The European Agricultural Fund for Rural Development:
Europe investing in rural areas

Rural Development Programme of the Republic of Croatia for the Period 2014-2020

CCI	2014HR06RDNP001
Programme type	Rural Development Programme
Country	Croatia
Region	HR - National
Programming period	2014 - 2020
Managing authority	Ministry of Agriculture, Directorate for Management of EU Funds for Rural Development, EU and International Co-operation
Version	4.2
Version status	Adopted by EC
Last modification date	09/03/2017 - 16:44:26 CET

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1. TITLE OF THE RURAL DEVELOPMENT PROGRAMME

Rural Development Programme of the Republic of Croatia for the Period 2014-2020

1.1. Amendment

1.1.1. Type of amendment R.1305/2013

c. Decision Article 11(b)

1.1.2. Amendment modifying information provided in the PA

1.1.3. Amendment related to the third sub-paragraph of Article 4(2) of R.808/2014 (not counting against the limits set in that Article):

1.1.4. Consultation of the monitoring committee (Article 49(3) of R.1303/2013)

1.1.4.1. Date

05-12-2016

1.1.4.2. Opinion of the monitoring committee

The Managing Authority send on 5 December 2016 proposed amendments of RDP 2014-2020, with the accompanying justification, to the members of the Monitoring Committee for consideration by written procedure. In accordance with Art. 6, paragraph 6, Art. 15 of the Rules of the procedure members have a period of 10 working days for delivery of remarks.

A opinion to the submitted proposal of amendments we were received from following Committee members: Croatian LEADER Network, Union of Croatian Innovators, Croatian Network for Rural Development and Green Forum.

Received opinions are not directly related to the prepared proposal of the third amendment.

In accordance with the Rules of the procedure and comments of the Monitoring Committee members, the proposed third amendment of the program has received a positive opinion.

1.1.5. Amendment description - Article 4(1) of R.808/2014

1.1.5.1. Amendment related to the M02

1.1.5.1.1. Reasons and/or implementation problems that justify the amendment

- Correction of editorial mistake "Refreshments if applicable" is eligible cost in all types of operation under M01 therefore there is no reason to be acceptable through the M2

1.1.5.1.2. Expected effects of the amendment

No expected effects of the amendment.

1.1.5.1.3. Impact on the change on indicators

No impact on the indicator level is forseen.

1.1.5.1.4. Relationship between the change and the PA

No relation between the proposed changes and the approved PA.

1.1.5.2. Amendment related to the M04

1.1.5.2.1. Reasons and/or implementation problems that justify the amendment

Regional Development Index is added as principle with regards to the setting of selection criteria for type of operation 4.1.1., 4.1.2., and 4.1.3. in relevant chapter.

1.1.5.2.2. Expected effects of the amendment

The increased number of potential beneficiaries and investments in area with lower Regional development index.

1.1.5.2.3. Impact on the change on indicators

No impact on the indicator level is forseen.

1.1.5.2.4. Relationship between the change and the PA

No relation between the proposed changes and the approved PA.

1.1.5.3. Amendment related to the M06

1.1.5.3.1. Reasons and/or implementation problems that justify the amendment

- Changes in Selection criteria (Type of operations 6.2.1. and 6.4.1.) proposed by MA, approved by Monitoring Committee in written procedure from 07-21 July 2016.

1.1.5.3.2. Expected effects of the amendment

- The increased number of potential beneficiaries with different education level not only limited to non-agriculture activities could apply on this type of operation; efficient administrative check of applications.

1.1.5.3.3. Impact on the change on indicators

No impact on the indicator level is forseen.

1.1.5.3.4. Relationship between the change and the PA

No relation between the proposed changes and the approved PA.

1.1.5.4. Amendment related to the M08

1.1.5.4.1. Reasons and/or implementation problems that justify the amendment

- RDP determined that type of operation 8.5.1. is carried out on the basis of standard costs, which are defined on the basis of actual costs within the eligible costs incurred during the last three years (2011, 2012 and 2013) before the adoption of the RDP. Standard costs are defined per hectare and for the nine possible types of conversion, based on which is calculated the total amount of investment aid for a user that submits a request for support for the type of operation 8.5.1. The implementation is monitored by monitoring the execution of the plan of conversion and not checking the cost / account.
- For the type of operation "Establishing and arranging educational trails, lookouts and other smaller infrastructure ",with respect that educational path2 and other works from 8.5.2. in no way can be and are not planed by management programs as well as by Study of silvicultural work. In accordance with Article 25, paragraph 16 of the Rules on forest management (http://narodne-novine.nn.hr/clanci/sluzbeni/128205.html) forest management plan determines the design, construction and maintenance of forest infrastructure in mind the following:- Design and construction of forest roads,- Maintenance of forest roads,- Design and construction of firebreaks with elements of forest roads,- Maintaining firebreaks with elements of forest roads,- Design and construction of forest train,- Maintenance of forest train,- Design and manufacture of permanent forest lifts,- Maintenance of permanent forest lifts,- Design and manufacturing forest passes, Maintaining forest passes
- In accordance with the foregoing, the following statement, "The definition of" equivalent instrument " in the same section 8.2.8.3.2.11. is redundant.

1.1.5.4.2. Expected effects of the amendment

- Proper application of prescribed ensures easier apply of beneficiaries and better utilization of envisaged allocation.

1.1.5.4.3. Impact on the change on indicators

No impact on the indicator level is forseen.

1.1.5.4.4. Relationship between the change and the PA

No relation between the proposed changes and the approved PA.

1.1.5.5. Amendment related to the M09

1.1.5.5.1. Reasons and/or implementation problems that justify the amendment

- In case that the objectives from the business plan for the previous year were not met, the payment of the following instalment is possible under the condition that it is approved by the Competent authority which has recognised the producer group or organisation.
- Assessment of business plans included verification of producer groups/organisations sustainability will check Competent authority not Paying Agency.

1.1.5.5.2. Expected effects of the amendment

No expected effects of the amendment.

1.1.5.5.3. Impact on the change on indicators

No impact on the indicator level is forseen.

1.1.5.5.4. Relationship between the change and the PA

No relation between the proposed changes and the approved PA.

1.1.5.6. Amendment related to the M10

1.1.5.6.1. Reasons and/or implementation problems that justify the amendment

- Sites of Community Importance (SCI) list was not approved at the time the RDP was submitted. At the end of 2014 the list was accepted and the text is updated with this information.
- Number of TO has changed as two new TO with implementation start envisaged for 2017 were added:

  O_10: Preservation of dry stone walls;

  O_11: Preservation of hedges.

- From 2017 it is possible to combine more M10 operations within M10, as well as more M10 operations with M11.
- To simplify the procedure for Confirmation paper that PA sends to all beneficiaries, we use the possibility stated in art. 47 of the basic Regulation. Until now PA had to issue Confirmation paper every time there was, even the slightest, LPIS parcel size change. Instead of sending new Confirmation paper for each area change, if the beneficiary increases or reduces parcel size up to 10%, PA will send information to the beneficiary that for the year in question support is calculated according to the new area.

1.1.5.6.2. Expected effects of the amendment

- Adding types of operations and possibility to combine types of operations and / or measures enhances positive effect on the environment and biodiversity as well as better use of funds, especially those allocated for M10.
- Simplification of implementation procedure.

1.1.5.6.3. Impact on the change on indicators

- Adding two new types of operations in M10 led to a change in the Indicator Plan, section 11, tables: 11.4.1.1. and 11.3.. Adding two new types of operations, led to a reallocation of expected total expenditure from the O_06: Establishment of field strips to the types of operations O_10: Preservation of dry stone walls and O_11: Preservation of hedges. Consequently, this lead to the decrease in the planned total area (ha) for O_06: Establishment of field strips.

1.1.5.6.4. Relationship between the change and the PA

No relation between the proposed changes and the approved PA.

1.1.5.7. Amendment related to the M11

1.1.5.7.1. Reasons and/or implementation problems that justify the amendment

- To simplify the procedure for Confirmation paper that PA sends to all beneficiaries, we use the possibility stated in art. 47 of the basic Regulation. Until now PA had to issue Confirmation paper every time there was, even the slightest, LPIS parcel size change. Instead of sending new Confirmation paper for each area change, if the beneficiary increases or reduces parcel size up to 10%, PA will send information to the beneficiary that for the year in question support is calculated according to the new area.
- From 2017 it is possible to combine M10 with M11.
- The beneficiaries with animals on karst pastures disputed commitment to have 0,5 LU/ha due to low grass productivity. After Faculty of Agronomy was consulted once again, also having in mind the environmental value of this type of pastures, number of LU/ha was reduced on 0,3 LU/ha. The payment is per ha, not per LU. There is always a possibility that some animal may die within the year, or could be attacked by wild animal. So, the number of corresponding hectares/animals from application form does not have to be equal to the determined number of animals/hectares. As the animals are not supported, we will not sanction the beneficiary if the number of animals, hence applicable hectares, is changed.
- Baseline and verification table for M10 and M11 will both be part of Annex VIII of RDP.

1.1.5.7.2. Expected effects of the amendment

- Simplification of implementation procedure
- Combining operations and / or measures enhances positive effect on the environment and biodiversity as well as better use of funds, especially those allocated for M10.
- Reducing the number of LU / ha enables better management of karst pastures preventing at the same time possible devastation of these low production areas.

1.1.5.7.3. Impact on the change on indicators

No impact on the indicator level is forseen.

1.1.5.7.4. Relationship between the change and the PA

No relation between the proposed changes and the approved PA.

1.1.5.8. Amendment related to the M13

1.1.5.8.1. Reasons and/or implementation problems that justify the amendment

- The change in area is possible due to updated delimitation procedure.

1.1.5.8.2. Expected effects of the amendment

- Inclusion of additional agricultural land used on constraint area will ensure the continuity of agricultural production in those karst parcels that were excluded from support thus being in danger of abandonment.

1.1.5.8.3. Impact on the change on indicators

No impact on the indicator level is forseen.

1.1.5.8.4. Relationship between the change and the PA

No relation between the proposed changes and the approved PA.

1.1.5.9. Amendment related to the M16

1.1.5.9.1. Reasons and/or implementation problems that justify the amendment

- Legal entity from among the partners is responsible for the project implementation in O_02. In O_04 natural person can also be responsible for project implementation.
- Operational group don't have to be registered as a legal entity in accordance with the Associations Act (OG 74/14) prior to receiving any support.
- Clearer definition of beneficiaries.

- Simplification of project selection.
- One of the partners (entity) in the proposed Operational groups must be a farmer (natural person).
- Beneficiaries need to submit a business plan for all types of operations except for 16.1.1.
- Due to similar operations and the possibility of confusion beneficiaries regarding eligible costs, submeasure 16.1. and 16.2. are merged.
- In sub-measure 16.4. Operational groups were added as eligible beneficiaries, those groups will be recognised and involved in EIP networking activities and connected with other supply chain Operational groups.
- Size of the enterprise is not a eligibility condition.

1.1.5.9.2. Expected effects of the amendment

- Better quality of the concept note
- To facilitate better implementation
- Reducing doubts among potential beneficiaries
- The inclusion of farmers (natural person) in Operational groups
- Better overview of the current situation and planned cost and reasonableness of the same

1.1.5.9.3. Impact on the change on indicators

No impact on the indicator level is forseen for now.

1.1.5.9.4. Relationship between the change and the PA

No relation between the proposed changes and the approved PA.

1.1.5.10. Changes in authorities structure

1.1.5.10.1. Reasons and/or implementation problems that justify the amendment

- Deleting names due to frequent changes in the authorities structure.
- Future structural modifications.
- According analyses, MoA will propose new internal Ordinance and modifications number of staff working on Program.

1.1.5.10.2. Expected effects of the amendment

- Amendment effects TA measure implementation.

1.1.5.10.3. Impact on the change on indicators

No impact on the indicator level is forseen.

1.1.5.10.4. Relationship between the change and the PA

No relation between the proposed changes and the approved PA.

1.1.5.11. Complaints-technical change

1.1.5.11.1. Reasons and/or implementation problems that justify the amendment

- Technical change. Minister of Agriculture is responsible for appointment of independent commission within the Ministry.

1.1.5.11.2. Expected effects of the amendment

No expected effects of the amendment.

1.1.5.11.3. Impact on the change on indicators

No impact on the indicator level is forseen.

1.1.5.11.4. Relationship between the change and the PA

No relation between the proposed changes and the approved PA.

1.1.5.12. State Aid notified to the European Commission

1.1.5.12.1. Reasons and/or implementation problems that justify the amendment

- Indications to the Regulation (EU) No 702/2014 is replaced having in mind the positive EC decision regarding the notification under the Guidelines for State aid in the agricultural and forestry sectors and in rural areas 2014 to 2020.

1.1.5.12.2. Expected effects of the amendment

- Keeping the compliance with the TFEU, but under different legal basis.

1.1.5.12.3. Impact on the change on indicators

No impact on the indicator level is forseen.

1.1.5.12.4. Relationship between the change and the PA

No relation between the proposed changes and the approved PA.

2. MEMBER STATE OR ADMINISTRATIVE REGION

2.1. Geographical area covered by the programme

Geographical Area:

HR - National

Description:

Croatia is situated in south-east Europe and its total area covers 87.661 km², of which 56.594 km² are land (including island landmass) and 31.067 km² are the territorial sea and internal waters. The land border is 2.028 km long and the coastline is 1.777 km long. There are 1.246 islands, islets, rocks and reefs along the Adriatic Sea coast, 48 islands of which are inhabited. The length of the island coastline is 4.058 km.

In 2012, close to 80% of Croatia's land area was classified as predominantly rural, considerably more than the EU-27 average of 51,3%. More precisely, according to Eurostat urban/rural typology, 79,1% of Croatia's land area is classified as being predominantly rural and 19,8% as intermediate while only 1,1 % (CI-3) of the area is classified as predominately urban categorized by NUT-3 level regions. In same year, 56,7 % of the population lived in predominantly rural regions again significantly higher than the EU-27 average of 22,3%.

For the implementation of RDP 2014 – 2020 and the determination of the rural area at programme level, a special study was conducted by an independent expert (Annex 1). In accordance with one of the proposed models, the rural area at programme level is defined as the whole territory of Croatia with the exclusion of the administrative centers of four cities (Zagreb, Split, Rijeka and Osijek). A total of 3.217.117 inhabitants (75,08% of total population) and 56.164 km² of the rural area (99,24% of total territory) are covered by this definition.

The RDP 2014 – 2020 ensures a uniform application of the rural development policy throughout the rural territory of Croatia by the definition of a single programme for entire territory. RDP is implemented throughout the whole territory of Croatia, whereas only rural development measures (6.2, 6.4, 7) are implemented in the rural area at programme level. Both Croatia's NUT-2 level statistical regions are considered as less developed regions and the same EAFRD contribution rate is used for the whole geographical area covered by the programme.

2.2. Classification of the region

Description:

In administrative terms, the Republic of Croatia is divided into 21 regional self-government units equivalent to NUTS 3 level; 20 of these units are counties and the City of Zagreb is a separate administrative unit. There are 556 local self-government units, 127 of which are classified as cities and 429 as municipalities, according to the Act on Local and Regional self-government units (OG 33/01, 60/01, 129/05, 109/07, 125/08, 36/09, 150/11, 144/12, 19/13).

Statistically speaking, the Republic of Croatia is divided into two NUTS 2 regions:

- **Continental Croatia**, which includes 14 NUTS 3 regions: Zagreb, Krapina-Zagorje, Varaždin, Koprivnica-Križevci, Međimurje, Bjelovar-Bilogora, Virovitica-Podravina, Požega-Slavonija, Brod-Posavina, Osijek-Baranja, Vukovar-Srijem, Karlovac, and Sisak-Moslavina County, as well as the City of Zagreb;
- **Adriatic Croatia**, which includes 7 NUTS 3 regions: Primorje-Gorski Kotar, Lika-Senj, Zadar, Šibenik-Knin, Split-Dalmacija, Istra, and Dubrovnik-Neretva County.

Figure 1 shows the territorial division of the statistical regions of the Republic of Croatia.

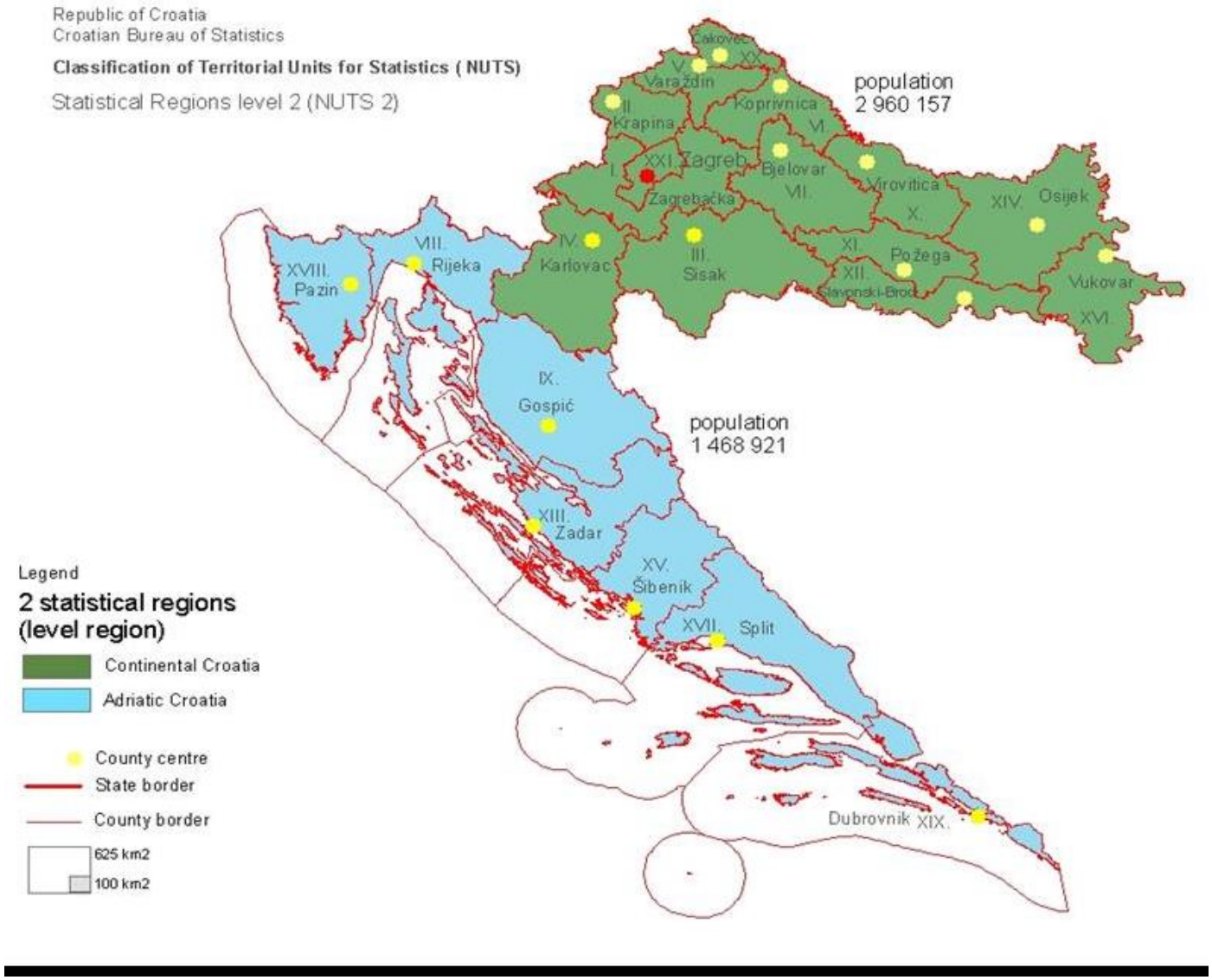


Figure 1: Territorial division into statistical regions

3. EX-ANTE EVALUATION

3.1. Description of the process, including timing of main events, intermediate reports, in relation to the key stages of RDP development.

In November 2012, the Central Finance and Contracting Agency published a call for public tender for the IPA 2009 FWC project "Support for preparing the Rural Development Programme 2014-2020", the planned scope of which included the ex-ante evaluation of the Rural Development Programme 2014-2020. Agreement No 2009-0404-011501 was concluded in December 2012 between the Central Finance and Contracting Agency (contracting party) and the company Cardno Agrisystems, UK (contractor).

The project assignment was to conduct an ex-ante evaluation of the Programme and a strategic environmental assessment (SEA). The ex-ante evaluation is an integral part of programming and its objective is to contribute to the quality of programme design.

The inception meeting between the beneficiary and the contractor was held on 03 January 2013. Between February 2013 and April 2014 the independent evaluators conducted additional missions in the Republic of Croatia (11-15 March 2013; 03-05 June 2013; 09-18 September 2013; 29-31 October 2013; 28-30 April 2014).

The *ex-ante* evaluation has been monitored by a Project Steering Group (PSG). The PSG consists of representatives from the Central Finance and Contracting Agency (CFCA), the Ministry of Agriculture (MoA) and the Evaluation Team) ET in order to monitor project implementation from the point of view of project administration.

The ex-ante evaluation was conducted in three stages: bilateral meetings with employees of the Ministry of Agriculture regarding RDP chapters and measures, and a programming workshop; collecting data and interviewing potential beneficiaries and other participants; periodic delivery of recommendations and reporting (including a presentation of the draft Report).

The Evaluation Team devoted particular attention to:

- assessing the status of the areas in which the RDP is to be applied (use of context indicators; agriculture and food production and food processing industry; forestry sector; environmental and nature status; rural tourism; infrastructure; SWOT analysis; estimation of needs);
- relevance, and internal and external coherence of the RDP (alignment with the EU 2020 Strategy; assessing of RDP strategy and intervention logic; proposed support per measure; role of selected measures in achieving objectives; consistency of financial allocations and objectives; assessing of LEADER (CLLD) implementation; assessing of the National Rural Network, technical assistance);
- measuring RDP progress and results (assessing of the monitoring and evaluation system, and the Evaluation Plan);
- assessing of the planned arrangements for programme implementation and for the inclusion of participants.

The complete Draft Ex-ante Evaluation Report was delivered in October 2013, the final Ex-ante Evaluation report was delivered in December 2013 and revised Final Ex-ante Evaluation Report was

delivered by Cardno to the MoA on 28 May 2014.

Preparation of the SEA was done parallel to the ex-ante evaluation. In October 2013 a consultation process of the Programme and its SEA report with relevant bodies started (see Annex III b). The complete first draft SEA report was delivered in March 2014 and the Final draft SEA report on the 28 May 2014. In the period from 13 June to 12 July 2014, public consultation was organized on the SEA report and the draft rural development programme in accordance with Article 6 of the SEA Directive. The copy of the SEA Report was displayed in the premises of the Ministry of Agriculture and the electronic version on their Web page for public inspection, for a period of 30 days (13 June to 12 July 2014). A public presentation of the SEA Report was held on 18 June 2014 in the Ministry of Agriculture and comments received during the public debate were taken into account by the Consultant in the final SEA Report that was submitted in English and Croatian on 16 July 2014. A few comments were received and the SEA duly revised. The Final SEA report was delivered in July 2014. Detailed list of recommendation are presented in chapter 3.2 and two separate reports (Final Ex-ante Evaluation Report (Annex II) and Final SEA report (Annex III a)) are attached in chapter 3.3.

3.2. Structured table containing the recommendations of the ex-ante evaluation and how they have been addressed.

Title (or reference) of the recommendation	Category of recommendation	Date
R_001; R_002; R_003: Introduction	Other	18/12/2013
R_004; R_005; R_006; R_007: General information and Socio-economic indicators	The SWOT analysis, needs assessment	18/12/2013
R_008; R_009; R_010; R_011; R_012; R_013: Social indicators	The SWOT analysis, needs assessment	18/12/2013
R_014; R_015; R_016; R_017; R_018; R_019: Economic indicators	The SWOT analysis, needs assessment	18/12/2013
R_020; R_021; R_022: Economic indicators	The SWOT analysis, needs assessment	18/12/2013
R_023; R_024; R_025: Gender Equality	Other	18/12/2013
R_026; R_027; R_028; R_029: Rural tourism	The SWOT analysis, needs assessment	18/12/2013
R_030; R_031: LEADER	The SWOT analysis, needs assessment	18/12/2013
R_032: NRNs	Programme implementing arrangements	18/12/2013
R_033: Agriculture - operational definitions	Other	18/12/2013
R_034; R_035: Agriculture and Food Industry - analysis	The SWOT analysis, needs assessment	18/12/2013
R_036; R_037; R_038; R_039; R_040: Agriculture	The SWOT analysis, needs assessment	18/12/2013
R_041; R_042; R_043; R_044: Natural resources	The SWOT analysis, needs assessment	18/12/2013
R_045; R_046; R_047: Agricultural population	The SWOT analysis, needs assessment	18/12/2013
R_048: Adult education system - lifelong learning	The SWOT analysis, needs assessment	18/12/2013
R_049; R_050; R_051: Agricultural advisory service	The SWOT analysis, needs assessment	18/12/2013

R_052; R_053; R_054; R_055; R_056: Impact of agriculture on soil and water	The SWOT analysis, needs assessment	18/12/2013
R_057; R_058: Agricultural environment - Greenhouse gas emissions and Natura 2000	The SWOT analysis, needs assessment	18/12/2013
R_059; R_060; R_061; R_062; R_063: Agricultural production	The SWOT analysis, needs assessment	18/12/2013
R_064; R_065; R_066: Food processing industry	The SWOT analysis, needs assessment	18/12/2013
R_067; R_068; R_069: Forestry and the wood industry	The SWOT analysis, needs assessment	18/12/2013
R_070; R_071; R_072: Forestry and the wood industry	The SWOT analysis, needs assessment	18/12/2013
R_073; R_074; R_076; R_078: SWOT - situation analysis and needs assessment	The SWOT analysis, needs assessment	18/12/2013
R_075; R_077: SWOT - intervention logic	Construction of the intervention logic	18/12/2013
R_079; R_080; R_081: Pre-Accession Rural Development Programmes (SAPARD, IPARD)	Other	18/12/2013
R_082; R_083; R_084; R_085; R_086: Strategy	Construction of the intervention logic	18/12/2013
R_087: Ex-Ante Conditionality - updating	Programme implementing arrangements	18/12/2013
R_088;_R_089: Performance framework	Establishment of targets, distribution of financial allocations	18/12/2013
R_090; R_091; R_094; R_095: Measures - general	Construction of the intervention logic	18/12/2013
R_092; R_093: Measures	Establishment of targets, distribution of financial allocations	18/12/2013
R_096: M 1 - beneficiaries	Construction of the intervention logic	18/12/2013
R_097: M 1 - complementarity of the funding	Programme implementing arrangements	18/12/2013

R_098: M 1 - support levels	Establishment of targets, distribution of financial allocations	18/12/2013
R_099; R_101: M 2 – financial allocations and support rates	Establishment of targets, distribution of financial allocations	18/12/2013
R_100: M 2 - clarifying beneficiaries	Construction of the intervention logic	18/12/2013
R_102; R_103: M 3 - feasibility of schemes and marking of the products	Construction of the intervention logic	18/12/2013
R_104: M 3 - intensity of aid	Establishment of targets, distribution of financial allocations	18/12/2013
R_105; R_106; R_107; R_109; R_110; R_115: M 4 - eligibility conditions and eligible investments	Construction of the intervention logic	18/12/2013
R_108; R_111: M 4 - finances	Establishment of targets, distribution of financial allocations	18/12/2013
R_112; R_113; R_114: M 4 – other	Construction of the intervention logic	18/12/2013
R_116; R_117; R_118; R_119; R_120: M 6	Construction of the intervention logic	18/12/2013
R_121; R_122; R_123: M 7 - link with other measures and eligible investments	Construction of the intervention logic	18/12/2013
R_124: M 7 - level of support rates	Establishment of targets, distribution of financial allocations	18/12/2013
R_125; R_126; R_127; R_130; R_131; R_132: M 8 - general	Construction of the intervention logic	18/12/2013
R_128; R_129; R_133: M 8 - amount of support and targets	Establishment of targets, distribution of financial allocations	18/12/2013
R_134; R_135: M 9	Construction of the intervention logic	18/12/2013
R_136; R_137; R_138; R_139: M 10 - general	Construction of the intervention	18/12/2013

	logic	
R_140; R_141; R_143; R_144; R_145: M 10 – other sub-measures	Construction of the intervention logic	18/12/2013
R_142: M10 - “Preservation of autochthonous and protected agricultural plant species and cultivars”- selection criteria(10.2)	Construction of the intervention logic	18/12/2013
R_146; R_147; R_148: M 10 - “Reduced fertilisation” and “integrated plant protection”	Construction of the intervention logic	18/12/2013
R_149; R_150; R_151: M11	Construction of the intervention logic	18/12/2013
R_152; R_153: M 17	Construction of the intervention logic	18/12/2013
R_154: M 19 - targeting	Construction of the intervention logic	18/12/2013
R_155: M 20 - eligibility criteria and eligible investments	Programme implementing arrangements	18/12/2013
R_156; R_157; R_158: National Rural Network (NRN)	Programme implementing arrangements	18/12/2013
R_159; R_160; R_161; R_162: Innovation	Construction of the intervention logic	18/12/2013
R_163; R_166: Monitoring and Evaluation - lessons learnt	Programme implementing arrangements	18/12/2013
R_164; R_165; R_168; R_169; R_172; R_173; R_174: Monitoring and Evaluation - governance and data collection	Programme implementing arrangements	18/12/2013
R_167; R_170; R_171; R_175; R_176: Monitoring and Evaluation - the objectives and activities of the Evaluation Plan	Programme implementing arrangements	18/12/2013
R_177; R_178; R_179: Finances	Establishment of targets, distribution of financial allocations	18/12/2013
R_180: Indicator Plan	Establishment of targets, distribution of financial allocations	18/12/2013
R_181; R_182; R_183; R_184; R_185: Programme	Programme implementing	18/12/2013

implementation	arrangements	
R_186; R_187; R_188; R_189; R_190; R_191; R_192: Partnership and Consultation - collaboration with stakeholders	Other	18/12/2013
R_193: Partnership and Consultation - technical requirements	Programme implementing arrangements	18/12/2013
R_194; R_195; R_197: Gender equality and the prevention of discrimination - separate chapter	Other	18/12/2013
R_196: Gender equality and the prevention of discrimination - SWOT	The SWOT analysis, needs assessment	18/12/2013
SEA_1: Assessment of the effects of certain plans and programmes on the environment	SEA specific recommendations	15/07/2014
SEA_2: Ecological network	SEA specific recommendations	15/07/2014
SEA_3: Monitoring - AE	SEA specific recommendations	15/07/2014

3.2.1. R_001; R_002; R_003: Introduction

Category of recommendation: Other

Date: 18/12/2013

Topic: Introduction – acronyms and abbreviations (1); glossary (2); Introductory chapter (3)

Description of the recommendation

(1) The team recommends including a section on acronyms and abbreviations prior to the introductory chapter.

(2) The team recommends including a glossary in which key terms are adequately defined prior to the introductory chapter.

(3) The team recommends mentioning in the introductory chapter, immediately after the priorities, how many measures will be implemented and when.

How recommendation has been addressed or justification as to why not taken into account

Partly accepted
(1) Since the SFC template does not foresee a separate chapter on acronyms and abbreviations, this issue is horizontally addressed through the RDP.

(2) Since the SFC template does not foresee a separate section of the glossary, this issue is horizontally addressed through the RDP.

