activities were carried out in Croatia to achieve the Sustainable Development Goals. A strategic and legal framework has been established, including the adoption of the Act on the Strategic Planning and Development Management System of the Republic of Croatia and the National Development Strategy 2030. An institutional framework has also been established, meaning the institutions and bodies competent for monitoring the implementation of the Sustainable Development Goals have been determined, while the individual sectoral ministries and offices of the Government of the Republic of Croatia have agreed upon the distribution of competences for the implementation of the Sustainable Development Goals. In order to achieve the Sustainable Development Goals, the strengthening of coordination and cooperation between all stakeholders of sustainable development in Croatia will continue.

Through the process of creating the second Croatian Voluntary National Review, and together with the findings of the State Audit Office, which in 2021 published its performance audit of "The readiness of the Republic of Croatia to implement the Sustainable Development Goals from the 2030 Agenda for Sustainable Development", identified in implementation as well as areas where there are still shortcomings in achieving Sustainable Development Goals still exist.

# Key challenges faced by Croatia in implementing the Sustainable Development Goals:

### Climate change and environmental protection

Just like the rest of the world, Croatia is faced with challenges related to climate change. Further efforts need to be made when it comes to reducing greenhouse gas emissions, adapting to climate change and investing in renewable energy sources, alongside the green transition of the economy. Croatia also faces challenges related to the protection of the ecosystems, especially the marine environment, and conservation of biodiversity.

### **Economic growth and development**

Unfavourable global circumstances greatly contribute to challenges related to achieving an inclusive and sustainable economic growth. Alongside the existing economic growth, further efforts need to made when it comes to developing innovations and sustainable industries, diversifying the economy and reducing inequality with the aim of achieving a continuous, sustainable and climate-friendly growth.

#### **Social inclusion**

Achieving social inclusion of all population groups, including persons with disabilities, minorities, migrants and other vulnerable groups, is an ongoing societal challenge. Further efforts need to be made in order to ensure that all citizens have equal access to education, healthcare, social protection and employment.

#### Monitoring and reporting on the implementation of Sustainable Development Goals

The availability of reliable data for monitoring the progress made towards achieving the Sustainable

Development Goals is one of the structural challenges faced by Croatia. The quality and availability of data are crucial for the reliability and comparability of indicators. Data collection in certain sectors and territories has proven to be a challenging and time-consuming process. Although Croatia has made significant progress in monitoring the sustainable development indicators since the first Voluntary National Review, capacities for collecting and analysing data and the capacities of the reporting system itself will continue to be strengthened, all with a view to monitor progress and identify the areas that require intervention.