Not accepted
(3) Since the SFC template does not foresee an introductory chapter, information was instead provided in chapter 5: Description of the Strategy.

3.2.2. R_004; R_005; R_006; R_007: General information and Socio-economic indicators

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: General information - classification of the region (1); terminology on rural areas (2); Socio-economic indicators – title (3); common context indicators (4)

Description of the recommendation

(1) The team recommends reintroducing the main points from the section "State in NUTS 2", which has been removed from this version of the RDP, into the chapter "Administrative/territorial organisation and statistical division".

(2) In the chapter "Rural areas of the Republic of Croatia" and throughout the draft RDP, varying terminology on rural areas is used. The team recommends consistently adopting the terminology of the OECD of predominantly rural, intermediate and predominantly urban areas.

(3) The title of chapter 2 is misleading. The team recommends changing it so that it reflects its status as part of the overall ACS and not strictly a list of socio-economic indicators.

(4) The team recommends using relevant data for all common context indicators. Where data are not available, the team recommends referring in the table to what is being considered and planned to allow the MoA to collect the data at a later stage.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) Main points from the section "State in NUTS 2" were included in chapter 2.2: Classification of the region.

(2) For the implementation of RDP 2014 – 2020 and determination of rural areas at programme level a special study was conducted by an independent expert. According to the conducted study, a new definition of rural areas at programme level has been agreed and will be used consistently throughout the programme. A consistent terminology will be used in the programme, while the following two indicators will still be used: CCI-3 according to Eurostat data (OECD methodology) and a programme-specific indicator according

to data relevant for the definition of rural areas at programme level.

(4) Throughout the text CCIs are now marked. All CCIs are included in chapter 4.1.6 and all PSIs in 4.1.7.

Partially accepted
(3) In accordance with Commission guidance, the general description has been organised around the three sections of the structured template for the CCIs (socio-economic and rural situation; sectorial information; environment/climate).

3.2.3. R_008; R_009; R_010; R_011; R_012; R_013: Social indicators

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Social indicators - population (natural increase rate) (1); definition of larger cities as rural areas (2); population density (3); level of migration (4); educational situation (5); employment and unemployment (6)

Description of the recommendation

The team recommends:

(1) outlining the causes for a drop in the natural increase rate compared to the EU-27 as well as clarifying if any regional and urban/rural variations exist;

(2) explaining why larger cities are defined as rural areas if this decision has been made deliberately;

(3) expanding on the issue of how the economic crisis and the earlier war have left their mark on rural areas and what this means for population density. The last sentence on page 6 does not link back to previous sentences;

(4) adding information, if possible, on whether the level of migration is higher from some areas compared to others and why;

(5) updating the general data on the educational situation in Croatia emphasising the documentation of the (expected) low level of education in rural versus urban areas;

(6) crosschecking the data on employment and unemployment and making sure that the figures are consistent. If the figures are right, please explain the differences between them.

How recommendation has been addressed or justification as to why not taken into account

Accepted.
(1) The reasons for the negative natural increase are outlined and regional/urban/rural variations are briefly clarified on chapter 4.1.

(2) According to one of the proposed models, a rural area at RDP level is defined as the whole territory of the Republic of Croatia with the exception of the four biggest cities (Zagreb, Split, Rijeka and Osijek). See recommendation R_005: General information - terminology on rural areas

(3) This information is redrafted and described in chapter 4.1.

(4) Additional information was added in chapter 4.1.

(5) A section has been updated with relevant data on education from 2011, chapter 4.1.

(6) Information has been updated and included in chapter 4.1.

3.2.4. R_014; R_015; R_016; R_017; R_018; R_019: Economic indicators

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Economic indicators (1); analysis of agricultural sector (2); market shares (3); currency (4); waste management (5); electric energy (6)

Description of the recommendation

The team recommends:

(1) Changing the header ‘economic indicators’ to reflect being part of the ACS and not simply a list of indicators.

(2) Reflecting on and analysing the data provided on the agricultural sector in more detail in order to point out the core needs of the sectors and the challenges they face. Option is to focus on the analysis in chapter 4 and to leave the more general description in this section of the RDP.

(3) Inserting data on the development in relative market shares for specific products and groups of products, for example under chapter 4.7 “Agricultural production” and chapter 5 “Food processing”.

(4) Changing the currency from USD to HRK and €.

(5) Justifying support for municipal solid waste (vehicles, containers, cans) disposal by analysing the current situation in Croatia having in regard that no mention is made in this section (3.2.3) as a need and it is not included in the SWOT, but it is clear from the measure for basic services in rural areas that it will be supported.

(6) Expanding the analysis of the challenges and needs facing electric energy consumption, which is merely outlined briefly in the section (3.2.3.) as well as clarifying how the RDP can support it.

How recommendation has been addressed or justification as to why not taken into account

Partially Accepted

(1) See recommendation R_006.

Accepted
(2) Information has been updated and included in chapter 4.1.1: General description of the programming area

(3) A section has been updated with relevant data on market shares and included in chapter 4.1.

Not accepted
(4) The foreign trade balance is officially presented in USD which is commonly used.

(5) Waste management (disposal of municipal solid waste) will not be supported under the measure for basic services in rural areas.

(6) The opinion of the MoA is that such detailed information is not relevant.
Also, FA 5B is not chosen, as the RDP programed focus will be towards renewable energy sources (RES). In general modernisation and new technology update will improve energy efficiency.

3.2.5. R_020; R_021; R_022: Economic indicators

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Economic indicators - renewable energy sources (1); communication infrastructure (2); rural infrastructure (3)

Description of the recommendation

(1) It is highly recommended to forge the link between section 3.2.3 and the measure sheet. If renewable energy sources are to be supported, it is necessary to identify why doing so is important and this is not done in the current draft RDP.

(2) In relation to communication infrastructure, reference is made to 2009 Eurostat data. The team recommends applying 2011 figures from the Population Census instead, as figures on internet coverage change relatively quickly.

(3) The team recommends improving the justification for the need for support to rural infrastructure (presently 5 lines).

How recommendation has been addressed or justification as to why not taken into account

Accepted

(1) More detailed justification for support is described in chapter 4.2: Identification of needs.

(2) More recent data has been used (2012).

(3) More detailed justification for support is provided in chapter 4.

3.2.6. R_023; R_024; R_025: Gender Equality

Category of recommendation: Other

Date: 18/12/2013

Topic: Gender Equality - survey (1); women's entrepreneurship (2); lessons learnt (3)

Description of the recommendation

(1) On page 18 in the second section, reference is made to a survey conducted in Croatia in 2012 titled "101 Questions for Women in Rural Areas". The team recommends including the results of the survey and an indication of any planned follow-up actions.

(2) The team recommends including percentages on women's entrepreneurship in Croatia and in rural areas in the section on gender equality.

(3) The team recommends including lessons learnt and experiences involving women under the IPARD and SAPARD programmes, if possible.

How recommendation has been addressed or justification as to why not taken into account

Not Accepted
(1) The SFC template does not foresee such detailed information and it is additionally the opinion of the MoA that such information is not relevant.

Accepted
(2) Since the SFC template does not foresee a separate chapter on gender equality, this issue is horizontally addressed through the RDP.

(3) Since the SFC template does not foresee a chapter on the effects of pre-accession rural development programmes (SAPARD, IPARD), links to relevant information (Annual IPARD implementation reports and IPARD evaluation reports) are incorporated into the chapter on the Evaluation Plan.

3.2.7. R_026; R_027; R_028; R_029: Rural tourism

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Rural tourism (1); data and figures (2); current situation and the needs (3); coordination (4)

Description of the recommendation

(1) The subsection on “the importance of rural tourism” is very generic and does not reflect the Croatian context. The team recommends redrafting and integrating it into the subsection on “current status and interest”.

(2) The team recommends including data on the current situation for rural tourism.

(3) The intent and purpose of the subsectors “current status and interest”, “requirements and factors for development of rural tourism” and “agritourism aspects of rural tourism” are not clear. They contain no information on the current situation, and the text seems to have been extracted from other documents. The team recommends rewriting with a focus on outlining the current situation in Croatia and determining the needs of rural tourism in a Croatian context.

(4) The team recommends co-ordinating the development of rural tourism issues with the Ministry of Tourism. How does the RDP fit into the Croatian Development Tourist Strategy to 2020? A number of “tourism product developments” are described in this strategy of which several are of interest to rural development.

How recommendation has been addressed or justification as to why not taken into account

Accepted.
(1); (2); (3) This section has been redrafted and included in SWOT analysis.

(4) Coordination and cooperation takes place between the Ministries of Tourism and Agriculture. One of the 10 basic principles of the Croatian Tourism Development Strategy to 2020 is to “develop tourism throughout the entire territory” of the country. The use of tourism to initiate the development of rural areas must thus be one of the key drivers of overall development. See chapter 4.

3.2.8. R_030; R_031: LEADER

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: LEADER (1); coverage of LAGs (2)

Description of the recommendation

(1) In order to improve the structure and thereby the readability of the LEADER section, it is recommended to insert a number of sub-headings, such as “LEADER in Croatia today”, “LEADER in the IPARD framework” and “Definition of LAGs”.

(2) The team recommends checking the figures provided on the coverage of LAGs throughout the Croatian territory. The text cites this as 69%, but during the team's interview with the NRN, it was informed of a 75% coverage.

How recommendation has been addressed or justification as to why not taken into account

Partly accepted
(1) As a chapter on this is not foreseen in the SFC template, this information is presented through other chapters in the RDP.

(2) Data are clarified in chapter 4.2. Coverage of 69% of Croatian territory is by selected LAGs through IPARD programme. When all LAGs (selected and not selected) are included, coverage is higher as the process of establishing new LAGs is on going.

3.2.9. R_032: NRNs

Category of recommendation: Programme implementing arrangements

Date: 18/12/2013

Topic: NRNs

Description of the recommendation

The team recommends including information on the issue that Croatia has two NRNs, both members of the European LEADER Network, and, if possible, describing their functions.

How recommendation has been addressed or justification as to why not taken into account

Accepted
This is described in chapter 17: National Rural Network (in line with the SFC template).

3.2.10. R_033: Agriculture - operational definitions

Category of recommendation: Other

Date: 18/12/2013

Topic: Agriculture - operational definitions

Description of the recommendation

The team recommends considering and including operational definitions of the two core concepts of "competitiveness" and "farm viability" in the RD policy and adding some text to the RDP in which the concepts are defined and described (cf. recommendation 2).

How recommendation has been addressed or justification as to why not taken into account

Partially accepted
Analysis of data influencing competitiveness and farm viability has been enhanced throughout the intervention logic applied.

3.2.11. R_034; R_035: Agriculture and Food Industry - analysis

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Agriculture - analysis (1); Food Industry – analysis (2)

Description of the recommendation

(1) The team recommends strengthening the analytical element of the ACS text on agriculture, which at present is mostly descriptive.

(2) It is recommended to strengthen the analysis of the topic of the organisation and integration of value chains, since this is an important objective under priority 3 of the RD policy.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) Analysis of data on the current situation was done to the extent permitted by the SFC template (as part of chapter 4.1.1). A comprehensive overall description is provided of the current situation in the programming area, based on common and programme-specific context indicators.

Partially accepted
(2) The specific conditions in Croatia concerning the organisation of value chains are addressed in different parts of the RDP, in particular in Need 12.

3.2.12. R_036; R_037; R_038; R_039; R_040: Agriculture

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Agriculture - crosschecking data (1); analysis of the core indicators/factors (2); agriculture holdings (3); farm fragmentation (4); cooperatives (5)

Description of the recommendation

(1) The team recommends crosschecking all data in chapter 4.1. (3.1.) “Agriculture”.

(2) The general observation is that relevant data on core indicators/factors are presented, but not analysed, and no causalities (drivers and effects) are mapped. The extent to which these data reflect and/or influence competitiveness and farm viability is not discussed. The team recommends improving these analyses.

(3) The team recommends assessing the figures (along with the cause and effect) of the number of farm holdings.

(4) The team recommends considering the inclusion of a section on farm fragmentation, since it is likely that this problem is contributing to the small-scale farming problem. Also worthy of possible attention is the functioning of the land market, since this is a basic problem for the sector and its resolution could in turn help to solve the problems of small-scale farming and fragmentation.

(5) The team recommends expanding on the issue of a declining number of co-operatives. Are the requirements too demanding? What are the requirements? Could something be done to address the problem and what are its consequences?

How recommendation has been addressed or justification as to why not taken into account

Accepted

(1) Cross-checked.

(2) The analysis has been improved in the various sections of Chapter 4 following the intervention logic and the SFC template.

(3) Structure of agricultural holdings has been described in more detail through SWOT analysis.

(4) This is addressed in more detail through SWOT analysis.

(5) Cooperatives has been described in more detail through SWOT analysis.

3.2.13. R_041; R_042; R_043; R_044: Natural resources

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Natural resources (1); agriculture land (2); state owned agricultural land (3); Water Framework Directive (4)

Description of the recommendation

(1) It is recommended to focus on the description of natural resources rather than analysing possible RD measures in the "natural resources" section.

(2) It is recommended to check the entire document for consistency of data on agricultural areas (total and UAA) as the current version includes different figures. Chapter 4.2.1 on "agricultural land' quotes 1,326,083 ha UAA and 2,695,037 total agricultural land; on page 130 it is 1,099,590 ha; in Table 22 there is also a figure of 1,099,590 ha; in Table 30 it is 3,130,317 ha, in Table 31 it is 3,212,294 ha.

(3) The team recommends inserting a table with up-to-date figures on state-owned agricultural land, including total ha sold, leased, and still available. It is also recommended to provide the same figures on agricultural land operated by the Lands Fund.

(4) The team recommends describing the current status of implementation of the Water Framework Directive in the 4.2.3. "Water resources" section.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) This is addressed in more detail through SWOT analysis.

(2) Checked and changed.

(4) Information has been included in chapter 4.

Not accepted
(3) No data are available.

3.2.14. R_045; R_046; R_047: Agricultural population

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Agricultural population - hidden employment (1); education (2); educational delivery system (3)

Description of the recommendation

(1) The team recommends expanding on the issue of hidden employment in the agricultural sector due to the small average size of farms. It is not clear how big this problem is or how it can be addressed.

(2) The team recommends including an analysis of the schools engaged in agricultural education, their

performance, and the challenges faced by these and other institutions.

(3) The team recommends addressing the challenge of developing the educational delivery system and meeting the needs of the rural population for lifelong learning in close co-operation with the AAS and NIS.

How recommendation has been addressed or justification as to why not taken into account

Accepted

(1) Changed as recommended

(3) This is addressed in more detail in chapter 4.

Not accepted
(2) This is not present in the general description and the RDP will not resolve the wider question of the availability of agricultural vocational training. The updating of vocational training programmes in Croatia will be covered by the ESF.

3.2.15. R_048: Adult education system - lifelong learning

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Adult education system - lifelong learning

Description of the recommendation

In section 4.2 on the adult education system, it is recommended to reconsider the concept of lifelong learning and the role of VET in the light of RD objectives, in order to assess the need for an enhanced effort in the sector.

How recommendation has been addressed or justification as to why not taken into account

Accepted
This is addressed in more detail in chapter 4.

3.2.16. R_049; R_050; R_051: Agricultural advisory service

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Agricultural advisory service - analysis (1); activities (2); reorganising the text (3)

Description of the recommendation

(1) The team recommends substantiating the text concerning the AAS and preparing a comprehensive analysis of the service.

(2) It is recommended to include a presentation of the activities of the AAS (at least in terms of outputs delivered),e.g. seminars and workshops produced, informative material, training sessions, field demonstrations, visits to farmers etc. Data on the results and impact of AAS activities for assisted farmers could also be presented if available.

(3) The AAS is the only topic presented in a SWOT format with strengths and weaknesses. The team recommends reorganising the text in an alternative format.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) A description of advisory capacity has been included in chapter 5.5 (in line with the SFC template). It should be noted the Advisory Service now encompasses Forestry and is renamed.

(2) A description of publicity arrangements (including the role of the AS) has been included in chapter 15.3 (in line with the SFC template).

(3) The AS is described in line with the SFC template, in particular in section 5.5.

3.2.17. R_052; R_053; R_054; R_055; R_056: Impact of agriculture on soil and water

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Impact of agriculture on soil and water - mineral fertiliser consumption and total nutrient consumption (1); fertiliser consumption data (2); discharge of manure originating from livestock farming (3); vulnerable area (4); soil erosion (5)

Description of the recommendation

It is recommended to:

(1) provide data on both total mineral fertiliser consumption and total nutrient consumption per ha of UAA (for each of the three key nutrients N, P2O5 and K2O) as well as to provide data on nutrient balance in

section 4.5.1.

(2) use fertiliser consumption data recently prepared for Eurostat by the expert committee involving representatives of the MoA, MoE, EA, CBS, PA, Ekonerg and Petrokemija d.d. since data from the Statistical Yearbook concern only consumption by legal entities and not by family farms.

(3) provide the following data on current storage capacities: (a) required storage capacity to accommodate livestock manure according to good agricultural practice, expressed in m3; (b) current storage capacities for farmyard manure and slurry (also expressed in m3); and (c) the percentage of producers who have access to adequate facilities.

(4) describe the current monitoring system of surface and groundwater pollution caused by agricultural activities with reference to EU requirements.

(5) express erosion risk (in t/ha/yr) for different regions and for the major uses of agricultural land) in the section on soil erosion.

How recommendation has been addressed or justification as to why not taken into account

Partly accepted
(1); (2); (3); (4); (5) Mostly no official data are available. This is addressed in chapter 4.1.6 (some proxies are provided for CCI) and chapter 9 “Evaluation plan”. TA funds shall be allocated to set up an appropriate monitoring and data system. TA funds shall be allocated to set up an appropriate monitoring and data system as set out in the Evaluation Plan. The responsible institutions will be engaged to collect data, especially for missing environmental context indicators, in order to establish the methodology and prepare the set-up of the system by the end of 2015 for effective data collection from 2016. By the beginning of 2017, all CCIs and/or proxies will be provided (except in the justified cases, for example - data on the conservation of agricultural habitats, which shall be guaranteed by 2019 in line with the obligations for the Republic of Croatia). In the case of proxies, assessment shall be carried out to assure their adequacy.

3.2.18. R_057; R_058: Agricultural environment - Greenhouse gas emissions and Natura 2000

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Agricultural environment - Greenhouse gas emissions (1); Natura 2000 (2)

Description of the recommendation

(1) It is recommended to explain the trend in CH4 emissions in the last seven years as well as trends in total greenhouse gas emissions originating from Croatian agriculture.

(2) It is recommended to update this chapter to include data from new ordinance on the Natura 2000 ecological network and particularly the percentages of terrestrial and marine areas (which are not correct). It

is also recommended to provide data on the share of UAA under Natura 2000 as compared to the total amount of UAA.

How recommendation has been addressed or justification as to why not taken into account

Partially accepted
(1) Total GHG emissions for 2010 and 2011 are given through SWOT analysis.

Accepted
(2) Detailed information on Natura 2000 areas is available through separate SEA report (see chapter 3.2.2.).

3.2.19. R_059; R_060; R_061; R_062; R_063: Agricultural production

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Agricultural production - economic importance of various products (1); analysis of the individual products (2); drivers that stimulate development of the products and sub-sectors (3); analysis in the sub-sectors (4); organic and integrated production (5)

Description of the recommendation

(1) The team recommends including information on economic data used to describe development in the economic importance of various products in section 4.6.

(2) The team recommends preparing a stronger analysis based on production and consumption figures and trade statistics for individual products to map the development in the relative market shares, first on the domestic but also on the export market. The team recommends analysing individual products in more detail rather than in large, homogeneous groups (such as “fruits and vegetables”).

(3) The team recommends enhancing the analysis of factors behind the development of the products and sub-sectors, i.e. drivers that stimulate the development and obstacles that block it.

(4) The team recommends strengthening the analysis of investment-related and other needs in the sub-sectors, which has not been done for all products in enough detail.

(5) Figures on quantities produced organically should be checked since those presented suggest the average yield for orchards is 292 kg per ha, for olive groves 75 kg per ha and for vineyards 733 kg grapes per ha, etc. which seem very low.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1); (2); (4) This is addressed in more detail through SWOT analysis.

(3) The analysis has been improved in the various sections of Chapter 4 following the intervention logic and the SFC template.

Partly accepted
(5) Analysis of data on the organic production was done to the extent permitted by the SFC template.

3.2.20. R_064; R_065; R_066: Food processing industry

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Food processing industry - competitiveness (1); value chains (2); quality schemes (3)

Description of the recommendation

(1) In the "Food processing industry" section, it is recommended to further analyse the competitiveness of the individual products and the drivers behind the trends. It is also recommended to enhance the analysis of the potential role of quality schemes.

(2) Value chain organisation is not addressed in this section. The topic is dealt with in the section on agricultural production, but only to some extent and with some variation from sub-sector to sub-sector. The topic may merit a separate section in the RDP and it is recommended that one be included in which the integration and organisation of value chains is discussed at the level of both products and sub-sectors and the challenges described and analysed.

(3) The team recommends that the text better argue the need for quality schemes. If quality products are to play a bigger role in the future, it is necessary to make the case for support as solid as possible with the help of data that show both the likely benefits for producers and consumer preferences.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) This is addressed in more detail through SWOT analysis.

(3) This is addressed in more detail through chapter 4.

Partially accepted
(2) The specific conditions in Croatia concerning the organisation of value chains are addressed in different parts of the RDP, in particular in Need 12. The specific limitation of the SFC template have been respected.

3.2.21. R_067; R_068; R_069: Forestry and the wood industry

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Forestry and the wood industry - types of forests and forest land (1); relevant common context indicators in the forestry (2); biodiversity (3)

Description of the recommendation

(1) It is recommended to move data on different types of forests and forest land from the description of Measure 26 to the section on 'forestry and wood industry'.

(2) The team recommends including all relevant common context indicators in the forestry analysis. For instance, a context indicator on total forest area should be complemented with separate figures for forest area and transitional woodland shrub. Total number and % of total employment and labour productivity (total GVA per full-time employee) should be included, and also the following environmental indicators have to be added: share of Forests and Other Wooded Land (FOWL) protected to conserve biodiversity, landscapes and specific natural elements; production of renewable energy from forestry and direct use of energy in forestry.

(3) An intervention addressing the problem that there is a general lack of understanding of the importance and impacts on biodiversity is described in the analysis. It is recommended to include a description of the actual problem in this sectoral analysis rather than describe the intervention.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) Data on different types of forests and forest land have been moved within a very limited SFC framework.

(2) Changed as recommended.

Partially accepted
(3) Sustainable forest management, as described under forestry analysis notes biodiversity and impacts on it as one of the core SFM principles. Due to the SFC framework, it is of only limited scientific detail and describes the role and importance of biodiversity in forest ecosystems.

3.2.22. R_070; R_071; R_072: Forestry and the wood industry

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Forestry and the wood industry – needs (1); Homeland War (2); employees working in wood processing (3)

Description of the recommendation

(1) It is recommended to document the needs "to improve the quality of management, build and restore forest roads, increase production and mobilise forest biomass, regulate the wood products market, consolidate holdings and increase investments in improving resistance, environmental and long-term economic values of private forests" described in the forestry section.

(2) It is recommended to include the amount of hectares that was under occupation during the Homeland War, and the amount of forest that is now unsustainable.

(3) The team recommends explaining why the number of employees working in wood processing dropped from 35,060 in 1990 to 10,839 in 2011. Also it is recommended in this context to add figures on turnover, GVA, and GVA/AWU.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) Specific forestry needs are addressed in the form of thematic operations: improving the quality of management, building forest roads and mobilising forest biomass under sub-measure 4.3. Support to investment in infrastructure related to the development, modernisation and adjustment of agriculture and forestry and the issues of the wood product market and the environmental and long-term economic value of private forests will be addressed under two sub-measures: 8.5: Investments to improve the resilience and environmental value of forest ecosystems and
8.6: Investments in forestry technologies and in the production and marketing of forest products.

(3) Measure 8: Investments in forest area development and the improvement of forest viability explains the reasons behind the significant decrease in the number of workers employed in wood processing. These mainly relate to the legacy of the Homeland war and the current economic transition to a market economy.

Partially accepted
(2) Data on the amount of mine-suspected forest and agricultural land has been included but demining of forests and forest land will not be covered by the RDP.

3.2.23. R_073; R_074; R_076; R_078: SWOT - situation analysis and needs assessment

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: SWOT - short summary of the ACS (1); per each of the 6 RD priorities (2); needs assessment (3); access to water supply, sewage systems, wastewater treatment (4)

Description of the recommendation

(1) The team recommends including a short summary of the ACS above the SWOT section, where the conclusions on each of the 6 rural development priorities are summarised. This will ensure that all RD

priority topics are addressed in the ACS.

(2) The team highly recommends reintroducing the SWOT from previous drafts of the RDP, in which one SWOT was presented for each of the 6 RD priorities rather than one aggregated SWOT attempting to address them all.

(3) The SWOT should be followed by a needs assessment in which the various strategic options and challenges identified in the SWOT are prioritised. The current draft of the RDP does not include an explicit needs assessment linking the ACS and the SWOT on one hand with the strategy and the prioritisation of resources on the other. The team highly recommends including a needs assessment.

(4) The team recommends that the need for i) improved access to water supply; ii) sewage systems and iii) wastewater treatment be included in the SWOT as three independent weaknesses, each of which must be targeted in the needs assessment section.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) In line with the SFC template, a summary of the ACS is included under 4.1.1. It is a comprehensive overall description of the current situation in the programming area, based on common and programme-specific context indicators and qualitative information.

(3) The needs assessment is described in chapter 4.2: Identification of needs.

Partially accepted
(4) The access to basic utilities has been analysed in the SWOT - the access to water supply, sewage systems, wastewater treatment for settlements under 2000 inhabitants shall be funded under the RDP.

Not accepted
(2) In line with Commission guidance and specific recommendations, repetition has been avoided and the SWOT tables have been organised around the three sections of the structured template for the CCIs (socio-economic and rural situation; sectorial information; environment/climate) to cover all priorities.

3.2.24. R_075; R_077: SWOT - intervention logic

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: SWOT - relation of topics (1); land ownership, small farms, small-scale processing, financial engineering instruments (2)

Description of the recommendation

(1) The team also recommends specifying how the various topics of the SWOT relate to each other (i.e. the

internal and controllable S and W to the external, non-controllable O and T) and how this relation should be addressed through potential strategic interventions.

(2) The team recommends including the following issues in the SWOT as they are of high importance to Croatian agriculture: 1) Land ownership; 2) Small farms; 3) Small-scale processing; and 4) Financial engineering instruments.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) In line with SFC template, this has been included under 5.1 in the form of a justification of i) the needs selected to be addressed by the RDP; and ii) the choice of objectives, priorities and focus areas based on evidence from the SWOT and needs assessment.

Partly accepted
(2) Financial engineering instruments are planned to be involved in the second half of the programme period (2017-2020). This is indicated in Section 8.1. The other issues have been included in the SWOT.

3.2.25. R_079; R_080; R_081: Pre-Accession Rural Development Programmes (SAPARD, IPARD)

Category of recommendation: Other

Date: 18/12/2013

Topic: Pre-Accession Rural Development Programmes (SAPARD, IPARD) - lessons learnt (1); "Shadow report" (2); results of IPARD (3)

Description of the recommendation

(1) The section on SAPARD provides very little information and the team recommends expanding it, e.g. by adding more lessons learnt. Such information may include i) whether any jobs were created or maintained; ii) whether Croatia has experienced an increase in productivity; iii) whether the beneficiaries were in compliance with EU requirements upon project completion, etc. It is also recommended to add information on how the 37 projects were distributed regionally and whether this distribution occurred as expected.

(2) The team recommends drastically shortening the section on IPARD by, among others, removing the text from "measure 101 Investments in agricultural holdings to restructure and to upgrade to Community Standards" (page 110) to the sub-section on page 114 "1.2.2 Results of implementation for the period ending on 31 December 2012". Instead, the team recommends including some of the findings from the "Shadow report" prepared by the NRN in 2013.

(3) The team recommends including information on the results achieved through IPARD and ideally also on impacts (e.g. figures on the average project size for each measure).

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) Since the SFC template does not foresee a chapter on the effects of pre-accession rural development programmes (SAPARD, IPARD), a link to available information (i.e. the ex-post evaluation of SAPARD) is incorporated into the chapter on the Evaluation Plan.

(2) Since the SFC template does not foresee a chapter on the effects of pre-accession rural development programmes (SAPARD, IPARD), a link to available information (Shadow Report) is incorporated into the chapter on the Evaluation Plan.

(3) Since the SFC template does not foresee a chapter on the effects of pre-accession rural development programmes (SAPARD, IPARD), links to available information (Annual IPARD implementation reports and IPARD evaluation reports) are incorporated into the chapter on the Evaluation Plan.

3.2.26. R_082; R_083; R_084; R_085; R_086: Strategy

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: Strategy - timing of the implementation of the measures (1); justification (2); land market, small farms, small-scale processing, high-quality product (3); sub-programme for small farms (4); balance (5)

Description of the recommendation

(1) Rather than stating that all measures will be implemented from 2015, the team recommends stating that their implementation will be planned in compliance with the build-up of administrative and management capacities in the MA and PA.

(2) The team recommends strengthening the ACS, SWOT and needs assessment and based on this, enhancing the text in the section on the justification of strategies.

(3) The team recommends including an explicit focus on improving i) the land market; ii) conditions for small farms and iii) conditions for small-scale processing (including on-farm processing), as well as interventions supporting the development of high-quality products beyond geographical indication.

(4) The team recommends including a thematic sub-programme for small farms in line with the option provided by the draft regulation.

(5) The team recommends considering how to balance the strategy to fulfil objectives under all 6 priorities. This is also relevant in the light of mutually exclusive objectives, such as increased labour productivity and the creation of jobs.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) This has been included in chapter 5: Description of the strategy (in line with the SFC template).

(2) This has been included in chapter 5: Description of the strategy and in sub-chapter 5.1 in the form of a justification of i) the needs selected to be addressed by the RDP; and ii) the choice of objectives, priorities and focus areas based on evidence from the SWOT and needs assessment (in line with the SFC template).

(3) (5) This has been included in chapter 5: Description of the strategy. The choice, combination and justification of rural development measures have been listed for each focus area (in line with the SFC template).

Not accepted
(4) Croatia will not include a thematic sub-programme for small farms but support for the development of small farms has been envisaged through a specific type of operation. This is to avoid any unnecessary increase in the administrative burden.

3.2.27. R_087: Ex-Ante Conditionality - updating

Category of recommendation: Programme implementing arrangements

Date: 18/12/2013

Topic: Ex-Ante Conditionality - updating

Description of the recommendation

The team recommends updating this chapter at a later stage and in accordance with the final text of Annex 4 of the RD regulation.

How recommendation has been addressed or justification as to why not taken into account

Accepted
This has been updated and included as part of chapter 6: Assessment of ex-ante conditionalities (in line with the SFC template).

3.2.28. R_088;_R_089: Performance framework

Category of recommendation: Establishment of targets, distribution of financial allocations

Date: 18/12/2013

Topic: Performance framework – headings (1); content of the table (2)

Description of the recommendation

(1) The empty table 93 “Efficiency of implementation” is organised according to axes. The team recommends using the headings from the new regulation relating to priorities.

(2) The team also recommends including some short text explaining the content of the table once it has been filled in.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) A template table from the SFC is used and presented in chapter 7. Description of the performance framework.

Partly accepted
(2) This is done in line with the SFC template.

3.2.29. R_090; R_091; R_094; R_095: Measures - general

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: Measures - justification of the measures (1); objective hierarchies (2); assessment of the expected environmental impact (3); payments in instalment (4)

Description of the recommendation

(1) When the ACS is updated and enhanced, better justification may be included in the description of the measures and more general text may be deleted. The team recommends reassessing the justification for each measure once the ACS has been updated.

(2) The measures do not present an intervention logic or objective hierarchy (a presentation of the overall, specific and operational objectives indicating that the intervention intends to generate certain impacts, results and outputs). It is recommended to prepare and insert these hierarchies since they would provide the reader with a very detailed and clear understanding of the idea behind the measure.

(3) For all investment measures and sub-measures, it is advised to add the following sentence: “Where the investment is likely to have a negative effect on the environment, investment operations shall be preceded by an assessment of the expected environmental impact in accordance with legislation specific to the type of investment in question.”

(4) As regards payments in instalments, the team recommends indicating the maximum number of instalments to be accepted.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) Precise justification is included in the description of each measure.

(2) Structuring of the programme in line with the SFC template has improved the visibility and justifiability of the intervention logic.

(3) Information concerning the obligations for EIA has been included in 8.1.

Partially Accepted
(4) Specific indications are made regarding the payment of advances in line with Regulatory provisions. Further specification on instalments has not been made at programme level, but shall be taken into consideration in Ordinances for specific types of operations.

3.2.30. R_092; R_093: Measures

Category of recommendation: Establishment of targets, distribution of financial allocations

Date: 18/12/2013

Topic: Measures - quantification of objectives and targets (1); breakdown of financial budgets (2)

Description of the recommendation

(1) The team highly recommends adding the quantification of targets to each measure, which will also allow for the preparation of the Indicator Plan.

(2) The team recommends disaggregating the budget by sub-measure in order to estimate the contributions made by each measure to focus areas and priorities.

How recommendation has been addressed or justification as to why not taken into account

Partly accepted
(1) Targets for the measures have now been incorporated into the Indicator Plan in line with the SFC template.

Accepted
(2) The budget is broken down by measure, type of operation and (indicatively) by Focus Area and will be presented in chapter 10: Financing Plan.

3.2.31. R_096: M 1 - beneficiaries

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: M 1 - beneficiaries

Description of the recommendation

The team recommends clarifying under the “knowledge transfer and information” measure that training needs apply not only to employees, but also to farm holders and managers in the sector.

How recommendation has been addressed or justification as to why not taken into account

Accepted

3.2.32. R_097: M 1 - complementarity of the funding

Category of recommendation: Programme implementing arrangements

Date: 18/12/2013

Topic: M 1 - complementarity of the funding

Description of the recommendation

The team recommends adding a description in the RDP on how overlaps in funding will be avoided and control accomplished in relation to the funding of training and information activities not funded through other support schemes.

How recommendation has been addressed or justification as to why not taken into account

Accepted

3.2.33. R_098: M 1 - support levels

Category of recommendation: Establishment of targets, distribution of financial allocations

Date: 18/12/2013

Topic: M 1 - support levels

Description of the recommendation

The team recommends clarifying how the support levels for the “knowledge transfer” measure have been defined.

How recommendation has been addressed or justification as to why not taken into account

Accepted
These have been defined based on Commission guidance and the intervention logic. The programming of this measure has followed this logic.

3.2.34. R_099; R_101: M 2 – financial allocations and support rates

Category of recommendation: Establishment of targets, distribution of financial allocations

Date: 18/12/2013

Topic: M 2 - financial plan by sub-measure (1) and maximum support rate (2)

Description of the recommendation

(1) In the measure “Provision of advisory services”, the team recommends disaggregating the financial plan by sub-measure.

(2) The team recommends reassessing the maximum support rate for the “Provision of advisory services” measure (currently EUR 200.000 for three years for one advisor).

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) The Financial Plan breaks down the budget by measure, type of operation and Focus Area and is presented in chapter 10.

(2) Changed as recommended.

3.2.35. R_100: M 2 - clarifying beneficiaries

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: M 2 - clarifying beneficiaries

Description of the recommendation

The team recommends clarifying whether legal entities in Croatia are registered to provide training of staff of advisory services.

How recommendation has been addressed or justification as to why not taken into account

Accepted
Clarification on potential beneficiaries have been made in accordance with Commission guidance.

3.2.36. R_102; R_103: M 3 - feasibility of schemes and marking of the products

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: M 3 - feasibility of schemes (1) and clarifying of marking of the product or foodstuff from a quality scheme (2)

Description of the recommendation

(1) Regarding the measure “Quality schemes for agricultural products and foodstuffs”, the team recommends conducting a small study of the costs and benefits experienced by the producers and processors of the products already under the quality schemes.

(2) The team recommends clarifying whether a product or foodstuff from a quality scheme that is sold on the market must be marked with i) the national label of the quality scheme; ii) the EU label of the quality scheme; iii) an indication that the product is used for a particular label; or iv) with a combination of all three labels.

How recommendation has been addressed or justification as to why not taken into account

Not Accepted
(1) Since financing of studies relating to new programming through current Technical Assistance measure under IPARD is not allowed, MoA did not have the financial possibility to perform such studies. Furthermore, quality marks are very recent in Croatia and a study would be premature.

Accepted
(2) Changed as recommended.

3.2.37. R_104: M 3 - intensity of aid

Category of recommendation: Establishment of targets, distribution of financial allocations

Date: 18/12/2013

Topic: M 3 - intensity of aid

Description of the recommendation

The team recommends increasing the intensity of aid provided to informative activities under the measure "Quality schemes for agricultural products and foodstuffs", which is currently indicated to be 1,000 € per beneficiary.

How recommendation has been addressed or justification as to why not taken into account

Accepted

3.2.38. R_105; R_106; R_107; R_109; R_110; R_115: M 4 - eligibility conditions and eligible investments

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: M 4 - eligibility conditions (1) (2); eligible investments (3)

Description of the recommendation

(1) It is indicated in the measure "Investments in tangible assets" that a standard economic output of EUR 1.200 per year for a small farm is at the edge of sustainability. The team recommends clarifying the impact of this statement in terms of eligibility for applicants.

(2) The team recommends clarifying whether it is correct that no limitations to eligibility are defined under article 18.1. and 18.2.

(3) The team recommends being even more specific in defining criteria and terms under eligible investments in order to avoid ambiguity.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) The size of the farm in terms of the economic standard output as the eligibility condition has been excluded from the measure 4.

(2) Eligibility conditions have been specified.

(3) Eligible investments have been specified.

3.2.39. R_108; R_111: M 4 - finances

Category of recommendation: Establishment of targets, distribution of financial allocations

Date: 18/12/2013

Topic: M 4 - support rate - 4.1 (1) and aid intensity - 4.2 (2)

Description of the recommendation

(1) The team recommends reconsidering both the lower and upper limit of the support rate of measure 18.1 in order to narrow the spectrum.

(2) The team recommends clarifying whether the increased aid intensity of 20% in article 18.2 (when an applicant is part of an EIP project) equals an aid intensity of 70% of the total investment costs or an extra 20% of 50% = 60% in total.

How recommendation has been addressed or justification as to why not taken into account

Partly accepted
(1) The lower and upper limits of the support rate have been established due to the structure of agricultural production. Some further specifications have been made in ensuring the distribution of funds to further respect the needs and the chosen Strategy.

Accepted
(2) The aid intensity has been made explicit.

3.2.40. R_112; R_113; R_114: M 4 – other

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: M 4 - irrigation system -4.3 (1); demarcations between articles 4.1 and 4.2 (2) and beneficiaries - 4.4 (3)

Description of the recommendation

(1) Regarding sub-measure 18.3, the team recommends that in the case of irrigation, all conditions outlined in article 46 of the RD regulation should be taken into account and investments brought into line with Directive 2000/60/EC and the river basin management plan.

(2) The team recommends making clear demarcations between investments in infrastructure supported under articles 18.1 and 18.2 in order to make it clear under which sub-measure beneficiaries should apply.

(3) Regarding article 18.4, the team recommends adding groups of farmers and other land managers as eligible beneficiaries.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) Specific reference is now made in the Measure to all requirements and conditions.

(2) This is now clearly demarcated.

(3) Changed as recommended.

3.2.41. R_116; R_117; R_118; R_119; R_120: M 6

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: M 6 - objectives of the measure -6.3 (1); justification of the need for young farmers - 6.1 (2); link with other measures (3); start up defining -6.1-(4); business plan (5)

Description of the recommendation

(1) Regarding the "Farm and business development" measure, the team recommends stating that the measure does not support investments in agricultural production that will only improve the self-sufficiency of small farms (as is currently stated in the justification).

(2) The team recommends improving the justification and substantiating the description of the needs of young farmers, an increased number of micro and small businesses and non-agricultural activities.

(3) The team recommends describing how the "Farm and business development" measure will interlink with other measures.

(4) The team recommends defining a minimum size of farm that a young farmer is allowed to start up.

(5) The team recommends defining, for this measure and others, some general topics to be included in the business plan.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) In accordance with the SFC template, the objectives of the measure are detailed and their contribution described to various rural development priorities and focus areas.

(2) A better description has been included in chapter 4.2.

(3) Changed as recommended.

(4)This has been clearly stated in the conditions.

Partially accepted

(5) The general topics to be included in the business plan, as applicable, are established by the Implementing Regulation.

3.2.42. R_121; R_122; R_123: M 7 - link with other measures and eligible investments

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: M 7 - link with other measures (1); production of the renewable energy (2) and investments under tourism infrastructure 7.4 (3)

Description of the recommendation

(1) The team recommends incorporating a section which outlines how the measure “Basic services and village renewal in rural areas” should be linked (in terms of demarcation and complementarity) to other measures (particularly LEADER) as well as to other ESI Funds.

(2) The team recommends moving the eligible investment “production of renewable energy to be primarily used by agricultural holdings” to article 18.

(3) The team recommends broadening the list of investments under “investments in tourism infrastructure”.

How recommendation has been addressed or justification as to why not taken into account

Accepted

(1) Changed as recommended.

(2) This definition has been deleted from the measure on farm and business development.

(3) The list of investments in touristic infrastructure has been accordingly broadened.

3.2.43. R_124: M 7 - level of support rates

Category of recommendation: Establishment of targets, distribution of financial allocations

Date: 18/12/2013

Topic: M 7 - level of support rates

Description of the recommendation

The team recommends clarifying how the support rates have been calculated and determined.

How recommendation has been addressed or justification as to why not taken into account

Accepted

3.2.44. R_125; R_126; R_127; R_130; R_131; R_132: M 8 - general

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: M 8 - moving chapters with data (1), justification of the need (2); eligibility of investment (3); competitive difficulties - 8.6 (4) and definition of the 'non-wood products' - 8.6 (5)

Description of the recommendation

(1) The team recommends moving the data on different type of forests to the sectoral analysis

(2) It is stated that it is important to restore the main indigenous tree species such as oak and ash, which have largely disappeared in private forests. It is not clear why this is necessary, and it should be clarified.

(3) In principle, eligible investments under the measure "Investments to improve the resilience and environmental value of forest ecosystems" seem in accordance with the draft regulation and measure fiche. However, some of the costs might not be acceptable and the team recommends checking this with DG Agri.

(4) The team recommends clarifying whether the competitive difficulties faced by small companies in pre-industrial wood processing are related to the domestic international market or both. It is recommended that this is covered in the sectorial analysis.

(5) "Promotion of wood and non-wood forest products" is stated as an objective of the "Investment in forestry technologies..." measure. It is recommended to define 'non-wood products', and to consider whether this wording may cause overlaps with other measures.

How recommendation has been addressed or justification as to why not taken into account

Accepted

(1) Changed as recommended.

(2) The following text is included: "Such stands are of poor resilience to current general climate change" and this is approved as "why this restoration is necessary". It is possible to develop additional explanations if required.

(3) The MoA further discussed this with DG Agri.

(4) Changed as recommended.

(5) This is defined according to the National Forestry Act (wood and non-wood products). The opinion of the MoA is that there are no overlaps with other measures.

3.2.45. R_128; R_129; R_133: M 8 - amount of support and targets

Category of recommendation: Establishment of targets, distribution of financial allocations

Date: 18/12/2013

Topic: M 8 - amount of support (1); targets (2) and amount of support for 8.6 (3)

Description of the recommendation

(1) The maximum amount of support during the programme period per beneficiary seems to be rather high, and the team recommends adding additional analysis and justification based on estimated per hectare costs of actions and number of potential private vs. public forest holders.

(2) The team recommends adding result and impact indictors to the “Investment to improve the resilience...” measure.

(3) The team recommends including a calculation to justify the maximum amount of support during the programme period per beneficiary under this measure (set to EUR 5.000.000), which seems somewhat high.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) The indicators have been appropriately examined.

Partially accepted
(2) Indicators will be presented in chapter 11 of RDP.

(3) Maximum amounts per specific cost category will be determined through the implementation of RDP activities.

3.2.46. R_134; R_135: M 9

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: M 9 - eligibility of physical investments (1); beneficiary (2)

Description of the recommendation

(1) For the “Setting up producer groups and organisations” measure, the team recommends clarifying whether support can also be granted to physical investments, such as equipment and machinery (e.g. to ready products for the market and help farmers prepare for sale).

(2) The team recommends explaining what timeline is foreseen in the case where a producer group must be established in order to be eligible, yet support is available for the setting up of the producer group or association.

How recommendation has been addressed or justification as to why not taken into account

Accepted

(1) The eligible costs are clearly specified in the Measure.

(2) Changed as recommended.

3.2.47. R_136; R_137; R_138; R_139: M 10 - general

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: M 10 - calculating payment rates (1); greening requirements (2); link between sub-measures and other measures (3); eligibility criteria (4)

Description of the recommendation

(1) For the “agri-environment and climate” measure, the team recommends excluding the double funding of greening practices when calculating the payments.

(2) The team recommends explaining the approach to greening requirements, once these are established.

(3) The team recommends including a table with possible combinations of measures and AECM sub-measures as well as preparing text to explain their linkage to other measures.

(4) The team recommends following EC recommendations and considering collective beneficiaries (groups consisting of farmers, other land managers or a mixture of the two) with or without joint legal status as eligible for the AECM.

How recommendation has been addressed or justification as to why not taken into account

Partially accepted

(1) Croatia has not yet defined greening (this will be taken into account at a later stage).

(2) This will be added once the MoA makes the final decision on greening in Croatia.

(3)This has been implemented in accordance with the SFC template. A table of possible combinations of types of operation within each measure has been added at the end of the text.

Not accepted
(4) Farmers' associations are added as the only group with legal status. The potential inclusion of an ad hoc group was discussed with the PA but it was concluded that this would be difficult to monitor.

3.2.48. R_140; R_141; R_143; R_144; R_145: M 10 – other sub-measures

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: M10-Tilling and sowing on sloped terrain for arable annual plants(1); Maintenance of agricultural terraces(2); Preservation of grasslands of high natural value(3); Preservation of landscape features (dry stonewalls and hedges (4); Carp fish ponds(5)

Description of the recommendation

(1) Regarding the "Tilling and sowing on sloped terrain for arable annual plants" sub-measure, the team recommends including data on arable areas with different slopes (including a map).

(2) The team recommends that the "Maintenance of agricultural terraces" sub-measure be financed under article 18d.

(3) Regarding the sub-measure "Preservation of grasslands of high natural value", the team recommends including data on areas (including a map) of grassland of high natural value.

(4) The team recommends financing the maintenance and construction of new stonewalls and the establishment of hedges under Article 18d from the sub-measure "preservation of landscape features – dry stonewalls and hedges" instead.

(5) It is recommended to consider financing carp fish ponds under a separate "Carp fish ponds" measure rather than under aquaculture. Carp fish ponds are regulated in Croatia as agricultural land and should thus be eligible under this measure. Therefore, the team recommends developing this measure further in co-operation with the Directorates of Fisheries and Nature Protection of the MoE.

How recommendation has been addressed or justification as to why not taken into account

Not accepted
(1) The MoA decided not to include any maps as agricultural land is expected to increase in 2015 (for which

maps and data will be prepared at some point by the PA).

(2) (4) AEM is only for maintenance. Establishment of hedges, etc. is covered in measure 4.4.

(5) DG Agri confirmed that this type of operation is not eligible under EAFRD.

Partly accepted
(3) The data and map will be prepared by the PA.

3.2.49. R_142: M10 - "Preservation of autochthonous and protected agricultural plant species and cultivars"- selection criteria(10.2)

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: M10 - "Preservation of autochthonous and protected agricultural plant species and cultivars" - selection criteria (10.2)

Description of the recommendation

Regarding the sub-measure "Preservation of autochthonous and protected agricultural plant species and cultivars", the team recommends explaining the criteria for the selection of protected species and cultivars defined by a prescribed list of protected breeds and cultivars of the National Programme for conservation and sustainable use of plant genetic resources for food and agriculture in the Republic of Croatia.

How recommendation has been addressed or justification as to why not taken into account

Accepted
Both animal and plant species are now listed in the descriptions of operations proposed.

3.2.50. R_146; R_147; R_148: M 10 - "Reduced fertilisation" and "integrated plant protection"

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: M 10 - "Reduced fertilisation" and "integrated plant protection"

Description of the recommendation

(1) Regarding the sub-measure "Reduced fertilisation", the team recommends considering whether this is in

fact an issue in Croatia. If so, the team recommends strengthening the justification for this sub-measure.

(2) Regarding the sub-measure “Integrated plant protection”, the team recommends bringing force majeure conditions and the ex-ante assessment of the verifiability and controllability of measures into line with Articles 47 and 69 of the RD Regulation.

(3) It is recommended to better specify commitments, particularly those that go beyond Directive 2009/128/EC on the sustainable use of pesticides.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) This has been deleted.

(2) Changed as recommended.

(3) Changed as recommended.

3.2.51. R_149; R_150; R_151: M11

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: M11 - difference in support during the conversion period and maintenance period (1); - force majeure conditions and the ex-ante assessment of the verifiability and controllability (2); complementarity with M 3 (3)

Description of the recommendation

(1) In relation to the “Organic agricultural production” measure, the team recommends describing the differences in support to the conversion period and maintenance period.

(2) The team recommends bringing force majeure conditions and ex-ante assessment of the verifiability and controllability of the measure in line with Articles 47 and 69 of the RD Regulation.

(3) The team recommends checking for possible overlaps between payments under the “Organic agricultural production” measure and those under Article 17.

How recommendation has been addressed or justification as to why not taken into account

Accepted

(1) Sub-measure has been divided into two types of operation.

(2) Changed as recommended.

(3) No overlaps exist.

3.2.52. R_152; R_153: M 17

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: M 17 - amount of support (1); justification (2)

Description of the recommendation

(1) Regarding the annual insurance policy under the measure for “Insuring crops, animals and plants”, the team recommends clarifying how the various losses of an individual farmer in a given year will be calculated.

(2) The team recommends adjusting the text under the mutual funds measure to the Croatian context.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) Changed as recommended.

Not Accepted
(2) Mutual funds will be included in later stage.

3.2.53. R_154: M 19 - targeting

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: M 19 - targeting

Description of the recommendation

The team recommends that the majority of funds from the LEADER measure budget target the most fundamental activities of the LAGs, e.g. capacity building and running costs.

How recommendation has been addressed or justification as to why not taken into account

Partly Accepted
Activities such as capacity building and running costs are fundamental activities, but experience from the IPARD programme, allocations by IPARD and EC regulations suggest that the majority of LEADER funding should not exclusively target such activities.

3.2.54. R_155: M 20 - eligibility criteria and eligible investments

Category of recommendation: Programme implementing arrangements

Date: 18/12/2013

Topic: M 20 - eligibility criteria and eligible investments

Description of the recommendation

As regards the TA measure, the team recommends rearranging the list of eligible investments so that, rather than forming a long list, activities are clustered into a number of categories or themes (e.g. promotion activities, training activities, studies etc.).

How recommendation has been addressed or justification as to why not taken into account

Accepted
Based on the Commission Guidance, the section on “Technical assistance” has been rearranged.

3.2.55. R_156; R_157; R_158: National Rural Network (NRN)

Category of recommendation: Programme implementing arrangements

Date: 18/12/2013

Topic: National Rural Network (NRN) - additional information (1); structure (2); responsibilities (3)

Description of the recommendation

(1) The team recommends including information about 1) the allocation of financial support; 2) implementation capacity; and 3) which arrangements are planned to include the wider public in the NRN sub-chapter “Support to rural policy implementation”.

(2) The team recommends describing who the members of the NRN are (farmers, researchers, NGOs, advisors, businesses etc.), and how they are selected.

(3) The team recommends expanding on the networking responsibilities of the NRN.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) (2) This is described in chapter 17: National Rural Network (in line with the SFC template).

Partly Accepted
(3) This is described in chapter 17: National Rural Network (in line with the SFC template).

3.2.56. R_159; R_160; R_161; R_162: Innovation

Category of recommendation: Construction of the intervention logic

Date: 18/12/2013

Topic: Innovation – definition (1); Croatian context (2); to operationalise the concept of innovation (3); identifying problems and challenges (4)

Description of the recommendation

(1) The team highly recommends including a definition of innovation and of the national innovation system in the RDP (possibly drawing inspiration from the Innovation Union Scoreboard (IUS).

(2) The team recommends adjusting the text in the innovation chapter to a Croatian context.

(3) The team recommends adopting a system in which the applicants themselves indicate in the application form on a scale of 1 to 5 (or 10) how he/she assesses the novelty of the new product/process/technology/etc. The novelty can be assessed internally as well as externally: i.e. is the project object a novelty for the applicant and is the project a novelty for the market? This way, it is possible to assess the novelty level of the project. The PA staff can check the self-assessment made by the applicant and correct it if necessary.

(4) The team recommends identifying the problems and challenges facing the stimulation of innovation in agriculture and food processing and proposing solutions.

How recommendation has been addressed or justification as to why not taken into account

Partly accepted
(1) Innovation issue is horizontally addressed throughout the RDP. Innovation through the RDP is specified in Chapter 5 - cross-cutting issues.

(2) Since the SFC template does not foresee a separate chapter on innovation, this issue is horizontally addressed through the RDP.

(3) Further development of selection criteria will address this issue.

Accepted
(4) This issue is horizontally addressed through the RDP. Specific needs for innovation are assessed across EU priorities for rural development.

3.2.57. R_163; R_166: Monitoring and Evaluation - lessons learnt

Category of recommendation: Programme implementing arrangements

Date: 18/12/2013

Topic: Monitoring and Evaluation - Croatian context (1); lessons learnt from SAPARD and IPARD (2)

Description of the recommendation

(1) The team recommends concretising the chapter on M&E, which is not presently related to the Croatian context. This process may include incorporating lessons learnt from SAPARD and IPARD and adding a table that outlines the division of tasks between the Monitoring Committee, Managing Authority and Paying Agency on M&E activities.

(2) The team recommends integrating lessons learnt from SAPARD and IPARD into all sub-sections of the Evaluation Plan in order to avoid repeating past administrative bottlenecks.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) The Evaluation plan has been revised and this recommendation incorporated under sub-chapter 9.2: Governance and coordination (in line with the SFC template).

(2) This has been incorporated under Evaluation plan.

3.2.58. R_164; R_165; R_168; R_169; R_172; R_173; R_174: Monitoring and Evaluation - governance and data collection

Category of recommendation: Programme implementing arrangements

Date: 18/12/2013

Topic: Monitoring and Evaluation - Monitoring Committee (1); “Evaluation Work Group” (2); contribution of various actors (3); data and information (4)(5)(6)(7)

Description of the recommendation

(1) The team recommends incorporating a list of representatives into the section on the Monitoring Committee, including a description of roles and voting rights.

(2) A description of the members and primary responsibilities of the “Evaluation Work Group” should be included.

(3) The team recommends including information on how the various actors will contribute to M&E internal tasks , tasks to be outsourced and to whom.

(4) The team recommends specifying how information will be collected for the MA to prepare and submit monitoring information and annual report to the EC and MC.

(5) The team recommends explaining the link between the IT application forms in the , the measures’ objectives , M&E activities and indicators to ensure that the necessary questions are incorporated into the IT application forms, payment claims and reporting requirements (or if additional surveys/external data collection are required).

(6) The team recommends describing possible data collection bottlenecks and clarifying steps to avoid them.

(7) The team recommends defining how frequently the PA should submit data to the MA : bi-monthly submission is recommended.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) This has been incorporated under chapter 15.2: The envisaged composition of the Monitoring Committee (in line with the SFC template).

(2) (3) This has been incorporated under EP, sub-chapter 9.2: Governance and coordination (in line with the SFC template).

(4) (5) (6) (7) This has been incorporated under EP, sub-chapter 9.4: Data and information (in line with the SFC template).

3.2.59. R_167; R_170; R_171; R_175; R_176: Monitoring and Evaluation - the objectives and activities of the Evaluation Plan

Category of recommendation: Programme implementing arrangements

Date: 18/12/2013

Topic: Monitoring and Evaluation - the objectives and purpose of the Evaluation Plan (1); evaluation topics and activities (2) (3) (4) (5)

Description of the recommendation

(1) The team recommends expanding the “Objectives and purpose of the EP” section, drawing inspiration from the purpose of the EP as described in the guidelines.

(2) The team recommends describing the actual evaluation themes and activities in the corresponding chapter (reflecting the RDP intervention logic and budgetary allocations).

(3) Two activities to be included in the EP are the ex-post evaluation of the previous period and the ex-ante evaluation of the subsequent period (2021-2027), as these will require human and financial resources within the 2014-2020 period.

(4) 13 impact indicators are listed as the focus of M&E. The team recommends narrowing the focus and providing a brief justification for downgrading certain impact indicators. This information should be moved to the sub-section “evaluation themes and topics”.

(5) In the “Additional result indicators” section, only five result indicators are listed for monitoring of which four are related to priority 5. The team recommends adjusting the selection of result indicators to correspond with the overall strategic and financial priorities of the draft RDP.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) This has been incorporated under EP, sub-chapter 9.1: Objectives and purpose (in line with the SFC template).

(2) (3) This has been incorporated under EP, sub-chapters 9.3: Evaluation topics and activities, 9.5: Timeline and 9.7: Resources (in line with the SFC template).

(4) (5) This has been incorporated under EP, sub-chapters 9.3: Evaluation topics and activities (in line with the SFC template).

3.2.60. R_177; R_178; R_179: Finances

Category of recommendation: Establishment of targets, distribution of financial allocations

Date: 18/12/2013

Topic: Finances - 30% of the total public budget to P 4 and P 5 (1); budget by sub-measures (2); justification for high allocation of funds for M 4 (3)

Description of the recommendation

(1) The team recommends adjusting the financial allocations so that the total contribution to priorities 4 and 5 equals 30% as required by the draft RD regulation.

(2) The team recommends that the budgets for the measures be disaggregated by sub-measure and operation in order, among others, to illustrate how measures that do not come under priorities 4 and 5 may

nevertheless contribute to these priorities.

(3) The team recommends improving the justification for the high allocation of funds to article 18 and accentuating the link from the ACS -> SWOT -> Needs assessment -> measure selection -> budgets.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) This is visible from the chapter 10. Financial Plan (in line with the SFC template).

(2) This is visible from the chapter 10.Financial Plan and partly from the chapter 11. Indicator Plan (in line with the SFC template).

(3) This issue is horizontally addressed through the RDP.

3.2.61. R_180: Indicator Plan

Category of recommendation: Establishment of targets, distribution of financial allocations

Date: 18/12/2013

Topic: Indicator Plan

Description of the recommendation

For the completion of the Indicator Plan, the team recommends using each measure as the point of departure. It is recommended to identify the indicators connected to each specific measure in order to reveal which figures should be calculated in order to complete the Indicator Plan (see Annex 8 for a concrete example based on article 18.1).

How recommendation has been addressed or justification as to why not taken into account

Accepted
Finalisation of the IP was done when all measures were finalised and resources were allocated to each measure and type of operation. Selected measures are broken down into focus areas with planned outputs and planned expenditure.
The IP is completely prepared in line with DG Agri instructions (Indicator Plan - excel tool).

3.2.62. R_181; R_182; R_183; R_184; R_185: Programme implementation

Category of recommendation: Programme implementing arrangements

Date: 18/12/2013

Topic: Programme implementation - Monitoring Committee (1); administrative capacity (2) (3) (4) (5)

Description of the recommendation

(1) The team recommends moving the previous section on the Monitoring Committee to this chapter as the MC is also part of the operating structure. Otherwise, the team recommends referring to the section on the Monitoring Committee in chapter 13.

(2) The team recommends considering the budgetary allocations for administration in the MoA and PA in order to improve the implementation of the RDP 2014 – 2020.

(3) The team recommends laying down a strategy for successful implementation in relation to administrative capacity. There are substantial lessons to be learnt from the implementation of IPARD, which the MoA is advised to include in the planning of administration.

(4) The team recommends preparing a workload and workflow analysis, not just for the PA as is currently being drafted, but for the entire MoA in order to assess the number of staff needed over the coming years.

(5) The team recommends preparing solid training and capacity building of MoA and PA staff (new and present).

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) Included in chapter 15: Programme implementing arrangements (in line with the SFC template).

(2) Some amount of budgetary allocations for administration in the MoA and PA in order to improve the implementation of the RDP 2014 – 2020 are already foreseen under chapter 15.6: Description of the use of technical assistance (in line with the SFC template).

(3) Incorporated into chapter 15.1: Programme implementing arrangements; sub-chapter 15.1.2.1. Overall description, including arrangements to ensure effective, efficient and coordinated implementation (in line with the SFC template).

(5) These have been taken into account in Technical Assistance actions as described under chapter 15.6: Description of the use of technical assistance (in line with the SFC template) and in the Evaluation Plan.

Partly accepted
(4) This will not form part of the programme as such, but will be done for the Managing Authority in later stage and findings will be accordingly addressed.

3.2.63. R_186; R_187; R_188; R_189; R_190; R_191; R_192: Partnership and Consultation - collaboration with stakeholders

Category of recommendation: Other

Date: 18/12/2013

Topic: Partnership and Consultation - inclusion of additional stakeholders (1) (2); Focus Groups according to priorities (3); public presentations (4); extension of consultation activities (5); utilising potential of the RDC (6); municipalities (7)

Description of the recommendation

(1) (2) The team recommends the inclusion of a number of stakeholders from civil society including environmental partners, NGOs, and bodies responsible for promoting equality and non-discrimination and from "economic and social partners", specifically a farmers' association and organic farmers' association, in the stakeholder consultation.

(3) The team recommends forming 4 Focus Groups according to priorities (one for priority 1, one for priorities 2 & 3, one for priorities 4 & 5 and one for priority 6) and a Co-ordination Working Group to ensure the representation of stakeholders whose interests are spread across all priorities.

(4) The team recommends more target-orientated public presentations following finalisation of measures and budget allocations.

(5) The team recommends extending consultation in terms of frequency of meetings and possibilities for comment, e.g. internet forumsetc.

(6) The team recommends increased collaboration at the Rural Development Council including a one-week time span for the release of discussed documents.

(7) The team recommends improving communication with municipalities where possible.

How recommendation has been addressed or justification as to why not taken into account

Accepted
(1) (2) The list of the representatives of the Rural Development Council have been reviewed and accordingly extended. Most of the members from Rural Development Council will also be the members of the MC. The complete list is presented in Chapter 15.2.

(4) More target-oriented public presentations will be organized after finalisation of the measures - in phase of drafting implementing ordinance. Some target-oriented public presentations are already been implemented throughout all rural territory, for example, for M 19 and their beneficiaries - LAGs

(5) On the MoA webpage a draft of the foreseen measures have been published and an e-mail address (eafrd@mps.hr) activated for consultation activities.

(6) Changed as recommended.

(7) Changed as recommended.

Not Accepted
(3) Although the various groups for specific issues had close cooperation at all levels, the formalization of groups could have negative impact on further burden of administration during the programming process.

3.2.64. R_193: Partnership and Consultation - technical requirements

Category of recommendation: Programme implementing arrangements

Date: 18/12/2013

Topic: Partnership and Consultation - technical requirements

Description of the recommendation

The team recommends adjusting the information in the “Partnership and Consultation Results” chapter in compliance with technical requirements, including in particular the results of consultations and possible reasons for the rejection of stakeholder inputs.

How recommendation has been addressed or justification as to why not taken into account

Accepted
Actions taken to involve partners are detailed described in chapter 16 (in line with the SFC template).

3.2.65. R_194; R_195; R_197: Gender equality and the prevention of discrimination - separate chapter

Category of recommendation: Other

Date: 18/12/2013

Topic: Gender equality and the prevention of discrimination - moving section 4.6 to this chapter (1); IPARD (2); arrangements (3)

Description of the recommendation

(1) In relation to gender equality and the prevention of discrimination, the team recommends that section 4.6 of the draft RDP be integrated into this chapter, which will require that the recommendations provided for that section be incorporated into this one.

(2) The team recommends outlining how and to what extent the implementation of the IPARD programme

has taken gender and non-discrimination into account.

(3) The team recommends explaining how the new rural development programme 2014-2020 will ensure equal opportunities and rights for men and women.

How recommendation has been addressed or justification as to why not taken into account

Partly accepted
(1) (3) Since the SFC template does not foresee a separate chapter on gender equality and prevention of discrimination, this issue is horizontally addressed through the RDP.

(2) Since the SFC template does not foresee a chapter on the effects of pre-accession rural development programmes (IPARD), links to available information (IPARD evaluation reports) are incorporated into the chapter on the Evaluation Plan.

3.2.66. R_196: Gender equality and the prevention of discrimination - SWOT

Category of recommendation: The SWOT analysis, needs assessment

Date: 18/12/2013

Topic: Gender equality and the prevention of discrimination - SWOT

Description of the recommendation

The team recommends emphasising the gender perspective and non-discrimination in the SWOT analysis and needs assessment.

How recommendation has been addressed or justification as to why not taken into account

Accepted
This issue is horizontally addressed through the RDP.

3.2.67. SEA_1: Assessment of the effects of certain plans and programmes on the environment

Category of recommendation: SEA specific recommendations

Date: 15/07/2014

Topic: Assessment of the effects of certain plans and programmes on the environment

Description of the recommendation

The potential negative effects of all projects, operations and lower-level planning documents must be defined in detail during the implementation of rural development measures and appropriate measures proposed to protect the environment and nature.This should be done in accordance with the relevant regulations in force in Croatia and with appropriate spatial planning documents. In the case of operations that are subject to the requirements of the Regulation on strategic environmental impact assessment of plans and programmes (Official Gazette 61/14) an EIA will be required.

How recommendation has been addressed or justification as to why not taken into account

Accepted
All projects that are subject to the requirements of the SEA regulation will need to perform environmental impact assessment which is already incorporated in Croatian law and stated in chapter 8.1.

3.2.68. SEA_2: Ecological network

Category of recommendation: SEA specific recommendations

Date: 15/07/2014

Topic: Ecological network

Description of the recommendation

All operations taking place within the ecological network should be evaluated in terms of their compliance with the objective of ensuring the conservation and integrity of the ecological network on the basis of the Nature Protection Act (OG 80/13) and appropriate bylaws.

How recommendation has been addressed or justification as to why not taken into account

Accepted
All operations within the ecological network will be evaluated for their compliance with provisions for ecological network which is already incorporated in Croatian law and stated in chapter 8.1

3.2.69. SEA_3: Monitoring - AE

Category of recommendation: SEA specific recommendations

Date: 15/07/2014

Topic: Monitoring - AE

Description of the recommendation

The effect of rural development measures on nature and the environment should be measured using recommended monitoring procedures and appropriate indicators. In the case of components of which there is no systematic monitoring (e.g. permanent soil monitoring, birds in agricultural habitats, the conservation status of agricultural habitats, areas of high agricultural value, balance of surface nutrients, etc.) it will be necessary to establish a monitoring system.

How recommendation has been addressed or justification as to why not taken into account

Accepted
Special emphasis during implementation period will be given to the AE monitoring system which is already foreseen in activities of Evaluation Plan (chapter 9).

3.3. Ex-ante Evaluation report

4. SWOT AND IDENTIFICATION OF NEEDS

4.1. SWOT

4.1.1. Comprehensive overall description of the current situation of the programming area, based on common and programme-specific context indicators and other qualitative up-to-date information

Socio-economic situation

Territory

According to the model for the differentiation of Croatian rural areas for the purposes of monitoring the impact of rural development measures (Annex I), 99,24 % of the territory is defined as rural and intermediate, and only 0,76 % as cities situated in urban clusters.

Population

According to the 2011 census, Croatia has 4.284.889 inhabitants, 24,92 % of whom live in cities situated in urban clusters and 75,08 % live in rural and intermediate areas (PSI-1)[1].

Croatia has a low average population density of 78 inhabitants/km² (CBS, 2011). However, population density varies greatly between counties ranging from the lowest density in Lika-Senj County (10 inhabitants/km²) and the highest density (1.232 inhabitants/km²) in the City of Zagreb (CI-4).

During the Homeland War (1991-1995) the population and the economy of rural areas suffered immeasurable damage and are still directly affected by the consequences today. These events dramatically changed the population density and have caused long-term negative demographic effects in those areas directly affected by the war. Repercussions of the economic crises have also affected the population density of the rural areas of Croatia and pose a serious threat to their further development and survival. Between 1990 and 2011, according to Eurostat estimates, the population of Croatia decreased by 7,9 % and in 2012 the birth rate was negative amounting to -2.3 per thousand. The average age is 41,7 (43,3 for women and 39,9 for men). By age group, in rural areas 15 % of inhabitants are under 15, 67,4 % are aged 15-64, and 17,6 % are over 65 (CI-2).

Migration

In 2011, a total of 71.403 persons changed their residence within Croatia. The migration balance of inter-county relocation into the City of Zagreb was analysed to assess the migration from rural to urban areas, and an increase from 3,56 % in 2007 to 7,34 % in 2011 can be noted, confirming the trend of abandonment of the rural areas. The largest share of population relocating to the urban areas was aged 20-39.

Education

The education level in rural areas is, on average, much lower than in urban areas. In rural areas, the share of persons over 15 who have completed only primary education is twice as high as in urban areas, illustrating significant regional differences. In the majority of counties, the percentage of those living in rural areas (over 15) who have completed only primary school ranges between 20-35 %.

Employment

The 2012 employment rate shows the share of employed, working-age population (Annex IV - Table 1). In 2012, the employment rate for persons aged 15-64 in Croatia was 50,7 %, the lowest of all EU Member States and 13,5 % lower than the EU-27[2] average. The employment rate for persons aged 20-64 rose to 62,9 % by 2008, but due to the financial, economic and debt crisis, it decreased annually between 2009 and 2012 (Annex IV - Table 2).

One of the Europe 2020 objectives is that 75 % of persons aged 20-64 are employed by 2020, but for Croatia it is 59 %. The average employment rate in 2012 was 50,7 %, slightly higher for men than for women (CI-5). The 2012 self-employment rate (ages 15-64) was 16,4 % (CI-6).

According to Eurostat estimates, the working-age population in 2012 was 2.837.000, of which 1.778 million active population, and 1.446 million people employed. Eurostat data indicate that, in 2009, a substantial 64 % of all employed persons were employed in the tertiary sector and only 4,7 % in the primary sector (CI-11).

According to the results of the Labour Force Survey[3] on the structure of employment in 2012, a total of 179.900 persons (12,4 %) were employed in agriculture, 1 % in forestry, 3,4 % in the food production and food processing industry, and 5,7 % in tourism (CI-13).

The rate of surveyed unemployment in Croatia rose from 8,4 % in 2008 to 15,8 % in 2012, when the unemployment numbers averaged 324.324 persons. Over 40 % of the unemployed were aged between 15 and 24. (CI-7). The long-term unemployment rate in Croatia was 10,3 %, which is twice as high as the EU-27 average of 4,6 %.

The basic infrastructure in rural areas

Utilities

The public sewerage system in 2007 covered 43,6 % of the population, with considerable differences among counties or local self-government units. Only 28 % of the total population was covered by wastewater treatment services (43,6 % of the population was covered by wastewater collection, out of which 61 % had systems including waste water treatment), far below EU 27 standards (60-70 %). In Continental Croatia, the number of inhabitants without access to the public sewer system is higher in settlements up to 2.000 inhabitants, mainly in Osijek-Baranja county, followed by Varaždin, Bjelovar-Bilogora, Brod-Posavina and Virovitica-Podravina counties.

The public water supply coverage at national level is on average about 80 %, below the EU 27 average (90 %).

Transport infrastructure

In Croatia 26.963,90 km of roads are classified in the public road system: 1.413,10 km highways, 6.867,70 km national roads, 9.703,40 km county roads and 8.979,70 km local (unclassified) roads. The average density of roads in Croatia is 474 m/km², ranging from 379 m/km² in Lika-Senj and 404 m/km² in Požega-Slavonija to 876 m/km² in Međimurje county.

The average density of unclassified roads in Croatia is 1.171 m/km², unequally distributed at county level,

the lowest in Brod-Posavina (363 m/km²) and Virovitica-Podravina (385 m/km²), while the highest in Primorje-Gorski Kotar (1.047 m/km²), Međimurska (2.015 m/km²) and Krapina-Zagorje (2.204 m/km²).

The average length of unclassified roads in Croatia is 25 m/capita, while the shortest roads are in Brod-Posavina and Vukovar-Srijem (7 m/capita). In Dubrovnik-Neretva, the average length is 35 m/capita, and in Lika-Senj 70 m/capita, given the small population scattered over a large area. As well as differences in the density and length of unclassified roads per capita in the counties, there are significant differences in their conditions.

Social Infrastructure

Due to depopulation, the impact of the war and the long-term economic crisis, there has been negligence in the maintenance of infrastructure (public green areas, hiking and bike trails, open sewers, markets, parking lots), social and cultural facilities (community centers, fire houses, kindergartens and playgrounds and sports and leisure facilities), resulting in a poor availability of basic services for the local rural population. For example, an average 38,42 % of children under 7 are included in the preschool education system (CBS data school year 2012/2013). This is even lower in some counties, due to the significant lack of kindergartens in rural areas (Annex IV - Table 3). Moreover, the existing social infrastructure is generally in poor condition and underutilized.

In general the state of play of basic facilities and social and physical infrastructure in rural areas is inadequate to underpin the needs of rural communities and unless improved will continue to be a factor in the abandonment of rural communities and lack of social inclusion.

ICT infrastructure

According to the Broadband Coverage in Europe study, Croatia is slightly behind the EU average in total standard and total standard fixed broadband coverage (97,5 % in Croatia vs. 99,4 % in the EU-27 and 94,1 % in Croatia vs. 95,5 % in the EU-27 respectively), but significantly behind the EU average in total NGA coverage (19,1 % in Croatia vs. 53,1 % in EU-27). The Croatian National Broadband Strategy, in accordance with the Digital Agenda for Europe (DAE), has established 50 % NGA as its Europe 2020 target.The number and density of broadband connections is unevenly distributed across Croatia. Zagreb has the highest standard fixed broadband and NGA coverage. Beyond this, Međimurje Primorje-Gorski kotar, Zadar, Split-Dalmatia, Osijek-Baranja and Vukovar-Srijem Counties have the highest standard fixed broadband coverage. No region had NGA coverage over 35 %. Less than 0,01 % of households had access to NGA services in rural areas at the end of 2012. 2,2 % of population have no broadband access, in 1.025 settlements mostly in war-affected areas, mountain areas and islands (i.e. white spots). Grey spots cover 43,1 % of total population, mostly in rural and suburban settlements below 2.000 inhabitants.

Strategic Planning at the local level

Strategic and planning documents at the local level have been prepared by a large number of local self-government units, for the period until 2013. For the new period 2014-2020, the new National Strategy for Regional Development, when adopted, will set priorities for coordinated approach to sustainable socio-economic development, which should be updated and revised periodically within strategic and planning documents at the local level. This should also be in line with County Development Strategies.

The financial and administrative capacities of the local self-government units vary greatly and they have

very little experience in implementing EU funded projects.

Local Action Groups

The LEADER approach in Croatia's rural development policy was introduced through the IPARD programme for the first time. During the implementation of IPARD, 2 calls for Measure 202 (LEADER) were published. 42 LAGs were selected within IPARD and the selected LAGs cover about 69 % of the national territory and 34% of all citizens of Croatia. Through IPARD, co-financed LAG activities covered activities for specialization, education, drafting development studies, promotional activities, employees' salaries, running costs, office supplies and equipment. Unlike in Member States, Croatian LAGs did not implement projects from their local development strategies, and weaknesses regarding their administrative capacities as well as training on public procurement for the successful implementation of the local development strategis will need to be addressed. The process of creating community-led policy in rural development processes is still insufficiently developed, and the level of capacities of human potential at the local level is very low.

Rural Tourism

The history of rural tourism in Croatia is short. It began in 1998 with the registration of the first holders/owners of "tourist family farms", 32 initially, and is currently still at a low level with only 447 registered tourist family farms which are unevenly distributed among the counties. Rural tourism in Croatia is significantly underdeveloped, a consequence of a long-lasting neglect of rural areas and family farms and the Croatian orientation towards seaside tourism. The gastronomy and enology of family farms as a tourism product is still underdeveloped and underexploited. Green Tourism is one of the 10 key directions for the adopted National Tourism Strategy until 2020.

Economic situation

Croatia is experiencing a slowdown of economic activities and negative change rates of GDP. In 2012, the total value of GDP was EUR 44 billion (market prices - current), a drop of 1,9 % compared to the previous year. The average GDP per capita in 2012 was EUR 10.294. Based on purchasing power parity, in 2012, GDP was 61 % of the EU-27 average, and the difference was even greater in rural areas where GDP was approximately 46 % (CI-8).

The drop in the GDP was caused by reduced household and state spending and a downturn of gross investments in fixed capital. In comparison to 2011, household spending in 2012 dropped by 3 %, state spending was lower by 0,8 %, and gross investment in fixed capital plummeted by 4,7 %.

The total gross value added (GVA) was EUR 37,3 billion in 2012 (CI-10), wherein the primary sector share was 5 % and tertiary sector share was 69 %. According to Eurostat data, 33 % of the 2010 GVA was realised in urban areas.

Over the four year period, intermediate consumption of the value of agricultural production in Croatia increased in from 51 % in 2008 to 57,8 % in 2012, whereas the GVA data shown for the same period decreased from 48,7 % in 2008 to 42,2 % in 2012 (Annex IV - Table 4).

The share of primary sector GVA amounted to approximately 7 % of the total GVA of Croatia; the share of primary sector GVA was higher in rural areas amounting to approximately 10 % of the total GVA of rural areas. Furthermore, according to CBS data, there was a drop in agricultural activity's share in the total GVA

amounting to 3,16 % (CI-28) in 2012.

Average labour productivity (measured as a ratio of GVA and the number of employed persons) for 2012 in Croatia was EUR 26.079 /person. According to Eurostat data, the average labour productivity in the EU-27 amounted to EUR 51.719 /person, nearly double the labour productivity in Croatia. Average labour productivity was even lower in rural areas, amounting to EUR 24.399 /person. Productivity in the primary sector (agriculture, forestry and fisheries) was somewhat higher than average, amounting to EUR 26.497 /person (CI-12).

The rates for the risk of poverty and social exclusion in 2012 were: 20,5 % of the Croatian population was at risk of poverty, 32,3 % at risk of social exclusion, 15,4 % faced with severe material hardship and 16,1 % lived in households with very low labour intensity. The degree of exposure to poverty was even higher in rural areas, amounting to 38,1 % (CI-9).

Foreign trade balance

Croatia has continuously recorded a deficit in its trade balance and the economic crisis has further influenced the continuation of this negative trend. According to CBS data, total exports of goods from Croatia in 2012 totalled 9,6 billion euros, while imports totalled 16,2 billion euros, representing at national level a foreign trade deficit of 6,6 billion euros. Thus the export-import ratio was only 59,4 %

In 2012, a total of USD 2.567,3 million of agri-food products were imported and USD 1.621,5 million exported, with a deficit of USD 945,8 million. The foreign trade balance of agri-food products accounted for 11,2 % of the aggregate commodity exchange balance of Croatia in 2012. The coverage of imports by exports of agri-food products in 2012 amounted to 63,2 %. In 2012 the most significant markets for the commodity exchange of agri-food products were EU Member States (accounting for 58 % of the total commodity exchange of agri-food products) and CEFTA parties (accounting for 24 % of the total commodity exchange of agri-food products). The commodity exchange with CEFTA parties produced a positive balance of USD 420,3 million and the exchange with EU Member States produced a deficit of USD 1.045,2 million (Figure 2).

Situation analysis in agriculture, forestry, and food processing industry

Structure of agricultural holdings and socio-economic indicators

In the structure of agricultural holdings (AHs), 233.280 AHs (C-17) are engaged in agricultural activities in Croatia utilising 1.316.010 ha of agricultural land (CI-18), i.e. an average AH in Croatia utilises 5,6 ha of agricultural land (C-17). This is considerably less than the average of per holding across the EU-27 (14,4 ha).

According to CBS data, in 2012 the prevalent categories of utilised land were arable land and gardens with 903.,508 ha (67,9 %), followed by permanent grasslands[4] with 345.561 ha (26,0 %), and permanent crops with 78.183 ha (5,9 %) (CI-18).

The arable land owned by most family farms is very fragmented and plots are often very distant from one another, one reason underlying the inefficiency of agricultural production; in 2011 the production of an average AH was conducted on 15 cadastral plots, on average.

Structure of agricultural holdings

Agricultural holdings in the size category under 2 ha dominate (52,5 %) the size structure of agricultural holdings (CI-17) with the vast majority (89,4 %) being less than 10 ha. Despite the notable trend of the rising number of holdings in the categories from 20 to 100 ha (36,24 % increase) and from 100 to 750 ha (62,5 %) in the period 2007-2011 (Figure 3), these are still under-represented; in other words, AHs under 20 ha still dominate the size structure of agricultural holdings. Average agricultural holding sizes and structure in Croatia point to the question of their economic viability.

In terms of organizational structure, in 2011 most holdings functioned as family agricultural holdings (FAHs), as many as 162.833 (97,4 %). With regard to other organisational structures, 2.404 crafts (1,4 %), 1.522 companies (0,9 %), 307 cooperatives (0,2 %), and 150 AHs with a status of other legal entity (0,1 % of holdings) were registered; there were no registered producer groups and organisations. The first producer group in Croatia was registered in March 2014 for milk producers.

All the presented data clearly indicate a low level of organization of AHs, primarily FAHs, due to the negative historical connotations of former cooperatives and the lack of their inclusion into higher-level organizational forms and other types of cooperation, as well as the high presence of intermediary sales directly affecting their level of competitiveness and poor positioning on the market.

The average economic size of an agricultural holding calculated on the basis of total production value expressed as standard output (SO) is EUR 9.064 per holding. Based on the total production value of an agricultural holding, about 89.480 (38,3 %) of agricultural holdings belong to the economic size class below EUR 2.000.

The data on structure, average holding size, and standard output (SO) of a holding indicate a low level of investment potential, and therefore a low level of technical and technological equipment. In order to improve competitiveness and economic viability of agricultural holdings, further technical and technological modernisation of agricultural holdings, and an increase of labour force productivity as well as education level are essential.

Socio-economic indicators

The economic importance of agriculture in Croatia is relatively high, and represents a family business. In 2012, 93,2 % of the agricultural labour force (measured in annual units of labour) were farmers and/or members of their families, markedly higher than the EU-27 average (76,6 %). Furthermore, according to the farm structure survey carried out in 2010[5], a total of 513.680 people worked regularly in the agricultural industry. Many were family members helping out on the farm, but with their main employment elsewhere. Taking into account the actual work performed on farms, it is estimated that some 179.290 people work fulltime as regular agricultural labour force.

Of the total number of holders of AHs, 9.600 holders are under 35 (4,1 %), 86.440 are between 35 and 55 (37,1 %), and 137.240 are over 55 (58,8 %). For every 100 holders older than 54, there are 7 under 35 (CI-23).

The share of women in the structure of permanently employed agricultural workers in Croatia is 40,2 %, higher than the corresponding EU-27 average (37,5 %). However, the share of female holders of AHs was lower in Croatia than in the EU-27 (20,9 % compared to 23,2 %) (CI-22).

The indicator of the degree of agricultural education at management level shows that 95% of farm holders have no agricultural education but only practical experience (CI-24), compared to the EU-27 average of 29,59 % (Figure 4). Alongside the existing formal educational system, there is a lack of non-formal education and vocational training programmes.

Economic indicators

Despite the recent declining trend, the agricultural sector accounts for 5,5 % of GDP and 13,8 % of the total workforce. A high proportion of the population are involved in agriculture and allied activities. However, Croatia is a big importer of food.

The value of agricultural production of Croatia in 2012 was HRK 20,91 billion, a 1,76 % decline from the previous year. The agricultural labour input in this period increased by 1,2 %. GVA in 2012 amounts to HRK 8.819 billion, an 8,6 % decline from 2011.

In 2012, the value of crop production amounted to 59,6 % of the total value of agricultural production and the value of livestock production amounted to 34,2 %. Analysed by production sector, the share of crop production in the total value of agricultural production has grown, while the share of livestock production and the total value of agricultural production are continuously declining.

Productivity

The productivity of Croatian agriculture measured as a ratio of GVA and labour input, as an average for the 2010-2012 period, was 6.368,2 EUR/AWU[6] which is 58,2 % less than the average productivity of EU agriculture (15.223,6 EUR/AWU) (CI-14). In comparison to new EU Member States (EU-12), the productivity of Croatian agriculture is greater, but the trend of productivity growth is substantially stronger in the EU-12 states (Annex IV - Table 5).

Employment and wages

The total work performed on an AH (by holders and family members, as well as by the paid and unpaid, full-time and part-time labour force) in 2010, was 179,290 AWU (CI-22). The value of the factor income in 2012 was 3.509,2 EUR/AWU (CI-25), while the value of the entrepreneurial income (the indicator that best shows the living standard of farmers) was 2.957m5 EUR/AWU (CI-26).

Investments - technical and technological modernisation

Investments in fixed capital in the agricultural sector in Croatia are low. Gross investments in fixed capital assets in 2012 were EUR 229,7 million, 19,6 % of the total GVA in agriculture.

Crop production

By method of agricultural land usage in Croatia in 2012, arable land and gardens were the most prevalent with 904.000 ha, or 67,9 % of utilised agricultural land, while orchards amounted to only 2,3 %, vineyards 2,2 %, and olive groves 1,4 % of utilised agricultural land.

The share of crop production in the total value of agricultural production was 59,6 % in 2012.

The productivity of crop production is relatively low and the average yields of basic crops are below European levels. One of the key problems in crop production is insufficient irrigation, which, in addition to

increasingly frequent droughts on average every 3 to 5 years, results in significant damage to crop production and, depending on the drought intensity and duration, can reduce crop yields by 20-70 %. The underdeveloped water supply infrastructure to agricultural land is a contributing factor substantiated by the fact that only 1,1 % of utilised agricultural land is irrigated. Most farmers do not having the possibilities for investments in irrigation infrastructure, and this risk is particularly evident during summer months A target of 6 % by 2020 has been established in the National Plan for irrigation and agricultural land and water management.

Cereal production accounts for the largest share of the total crop production. Between 2008 and 2012, cereals were grown on an average area of 559.916 ha, with an average production of 3.137.702 t. In the structure of cereal production, maize (62,4 %), wheat (27,1 %) and barley (7,2 %) are dominant.

In the structure of oil crop production, the dominant cultures are soy (46,8 %), sunflower (33,1 %), and oilseed rape (19 %). From 2008 to 2012, oil crops were produced on an average area of 102.500 ha, with an average annual crop production of 264.914 t, and respectively a vegetable oil production of 89.500 t.

In 2012, sugar beet was grown on 23.502 hectares producing 919.230 t, with sugar beet root yields of 39,1 t/ha. The average annual yield of sugar beet root for the 2008-2012 period was 51,16 t/ha, substantially less than the yields of EU countries which employ advanced production technologies (France, Germany) and whose sugar beet root yields exceed 70 t/ha. The sugar beet cultivation areas did not undergo any substantial changes in the analysed period 2008-2012 (Annex IV – Table 6). The average annual production of sugar for the 2008-2012 period was 290.750 t.

Tobacco production and its cultivation areas have been maintained at a level between 5 to 6 thousand hectares. The average yield for the 2008-2012 period was 2,06 t/ha, producing an annual average of 11.427 t of tobacco.

Fruits and vegetables

In 2012, fruit was produced on approximately 30.000 ha (27.141 intensively and 3.705 extensively), amounting to only 2,3 % of utilised agricultural land. A total of approximately 200.000 tonnes of fruit were produced (Annex IV – Table 7).

Average yields are lower than those of EU countries due to outdated technologies and frequent droughts.

In the fruit and vegetables sector, there is a need for investments in technical and technological modernisation, for the introduction of new technologies of production, storage, and preparation of products for the market, and for the promotion of production and market organisation of producers, all with the common aim of ensuring stronger productivity growth and creation of new jobs.

In the period between 2008 and 2012, fruit production areas decreased. Between 2008 and 2012, apples were produced on 6.410 ha, producing an annual average of 71.496 t; tangerines were produced on 1.541 ha, with a total production of 46.372 t; and plums were produced on 5.317 ha, with a total annual production of 16.916 t. The average annual yield of apples in 2008-2012 was 11,15 t/ha, of tangerines 30,1 t/ha, of peaches and nectarines 4,44 t/ha, of pears 2,36 t/ha, and of plums 3,18 t/ha.

In 2012, vegetables were grown on 7.433 ha and total production amounted to 178.854 t. The prevalent species were onion, garlic, tomato, white cabbage, melon, watermelon, carrot and pepper. Vegetable cultivation areas were reduced by nearly 50 % in 2008-2012 (Annex IV – Table 8), which will represent a

serious problem in the coming period. Vegetable production in closed environments (greenhouses) is minimal and in 2012 was conducted on merely 495 ha.

The average annual yield of tomato in 2008-2012 was 36,52 t/ha, of pepper 11,02 t/ha, of carrot 23,98 t/ha, and of onion and garlic 22,92 t/ha. Vegetable yield levels are assessed as being relatively low (Annex IV - Table 9).

The mushroom farming sub-sector is somewhat specific compared to other vegetable production. Annual mushroom production fluctuates between 40-45.000 tonnes. This sub-sector is particularly sensitive as overall production relies on imported substrate which, due to transport costs, increases production costs by 15 % making Croatian mushrooms non-competitive.

According to CBS data, in 2012 vineyards covered 29.237 hectares, and there were 124 million productive vines. In 2008-2012, average annual grape production amounted to 198.271 tonnes and average annual wine production for the same period was 1.367.400 hl. According to CBS data, decrease in areas, productive grapevine, and grape production in 2012 is evident in comparison to the 2009 - 2011 period, and wine production was also substantially reduced (1,42 thousand hl on average). Average annual grape yields in the 2008-2012 period were 6,1 t/ha. In 2010 and 2011, on average 1.027,5 million litres of wine were exported to the EU and 1.849 million litres were imported.

According to CBS data, in 2012 olive groves covered 18.100 ha, an increase of utilised land in comparison to the 2008 - 2012 period. The average olive yield for the 2008-2012 period was 2,22 t/ha, the total annual production of olive fruit was 37.783 tonnes, and the average annual production of olive oil was 53.691 hl.

According to CBS data, in 2012 medicinal herbs, spices and aromatic herbs were grown on 3.201 ha, the average area used for cultivation in the 2008-2012 period was 2.887 ha, the average yield was 0,6 t/ha, and average annual production was 1.790,2 t. Large parts of the cultivation areas are used for organic production (1.159 ha in 2012).

Flower production is present on smaller areas and it predominantly involves seasonal annual (summer) and biennial (pansies in protected areas) flowers. Chrysanthemums are cultivated on open fields, and perennials and house plants are imported. Production areas are substantially smaller and production is not specialised. Technological equipment is fairly outdated. In the 2008-2012 period, flowers and decorative plants were cultivated on an average area of 321,8 ha.

In 2012, planting material was produced on an area of 248 ha with 3.145.549 fruit seedlings and 2.765.738 vine grafts produced, a significant decrease in both production and areas compared to the 2008-2012 period. The prevalent fruit seedlings were: apple with 37,09 % (1.166.878 seedlings), olive 10,35 % (325.792 seedlings), pear 8,39 % (264.022 seedlings), plum 6,87 % (216.399 seedlings), and cherry 6,01 % (189.156 seedlings).

In the 2008-2012 period, the prevalent registered seeds per species were: winter wheat with 45.227 t, maize with 8.851 t, winter barley with 5.900 t and potatoes with 6.886 t (Annex IV – Table 10).

Livestock production

According to CBS data, in 2012 the share of livestock production in the total value of agricultural production was 35,8 % which, in comparison to the EU-27 (40,8 % share), suggests that the structure of agricultural production of Croatia is unfavourable. The fact that, in 2012, in Croatia there were 0,62 livestock units

(LSU) per 1 ha of utilised agricultural land (CI-21), while in relation to the total available agricultural land this ratio was even lower, illustrates that the level of development of livestock production remains unsatisfactory. There are 0,78 livestock units per 1 ha of utilised agricultural land in the EU-27 and 0,89 LSU per 1 ha in the EU-15 (Annex IV – Table 11).

The most prominent shortcoming of livestock production is a large number of small unspecialized family farms which have an unfavorable age structure, knowledge level, and technological equipment, in addition to unorganized and difficult market access, all of which impacts their competitiveness and causes their numbers to dwindle. It is necessary to improve the overall economic performance of farms through restructuring and modernization, encourage the market organization and cooperation of producers, adapt to new Community requirements regarding animal health and welfare and environmental protection, which will preventively act against further decline of their efficacy and existence. Moreover, it is essential to ensure stronger productivity growth and creation of new jobs within this sector.

In 2012 there was a total of 451.517 head of cattle, approximately similar to the analysed period between 2008 and 2012. In this period, approximately 144.655 head of cattle were imported annually to Croatia and 18.245 exported. This is a consequence of the long-term trend of decreasing numbers of suppliers and cattle, mostly cross-breeds, on family farms oriented towards milk production that dominates the Croatian cattle farm structure, in turn caused by intensive restructuring of the sector and resulting in an insufficient number of calves now supplemented by imports. In the analysed period, since 2008, the number of milk producers has halved and the number of dairy cows has been reduced by 15 %: by 2012 milk production in Croatia involved 14.874 producers and 180.555 cows. On average, 289.061 head of cattle were slaughtered annually in the analysed time period.

According to CBS data for 2012, domestic beef production was 44.532 t and was, on average, 14 % down from 2011. Analysing the average domestic production of beef for 2008-2012, which was 48.591 t, neither the population's demand for fresh meat, nor the processing industry's demand for quality raw materials were met. The average carcass weight for 2012 was 215,45 kg.

The decrease in the number of milk producers and cows, as well as a lack of producer organisations, had a negative impact on milk production (Annex IV – Table 12). In 2012, a total of 602.356.733 l of milk were purchased, 3,84 % less than the previous year, with a trend towards further decline, insufficient for the demands of the processing industry which supplements the shortage by importing milk and milk products. In 2012, such imports were 10,2 % higher than in 2011. Some milk is also processed by family farms and sold via direct sales. Analysing overall milk production in 2012, a total of 804 million litres were produced, 97,8 % of which was cow milk.

In 2012, there were a total of 1.182.347 pigs in Croatia, a drop of 4 % compared to 2011. Pig farming is predominantly conducted on family farms with small production units of up to 10 sows (93,46 %) or 10 to 50 sows (5,95 %). To a lesser extent, pig farming is conducted in medium-sized production units of 50 to 100 sows (0,23 %) and large production systems with full production cycles and more than 100 sows (0,36 %). In the 2008-2012 period, approximately 597.593 pigs were imported and 34.684 exported annually. On average, 2.079.723 pigs were slaughtered annually in the analysed time period.

According to CBS data for 2012, domestic pork production was 122.107 t, substantially lower than the average production in the 2008 - 2012 period which was 141.463 t. This level of production does not meet the domestic demand for fresh meat or the processing industry's demand for quality raw materials. The average carcass weight for 2012 was 70,93 kg.

The most important production in the poultry sector pertains to the production of chicken meat, followed by turkey, goose and duck meat, and consumption eggs laid by laying hens. In 2012 there were a total of 10.160.379 units of poultry, on par with the previous four years. In the 2008-2012 period, approximately 1.494.147 units of poultry were imported and 2.758.972 units exported annually. In the analysed time period, on average 45.848.190 units of poultry were slaughtered annually, and the average carcass weight was 1,73 kg. According to CBS data, domestic production of poultry meat in 2012 was 74.448 t. In the 2008-2012 period, the average annual production of poultry was 81.702 t, still insufficient for the domestic demand as well as the demands of the processing industry. Egg production in 2012 decreased in comparison to the 2008-2011 period from 774.100 million pieces to 584.962 million pieces. The production of hatching eggs also decreased by 3,51 %, and production lacks approximately 22.000.000 hard line eggs.

According to CBS data for 2012, a total of 680.000 sheep and 72.000 goats were raised. Despite the registered positive trend, sheep and goat production is still conducted by extensive and traditional methods without an organised market approach. The share of sheep milk in overall milk production in 2012 was only 0,7 % and the share of goat milk was 1,5 %, despite the favourable trend and growing demand. A large share of the milk is processed by family farms, often in inadequate conditions.

In the 2008-2012 period, approximately 50.218 sheep and 211 goats were imported annually and on average 458 sheep and 230 goats exported. On average 483.830 sheep and 68.486 goats were slaughtered annually. In the 2008-2012 period, the average domestic production of sheep and goat meat was 6.096 tonnes. The average sheep and goat carcass weight for 2012 was 11,67 kg.

According to the data of the National Apiculture Programme[7], in 2012 there was a 21.5 % rise in the number of honey bee colonies. The estimated honey production in 2012 was higher than in previous years, and in the analysed period 2008-2012 amounted to 2,783 t.

In 2012, the number of registered horses was 20,335, 1,5 % higher than in 2011. As well as recreational and sporting purposes, horses are raised for meat production. Since horse meat consumption in Croatia is low, it is primarily intended for export. To a lesser extent, horses are raised as protected autochthonous breeds.

Organic production

In 2012, a total of 1.528 AHs producing organic agricultural products were registered in Croatia. In 2012, a total of 31.904 ha of agricultural land were used for organic production, 2,4 % of the total agricultural land (CI-19). The agricultural land used for organic production has tripled in the last five years (Figure 5). The importance of organic agriculture for rural development has been recognised at national level, attested by the adoption of the Action Plan for Development of Organic Agriculture in Croatia 2011-2016, and agricultural land under organic production has tripled in the last five years Its main objectives are to increase the organic agriculture production area, strengthen the organisation of organic producers in groups, foster the processing and marketing of organic products and establish a system for educating and informing consumers on organic production. Most of the land currently used for organic production is devoted to arable land, meadows, pastures and orchards.

Integrated production

Integrated production as defined in the Law on Agriculture establishes a balanced application of agro-technical measures with a minimal use of agrochemicals, aiming to protect the health of people, animals, nature and the environment[8]. There were 740 agricultural producers registered for integrated production in 2013 on 96.986,81 ha. The share of land used for integrated agricultural production in relation to the total

utilized agricultural land is 7,46 %.

Integrated farming will be supported under national scheme untill 2017 pursuant Accession Treaty, and it is not a subject of support under EAFRD.

Special food quality marks

In Croatia there are 15 protected product names at national level: 6 registered as Protected Designation of Origin (PDO) and 9 registered as Protected Geographical Indication (PGI). 12 products are currently in the registration process at EU level[9], and a further 6 products are registered at national level, and are at the start of the registration process at EU level. Another 7 products are in the registration process at the national level of which 6 are for PDO and one for PGI. At present, there are no Traditional Speciality Guaranteed registered products in Croatia.

Agricultural environment situation

According to the Environmental Protection Agency (EPA), data from 2011 showed that the total agricultural area amounted to 2.767.000 ha, of which 1.548.000 ha refers to land under crops (perennial and annual crops), and the remaining 1.219.000 ha are grasslands (meadows, pastures and agro-forestry systems that do not fall under the definition of forest ie, underutilized agricultural land under threat of succession and thus at risk of permanent loss for biodiversity and landscape diversity).

Biodiversity

According to the diversity of plant species (0,080 species/km² or 0,088 species/km² including subspecies), Croatia occupies third place in Europe. There are almost 3.000 species from 16 different taxonomic groups assessed within the Croatian Red List, out of which more than 45 % taxa are threatened. The total number of known species and subspecies amounts to nearly 40.000, and the assumption is that there may be up to three times more. Aside from wild animals and plants, Croatian biodiversity is enriched by domestic animals and agricultural plants. Endangered status has been currently confirmed for 26 domestic animals breeds (3 cattle, 2 pigs, 9 sheep, 3 goats, 2 poultry, 4 horses and 3 donkeys) and 104 autochthonous and traditional varieties of agricultural plants (67 varieties of continental fruit, 6 varieties of Mediterranean fruit, 14 varieties of vines and 17 varieties of vegetables).

Protected areas are the backbone of the overall protection of biodiversity and landscape diversity, and cover 8,56 % of the total surface area of Croatia or 750.264,52 hectares, most of which are nature parks. According to the Protected Areas Register of the Ministry of Environmental and Nature Protection[10], a total of 419 areas have been permanently protected (as of 20.12.2013) in 9 categories of spatial protection, whereas nature parks cover 50 % of total area under protection. The Croatian ecological network Natura 2000 covers 36,67 % of land surface and 16,39 % of sea surface (in total 29,38 %) including all the national and nature parks.

Croatia is currently working to ensure the adequate management of Natura 2000 areas. In September 2013, the national Regulation on the Ecological Network (OG 124/2013) was adopted, establishing designated areas important for birds and their habitats according to the Article 4 of the Birds Directive (SPA – Special Protection Areas), including the Ordinance proscribing adequate conservation measures for SPAs. The aforementioned Regulation also proposed sites for the protection of species and habitats of EU importance listed in Annex I (habitat types) and Annex II (species) of the Habitats Directive (pSCIs – proposed Sites of Community Importance) according to the procedure laid down in Article 4. Once the proposal for proposed

sites (pSCIs) is evaluated, any necessary amendments made and the list of Sites of EU importance (SCI) published, the necessary conservation measures for SCIs will be drawn up and established, as defined in Art 4(4)) of Habitats Directive. Work on the Natura 2000 measure has already commenced (conservation objectives and measures are prepared). When the relevant conditions are fulfilled, the implementation may start but this is envisaged as not before 2018.

The adopted Ordinance on SPA does not contain restrictions for farmers, but only for forest owners. However, the Rural Development Programme envisages specific agri-environmental measures/incentives that can make a significant contribution to biodiversity, so farmers will be encouraged to implement them. Among them, there are two pilot measures for Natura 2000 species - *Crex crex* and several butterfly species.

As regards management plans, it is envisaged that forest land management plans will be integrated into sectoral development plans. Furthermore, several management plans for Natura 2000 areas that include agricultural land have been drafted within IPA and their adoption is underway.

Agricultural land is one of the most important factors affecting biodiversity in Croatia, and nearly every third hectare (31 % or 644.000 hectares) of Natura 2000 sites is located in agricultural areas (a mosaic landscape with fields, meadows, gardens, extensive orchards and vineyards, i.e. 178.929,16 hectares or 13,63 % referring to used agricultural area (CI-34; PAAFRD 2013)). Numerous habitats and protected species are found in agricultural areas (e.g. tares, orchids, corncrakes, stone curlews, larks, butterflies, grasshoppers etc.) whose survival largely depends on agricultural activities.

High nature value (HNV) farmland is generally associated with low intensity land use suitable for the preservation of high levels of biodiversity. The methodology for determining HNV farmland is based on data from CorineLandCover (CLC 2000), taking into account the distribution of areas important for biodiversity. Areas of selected CLC classes are combined with internationally and nationally important areas for biodiversity, including areas important for birds, areas important for butterflies and Natura 2000 sites. As a specificity of Croatia, HNV farmland also includes freshwater ponds of great natural value. This analysis provides an indicative map of Croatia, according to which 54,4 % of the country is under HNV farmland (SINP[11], 2011). The abandonment or intensification of agricultural production in these areas has a negative impact on biodiversity and it is necessary to encourage and maintain appropriate means of management for HNV farmland.

Less favoured areas

3.425.347 ha are defined as areas with natural constraints of which 45.453,83 ha (3 % UAA) are in the mountain category, 28.941,49 ha (7,6 % UAA) in the category of islands with Pelješac peninsula and 343.030,21 ha (22 % UAA) in the category of special state concern I and II. All three categories were defined on the cadastral municipality level.

Water resources

Water use opportunities in Croatia are favourable. The available quantities of water are 15.000 m^3/person/year on average from rainfall, more than 7.000 m^3/person/year from renewable reserves of groundwater and over 30.000 m^3/person/year from rivers flowing into Croatian territory from neighbouring countries. In terms of the average water balance of inland waters, the water resources in Croatia amount to 111,66 x 109 m/yr. At the same time, at present, according to some estimates, Croatia uses, for all purposes, less than 1% of renewable water resources, of which 90 % is groundwater.

However, the distribution of water quantity over the year is marked by a distinct spatial and temporal unevenness in the distribution of water resources. There are frequent droughts in Croatia, occurring on average every 3 to 5 years, and depending on their intensity and duration, they can reduce crop yields by 20-70 %. The use of water in agriculture for irrigation is insufficient: only approximately 1,1 % (CI-20) of agricultural land is currently irrigated, much lower than the EU-27 average (5,82 %). 2010 data show a very high quality of surface waters with only 14,8 % of poor quality surface waters and no poor quality groundwater at all (CI-40, 2010, Hrvatske vode, Institute of Water Management).

The first River Basin Management Plan (RBMP), developed by Croatian Waters in line with EU water Acquis and the Water Framework Directive, was adopted in June 2013 (OG 82/13) and sent to the European Commission for review. Croatia has now joined the other Member States in the first planning cycle (2009-2015); the preparation of the second RBMP for the following six-year period (2016-2021) has begun. Hydrographically, the territory of the Republic of Croatia belongs to the Adriatic Sea basin and the Black Sea basin, and under Article 31 of the Water Act is divided into two river basins districts:

- the Danube River basin district;
- the Adriatic River basin district.

The RBMP contains an overview of water status, an overview of the water monitoring system and a programme of measures for the improvement of the water status in Croatia, covering both river basin districts established for the management of river basins on national territory. The current status of water bodies, taking into account total N, is presented in Figure 7.

According to the current River Basin Management Plan, the estimated water status shows that 626 of total 1234 water bodies (51%) have good or very good status. The estimation was based on physical-chemical indicators and estimated hydro-morphological pressures only. Ecological monitoring and the specific classification of water status by biological indicators was not developed at the time the assessment of water status was carried out so the assessment of water status cannot be deemed as fully compliant with Water Framework Directive requirements.

The methodology and the development of type-specific system of classification of water status according to the biological and hydro morphological indicators has since been adopted (published: http://www.voda.hr/) hence the preconditions for the commencement of the monitoring and evaluation of integrated water status have been established. WFD-compliant assessment on water body status is the pre-condition for any net-increase of irrigated area.

In line with the Floods Directive, the Flood Risk Management Plan is also under preparation and will be adopted by the end of 2015 as an integral part of the first amendment of the RBMP.

Consumption of fertilizers

According to CBS data, the consumption of mineral fertilizers in 2012 amounted to 360.112 t. In relation to 2011, there has been an 18,3 % decrease in the consumption of mineral fertilizers due to the increased prices of mineral fertilizers on the market and an intensive education campaign carried out by the Advisory Service on the principles of good agricultural practice[12] concerning the proper use of fertilizers on agricultural land.

Soil Erosion and drainage

Erosion in Croatia causes soil losses in the amount of 3,24 tons per year, compared to the MS average of of 2,76 t/ha (EUSTAT 2012). Water erosion affects nearly 1,5 million hectares of agricultural land or 46 % according to CORINE data (CI-42; Annex 2 – Table 26). In the LULUCF sector[13] (land use, land use change and forestry), one of the significant CO2 outflows are carbon stocks in the soil. They are calculated according to data on the soil organic carbon content, according to the IPCC[14] methodology for LULUCF categories of forest land, land under crops, grassland and urban areas (green areas in urban areas).

With the expected high carbon stocks in forest land (111,2 C t/ha) and grasslands (108,5 C t/ha), land under crops contains significant carbon stocks CI-41 (77,3 C t/ha), which is favourable given the otherwise negative contribution of the agricultural sector to the GHG emissions[15].

The Study conducted for the purpose of NCA delimitation shows that poorly drained soils cover 998.331 ha, or 17,6 % of territory. According to Croatia soil classification, Pseudogley soils (Stagnosols) are poorly drained soils with excessive soil moistening resulting from long term stagnation of precipitation water. The agricultural suitability of Pseudogley is limited because of their oxygen deficiency resulting from stagnating water above dense subsoil, reflecting negatively on the agricultural production, preventing sowing in the optimal period, with highly reduced period of time for tillage in spring and harvest in autumn. Basic and detailed drainage systems were performed on big share of Pseudogley soil in order to make them suitable for agricultural production. Most of the drainage systems are older than 30 years and ineffective, but exact data is not available.

Emissions from agriculture

According to National Inventory Report (NIR 2014) the total emissions in 2012 caused by agricultural activities represents 12,73 percent of the total inventory emission. Agricultural activities contribute directly to the emission of greenhouse gases through various processes. For the emission of CH4, the most important source is livestock farming (Enteric Fermentation), about 80 % of sectorial CH4 emission. The number of cattle showed continuous decrease from 1990 to 2000. As a consequence, this led to CH4 emission reduction. In the year 2000, the number of cattle started to increase and this trend was mostly retained until 2006. From 2007 to 2010, cattle number has decreased and remained at approximately the same level in 2011 and 2012. Compared to 2011, in 2012 CH4 emission decreased by 1,3 %.

As for Manure management emissions, CH4 emission decreased in 2012 compared to 2011 by 3,7 % while N2O emission remained at approximately same levels. Emissions from Agricultural soils decreased after 1990 and during the war due to specific national circumstances and limited agricultural practice at that time. Afterwards, the emission trend is mostly influenced by the changes in the direct soil emissions; thus, emission increase can be noticed in 1997, 2001 and 2002 due to increase in mineral fertilizer consumption and crop production, later on also due to the increase of livestock population. N2O emission from Agricultural soils decreased in 2012 compared to 2011 by 6,1 %. Overall, in the year 2012 the GHG emission from the Agriculture sector decreased by 4,6 % in comparison with 2011. These data indicate a continuation of the trend in reducing emissions from the agricultural sector, caused by livestock reduction and lower mineral fertilizers and consumption, combined with more intensive introduction of good practices by AHs.

Mined areas in Croatia

Mined and mine-suspected areas are a significant problem in Croatia. On 1 January 2014, the total area of mine suspected areas was 613,6 km² (PSI-2), extending over the territory of 91 local self-government units in 12 counties. The structure of land contaminated with mines, explosive devices and unexploded ordnances

is mainly represented by forests and forest land (81%) the remaining 19 % (11.000 ha) in agricultural areas. Within the agricultural areas, 55 % is arable land and the rest is meadow and pasture.

Energy use and renewable energy resources

According to data from the Energy Institute Hrvoje Požar and Hrvatska elektroprivreda (Croatian Electrical Utility), the production of electricity from renewable energy resources in 2012 amounted to 510,75 GWh. The production of renewable energy from biomass, biogas and biodiesel in 2012 amounted to 34,7 thousand tonnes of oil, equivalent to 3,9 % of total renewable energy production in 2012 (Eurostat). In 2012, the production of electricity from renewable energy resources accounted for 4,9 % of total production, with the exception of large hydro plants.

Risk Management

Croatia suffers from a high level of damage from natural disasters, amounting to on average more than 200 million EUR annually, with floods, droughts and fires the most significant risks. In terms of risk related primarily to agriculture, there is a strong need to improve the irrigation system infrastructure since due to droughts there is huge pressure on the safety of the food chain in terms of mycotoxin contamination and the degradation of soil conditions, lowered groundwater levels, etc. The disaster management system needs to be improved both in terms of infrastructure and necessary human and technical capacities to reduce risks and improve prevention, preparedness and response to disasters.

26 insurance companies operate in Croatia, out of which 4 currently provide insurance policies for crops, animals and disasters. According to the Croatian Office for Insurance Yearly Report (2011), 18.238 insurance policies for crops and 2.818 policies for animals were taken out.

Due to the low investment potential, farmers do not insure their crops, which often suffer severe damage because of natural disasters caused by sudden climate change and occurrences of disease.

Food processing industry

Structural indicators

In the food processing industry (production of food, beverages and tobacco), there are more than 1.200 business entities registered, employing about 49.000 employees, of which 70 % work in companies belonging to the category of medium-sized and large companies. Only 3 % of business entities are in the category of large companies; however they have about 70 % of the market share of total income of the food-processing industry, while more than 90 % are small companies (< 50 employees). The global crisis has also affected the sector: in 2009 there was a decrease in production, increase of costs and decrease of investments.

Within the food-processing sector, the manufacturing of food products accounts for about 76,2 % and beverage production for 17,2 % of the production value, while tobacco products account for 6,6 %. According to the groups of food products, the largest proportion (25,3%) is the processing of all types of meat and meat products, 19,1 % is mill, bakery and pastry products, cakes, biscuits and pasta, while 17,3 % is milk, cheese and dairy products. Most of the drinks (43,8%) are soft drinks and water, followed by beer production (33,2 %), while wine made from grapes amounts to 13,8 % of production value.

A positive trade balance is present only in nine product groups (homogenised food preparations and dietetic

food; sugar; spices and food supplements; tobacco products; malt; beer; soft drinks and water; meat products and poultry meat; ice cream). (Table 6 according to the Nomenclature of Industrial Products/NIP). The coverage of imports by exports in food products is only 52,4 %, and the only exports that exceed imports are beverages and tobacco products.

Food processing industry - Competitiveness of the sector

The competitiveness of the food processing industry in Croatia in relation to the EU 27 is very low, which is evident from the following indicators:

- small proportion of the value of national production (*0,5% of the value of production, 0,5% of turnover, 0,6% of value added and 0,6% of gross operating surplus in relation to EU 27);*
- lower value of domestic production efficiency *(-61,2% in turnover per employee and -55,2% in labour productivity compared to the level of EU 27 average);*
- lower levels of investment *(-49,3% in relation to average levels of EU 27);*
- higher costs per employee *(23,5% in relation to EU 27 average).*

There is a strong need to focus on technological modernisation and technological renewal, including investments in new technologies and process control, fostering a more efficient use of raw materials, aimed at improving production efficiency for better competitiveness, as well as improving energy efficiency and reducing the environmental impact of food-processing.

Processing on family farms

Croatia has registered the processing of agricultural products at fewer than 1.000 family farms which in relation to the total number of family farms represents less than 1 % of the total.

Forestry sector

The term "Forestry sector" in the RDP includes forestry, hunting and wood processing. According to the Forest Act, forest is considered the land covered with forest trees in the form of the stand on more than 10 acres (0,1 ha) and forest land is considered the land on which it is grown forest or that is due to its natural characteristics and conditions of management envisaged as the most favorable for the cultivation of forests.

Sustainable forest management in Croatia has a centuries-old tradition of preserving and improving the protection of biodiversity and beneficial functions of forests (forest ecosystem services). Forestry as an industry has a significant influence on the development of rural areas, although its share in national GDP[18] is only 1,11 %.

The total area of forests and forestland in Croatia amounts to 2.688.688 ha, accounting for 48 % of the total land area (CI-29). 78 % of forests and forestland are owned by the state, while the remaining 22 % is privately owned. 96 % of the state-owned forests are managed by the state company Hrvatske šume (Croatian Forests) in accordance with the Forest Act, which is independent of the state budget and is financed from the proceeds of its activities (Figure 6).

The growing stock amounts to 398 million m³, annual growth is 10,5 million m³, and prescribed etat[19] (wood stock for felling) is 6,6 million m³/year. The Forest Management Area Plan of the Republic of Croatia and other forest management plans are the basis for professional, scientifically based and sustainable forest

management in Croatia.

The average size of private forest holdings is only 0,43 ha[20], due to fragmentation and size degradation. Current private forest road density is only 6,5 km/1.000 ha. State-owned forests have higher average forest road density (10,13 km / 1.000 ha) which is still unsatisfactory, given that optimum forest road density should be from 15 km/1.000 ha to 30 km/1.000 ha depending on the relief area [21]. Besides, in state-owned forests there are still large unopened inaccessible forest areas.

With respect to the natural wealth of Croatia, the NATURA 2000 network covers 37 % (CI-34) of national land territory with the largest share (68 %) being the forest ecosystems[22]. The forests include a wealth of biological and biogeographic diversity which is well-maintained due to long-life sustainable forest management respecting balanced ecological, social and economic role of forest and other ecosystems.

Degraded forms of forest stands (coppice forests, shrubs, shrubbery, macquis, garigues) cover 1.046.972 ha or 43,58 % of forests and forest land[23] caused by inadequate management in the past, forest fires or other abiotic or biotic factor. The Act on Forests (OG 140/2005) considers the reconstruction and conversion of coppice, shrubs, shrubberies and maquis as silvicultural works that are prescribed in the forest management plans. A good portion of these forests are located in the karst areas where they have the crucial role of providing environmental, health, tourism, recreational and other services[24].

80 % of forest fires occur in the karst area of Croatia, where an average of 9.000 ha burns annually.

Silviculture improves the resilience and environmental value of forests and contributes to climate change mitigation through carbon outflow. Given that the role of these forests is primarily protective rather than economic, sustainable management is dependent on the continued support for silviculture. Together with increased investments in fire prevention and protection[25], this will reduce natural risks to the lowest level. There is a 250-year-old tradition of forestry based on the principles of sustainable forest management and a long-established tradition of Forest Management Plans (FMPs), as the result of which 76 % of forest areas, mainly state-owned, are FSC certified. All state-owned forests and 60 % of private forests have approved FMPs; there is no threshold for private forests. State owned forests and part of privately owned forests are managed according to FSC certification standards[26]. Contractors in forestry[27], due to the high purchase price of machines and tools, often use environmentally unfriendly machines and tools as well as procedures potentially threatening for human health.

Game Management, besides its rich tradition in Croatia and diverse habitats, has significant tourism potential and could provide a valuable economic asset for rural community.

Wood processing and furniture production have a significant role in the national economy[28], whose structure is dominated by small business entities[29]. Wood processing is characterized by low productivity, profitability and a poor level of finish and is lagging in technological development due to the lack of investment in new, more efficient and environmentally friendly technologies. In 1990, there were 35.060 employees working in wood processing; by 2011 that number had dropped significantly to 10.839 employees[30].

[1] Programme-specific context indicators

[2] References are made to EU-27 in this section where data refers to prior 1/7/2013

[3] EU Labour Force Survey, Eurostat

[4] Pertains to actual utilised area. It is estimated that the area is larger because many holdings jointly use state land as pastures.

[5] Source: CBS - Research on the Structure of Agricultural Holdings 2010 Data prepared by: Ministry of Agriculture

[6] AWU - Annual Work Unit - means the annual working hours of a person working on a full-time basis. In Croatia, 1 AWU is defined as 1.800 working hours per year.

[7] The National Apiculture Programme is adopted pursuant to legislation governing the market of agricultural products, and the measures implemented within the framework of the Programme cannot be financed from the funds intended for rural development.

[8] Production is carried out in accordance with the Ordinance on the integrated production of agricultural products and Technical guidance for the four types of production: fruit, grapes, vegetables and arable crops.

[9] As of 08/05/2014

[10] Ministry of Environmental Protection and Physical Planning

[11] State Institute for Nature Protection

[12] Brochure prepared by the Ministry of Agriculture, published in 2009

[13] In the context of the Kyoto Protocol, the LULUCF sector that deals with reducing greenhouse gas emissions by neutralizing either by increasing the removal of greenhouse gases from the atmosphere (afforestation, forest management) or by reducing emissions (deforestation containment).

[14] Intergovernmental Panel on Climate Change (IPCC) (International Panel on Climate Change)

[15] Source: Selected indicators of environmental situation in the Republic of Croatia; CEA 2012).

[16] Source: Inventory of greenhouse gases (NIR 2013) published by the Agency for Environmental Protection

[17] OG 140/05, 82/06, 129/08, 80/10, 124/10, 25/12, 68/12

[18] State of European Forests, 2011

[19] Forest Management Area Plan of the Republic of Croatia 2006 - 2015

[20] Assessment according to the Ordinance on forest management, OG 111/06 and 141/08

[21] Pentek et al. 2014 Nova mehanizacija šumarstva Vol. 35 (2014)

[22] Proposal of the NATURA 2000 ecological network, 2012

[23] Forest Management Area Plan of the Republic of Croatia 2006 - 2015.

[24] Forest Management Area Plan of the Republic of Croatia 2006 - 2015

[25] Register of forest fires (80 % of the forest fires occur in the karst area of the Republic of Croatia, in which an average of 9.000 ha burn annually)

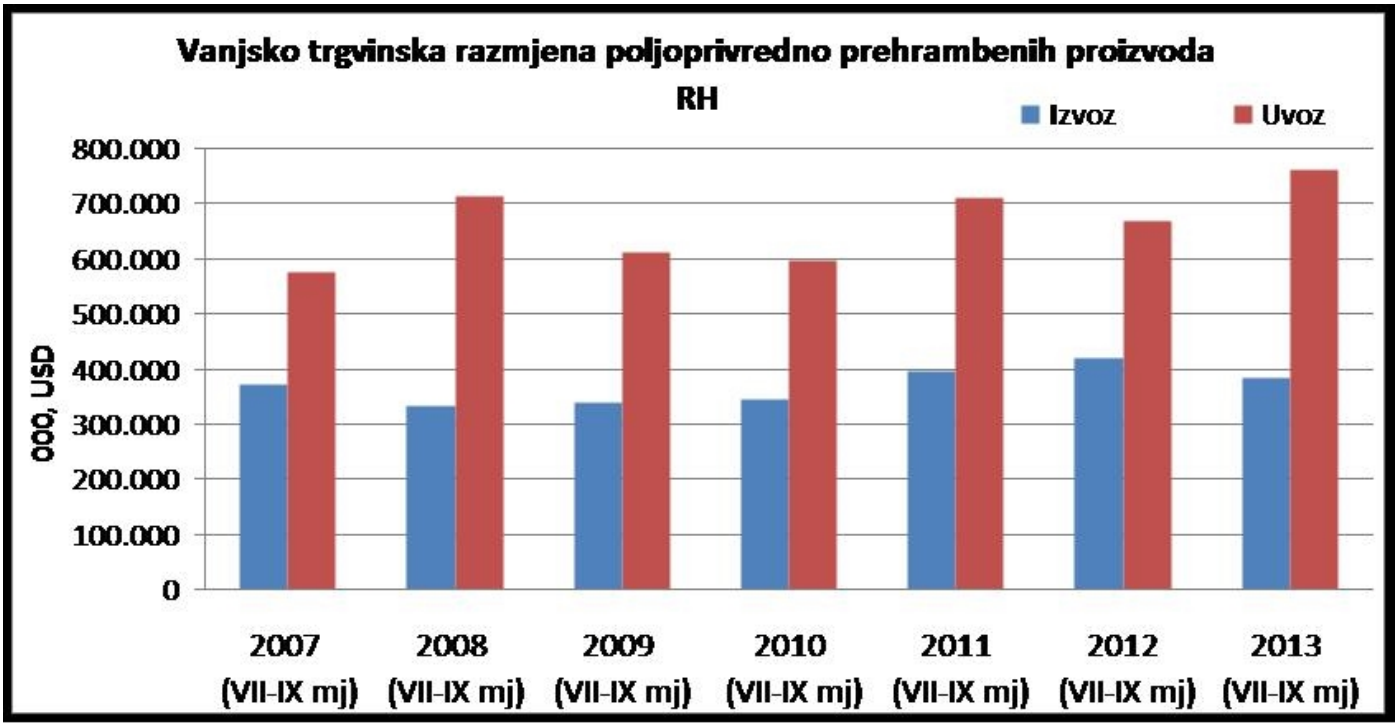
[26] www.fsc.hr

[27] Croatian Chamber of Forestry and Wood Technology (326 licensed contractors)

[28] Central Bureau of Statistics (7 % of the total trade in Croatia, one third of the total number of employees in the processing industries, EUR 186 million or 0,4 % share of GDP in 2009)

[29] Central Bureau of Statistics (1.331)

[30] Central Bureau of Statistics



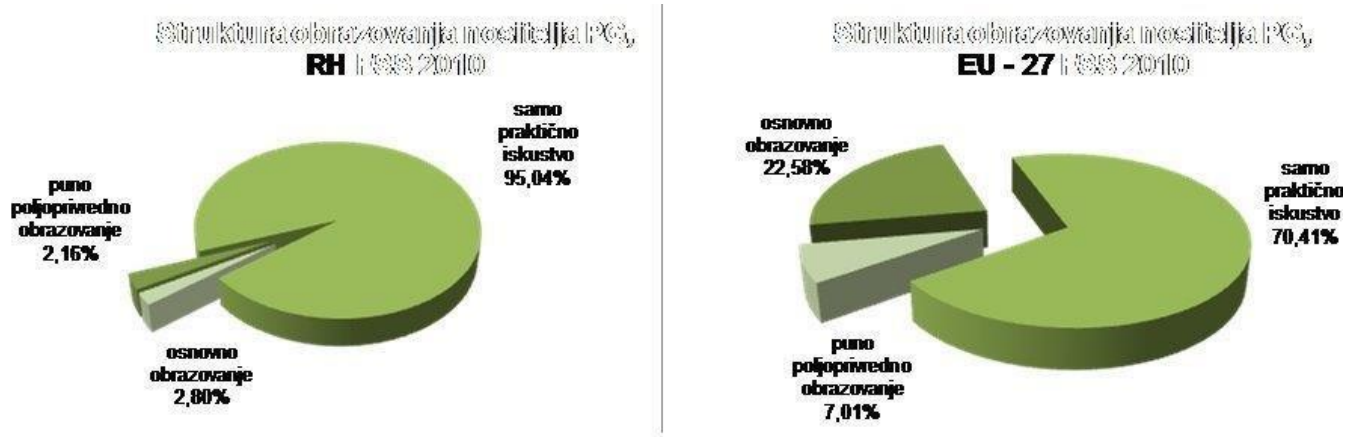
Source: CBS, 2013. Data prepared by: Ministry of Agriculture

Diagram text:
Vanjsko trgovinska razmjena poljoprivredno prehrambenih proizvoda = Foreign trade of agri-food products
Izvoz = Export
Uvoz = Import
mj = month

Figure 2 Commodity export and import values of the Republic of Croatia

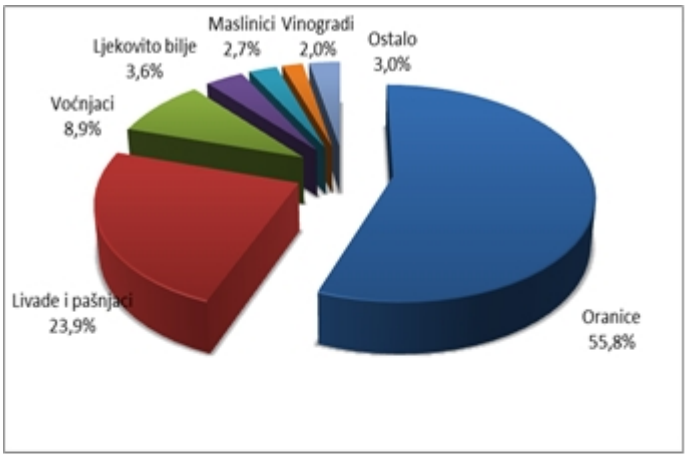
year	%	land size (ha)						all holdings (%)
		0 to <3	≥3 to <20	≥20 to <100	≥100 to < 750	≥750 to <3.000	≥3.000	
2007	holdings	60,52	36,15	2,98	0,32	0,02	0,01	100
	land	9,34	43,6	20,55	12,06	5,59	8,86	100
2008	holdings	62,11	34,35	3,16	0,35	0,02	0,01	100
	land	9,48	41,46	22,34	12,87	5,68	8,16	100
2009	holdings	63,27	33,16	3,2	0,34	0,02	0,01	100
	land	10,07	40,84	23,24	12,44	5,47	7,94	100
2010	holdings	63,84	32,58	3,2	0,36	0,02	0,004	100
	land	10,65	40,91	24,43	13,02	4,1	6,9	100
2011	holdings	56,25	39,14	4,06	0,52	0,02	0,004	100
	land	10,02	39,05	25,22	15	4,36	6,34	100
index 07-11	holdings	-7,06%	8,27%	36,24%	62,50%	0,00%	-60,00%	
	land	7,28%	-10,44%	22,73%	24,38%	-22,00%	-28,44%	

Figure 3 Structure of Agricultural Holdings



Source: CBS - Research on the Structure of Agricultural Holdings 2010 Data prepared by: Ministry of Agriculture
Diagram text:
Puno poljoprivredno obrazovanje = Full agricultural education
Osnovno obrazovanje = Elementary education
Samo praktično iskustvo = Only practical experience

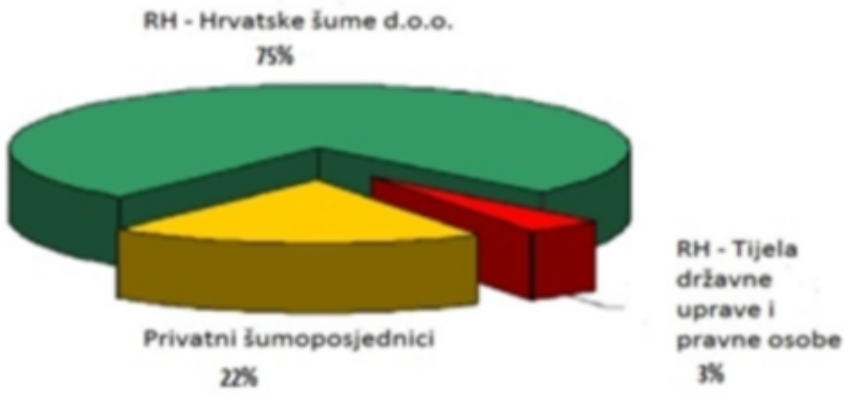
Figure 4 Education of Farm holders



Source: Ministry of Agriculture, 2012

Diagram text:
Livade i pašnjaci = meadows and pastures
Voćnjaci = orchards
Ljekovito bilje = medicinal herbs
Maslinici = olive groves
Vinogradi = vineyards
Ostalo = other
Oranice = arable land

Figure 5 Structure of organic production in the total utilised agricultural land



Graph text:
RH – Hrvatske šume = Republic of Croatia –Hrvatske šume (Croatian forests) Ltd.
Privatni šumoposjednici = Privately owned forests
RH – Tijela državne uprave i pravne osobe =Republic of Croatia - Government bodies and legal persons

Figure 6 The ownership structure of forests and forest land in the Republic of Croatia

Water bodies status (surface)	Estimated existing status			Expected status after full implementation of UWWT and IPPC (IED) directives		
	Croatia	Danube River Basin District	Adriatic River Basin District	Croatia	Sava River Basin District	Adriatic River Basin District
Total number of water bodies	**1234**	**900**	**334**	**1234**	**900**	**334**
Very good	582	329	253	638	376	262
Good	382	331	51	386	339	47
Moderate	183	166	17	140	127	13
Poor	33	27	6	27	22	5
Bad	54	47	7	43	36	7
Length of water bodies (km)	**13.053**	**10.780**	**2.273**	**13.053**	**10.780**	**2.273**
Very good	5.062	3.382	1.680	6.543	4.722	1.821
Good	5.154	4.729	425	4.483	4.165	319
Moderate	2.168	2.057	111	1.548	1.467	81
Poor	276	243	33	215	186	29
Bad	394	369	25	265	240	25

Figure 7 Water bodies status total N

4.1.2. Strengths identified in the programming area

- Accessibility of expert advisory services throughout the country through established county offices of the Croatian Advisory Service with experienced staff for measures established under IPARD;
- Agriculture is historically important and represents the most common economic activity of the population in rural areas as well as representing a relatively significant proportion of the labour force: the agriculture sector accounts for 5,5 % of GDP and 13,8 % of total labour force;
- Consolidated trend towards a more viable farm structure evidenced by the increase in number of

agricultural holdings registered in the categories from 20 to 100 ha (2007-2011, increase of 36,24 %) and from 100 to 750 ha (2007-2011 increase of 62,5 %);

- High-quality domestic products due to good natural conditions and traditional production methods: there is an increase in the number of registered products with quality marks applying for EU registration;
- The tradition of craftsmanship: the forestry sector has a significant economic role with wood-processing and furniture production;
- A developed system of insurance companies operating in rural areas with a previous experience of agricultural users;
- High-quality natural resources and cultural heritage and extensive family farm structure provides a strong basis for rural tourism development;
- Articulated system of local self-government units and some experience in drawing up local development plans for place-based strategies and local governance;
- Increasing interest of producers in integrated and organic production and appropriate legal framework well-established: the agricultural land used for organic production has tripled in the last five years;
- The NATURA 2000 network covers 37 % of national land territory with the largest share (68 %) being the forest ecosystems;
- Wealth of biological and biogeographic diversity: Croatia is rich in terms of well-preserved natural resources and biodiversity, with 40.000 identified taxa;
- 48 % of the country is covered in forests, with considerable production potential of forest biomass as a renewable energy resource;
- 250 year old tradition of forestry based on principles of sustainable forest management and a long-established tradition of Forest Management Plans, as the result of which 76 % of forest areas are FSC certified;
- The availability of sufficient quantities of water of good quality, with a very high quality of surface waters;
- Increasing environmental awareness n the farming community: e.g. a significant decrease in the use of mineral fertilizers (18,3 % in 2012 compared to 2011) supported by an intensive information campaign.

4.1.3. Weaknesses identified in the programming area

- Low level of education and lack of informal education programmes and vocational training of farmers and forest owners: in rural areas, the proportion of adults with only primary education ranges from 20-35 % and 95 % of farmers have no vocational agricultural education whatsoever. These factors lead to a low take up of innovation in the sector;
- Insufficient and patchy access to broadband in rural areas: less than 0,01 % of rural households had access to NGA services in rural areas at the end of 2012 and 2,2 % of the population have no broadband access;
- Insufficient knowledge and training of advisors with regard to the implementation of new techniques and technologies contributing to the sustainable and efficient use of natural resources;
- Lack of access roads and other physical infrastructure (such as water treatment services) in rural areas to support the rural population, with long-term neglect of physical, recreational and social

infrastructure in rural areas. The limited access to services in terms of distance and availability also iimpacts on social inclusion;

- Consolidated trend of migration from rural areas to the urban conglomerations, marked particularly in the 20-35 age group;
- Large number of small agricultural holdings unable to profit from economies of scale and on the verge of economic viability: 89.480 agricultural holdings are in the economic category SO under EUR 2.000 and the average is EUR 9.064,9 per holding;
- High unemployment rate in rural areas in 2013, the employment rate for persons aged 15-64 was 62,5 % (13,5 % lower than the EU-27 average). Long-standing decrease in employment is especially marked in the forestry sector under long-term dramatic decline;
- The degree of exposure to poverty in rural areas is significantly higher than the national average, amounting to 38,1 %;
- Lack of updated and integrated local strategies and development plans and low administrative, technical and financial capacity of local self-government units;
- Insufficient area coverage with local action groups;
- The age profile of farmers and forest owners: 58,8 % of holders of agricultural holdings are over 55 and only 4,1 % under 35 with a lack of generational renewal;
- Low level inclusion of agricultural holdings into higher-level organizational forms and other types of cooperation: 97,4 % of holdings function as family agricultural holdings and only 0,2 % as cooperatives due to the negative historical connotations of former cooperatives;
- Large number of small unspecialised family farms in livestock production held by ageing farmers with only primary education, under further pressure due to the requirement to adapt to Community standards regarding animal health and welfare and environmental protection, contributing to their decline and a downward trend in numbers (Annex V - List of mandatory Community Standards eligible for financing under RDP);
- A high presence of and reliance on intermediary sales. This is exacerbated by an imbalance in bargaining power between producers and processing-distribution chains;
- Lack of information, marketing and involvement of agricultural and forestry producers in quality systems;
- Lack of self-sufficiency for the majority of agri-food products and unfavourable import-export ratio;
- Uncompetitive agricultural production and low productivity in the food-processing sector. The productivity of Croatian agriculture (2010-2012) was 58,2 % less than the EU average. The sector is characterised by low incomes and low yields;
- Low level of value-added agricultural, wood and non-wood forest products;
- Low investment in modernisation, technology and innovation of agricultural holdings, forestry and processing economies given the structure, average holding size, and standard output together with a lack of quality support resources at the national level;
- Inadequate level of finishing and processing of wooden raw materials making products difficult to place in domestic and export market;
- Limited application of research knowledge and its translation and transfer into the agricultural sector with scarce interest among farmers to develop, test, implement and disseminate latest knowledge and innovations and low take up of innovation due to low level of education and knowledge;
- Lack of general information and education of the rural communities about the importance and benefits of sustainable management of ecosystems in agriculture and forestry and preservation of biodiversity;

- Little coverage of agricultural and forestry production insurance policies from damage caused by natural disasters and wildlife;
- Loss of soil and loss of soil fertility due to erosion, significantly higher than the EU average, and 23,23 % of agricultural land is at high risk of soil erosion;
- Insufficient capacity for adequate disposal of manure on agricultural holdings;
- Agricultural holdings and food processing facilities are not fully complied with the EU standards in the scope of public health, food quality, animal health and welfare and nature protection;
- Deterioration of landscape and the reduction of biodiversity due to the abandonment of agricultural land or intensification of agricultural activity: 54,4 % of Croatia is under HNV farmland;
- Large proportion of degraded forms of forest stands, affecting 43,58 % of forests and forest land and Insufficient enriching of forest ecosystems with rare and endangered native species of trees and shrubs;
- Presence of mined forest and agricultural areas: 613,6 km² is currently mine-suspected of which 81 % is forest land and 19 % agricultural land;
- Low share of privately owned forest areas with international certification for sustainable management and 60 % of privately owned forests do not have forest management plans;
- Lack of Natura 2000 management plans;
- Outdated and neglected systems for the improvement of drainage;
- Underdeveloped infrastructure for irrigation systems: only 1,1 % of utilised agricultural land in Croatia is irrigated and increasingly frequent occurrences of drought lead to uneven crop production;
- Outdated and energy-inefficient facilities, techniques and technologies in agriculture and forestry and lack of awareness and knowledge. Low level of use of renewable energy resources: insufficient promotion and knowledge transfer for using forest biomass.

4.1.4. Opportunities identified in the programming area

- Increased interest in areas of high landscape and cultural values of rural areas as part of a demand for green/rural tourism in the EU, strongly linked to nature, local products, and cultural traditions;
- Significant opportunities for diversification for the family farms, rural SMEs and forest economic activities with the development and marketing of added-value food products and handicrafts, in rural tourism and related services, also in the context of national Strategies such as the National Tourism Strategy for 2020;
- Availability of abandoned agricultural holding buildings, community halls, schools for rural community development and use;
- Better connectivity of rural communities including opportunity for direct sales by small producers through ICT and broadband accessibility within and outside the EU;
- Easier access to information on the latest technology solutions and innovation in the EU and more opportunities for cooperation and exchange of practices - better trained, more highly qualified farmers and foresters will be more innovative and receptive, also with the support of the EIP network;
- The lack of self-sufficiency for the majority of agricultural products provides a significant margin for increasing income through higher yields and productivity to fulfil the domestic market needs;

- Easier access of agri-food and forestry products to the EU market and greater opportunities for their promotion and marketing in the global market;
- Improvement of standards of agri-food sector related to public health, food quality, animal health and welfare and nature protection;
- Developing new markets for forestry ecosystem services: this could range from FSC wood products to sales of game for both the domestic and export market;
- The growth of consumer interest (domestic consumers, tourists and export market) in value-added local agri-food products, including a growing segmentation based on the specific characteristics of the raw materials, quality marks, health aspects and ethical and environmental considerations and increased market for organic products in the EU market;
- A better understanding of risk management practices to support protection against biotic and other threats, including via cooperation;
- Growing awareness in rural communities of the consequences of climate changes and the need to increase resilience and biodiversity of forest and of agricultural ecosystems as well as carbon drain;
- Increased availability and convenience of more efficient and environmentally friendly technologies in agriculture and forestry (green technologies);
- Large availability of water. Thanks to favourable climatic, hydro geological and hydrological features and in proportion to its small population, water use opportunities in Croatia are very favourable and can be exploited within the context of the National Plan for irrigation and agricultural land and water management in Croatia with clear 2020 targets, also given the very unfavourable conditions which may emerge seasonally due to extreme events;
- National Strategy for energy produced from renewable resources and increasing demand, driven by the need to meet the 2020 energy goals, will stimulate the utilization of biomass from agriculture, food-processing and forests;
- Expected increase in fossil fuel prices will enhance benefits to rural communities from supplies from renewable energy sources;
- Macro-regional strategies addressing key issues with an impact on the agricultural and forestry sector.

4.1.5. Threats identified in the programming area

- Ageing population in rural areas may increase pressure on available health and support services and local self-government units;
- Continuing migration may led to the decline of rural communities and abandonment of rural settlements, with an accompanying loss of cultural and traditional values;
- Lack of provision of basic services and deterioration of infrastructure because of cuts in public spending and inappropriate organisational models;
- Failure to take on innovation and engage in collaborative/cooperative activities: farmers and forest owners with low levels of education are less prone to take risks and innovate or see the benefits of collaboration and cooperation;
- Global or regional financial crises and weak investment potential exacerbated by lack of access to credit creating barriers to modernisation;
- Competition from neighbouring countries and the EU market with cheaper products;

- The high cost of getting agricultural and food products into major retail chains, ensuing steady quality supplies and logistics;
- Lack of awareness of the public and economic operators towards sustainable and environmentally efficient management in agriculture and forestry;
- Environmental degradation: degradation in key environmental assets could significantly and negatively affect the farming sector in the longer term. Pests and diseases can also have an unpredictable and potentially significant effect on farm and forestry businesses and the food and wood supply chains;
- Vulnerability of rural areas to natural disasters, such as floods risking the livelihoods in the farming sector;
- The impact of global climate changes on the stability of production, product quality and preservation and stability of agricultural and forest ecosystems;
- The impact of changes in land use and the hydrological regime on the stability of production and ecosystems;
- Abandonment of agricultural land consequent to rural depopulation with the formation of successions and the consequent reduction in the intensity of forest ecosystems management.

4.1.6. Common Context Indicators

I Socio-economic and rural situation					
1 Population					
Indicator name	Unit	Value	Year	Updated value	Updated year
total	Inhabitants	4,398,150	2012 p		
rural	% of total	56.5	2012		
intermediate	% of total	25.4	2012		
urban	% of total	18.1	2012		
2 Age Structure					
Indicator name	Unit	Value	Year	Updated value	Updated year
total < 15 years	% of total population	14.9	2012 p		
total 15 - 64 years	% of total population	67.7	2012 p		
total > 64 years	% of total population	17.3	2012 p		
rural <15 years	% of total population	15	2012 p		
rural 15 - 64 years	% of total population	67.4	2012 p		
rural > 64 years	% of total population	17.6	2012 p		
3 Territory					
Indicator name	Unit	Value	Year	Updated value	Updated year
total	Km2	56,594	2012		
rural	% of total area	79.1	2012		
intermediate	% of total area	19.8	2012		
urban	% of total area	1.1	2012		
4 Population Density					
Indicator name	Unit	Value	Year	Updated value	Updated year
total	Inhab / km2	77.8	2011		
rural	Inhab / km2	55.7	2011		
5 Employment Rate					
Indicator name	Unit	Value	Year	Updated value	Updated year
total (15-64 years)	%	50.7	2012		
male (15-64 years)	%	55.1	2012		
female (15-64 years)	%	46.2	2012		
* rural (thinly populated) (15-64 years)	%	49.8	2012		
total (20-64 years)	%	55.3	2012		
male (20-64 years)	%	60.6	2012		
female (20-64 years)	%	50.2	2012		
6 Self-employment rate					
Indicator name	Unit	Value	Year	Updated value	Updated year
total (15-64 years)	%	16.4	2012		
7 Unemployment rate					
Indicator name	Unit	Value	Year	Updated value	Updated year
total (15-74 years)	%	15.9	2012		
youth (15-24 years)	%	43	2012		
rural (thinly populated) (15-74 years)	%	16.2	2012		
youth (15-24 years)	%	41.3	2012		

8 GDP per capita					
Indicator name	Unit	Value	Year	Updated value	Updated year
total	Index PPS (EU-27 = 100)	61	2012		
* rural	Index PPS (EU-27 = 100)	45.8	2010		
9 Poverty rate					
Indicator name	Unit	Value	Year	Updated value	Updated year
total	% of total population	32.7	2011		
* rural (thinly populated)	% of total population	38.1	2011		
10 Structure of the economy (GVA)					
Indicator name	Unit	Value	Year	Updated value	Updated year
total	EUR million	37,279.4	2012 p		
primary	% of total	5	2012 p		
secondary	% of total	26.3	2012 p		
tertiary	% of total	68.8	2012 p		
rural	% of total	44.2	2010		
intermediate	% of total	22.5	2010		
urban	% of total	33.3	2010		
11 Structure of Employment					
Indicator name	Unit	Value	Year	Updated value	Updated year
total	1000 persons	1,429.5	2012		
primary	% of total	4.7	2009		
secondary	% of total	31.3	2009		
tertiary	% of total	64	2009		
rural	% of total	48.3	2010		
intermediate	% of total	23	2010		
urban	% of total	28.7	2010		
12 Labour productivity by economic sector					
Indicator name	Unit	Value	Year	Updated value	Updated year
total	EUR/person	26,078.6	2012 p		
primary	EUR/person	26,497.2	2009		
secondary	EUR/person	20,770.4	2009		
tertiary	EUR/person	26,642.6	2009		
rural	EUR/person	24,399.2	2010		
intermediate	EUR/person	26,045.3	2010		
urban	EUR/person	30,924.7	2010		

II Agriculture/Sectorial analysis

13 Employment by economic activity

Indicator name	Unit	Value	Year	Updated value	Updated year
total	1000 persons	1,445.9	2012		
agriculture	1000 persons	179.9	2012		
agriculture	% of total	12.4	2012		
forestry	1000 persons	14.5	2012		
forestry	% of total	1	2012		
food industry	1000 persons	49	2012		
food industry	% of total	3.4	2012		
tourism	1000 persons	82.2	2012		
tourism	% of total	5.7	2012		

14 Labour productivity in agriculture

Indicator name	Unit	Value	Year	Updated value	Updated year
total	EUR/AWU	6,348.9	2010 - 2012		

15 Labour productivity in forestry

Indicator name	Unit	Value	Year	Updated value	Updated year
total	EUR/AWU	NA			

Comment: *The proxy's values will be calculated and collected as part of the on-going evaluation under Evaluation Plan (TA funds) by the beginning of 2017.*

16 Labour productivity in the food industry

Indicator name	Unit	Value	Year	Updated value	Updated year
total	EUR/person	17,166.6	2010		

17 Agricultural holdings (farms)

Indicator name	Unit	Value	Year	Updated value	Updated year
total	No	233,280	2010		
farm size <2 Ha	No	122,790	2010		
farm size 2-4.9 Ha	No	55,430	2010		
farm size 5-9.9 Ha	No	30,240	2010		
farm size 10-19.9 Ha	No	13,880	2010		
farm size 20-29.9 Ha	No	4,330	2010		
farm size 30-49.9 Ha	No	3,470	2010		
farm size 50-99.9 Ha	No	2,290	2010		
farm size >100 Ha	No	850	2010		
farm economic size <2000 Standard Output (SO)	No	89,480	2010		
farm economic size 2.000 - 3.999 SO	No	51,540	2010		
farm economic size 4.000 - 7.999 SO	No	41,540	2010		
farm economic size 8.000 - 14.999 SO	No	24,430	2010		

farm economic size 15.000 - 24.999 SO	No	11,880	2010		
farm economic size 25.000 - 49.999 SO	No	8,800	2010		
farm economic size 50.000 - 99.999 SO	No	3,860	2010		
farm economic size 100.000 - 249.999 SO	No	1,380	2010		
farm economic size 250.000 - 499.999 SO	No	200	2010		
farm economic size > 500.000 SO	No	160	2010		
average physical size	ha UAA/holding	5.6	2010		
average economic size	EUR of SO/holding	9,064.92	2010		
average size in labour units (persons)	Persons/holding	2.2	2010		
average size in labour units (AWU)	AWU/holding	0.8	2010		
18 Agricultural Area					
Indicator name	Unit	Value	Year	Updated value	Updated year
total UAA	ha	1,316,010	2010		
arable	% of total UAA	68	2010		
permanent grassland and meadows	% of total UAA	25.8	2010		
permanent crops	% of total UAA	5.9	2010		
19 Agricultural area under organic Farming					
Indicator name	Unit	Value	Year	Updated value	Updated year
certified	ha UAA	8,920	2010		
in conversion	ha UAA	10,950	2010		
share of UAA (both certified and conversion)	% of total UAA	1.5	2010		
20 Irrigated Land					
Indicator name	Unit	Value	Year	Updated value	Updated year
total	ha	14,480	2010		
share of UAA	% of total UAA	1.1	2010		
21 Livestock units					
Indicator name	Unit	Value	Year	Updated value	Updated year
total	lsu	1,020,180	2010		
22 Farm labour force					
Indicator name	Unit	Value	Year	Updated value	Updated year
total regular farm labour force	Persons	513,680	2010		
total regular farm labour force	AWU	179,290	2010		
23 Age structure of farm managers					
Indicator name	Unit	Value	Year	Updated value	Updated year
total number of farm managers	No	233,280	2010		
share of < 35 y	% of total managers	4.1	2010		
ratio <35 / >= 55 y	No of young managers by 100 elderly managers	7	2010		
24 Agricultural training of farm managers					
Indicator name	Unit	Value	Year	Updated value	Updated year
share of total managers with basic and full agricultural training	% of total	5	2010		
share of manager < 35 y with basic and full agricultural training	% of total	11.7	2010		
25 Agricultural factor income					

Indicator name	Unit	Value	Year	Updated value	Updated year
total	EUR/AWU	3,509.2	2012		
total (index)	Index 2005 = 100	101	2012		
26 Agricultural Entrepreneurial Income					
Indicator name	Unit	Value	Year	Updated value	Updated year
Standard of living of farmers	EUR/AWU	2,957.5	2012		
Standard of living of farmers as a share of the standard of living of persons employed in other sectors	%	NA			
Comment: *The proxy's values will be calculated and collected as part of the on-going evaluation under Evaluation Plan (TA funds) by the beginning of 2017.*					
27 Total factor productivity in agriculture					
Indicator name	Unit	Value	Year	Updated value	Updated year
total (index)	Index 2005 = 100	NA			
Comment: *The proxy's values will be calculated and collected as part of the on-going evaluation under Evaluation Plan (TA funds) by the beginning of 2017.*					
28 Gross fixed capital formation in agriculture					
Indicator name	Unit	Value	Year	Updated value	Updated year
GFCF	EUR million	269.87	2011		
share of GVA in agriculture	% of GVA in agriculture	14.6	2011		
29 Forest and other wooded land (FOWL) (000)					
Indicator name	Unit	Value	Year	Updated value	Updated year
total	1000 ha	2,474	2010		
share of total land area	% of total land area	43.7	2010		
30 Tourism infrastructure					
Indicator name	Unit	Value	Year	Updated value	Updated year
bed-places in collective stablishments	No of bed-places	437,758	2011		
rural	% of total	67.2	2011		
intermediate	% of total	30.2	2011		
urban	% of total	2.6	2011		

III Environment/climate

31 Land Cover

Indicator name	Unit	Value	Year	Updated value	Updated year
share of agricultural land	% of total area	40.1	2006		
share of natural grassland	% of total area	4.4	2006		
share of forestry land	% of total area	36	2006		
share of transitional woodland shrub	% of total area	10.4	2006		
share of natural land	% of total area	4.2	2006		
share of artificial land	% of total area	3.1	2006		
share of other area	% of total area	1.7	2006		

32 Areas with Natural Constraints

Indicator name	Unit	Value	Year	Updated value	Updated year
total	% of total UAA	NA	2014		
Comment: *Source for proxy: MoA - Annex to the RDP 2014-2020: Study on Designation of areas facing natural or other specific constraints*					
mountain	% of total UAA	NA	2014		
Comment: *Source for proxy: MoA - Annex to the RDP 2014-2020: Study on Designation of areas facing natural or other specific constraints*					
other	% of total UAA	NA	2014		
Comment: *Source for proxy: MoA - Annex to the RDP 2014-2020: Study on Designation of areas facing natural or other specific constraints*					
specific	% of total UAA	NA	2014		
Comment: *Source for proxy: MoA - Annex to the RDP 2014-2020: Study on Designation of areas facing natural or other specific constraints*					

33 Farming intensity

Indicator name	Unit	Value	Year	Updated value	Updated year
low intensity	% of total UAA	NA			
Comment: *The proxy's values will be calculated and collected as part of the on-going evaluation under Evaluation Plan (TA funds) by the beginning of 2017.*					
medium intensity	% of total UAA	NA			
Comment: *The proxy's values will be calculated and collected as part of the on-going evaluation under Evaluation Plan (TA funds) by the beginning of 2017.*					
high intensity	% of total UAA	NA			
Comment: *The proxy's values will be calculated and collected as part of the on-going evaluation under Evaluation Plan (TA funds)*					

by the beginning of 2017.					
grazing	% of total UAA	12.4	2010		
34 Natura 2000 areas					
Indicator name	Unit	Value	Year	Updated value	Updated year
share of the territory	% of territory	NA	2013		
Comment: *Source: Croatian Environment Agency - publication: "Okoliš na dlanu", 2014*					
share of UAA (incl. natural grassland)	% of UAA	NA	2013		
Comment: *Source: Paying Agency for Agriculture, Fisheries and Rural Development*					
share of total forestry area	% of forest area	NA			
Comment: *The proxy's values will be calculated and collected as part of the on-going evaluation under Evaluation Plan (TA funds) by the beginning of 2017.*					
35 Farmland Birds index (FBI)					
Indicator name	Unit	Value	Year	Updated value	Updated year
total (index)	Index 2000 = 100	NA			
Comment: *The protocol for the collection of data for calculating the FBI index will be developed at the beginning of 2016.*					
36 Conservation status of agricultural habitats (grassland)					
Indicator name	Unit	Value	Year	Updated value	Updated year
favourable	% of assessments of habitats	NA			
Comment: *Data on the conservation of agricultural habitats shall be guaranteed by 2019 in line with the obligations for the Republic of Croatia.*					
unfavourable - inadequate	% of assessments of habitats	NA			
Comment: *Data on the conservation of agricultural habitats shall be guaranteed by 2019 in line with the obligations for the Republic of Croatia.*					
unfavourable - bad	% of assessments of habitats	NA			
Comment: *Data on the conservation of agricultural habitats shall be guaranteed by 2019 in line with the obligations for the Republic of Croatia.*					
unknown	% of assessments of habitats	NA			
37 HNV Farming					
Indicator name	Unit	Value	Year	Updated value	Updated year
total	% of total UAA	NA			
Comment: *The proxy's values will be calculated and collected as part of the on-going evaluation under Evaluation Plan (TA funds) by the beginning of 2017.*					
38 Protected Forest					
Indicator name	Unit	Value	Year	Updated value	Updated year
class 1.1	% of FOWL area	2.1	2011		

class 1.2	% of FOWL area	0.4	2011		
class 1.3	% of FOWL area	8.6	2011		
class 2	% of FOWL area	0.2	2011		
39 Water Abstraction in Agriculture					
Indicator name	Unit	Value	Year	Updated value	Updated year
total	1000 m3	30,281.2	2010		
40 Water Quality					
Indicator name	Unit	Value	Year	Updated value	Updated year
Potential surplus of nitrogen on agricultural land	kg N/ha/year	NA	2012		
Comment: *Source: Eurostat - Gross Nutrient Balance: table aei_pr_gnb, 2014*					
Potential surplus of phosphorus on agricultural land	kg P/ha/year	NA	2012		
Comment: *Source: Eurostat - Gross Nutrient Balance: table aei_pr_gnb, 2014*					
Nitrates in freshwater - Surface water: High quality	% of monitoring sites	NA	2010		
Comment: *Source for proxy: Croatian Water, Institute for Water Resources. Values are calculated on the basis of the available data and will be further analysed in detail as part of the on-going evaluation which is expected in 2015 and will be paid by TA funds. By the beginning of 2017, reviewed proxies (or CCI) will be provided.*					
Nitrates in freshwater - Surface water: Moderate quality	% of monitoring sites	NA	2010		
Comment: *Source for proxy: Croatian Water, Institute for Water Resources. Values are calculated on the basis of the available data and will be further analysed in detail as part of the on-going evaluation which is expected in 2015 and will be paid by TA funds. By the beginning of 2017, reviewed proxies (or CCI) will be provided.*					
Nitrates in freshwater - Surface water: Poor quality	% of monitoring sites	NA	2010		
Comment: *Source for proxy: Croatian Water, Institute for Water Resources. Values are calculated on the basis of the available data and will be further analysed in detail as part of the on-going evaluation which is expected in 2015 and will be paid by TA funds. By the beginning of 2017, reviewed proxies (or CCI) will be provided.*					
Nitrates in freshwater - Groundwater: High quality	% of monitoring sites	NA	2010		
Comment: *Source for proxy: Croatian Water, Institute for Water Resources. Values are calculated on the basis of the available data and will be further analysed in detail as part of the on-going evaluation which is expected in 2015 and will be paid by TA funds. By the beginning of 2017, reviewed proxies (or CCI) will be provided.*					
Nitrates in freshwater - Groundwater: Moderate quality	% of monitoring sites	NA	2010		
Comment: *Source for proxy: Croatian Water, Institute for Water Resources. Values are calculated on the basis of the available data and will be further analysed in detail as part of the on-going evaluation which is expected in 2015 and will be paid by TA funds. By the beginning of 2017, reviewed proxies (or CCI) will be provided.*					
Nitrates in freshwater - Groundwater: Poor quality	% of monitoring sites	NA	2010		
Comment: *Source for proxy: Croatian Water, Institute for Water Resources.Values are calculated on the basis of the available data and will be further analysed in detail as part of the on-going evaluation which is expected in 2015 and will be paid by TA funds. By the beginning of 2017, reviewed proxies (or CCI) will be provided.*					
41 Soil organic matter in arable land					
Indicator name	Unit	Value	Year	Updated value	Updated year
Total estimates of organic carbon content	mega tons	NA			
Comment: *The proxy's values will be calculated and collected as part of the on-going evaluation under Evaluation Plan (TA funds) by the beginning of 2017.*					
Mean organic carbon content	g kg-1	NA			

Comment: *The proxy's values will be calculated and collected as part of the on-going evaluation under Evaluation Plan (TA funds) by the beginning of 2017.*

42 Soil Erosion by water

Indicator name	Unit	Value	Year	Updated value	Updated year
rate of soil loss by water erosion	tonnes/ha/year	3.2	2006		
agricultural area affected	1000 ha	159.6	2006 - 2007		
agricultural area affected	% of agricultural area	6.3	2006 - 2007		

43 Production of renewable Energy from agriculture and forestry

Indicator name	Unit	Value	Year	Updated value	Updated year
from agriculture	kToe	NA	2010		

Comment: *Source for proxy: Data provided by Energy Institute Hrvoje Požar. Values are calculated on the basis of the available data and will be further analysed in detail as part of the on-going evaluation which is expected in 2015 and will be paid by TA funds. By the beginning of 2017, reviewed proxies (or CCI) will be provided.*

from forestry	kToe	473	2010		

44 Energy use in agriculture, forestry and food industry

Indicator name	Unit	Value	Year	Updated value	Updated year
agriculture and forestry	kToe	192	2011		
use per ha (agriculture and forestry)	kg of oil equivalent per ha of UAA	50.5	2011		
food industry	kToe	246	2011		

45 GHG emissions from agriculture

Indicator name	Unit	Value	Year	Updated value	Updated year
total agriculture (CH4 and N2O and soil emissions/removals)	1000 t of CO2 equivalent	NA	2012		

Comment: *Source: Croatian Environment Agency - publication: "National Inventory Report 2014"*

share of total GHG Emissions	% of total net emissions	NA	2012		

Comment: *Source: Croatian Environment Agency - publication: "National Inventory Report 2014"*

4.1.7. Programme-Specific Context Indicators

Sector	Code	Indicator name	Value	Unit	Year
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural land of agricultural holdings 100-749,99 ha	14.83	% of total	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural holdings ≥ 3.000 ha	0	% of total	2013
Comment: *Indicator value is set to 0,0036%*					
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural holdings 20-99,99 ha	3.47	% of total	2013
I Socio-economic and rural situation	PSI 1 Population on programme level	total rural and intermediate population on programme level	3217117	Inhabitants	2011
I Socio-economic and rural situation	PSI 1 Population on programme level	total urban population on programme level	1067772	Inhabitants	2011
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	average size of agricultural holdings ≥ 3.000 ha	8820.53	ha	2013
I Socio-economic and rural situation	PSI 1 Population on programme level	rural and intermediate population on programme level	75.08	% of total	2011
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural size of agricultural holdings 3-19,99 ha	6.59	ha	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	total number of agricultural holdings (with and without land)	192670	No	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural holdings ≥ 3.000 ha	7	No	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural land of agricultural holdings ≥ 3.000 ha	61743.68	ha	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	average size of agricultural holdings 20-99,99 ha	40.83	ha	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural holdings 100-749,99 ha	0.44	% of total	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural holdings with land	165459	No	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural holdings 100-749,99 ha	851	No	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural holdings 3-19,99 ha	62925	No	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural holdings 3-19,99 ha	32.66	% of total	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural holdings with land	85.88	% of total	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural land of agricultural holdings 3-19,99 ha	414913.4	ha	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural land of agricultural holdings 20-99,99 ha	25.81	% of total	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural land of agricultural holdings 20-99,99 ha	273230.45	ha	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	total agricultural land	1058591.83	ha	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural holdings 750-2.999,99 ha	0.02	% of total	2013
I Socio-economic and rural situation	PSI 1 Population on programme level	total	4284889	Inhabitants	2011
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural land of agricultural holdings 750-2.999,99 ha	42578.83	ha	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural land of agricultural holdings 750-2.999,99 ha	4.02	% of total	2013

I Socio-economic and rural situation	PSI 1 Population on programme level	urban population on programme level	24.92	% of total	2011
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural land of agricultural holdings 3-19,99 ha	39.19	% of total	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	average size of agricultural holdings 100-749,99 ha	184.51	ha	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural holdings 20-99,99 ha	6692	No	2013
II Agriculture/Sectorial analysis	PSI 2 Agricultural land under mines	agricultural land under mines	19	% of total	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural holdings without land	27211	No	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	average size of agricultural holding with land	6.4	ha	2013
II Agriculture/Sectorial analysis	PSI 2 Agricultural land under mines	total agricultural land under mines	116.6	km²	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural land of agricultural holdings 100-749,99 ha	157018.76	ha	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural land of agricultural holdings > 0-2,99 ha	10.31	% of total	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural holdings with land > 0-2,99 ha	49.28	% of total	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	average size of agricultural holding	5.49	ha	2013
II Agriculture/Sectorial analysis	PSI 2 Agricultural land under mines	total land under mine	613.6	km²	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	average size of agricultural holdings 750-2.999,99 ha	1290.27	ha	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural holdings without land	14.12	% of total	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural land of agricultural holdings > 0-2,99 ha	109106.71	ha	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	average size of agricultural holdings > 0-2,99 ha	1.15	ha	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural land of agricultural holdings ≥ 3.000 ha	5.83	% of total	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural holdings with land > 0-2,99 ha	94951	No	2013
II Agriculture/Sectorial analysis	PSI 3 Agricultural holdings registrated in Farm register and LPIS (PAAFRD)	agricultural holdings 750-2.999,99 ha	33	No	2013

4.2. Needs assessment

Title (or reference) of the need	P1			P2			P3		P4			P5					P6			Cross cutting objectives		
	1A	1B	1C	2A	2B	2C+	3A	3B	4A	4B	4C	5A	5B	5C	5D	5E	6A	6B	6C	Environment	Climate change mitigation and adaptation	Innovation
Need 01. Increasing the degree of professional competence, awareness and knowledge transfer	X		X	X	X		X		X	X	X				X	X				X	X	X
Need 02. Enhancing agriculture and forestry advisory services	X		X																	X	X	X
Need 03. Fostering cooperation between the research system and rural economy to develop, implement and disseminate innovation	X	X		X	X		X	X	X	X	X	X	X	X	X	X				X	X	X
Need 04. Improving management of forests in private ownership	X	X							X	X	X			X		X				X	X	
Need 05. Generational renewal in the agricultural sector					X															X		X
Need 06. Strengthening the sustainability of farms with structural problems and changing the agricultural production structure				X	X		X					X	X	X	X			X		X	X	X
Need 07. Increasing the competitiveness of the processing and marketing of the agricultural products sector				X									X	X						X	X	X
Need 08. Consolidation of agricultural and forest land				X																X	X	
Need 09. Construction of access roads in agriculture and forestry				X		X														X		
Need 10. Increasing the efficient use of water in agriculture and adapting to			X	X						X		X								X	X	

climate change																						
Need 11. Better risk management in agriculture								X												X	X	
Need 12. Organizing of producers and their stronger market positioning							X													X	X	X
Need 13. Development of quality system and greater involvement of manufacturers in quality schemes							X													X		
Need 14. Soil erosion prevention and increasing of soil fertility and soil organic matter											X									X	X	
Need 15. Maintenance of water, soil and air quality										X	X				X					X	X	
Need 16. Conservation of landscape and biodiversity									X							X				X	X	
Need 17. Maintenance of continuity of agricultural production in areas with natural and specific limitations for agriculture									X											X	X	
Need 18. Reforestation of forest areas by conversion and plant breeding									X	X	X					X				X	X	
Need 19. Modernization of technologies, machines and equipment to perform forestry works and wood processing						X								X		X	X			X	X	X
Need 20. Increasing level of production and usage of energy from renewable sources	X	X		X		X							X	X			X			X	X	X
Need 21. Restoring the agricultural potential of the mined land				X				X												X		
Need 22. Further development and strengthening of local development initiatives																		X		X	X	X

Need 23. Diversification of activities and creation of new jobs in rural areas				**X**										**X**			**X**			**X**	**X**	**X**
Need 24. Development of local utilities, tourist and road infrastructure																		**X**		**X**		**X**
Need 25. Development of basic services for rural population																		**X**		**X**		**X**

4.2.1. Need 01. Increasing the degree of professional competence, awareness and knowledge transfer

Priorities/Focus Areas

- 1A) Fostering innovation, cooperation, and the development of the knowledge base in rural areas
- 1C) Fostering lifelong learning and vocational training in the agricultural and forestry sectors
- 2A) Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increasing market participation and orientation as well as agricultural diversification
- 2B) Facilitating the entry of adequately skilled farmers into the agricultural sector and, in particular, generational renewal
- 3A) Improving competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups and inter-branch organisations
- 4A) Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints and high nature value farming, as well as the state of European landscapes
- 4B) Improving water management, including fertiliser and pesticide management
- 4C) Preventing soil erosion and improving soil management
- 5D) Reducing green house gas and ammonia emissions from agriculture
- 5E) Fostering carbon conservation and sequestration in agriculture and forestry

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation
- Innovation

Description

The educational level in the agriculture, food industry, forestry (privately owned forests) sectors and rural areas is very low. Although there is a well-developed system of educational institutions in Croatia, in rural areas, the proportion of adults with only primary education ranges from 20-35 % and 95 % of farmers have no vocational agricultural education whatsoever; furthermore there is a lack of informal education programmes and appropriate vocational training for farmers, employees in the agricultural and food-processing sectors and the private forestry owners. Poor use of information technology is evident, which is a barrier to access skills development opportunities. Due to ignorance, outdated technology results in lower productivity, economic viability and adverse environmental impact. A lack of economic and financial knowledge is reflected in mismanagement of short-term and long-term assets, poor financial management and investment risk increase.

There is a still insufficiently developed system for knowledge transfer that would, through workshops, seminars, demonstration activities and exchange of peer experiences and practices, continuously and fully

acquaint farmers and producers with the best and latest solutions and experiences to foster the take-up of innovation, but also of the necessity of managing agricultural and forest ecosystems in a sustainable and environmentally acceptable manner, also enabling adaptation to climate change. This shall include awareness-raising and training in the agricultural sector on the reduction of GHG and ammonia emissions.

All this has a direct negative impact on the development and improvement of agriculture, the rural economy and the quality of rural life. It weakens their economic and environmental effectiveness and represents the limit of their adaptation to the EU market.

4.2.2. Need 02. Enhancing agriculture and forestry advisory services

Priorities/Focus Areas

- 1A) Fostering innovation, cooperation, and the development of the knowledge base in rural areas
- 1C) Fostering lifelong learning and vocational training in the agricultural and forestry sectors

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation
- Innovation

Description

In conditions of increasing specialization and strict environmental requirements in agriculture, food production and food processing industry and forestry, tailored and qualified individual advice on the use of new technologies, as well as approaches and techniques for mitigation and adaptation to climate change is needed to improve the sustainable management of natural resources and the economic and environmental performance of farms and forest holdings.

New requirements lie before farmers and forest owners in Croatia thereby widening the role of Advisory Services such as the reduction in pesticide use in accordance with the National Action Plan, the protection of soil and water, animal health and welfare, the implementation of agri-environmental measures, reducing air pollution, management of Natura 2000 areas, etc. Currently, the Advisory Service is providing assistance and services to rural stakeholders with reference to IPARD measures through its well-distributed network of county offices. However, given the significant widening of the scope of support in the RDP, including to new sectors such as the forestry sector, and the need to provide RDP beneficiaries with tailored advice on the use of new technologies, responsible management of natural resources as well as mitigation and adaptation to climate change, the provision of advisory services will need to be increased. This shall include tailored advice to the agricultural sector on the reduction of GHG and ammonia emissions. Furthermore, specific training for those providing advisory services given the new requirements and wider scope of activities listed above is necessary.

4.2.3. Need 03. Fostering cooperation between the research system and rural economy to develop, implement and disseminate innovation

Priorities/Focus Areas

- 1A) Fostering innovation, cooperation, and the development of the knowledge base in rural areas
- 1B) Strengthening the links between agriculture, food production and forestry and research and innovation, including for the purpose of improved environmental management and performance
- 2A) Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increasing market participation and orientation as well as agricultural diversification
- 2B) Facilitating the entry of adequately skilled farmers into the agricultural sector and, in particular, generational renewal
- 3A) Improving competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups and inter-branch organisations
- 3B) Supporting farm risk prevention and management
- 4A) Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints and high nature value farming, as well as the state of European landscapes
- 4B) Improving water management, including fertiliser and pesticide management
- 4C) Preventing soil erosion and improving soil management
- 5A) Increasing efficiency in water use by agriculture
- 5B) Increasing efficiency in energy use in agriculture and food processing
- 5C) Facilitating the supply and use of renewable sources of energy, of by products, wastes, residues and other non food raw material for the purposes of the bio-economy
- 5D) Reducing green house gas and ammonia emissions from agriculture
- 5E) Fostering carbon conservation and sequestration in agriculture and forestry

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation
- Innovation

Description

There is very weak collaboration between the research sector, farmers and the food-processing sector, with limited contacts between them, resulting in a low availability, take-up and use of innovation as well as lack of interest in the development of innovation projects. Agricultural producers and the food-processing industry are faced with great challenges posed by competitive market and increasing consumer demand for

new products. Cooperation between researchers, entrepreneurs, non-governmental organizations to innovate methods and processes and develop new products for the market is necessary. Cooperation will ensure the exchange of knowledge and information on innovative technologies, production and processing unfamiliar in the Croatian rural sector and in practice ensure increased productivity, economic viability, sustainability and resource efficiency in the agriculture sector. Furthermore, cooperation will provide the platform for the exchange and dissemination of actions targeted to address the impact of climate change and foster the adoption of mitigating practices, such as the reduction of GHG emissions. Operational groups will facilitate the transfer of innovation from the research sector to practice. Given the fact that no Operational Groups currently exist and the lack of cooperation experience between rural stakeholders and research actors, there is a need for innovation brokerage to foster the initial collaboration setup.

Through the RDP (networks and operational groups), cooperation in INTERREG Europe (thematic platforms) and other Cooperation programmes and thematic networks foreseen under Horizon 2020, knowledge exchange can better orientate R&D activities and improve innovation transfer which could affect not only technological and productive areas but also the organisational sphere.

4.2.4. Need 04. Improving management of forests in private ownership

Priorities/Focus Areas

- 1A) Fostering innovation, cooperation, and the development of the knowledge base in rural areas
- 1B) Strengthening the links between agriculture, food production and forestry and research and innovation, including for the purpose of improved environmental management and performance
- 4A) Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints and high nature value farming, as well as the state of European landscapes
- 4B) Improving water management, including fertiliser and pesticide management
- 4C) Preventing soil erosion and improving soil management
- 5C) Facilitating the supply and use of renewable sources of energy, of by products, wastes, residues and other non food raw material for the purposes of the bio-economy
- 5E) Fostering carbon conservation and sequestration in agriculture and forestry

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation

Description

In Croatia, 60 % of private forests do not have forest management plans, which are the basic prerequisite for their sustainable management. By developing forest management plans to ensure revenue stability and ecologically and socially responsible forest management while preserving and enhancing biodiversity, the

forest shall function for the public benefit and the long-term economic value of forest ecosystems.

Only a small number of private forests have sustainable management certification (FSC) and a low number of wood and non-wood forest products (mushrooms, herbs, forest fruits, etc.) are certified as organic. Thus, on the basis of quality, a professional background conversion process need to be initiated, converting degraded forests into stable forest ecosystems with richer biodiversity and public benefit and long-term economic functions, more resistant to biotic and abiotic influences while providing maximum protection and responding to the needs of forest owners.

4.2.5. Need 05. Generational renewal in the agricultural sector

Priorities/Focus Areas

- 2B) Facilitating the entry of adequately skilled farmers into the agricultural sector and, in particular, generational renewal

Cross cutting objectives

- Environment
- Innovation

Description

The age profile of farmers in Croatia is very unfavourable. Over 58,8 % of holders of family agricultural holdings are over 55 and only 4,1 % under 35. The economic crisis and the previous wartime events have contributed to migratory movements from rural to urban areas, particularly of the younger population, resulting in a general decline in the rural population and an increase in the ageing population. This poses a serious threat to the further development and even survival of the rural areas themselves. Young people are a key resource for the development of a modern and competitive agricultural sector, primarily because of their willingness and ability to adapt easily to technological changes, new practices and changing market conditions which is a requirement to increase productivity and competitiveness. Consequently, generational renewal needs to be fostered in agricultural holdings. The development of agriculture and diversification of agricultural holdings will contribute to the retention and employment of young people in agriculture thereby reducing the negative trend of uncontrolled migration to the cities. From this stems the need to create conditions to foster the participation of young people in the agricultural sector, creating better and more attractive living and working conditions for young people who want to be farmers, providing assistance in using new technologies and creating a positive and dynamic climate for entrepreneurship in agriculture.

4.2.6. Need 06. Strengthening the sustainability of farms with structural problems and changing the agricultural production structure

Priorities/Focus Areas

- 2A) Improving the economic performance of all farms and facilitating farm restructuring and

modernisation, notably with a view to increasing market participation and orientation as well as agricultural diversification

- 2B) Facilitating the entry of adequately skilled farmers into the agricultural sector and, in particular, generational renewal
- 3A) Improving competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups and inter-branch organisations
- 5A) Increasing efficiency in water use by agriculture
- 5B) Increasing efficiency in energy use in agriculture and food processing
- 5C) Facilitating the supply and use of renewable sources of energy, of by products, wastes, residues and other non food raw material for the purposes of the bio-economy
- 5D) Reducing green house gas and ammonia emissions from agriculture
- 6B) Fostering local development in rural areas

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation
- Innovation

Description

The farm structure in Croatia contains an extremely large number of small family agricultural holdings (141.020 or 60,05 %, with up to EUR 4.000 production value per year), which are on the verge of economic viability. Due to the economic crisis and lack of quality national level investment funds, these farms are stagnant and falling behind in terms of development, modernization of facilities, equipment, energy efficiency and environmental protection, which is often related to achieving Community standards (Annex V - List of mandatory Community Standards eligible for financing under RDP).

Appropriate cropland management is needed to help reduce GHG emissions and maintain or increase removals. Good manure management practices – in terms of the highest possible dry matter percentage in the given production system, lowest possible phosphorus content, and lowest possible content of heavy metals and the use of practices and technologies to reduce emissions to air, water and soil to a minimum need to be introduced as part of Croatian agricultural sector modernisation.

At the same time, these farms are very important from the standpoint of the total agricultural production in Croatia, given that they possess significant resources. They have access to 14,98 % of utilised agricultural area, 13,71 % of livestock, and participate with 11,33 % of the value of agricultural production in Croatia.

Small agricultural holdings are also important in terms of the rural population, conservation and environmental protection, population and cultural heritage of rural communities and the production of local products.

Furthermore, Croatian agriculture is characterized by a disproportionately large production of grains, corn and other low-profit crops compared to an insufficient production of high-profit, labour-intensive crops such

as vegetables and fruits (only 3 % of the cultivated area) whose production does not cover the needs of the population, food processing industry and tourism. The same applies to oilseeds as well as milk and meat, except for poultry. A general problem in both primary and secondary production is insufficient monitoring and introduction of new techniques and technologies that directly affect the quality and price of the final product, making the Croatian agricultural sector generally uncompetitive.

4.2.7. Need 07. Increasing the competitiveness of the processing and marketing of the agricultural products sector

Priorities/Focus Areas

- 2A) Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increasing market participation and orientation as well as agricultural diversification
- 5B) Increasing efficiency in energy use in agriculture and food processing
- 5C) Facilitating the supply and use of renewable sources of energy, of by products, wastes, residues and other non food raw material for the purposes of the bio-economy

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation
- Innovation

Description

Croatia is a net importer of agri-food products. The causes range from high production costs, the farm structure and specialization in primary agricultural production, the lack of connections with the food-processing sector, insufficient and poorly equipped processing capacities to the lack of economies of scale, inadequate warehousing and logistics facilities in the purchase and sale chains and a small number and low diversity of products.

The food processing industry is important in terms of overall employment for the rural population. Enabling support for investments for micro-enterprises and SMEs can directly increase rural employment, and indirectly spur additional employment in primary production through increased demand for raw materials.

Until July 2013, the CEFTA market covered approximately 45 % of the export market for agricultural and food-processing industries. With entry to the EU, an expected decrease in CEFTA exports occurred: there is an urgent need to focus on new markets, creating recognizable products for the EU and global market and establish an effective system of marking products and stronger marketing of Croatian agri-food products.

To achieve a competitive position, investment in the modernization of the processing of agri-food products needs to be increased to improve production efficiency. This requires improving technological processes and introducing new technologies for better process control, an efficient use of raw materials, the introduction of technological and managerial strategies for mitigation of food-chain GHG emissions and

their reduction, the reduction of energy consumption and improvement of energy efficiency, reducing negative environmental impacts while ensuring the protection of the health of humans, animals and plants, as well as investments in the training and skills development of holders and employees.

4.2.8. Need 08. Consolidation of agricultural and forest land

Priorities/Focus Areas

- 2A) Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increasing market participation and orientation as well as agricultural diversification

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation

Description

The consolidation of agricultural holdings is a key issue in Croatia because the current size and fragmentation of holdings is very disadvantageous and represents the main limiting factor for the viability/profitability of family agricultural holdings and the development of Croatian agriculture. Land property, already excessively small (average 5,6 ha per agricultural holding), is further divided into smaller parcels (the agricultural production of an average agricultural holding was usually carried out on 15 plots – 2012 PAAFRD data).

Procedures of buying and selling, swapping and leasing agricultural land are needed to increase the total area used by a single agricultural holding, namely grouping scattered cadastral parcels of agricultural land into larger and more regular production plots for more cost-effective use and the creation of favourable processing conditions. This will also foster consistent and more appropriate cropland and grassland management contributing to reduce GHG emissions.

The National Plan for Land Consolidation is currently under preparation.

Furthermore, the average size of private forest holdings is only 0,43 ha due to fragmentation and size degradation.

For a good portion of agricultural and forestry production, the size of the property is a critical factor for sustainability. With regard to average size and structure of agricultural holdings in Croatia, this raises the question of their economic viability.

As land consolidation plans could potentially have an environmental impact in the rural area, any land consolidation actions shall have to take into account the appropriate prevention and/or mitigation actions. However, nature and landscape protection can also be a factor in land consolidation plans, preventing land abandonment and contributing positively to rural biodiversity.

4.2.9. Need 09. Construction of access roads in agriculture and forestry

Priorities/Focus Areas

- 2A) Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increasing market participation and orientation as well as agricultural diversification
- 2C+) Improve the sustainability and competitiveness of forest enterprises and promote Sustainable Forest management

Cross cutting objectives

- Environment

Description

In general, the road density of agricultural and forest land, regardless of ownership, is insufficient and conditions poor. In private forests, forest road density is very small, amounting to 6,5 km/1.000 ha. Due to the large number of small plots in agricultural land there is a similar problem with numerous plots as well as a lack of access roads to public roads. The existence of a high-quality network of agricultural and forest roads will contribute to an increase in forest and agricultural production, availability of forest resources, and preservation and enhancement of long-term environmental and economic value of private forests.

The construction of access roads could have a significant environmental impact: any actions shall have to take into account the appropriate prevention and/or mitigation actions, in line with the environmental impact assessment as relevant.

4.2.10. Need 10. Increasing the efficient use of water in agriculture and adapting to climate change

Priorities/Focus Areas

- 1C) Fostering lifelong learning and vocational training in the agricultural and forestry sectors
- 2A) Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increasing market participation and orientation as well as agricultural diversification
- 4B) Improving water management, including fertiliser and pesticide management
- 5A) Increasing efficiency in water use by agriculture

Cross cutting objectives

- Environment

- Climate change mitigation and adaptation

Description

Croatia is increasingly exposed to extreme weather conditions causing floods and droughts, attributed to climate change. Drought in Croatia occurs on average every three to five years and depending on intensity and duration can reduce crop yields by 20-70 % and cause billion damages in agricultural production. Considering Croatian natural resources, which are favourable temperate climate, good soil and rich water resources irrigation is not carried to the extent offered by the real opportunities, as indicated by the fact that in 2011. In Croatia only 1,1 % of agricultural land was irrigated.

National strategy adopted in 2004 (National Project of Irrigation and Management of Agricultural Land and Water in the Republic of Croatia) has set a target that by 2020 on 65.000 ha of agricultural land irrigation will be provided, giving priority to agricultural land that has a high and very high suitability for irrigation (484.026 ha).

Construction of irrigation infrastructure and the introduction of sustainable irrigation techniques on farm will allow improving economic performance of agricultural holdings and facilitate process of restructuring and modernization and provide an effective mechanism at farm level for climate-change adaptation and mitigation of the damage caused by drought.The modernization and reconstruction of existing on farm irrigation systems shall lead to an increase in water efficiency.

The development of irrigation infrastructure shall only be undertaken where it does not conflict with the Water Framework Directive (Directive 2000/60/EC) and does not cause any deterioration in water status. Furthermore, all actions shall include the appropriate prevention and mitigation measures to offset potential environmental impact.

4.2.11. Need 11. Better risk management in agriculture

Priorities/Focus Areas

- 3B) Supporting farm risk prevention and management

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation

Description

Due to the unpredictable and increasingly frequent climate change and the particularities of agricultural production and its dependence on climate factors, the risks in agricultural production have been growing in recent years. Since 2007, increasingly frequent periods of drought, floods as well as other extreme weather conditions, pose additional problems to agricultural production.

Damage caused by abiotic and biotic factors in the agriculture and forestry each year was estimated to few billion HRK. Only a small portion of these damages is reimbursed through the help system in which the state pays out money after damage is reported. Most important risks besides damages caused by natural disasters in the agricultural and forestry sector are various diseases that can affect plants and animals.

It is necessary to provide support to farmers for the restoration of damaged production potential with the goal of sustainable production and competitiveness of farms. One of the more effective way of protecting against all of these risks is crop, plant and animal insurance, because in this way the damage can be full compensated, which contributes to the prevention of risks and reducing the potential losses on holdings. Years of experience and tendency of producers for contracting national co-financed insurance policies in agriculture and forestry are a great precondition for better risk management in the production which is impossible to avoid.

4.2.12. Need 12. Organizing of producers and their stronger market positioning

Priorities/Focus Areas

- 3A) Improving competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups and inter-branch organisations

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation
- Innovation

Description

The excessive fragmentation of agricultural holdings and disorganization of producers in the agriculture and forestry sector hinder the supply of the needed quantity and quality of agricultural and forest products in the market. The lack of organisation and rationalisation of the supply chain also impact on GHG emissions and the agri-food chain actors need to adopt practices to manage and reduce them. In Croatia, the only form of association historically is cooperatives and their numbers halved in 2011 compared to 2010, also due to the historic negative connotations. Due to the lack of a process for joining agricultural holdings together into higher organizational forms, there is only one producer group registered in Croatia. The high proportion of intermediary sales significantly affects the economic viability of the agricultural economy that is already poor.

Likewise, it is necessary to encourage the cooperation of relevant actors for the development of short supply chains in order to reduce the number of intermediaries between the producer and the final consumer.

4.2.13. Need 13. Development of quality system and greater involvement of manufacturers in quality schemes

Priorities/Focus Areas

- 3A) Improving competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups and inter-branch organisations

Cross cutting objectives

- Environment

Description

The current quality system for agricultural and food products and organic production is not sufficiently developed due to the complexity of the proceedings and insufficient interest of the producers.

12 products are currently in the registration process at EU level, and a further 6 products are registered at national level, and are at the start of the process of registration at EU level. Another 7 products are in the registration process at the national level of which 6 are for PDO and one for PGI. Only a small volume of production of organic products and products have quality marks, a due to the fact that members of groups and associations do not have the financial means to initiate the certification process, and they do not have sufficient resources for marketing and promotional activities in order to achieve a better placement of these products on the market, and consequently the interests of consumers to purchase the products. The above-mentioned reasons have been the main obstacle to the development of quality systems modelled on the developed EU countries despite the potential in Croatia.

4.2.14. Need 14. Soil erosion prevention and increasing of soil fertility and soil organic matter

Priorities/Focus Areas

- 4C) Preventing soil erosion and improving soil management

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation

Description

Loss of soil and soil fertility due to erosion in Croatia is significantly higher than the EU average, and 23,23 % of agricultural land is at high risk of soil erosion.

A particularly negative effect of soil erosion occurs on cultivated soils without vegetation cover for a certain period during the year. The removal of topsoil means the disappearance of the organic matter essential for soil fertility. Forming ridges and gullies makes mechanisation harder and reduces the net surface suitable for

usage. Long-term use of synthetic and mineral fertilizers and pesticides has had negative impact on organic components, ultimately impoverishing the soil and reducing the quality of other segments.

To reduce the negative effects of erosion or prevent it entirely, it is necessary to provide vegetation cover throughout the year, especially on slopes. A rich root system of permanent pastures and meadows retains humus reducing the impact of intense rainfall, thus imposing the need to maintain such surfaces. Increasing the land permanently covered with vegetation increases organic matter in the soil, which has an irreplaceable role in the formation of granular structure. This increases aeration, drainage and the water capacity of the soil making humus rich soils less exposed to erosion.

The biggest erosion damage caused by rainfall is visible on arable land; sowing inter row crops and proper soil management will reduce this. For perennial crops on slopes, negative erosion impact is reduced by maintaining vegetation cover between rows as well as the construction and maintenance of terraces.

About 10 % (110.000 ha) of utilised agricultural land should benefit form implementation of measures programmed for the protection of soil.

4.2.15. Need 15. Maintenance of water, soil and air quality

Priorities/Focus Areas

- 4B) Improving water management, including fertiliser and pesticide management
- 4C) Preventing soil erosion and improving soil management
- 5D) Reducing green house gas and ammonia emissions from agriculture

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation

Description

Lack of education and awareness among farmers of the importance and benefits of sustainable management of ecosystems in agriculture has resulted in intensive agricultural practices and over-usage of fertilizers and pesticides with a consequent significant environmental impact. Inappropriate levels of fertilization and improper manure storage are the main ground water nitrate polluters. Together with specific education of farmers, it is necessary to encourage the use of a balanced multiannual fertilization plan corresponding to the real needs of the crop, so optimum rather than maximum amount of fertilizers is used. Inappropriate manure disposal additionally contaminates the soil, water and air so it must be stored properly thereby reducing emissions of greenhouse gases in the atmosphere.

This will contribute to achieving the overall objectives of the Water Framework Directive.

In addition to training on the use and disposal of fertilizers, farmers must receive essential information about the responsible use of pesticides and waste disposal, in order to raise the level of knowledge about agricultural practices and methods that reduce the negative environmental impact of agriculture (organic

farming, the introduction of a wide crop rotation, mulching) which ultimately reduce the impact of agriculture on climate change. Sustainable agricultural production includes reduced energy consumption; thus there is a need to modernize farms through the construction and reconstruction of facilities, purchasing machinery and the application of technology, especially in the livestock sector, which best reduces the emission of greenhouse gases and air pollutants into the atmosphere. Livestock farms can be a source of air pollutants such as dust particulates, microorganisms and gases, including ammonia and carbon dioxide, potentially harmful to the welfare of farm workers, livestock and surrounding areas, which could be addressed by innovative approaches to air cooling, air circulation and air purification.

Strengthening cooperation with the scientific community to address these challenges through the take-up of innovation by farmers is also needed.

4.2.16. Need 16. Conservation of landscape and biodiversity

Priorities/Focus Areas

- 4A) Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints and high nature value farming, as well as the state of European landscapes
- 5E) Fostering carbon conservation and sequestration in agriculture and forestry

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation

Description

Croatia is exceptionally rich in plant and animal species, and valuable landscape characteristics that are the result of climate and relief diversity, as well as a strong and diverse traditional and cultural heritage.

The genetic potential is very valuable in Croatia, especially from the standpoint of biodiversity and the need to adapt the agriculture to climate change. The priority is to preserve the traditional, plant and animal species which have adapted to local conditions and are the basis for creating new and improving the performance of existing varieties of agricultural plants and breeds of domestic animals.

Over time, depopulation and changes in the local economy, as well as the intensification of agriculture where such activity is still present, have changed the landscape characteristics of the area and reduced biodiversity. Apart from extensive seasonal grazing, the practice of keeping cattle indoors (except sheep), with a decreasing number of animals, has meant grasslands rich in plant and animal species, as well as the open landscapes important for migratory birds, have disappeared over time. The problem is particularly serious in the karst and mountainous areas where shrubs have suppressed the valuable grassland species adapted to survive in the poor soil or in holes between rocks with very little water. Preservation of high nature value grasslands shall be prioritised under agri-environment-climate measures thus contributing to the maintenance and preservation of HNV areas.

The conservation of natural ecosystems using cultivation methods that reduce the negative pressure of agriculture on the environment is a long-term return, through quality agricultural products as well as improving the quality of life of rural communities.

4.2.17. Need 17. Maintenance of continuity of agricultural production in areas with natural and specific limitations for agriculture

Priorities/Focus Areas

- 4A) Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints and high nature value farming, as well as the state of European landscapes

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation

Description

Severe climatic or pedological conditions put farmers who are working and living in these areas in a disadvantaged position compared to the rest of the country.

In areas with constraints, costs are higher and yields lower, so the interest in agriculture is declining and volume of agricultural production decreases. The consequence of a reduced interest in agriculture is a gradual change in the appearance of the landscape which is changing the biodiversity of the area.

The ultimate negative effect is the fact that people leave and the rural area decays beyond repair. The distinctiveness of the rural area is a result not only of the landscape, but also of its traditional life, so the decay of rural area impoverishes the cultural wealth of Croatia.

The continuation of agricultural production in these areas, especially with environmentally-sensitive cultivation methods, enriches the landscape and biodiversity in general. The development of new products, the fostering of producers groups and the exchange of experience between counties can provide an additional incentive for agricultural production in these areas.

4.2.18. Need 18. Reforestation of forest areas by conversion and plant breeding

Priorities/Focus Areas

- 4A) Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints and high nature value farming, as well as the state of European landscapes

- 4B) Improving water management, including fertiliser and pesticide management
- 4C) Preventing soil erosion and improving soil management
- 5E) Fostering carbon conservation and sequestration in agriculture and forestry

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation

Description

Degradation forms of forest stands cover over a million ha representing 43,86% of total forest area in Croatia. In private woods, beside the high share of coppice forests (48 %), there is a substantial area of stands which, due to bad management in the past, have lost the optimal proportion of primary types of trees and most favourable stand structure and taken the form of different degradation stands which lack the primary type of trees. Forest cultures in Croatia (70.021 ha), due to the prevalence of only one type of tree, are very vulnerable with respect to resilience towards climate changes and actions of unfavourable biotic and abiotic factors when compared to stable high mixed forests consisting of indigenous types of trees.

Coppice, shrubs, shrubberies, maquis and garigues in Croatia represent degradation forms of forest stands. The Forest Act (OG 140/2005), Art 28, considers the reconstruction and conversion of coppice, shrubs, shrubberies and maquis as silvicultural works prescribed in the forest management plans.

The most stable, resilient and environmentally most valuable forest elements are climatogenetic forest communities which belong to an environmental optimum. High forests, which contain the optimal part of primary climatogenetic and secondary types of wood, bushes and bottom layer plants, represent the terminal phase of vegetative succession and thus the most valuable forest stands in terms of the services they provide, and in the long term, economically. Unlike degraded forms of forest stands, well-formed forest stands are more resilient to unfavourable climate changes and harmful biotic and abiotic factors.

The need is to convert the coppice, shrubs and shrubberies whose degradation was caused by inadequate management in the past, forest fires or by any other abiotic or biotic factor, in those areas where high forests previously existed and only where the current climatic and habitat conditions are favourable, regardless of the cause of their degradation, to meet the environmentally-focused goal.

For all conversions of coppice, shrubs and shrubberies into a high forest, the climatic and habitat conditions must be taken into account and on that basis tree species and appropriate technology (soil preparation, planting or sowing, etc.) chosen.

4.2.19. Need 19. Modernization of technologies, machines and equipment to perform forestry works and wood processing

Priorities/Focus Areas

- 2C+) Improve the sustainability and competitiveness of forest enterprises and promote

Sustainable Forest management

- 5C) Facilitating the supply and use of renewable sources of energy, of by products, wastes, residues and other non food raw material for the purposes of the bio-economy
- 5E) Fostering carbon conservation and sequestration in agriculture and forestry
- 6A) Facilitating diversification, creation and development of small enterprises, as well as job creation

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation
- Innovation

Description

Due to an ever growing demand for wood, it is necessary to increase the productivity and efficiency of the wood supply and pre-processing phase, but also protect and preserve forest ecosystems. It is also necessary to introduce new techniques and technologies as well as apply and develop innovations in the sector. Since large areas in Croatia are under forests, the forestry sector represents a significant source of employment, especially in rural areas. Private entrepreneurs in wood supply (326 licensed entrepreneurs) and SMEs in the pre-processing phase (1.331), due to the expensive purchasing price of machines, tools and equipment, risk using poorly efficient, environmentally unfavourable, dangerous and environmentally hazardous machines, tools and procedures which cause occasional excessive degradations of forest ecosystems, health impairment to workers, reduction of competitiveness and a substantial decrease in employment in the wood processing industry. From 1990 to 2011 the number of people employed decreased by almost 70 %. Because of the large share of degraded forest stands in private forests, especially coppice forests (278.554 ha) which make up 48 % of private forests in Croatia, it is necessary to ensure the availability of economically and environmentally acceptable machines for private forest owners, by means of which they can prepare the soil properly for planting forest type of trees in order to transform coppice forests into high forests.

4.2.20. Need 20. Increasing level of production and usage of energy from renewable sources

Priorities/Focus Areas

- 1A) Fostering innovation, cooperation, and the development of the knowledge base in rural areas
- 1B) Strengthening the links between agriculture, food production and forestry and research and innovation, including for the purpose of improved environmental management and performance
- 2A) Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increasing market participation and orientation as well as agricultural diversification
- 2C+) Improve the sustainability and competitiveness of forest enterprises and promote Sustainable Forest management

- 5B) Increasing efficiency in energy use in agriculture and food processing
- 5C) Facilitating the supply and use of renewable sources of energy, of by products, wastes, residues and other non food raw material for the purposes of the bio-economy
- 6A) Facilitating diversification, creation and development of small enterprises, as well as job creation

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation
- Innovation

Description

Renewable energy resources in Croatia are used for generating thermal and electrical energy. Water energy is used mostly for generating electrical energy, while sun, wind and biomass are rarely used. Increasing the use of renewable energy resources is one of the strategic priorities of Croatia regarding its dependence on energy-generating products, energy safety and environmental protection; they represent a development opportunity for domestic industry through the creation of new jobs as well as being the only feasible alternative to fossil fuels. Croatia has almost ideal insolation and climatic conditions to exploit solar energy.

In the Energy Strategy of the Republic of Croatia, the share of renewable energy resources in final energy consumption in 2020 is planned as 20 %. Croatia has satisfactory quantities of biomass which represents the most complex form of renewable energy resources, since as raw material it includes forests and agricultural biomass obtained during production processes etc. as well as the possibility to produce biogas where manure is used, green waste, organic waste from sludge which evolves during waste water treatment etc.

Approximately 26 PJ of biomass for energy is planned by 2020. A significant potential for biomass lies in private forests which mainly produce firewood. Due to higher demand and the large potential, it is necessary to develop and increase the application of new technologies for the production and warehousing of forest biomass and introduce new machinery for the feasible collection of biomass particularly from inadequately connected and currently inaccessible forest areas. The potential to generate biomass is 2,75 million m^3 in forests and 1,5 million m^3 in wood processing industry and should be appropriately exploited (Energy Strategy of the Republic of Croatia - OG 130/09).

Wood biomass production could have a significant environmental impact: all supported actions shall take into account applicable prevention/mitigation measures and in line with the specific Forest Management Plan or equivalent document.

4.2.21. Need 21. Restoring the agricultural potential of the mined land

Priorities/Focus Areas

- 2A) Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increasing market participation and orientation as well as

agricultural diversification

- 3B) Supporting farm risk prevention and management

Cross cutting objectives

- Environment

Description

Demining is a key priority for restoring economic agricultural potential and the effective management of protected forest areas in Croatia, and the identified national goal is to reduce mine suspected areas by 140 square km (14.000 hectares) using ESI Funds support as prescribed in Partnership Agreement. Demining is a considered as a horizontal objective and in some cases preparatory for other actions under the ESI Programmes which will contribute to local economic development and the Europe 2020 targets.

There is an overriding need to restore the agricultural potential to mined and mine-suspected agricultural land in Croatia. The presence of mined and mine-suspected areas in war-affected parts of Croatia present a specific damage to the agricultural potential in Croatia, since 19 % of the total mined suspected territory is attributable to agriculture land, which needs to be restored to agriculture use.

The action is complementary to actions to be carried out under Cohesion Fund, contributing to the demining of 501,51 square km of mined and mine-suspected forest and forestland enabling their sustainable management and preventing the degradation of forests.

Consequently, as part of a joint effort between EAFRD and Cohesion Fund the demining of agricultural and protected forest areas is expected. The demining of agricultural land shall be concluded by the end of 2018, in order to respect the Ottawa convention in which Croatia committed to the removal of landmines by March 2019.

4.2.22. Need 22. Further development and strengthening of local development initiatives

Priorities/Focus Areas

- 6B) Fostering local development in rural areas

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation
- Innovation

Description

The lack of administrative capacities at all levels of public administration and beneficiaries, as well as insufficient co-operation and co-ordination among all stakeholders negatively affects implementation efficiency and the utilization of resources. The cooperation until now of public and civil sector by means of

a social dialogue process has not enabled the efficient adoption and implementation of local policies and plans. The absorption of EU funds at local level will require significant upgrading of programming and administrative capacities.

The insufficient maturity of local development initiatives did not enable the local stakeholders to exploit and implement fully their local development strategies and to participate as partners in the development of their area.

Although the implementation of the LEADER approach in Croatia started within the IPARD programme, the coverage of areas with selected LAGs is still insufficient. The selected 42 LAGs cover about 69 % of the national territory and 34 % of all citizens of Croatia.

4.2.23. Need 23. Diversification of activities and creation of new jobs in rural areas

Priorities/Focus Areas

- 2A) Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increasing market participation and orientation as well as agricultural diversification
- 5C) Facilitating the supply and use of renewable sources of energy, of by products, wastes, residues and other non food raw material for the purposes of the bio-economy
- 6A) Facilitating diversification, creation and development of small enterprises, as well as job creation

Cross cutting objectives

- Environment
- Climate change mitigation and adaptation
- Innovation

Description

In the last few years, the share of the agricultural sector in GDP, as well as the share of the employed workforce, have experienced negative trends. The agricultural sector represents 5,5 % of total GDP, while the share of people employed in agriculture makes up 13,8 % of the total workforce. Negative economic and population trends are also reflected by the fact that an increasing number of family holdings are not economically viable solely on primary agricultural production unless there is additional income for the holding. Moreover, energy efficiency needs to be increased through investment in the use of RES. Furthermore, there is still an insignificant number of family holdings that have launched new activities related to investment in renewable energy sources, services for tourism development, processing and marketing of products in addition to agricultural production. The existing level of agricultural production cannot support the maintenance of existing employment and providing opportunities for new jobs with the view of maintaining the rural population and fostering sustainable development of rural areas.

4.2.24. Need 24. Development of local utilities, tourist and road infrastructure

Priorities/Focus Areas

- 6B) Fostering local development in rural areas

Cross cutting objectives

- Environment
- Innovation

Description

Scarcely inhabited rural areas in Croatia have remained at the lower level of public utilities and road infrastructure development in relation to urban and intermediate areas.

The poor connection of underdeveloped rural areas with local and regional centres, the insufficient quality and state of repair of the existing utilities and road infrastructure still do not provide the necessary conditions for the sustainable development of rural areas and quality of life in these areas. The connection of population to the public sewage systems is insufficient and substantially lower than urban areas. In areas with less than 2000 ES (equivalent of inhabitants), the connection of the population to public sewage systems is only 7 %, due to the technical and financial complexity of these projects, but also the poor financial capacity of local administration units in rural areas. There is a lack of high quality strategic local planning documents which are consistent with higher-level strategic-planning documents.

Access to broadband is insufficient and patchy in rural areas.

There is also an insufficient number of good quality tourist infrastructure in rural areas which would enable the promotion of the tourist offer and its branding: thematic routes and parks, tourist attractions in rural areas such as natural heritage sites and important historical and cultural heritage.

As tourism-related infrastructure may have an environmental impact, all supported actions shall demonstrate that adequate prevention/mitigation measures are in place to address the potential environmental impact.

4.2.25. Need 25. Development of basic services for rural population

Priorities/Focus Areas

- 6B) Fostering local development in rural areas

Cross cutting objectives

- Environment

- Innovation

Description

In Croatia there is a visible trend of unfavourable demographic trends, namely the ageing population, a growth of the number of elderly people in relation to the active population as well as the growth of single households. As early as 1981, 80 % of areas in Croatia were affected by depopulation or approximately 90,0 % of all villages. The population of Croatia has been ageing in a long-term process, which is visible from numerous indicators. According to the last population census of 2011, the number of inhabitants aged 65 and over (17,7 %) exceeded for the first time the number of the young from 0 to 14 (15,2 %). Natural population growth is negative for the whole of Croatia, while in predominantly rural areas population decrease is more visible due to interal migration.

The lack of basic services and inadequate state of repair of available social, cultural, entertainment and sport facilities such as community buildings and fire stations, kindergartens, and homes for the elderly do not enable the maintenance of the existing rural population or attract new inhabitants and provide a better quality of life in rural areas. The above mentioned negative trends particularly influence the active population who are a prerequisite for sustainable development of rural areas.

5. DESCRIPTION OF THE STRATEGY

5.1. A justification of the needs selected to be addressed by the RDP, and the choice of objectives, priorities, focus areas and the target setting based on evidence from the SWOT and the needs assessment. Where relevant, a justification of thematic sub-programmes included in the programme. The justification shall in particular demonstrate the requirements referred to in Article 8(1)(c)(i) and (iv) of Regulation (EU) No 1305/2013

In accordance with the Europe 2020 Strategy and respecting the goals, priorities and measures of Regulation (EU) No 1305/2013, the Ministry of Agriculture has drawn up this strategy for rural development in Croatia, which is fully coherent with Croatia's strategy for the investment of ESI Funds as defined in the Partnership Agreement.

In terms of the Rural Development Programme, the following overall goals have been defined:

Restructuring and modernising the agriculture and food sectors

Given the low productivity that characterises the agricultural sector and the high degree of fragmentation in the Croatian farm structure, the RDP is targeted to addressing the restructuring and modernisation needs of Croatian agriculture and food-processing sectors through measures to improve economic efficiency and competitiveness, including backbone irrigation infrastructure, restore agricultural potential with focus on de-mining of agricultural land, land consolidation, and foster generational renewal and the development of small and competitively viable farms. The resulting reduction in agricultural production/food processing costs and improvements in the quality and safety of food shall underpin competitiveness and have a positive impact on farm income. Support for restructuring and modernisation of these sectors shall also ensure a positive environmental impact deriving from investments in greener technologies and practices and the rational utilisation of fertilizers and pesticides. Thus the Programme will contribute to the achievements of goals set in Europe 2020 strategy for smart, sustainable and inclusive growth having a positive impact towards a low-carbon economy with emphasis on job creation in the agri-food sector and forestry as a result of improved competitivnes and sustainability. Approximately 41 % of resources will be allocated to achieving this goal.

Promoting environmentally sound farming systems

The restoration, preservation and enhancement of biodiversity by promoting environmentally sound farming systems including organic farming and the non-productive investments related to environmental preservation targeted to HNV areas (eg. Natura 2000) is a strategic goal for Croatia. Furthermore, granting compensation for the economic disadvantages in areas facing natural and other specific constraints shall allow the maintenance of agricultural land and the preservation of the countryside as well as promoting farming systems in these areas. This will contribute to prevent land abandonment and reduce the risk of biodiversity loss. A lack of awareness of the importance and benefits of sustainable management of ecosystems has resulted in intensive agricultural practices and over-usage of fertilizers with a consequent environmental impact which needs to be addressed by specific support measures and underpinned by the dissemination of knowledge on agri-environmental practices. Thus the Programme will contribute to achievements of targets set in EU Biodiversity Strategy to 2020 with focus on more sustainable agriculture and forestry. Approximately 27 % of resources will be allocated to achieving to this goal.

Improved resource efficiency and climate resilience in agriculture, food processing and forestry

Energy production from renewable resources from agriculture, food processing and forestry is a national priority to foster the bio- economy and reduce GHG emissions to achieve the 2020 goals. A specific priority is to foster the use of wood biomass, given the insufficiently exploited potential to generate forest biomass. Actions to stimulate the use of agricultural biomass and solar energy will be fostered in agriculture and processing.

Actions to enhance climate resilience in agri-food and forestry sector shall be targeted to the following strategic priorities. Croatia is increasingly exposed to extreme weather conditions causing drought and flooding, attributed to climate change, but only a very small proportion of agricultural land is irrigated, significantly affecting productivity. A key priority is the establishment of the new agriculture irrigation systems to meet the national 2020 target to improve drought management in agriculture and sustain even production. This is complementary to flood management actions planned under ERDF, as stated in the PA.

Sustainable forest management including the restoration of degraded forest stands and the conversion of forest cultures is a priority to contribute to increase their resilience and environmental value as well as improve their ecosystem services, including NATURA 2000 areas. Actions shall be targeted to increase the favourable effect of forests on the water regime and soil protection and quality, while silvicultural works will enhance the stability, structure, resilience and health condition of forests, to improve their capacity for carbon capture and sequestration. Thus the Programme will contribute to the achievements of objectives set in the EU Adaptation Strategy by promoting adaptation to climate change through agriculture and forestry ensuring that Europe's infrastructure is made more resilient. Approximately 11 % of resources will be allocated to achieving to this goal.

Combating rural depopulation and increasing the quality of life for economic revival

Poor quality of life in rural areas, including the lack of basic services and inadequate social and cultural facilities and lack of supporting infrastructure, has led to significant depopulation, particularly in the active population, and undesirable distortions of their cultural and landscape values. To make rural areas more attractive, especially remote, sparsely populated settlements, and given the correlation between poor development and weak competitiveness, investments in small-scale public service infrastructure and the renewal of villages and activities for the restoration and upgrading of the cultural and natural heritage of villages and rural landscapes shall be prioritised to stimulate growth and the promotion of environmental and socio-economic sustainability in rural areas, in line with local development plans/strategies to achieve the highest value added of EAFRD investments for their economic revival to promote growth and jobs. Thus the Programme will contribute to the achievements of goals set in Europe 2020 strategy for smart, sustainable and inclusive growth by promoting balanced territorial development of rural areas providing better basic services and community-led local development. CLLD will be implemented through a mono-fund approach, as established in the Partnership Agreement. Approximately 21 % of resources will be allocated to achieving to this goal.

The choice of the above strategic goals, as well as the priorities and focus areas and respective financial allocations, are based on the situation analyses, the consequent SWOT analysis and evaluation of needs. The needs assessment provided the basis for establishing the balance of funding and respective allocations, focusing on strategic actions which can be drivers for the achievement of a balanced, sustainable rural economy. Strategic choices from other ESI Funds have been taken into account to foresee synergies and complementaries in achieving the strategic goals. Croatia will also finance additional national direct payments for which 15 % of EAFRD will be transferred to the first pillar.

Contributions to the EU Priorities for rural development

Specific vocational training and demonstration actions shall increase knowledge and the uptake of innovation to enable competitive agri-food and forestry sectors. This will foster habits of lifelong learning and facilitate the exchange of experience as well as encourage the take-up of new techniques and technologies.

Public advisory services shall be extended through the provision of tailored advice for the increase of the economic and environmental efficiency of holdings.

Knowledge transfer and cooperation between the research sector and farmers, actors in food-processing or forest owners will be encouraged.

By linking several measures, opportunities for the development of innovative technologies and research is envisaged by fostering clusters, partnerships and operational groups (EIP). Fostering co-operation between the research system and producers for the development, testing, implementation and dissemination of new knowledge and innovation will underpin the growth of the entire rural economy, increasing competitiveness and resource efficiency.

This approach will address Needs 1, 2 and 3 and contribute to the RDP priority: Fostering knowledge transfer and innovation in agriculture, forestry and rural areas.

By restructuring production, encouraging the entry of young farmers and improving the sustainability and competitiveness of the agricultural economy in Croatia, the goal is to foster competitive producers.

There is the serious structural challenge of the fragmentation of the agricultural sector, including holdings with divided plots, and an increasing trend of an ageing population working in the agricultural and forestry sector. Agricultural holdings still often use pre 1990 technology and lacking the main prerequisites for development, need support to enhance competitive viability. Support for public irrigation backbone infrastructure and land consolidation shall create favourable conditions for the development of more cost-effective and efficient agricultural production thereby underpinning competitiveness.

This approach will address Needs 5, 6, 7, 8, 9 and 10 and contribute to the RDP priority: Enhancing the competitiveness of all types of agriculture and enhancing farm viability in all regions and promoting innovative farm technologies and sustainable forest management.

Agricultural production is subject to the influence of natural disasters and catastrophic events, and holdings are not able to bear the additional high costs of insurance policies, directly influencing the economic potential of production in the years following such disasters. Risk management measures shall contribute to production stability and foster a risk management culture among farmers.

After the Homeland war, the restoration of agricultural production potential in mined and mine-suspected agricultural areas in Croatia shall ensure the sustainability of agricultural production and prevent the deterioration of agricultural holdings.

By fostering the association of producers into groups, a better organisation of farmers can be supported and the number and weight of supply chain intermediaries reduced to achieve better and easier participation in the market.

The potential for Croatian involvement in quality schemes is high, but current participation is hampered by

complex procedures and over-heavy entry costs: the development of quality systems and fostering the involvement of producers and producer groups shall assist in realising this potential.

This approach will address Needs 11, 12, 13 and 21 and contribute to the following RDP priority: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture.

Agricultural and forest production directly influences the quality of water, air and soil, thereby contributing to the strategic goal to preserve natural resources and their diversity.

By implementing forest management plans to ensure revenue stability and ecologically and socially responsible forest management while preserving and enhancing biodiversity, forest functions for the public benefit and the long-term economic value of forest ecosystems will be ensured.

One of the main natural resources of Croatia is the numerous sources of good quality water. In addition, Croatia is rich in biological and biogeographic diversities, the protection of which requires constant attention and the fostering of agro-environmental measures.

Intensification of production has as a consequence the intensification of agro-technical measures, requiring actions to prevent any negative influence on the preservation of biodiversity and the landscape.

This approach will address Needs 4, 14, 15, 16, 17 and 18 and contribute to the RDP priority: Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry.

Growth in the energy efficiency of agricultural and processing holdings, as well as the increase of renewable energy production and consumption, will contribute to environmental and economic efficiency. The RDP shall support renewable energy for own consumption. Special attention shall be given to the adoption of successful innovative solutions, practices, processes and technologies.

The exploitation of biomass from primary and forestry resources can provide a significant contribution to the rural economy. The construction of forest roads will facilitate the supply of wood biomass.

This approach will address Needs 9, 10, 19 and 20 and contribute to the following RDP priority: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors.

The balanced development of rural areas is a strategic goal for Croatia. Croatia has been severely affected by a migration process to urban areas and the depopulation of rural areas. By means of the RDP, Croatia aims to halt the trend and provide enabling conditions for its reversal through fostering the development of utilities and social infrastructure in rural areas and improving basic services as necessary prerequisites for creating an attractive environment for young people and families to live and work in.

The support for entrepreneurship and the creation of new jobs in rural areas are measures by which RDP can influence the retention of the young and active rural population and in the long term achieve the return of those who left.

The development of local communities is sustainable only if initiatives are started and recognised by all stakeholders. Therefore the RDP fosters the development of local initiatives and local action groups.

This approach will address Needs 22, 23, 24 and 25 and contribute to the RDP priority: Promoting social

inclusion, poverty reduction and economic development in rural areas.

A co-ordinated approach (between ESIF and other forms of public support) will be essential to ensure that the RDP plays an integral and appropriately focused role in delivering the strategy as set out in the Partnership Agreement.

A joint approach has been developed for the rural communities during programming and mechanisms for a strong, synergetic coordination between funds will guide the implementation of ESI Funds. At the same time, strong consistency and coherence with Pillar 1 of the CAP has been ensured.

Formal education for farmers and other rural stakeholders, including vocational qualifications, will be programmed under the ESF.

The provision of basic water and wastewater services in settlements under 2000 inhabitants may be financed by the EAFRD; the OP Competitiveness and Cohesion will fund larger investments in rural areas. All investments in broadband provision shall be financed through the ERDF.

Co-generation facilities and energy efficiency and RES in the private service sector shall be financed through the OP Competitiveness and Cohesion.

The demining of forest areas shall be financed through ERDF.

Following this approach, and bearing in mind the overarching principle of thematic concentration, the following Focus Areas shall not be directly programmed: FA 5A, 5B and 6C. However, the identification of the measures and types of operations with a relevant secondary contribution to 5A and 5B has been included in the relevant Focus Area in 5.2 below.

Following the establishment of Natura 2000 Management Plans and taking into account that Croatia has designated SPAs and sent the pSCI list to the EC in September 2013, the necessary conservation measures for SCIs shall be set up as soon as possible, as defined in Article 4(4) of Directive 92/43/EEC. Actions under Article 30 of Regulation (EU) No 1305/2013 to support Natura 2000 areas are provisionally envisaged to be introduced into the programme subsequently. Until this, appropriate prioritisation of agri-environmental operations located in Natura 2000 areas has been assured through selection principles, consistently with the outlined strategy.

5.2. The combination and justification of the rural development measures for each focus area including the justification of the financial allocations to the measures and the adequacy of the financial resources with the targets set as referred to in Article 8(1)(c)(ii) and (iii) of Regulation (EU) No 1305/2013. The combination of measures included in the intervention logic shall be based on the evidence from the SWOT analysis and justification and prioritisation of needs referred to in point 5.1

5.2.1. P1: Fostering knowledge transfer and innovation in agriculture, forestry and rural areas

5.2.1.1. 1A) Fostering innovation, cooperation, and the development of the knowledge base in rural areas

5.2.1.1.1. Choice of rural development measures

- M01 - Knowledge transfer and information actions (art 14)
- M02 - Advisory services, farm management and farm relief services (art 15)
- M16 - Co-operation (art 35)

5.2.1.1.2. Combination and justification of rural development measures

Actions within these measures s will enhance the knowledge base and stimulate the take up of innovation, a more efficient use of technology and foster stronger, long-lasting relations between the research system and the rural economy.

Climate adaptation and mitigation actions are specifically targeted through adaptation-related information and training valid for expected future climate scenarios. In the forestry sector, workshops and demonstration actions will be organised on Kyoto forest management rules.

Awareness-raising, knowledge transfer workshops and demonstration actions as well as tailored advice are envisaged on environmental protection, increasing the protection of natural resources and biological diversity, improving the protection of waters, and the understanding of the potential environmental impacts (positive and negative) of agriculture and forest management. This will include specialised trainings and advisory services for sustainable soil management and agri-environmental practices.

Specific attention has been dedicated to young farmers through targeted types of operations.

The training of advisors will enable constant monitoring of innovative technologies and production processes as well as enhancing knowledge of agri-environmental-climate related issues to contribute to better productivity and more sustainable exploitation of natural resources.

The dissemination and take-up of innovation will be fostered through cooperation between the research sector and the rural economy, to bridge the innovation gap. Connecting agricultural and food producers and their cooperation within Operational Groups within the EIP will contribute to a better participation in the market. Furthermore, innovation and the application of research related to new technologies and practices for GHG emission reduction shall be supported.

Measures M01, M02 and M16 contribute directly to this Focus Area, and have been financially programmed in accordance with the specific type of operation.

5.2.1.2. 1B) Strengthening the links between agriculture, food production and forestry and research and innovation, including for the purpose of improved environmental management and performance

5.2.1.2.1. Choice of rural development measures

- M16 - Co-operation (art 35)

5.2.1.2.2. Combination and justification of rural development measures

Following the SWOT analysis and evaluation of needs, the opportunity for investments in co-operations will enable better collaboration between participants in the agricultural sectors and research and innovation actors to foster the development, dissemination and uptake of research and innovation in these sectors. The goal is the establishment of Operational groups that will work on innovative projects related to agriculture production with the ultimate goal of technological advancement production.

The development of agricultural production based on knowledge and innovation is one of the key factors for social and economic development. Cooperation activities will enable direct transfer of technical and technological knowledge and the transfer and application of research in practice.

Establishing Operational groups within the EIP will strengthen and encourage the development of innovation. The linking of agri and food producers and inclusion of Operational Groups in pilot actions and development of new products will ensure wider dissemination and foster take-up.

Cooperation activities will contribute to a better participation in the market through fostering the creation of short supply chains.

Measure M16 contribute directly to this Focus Area, and have been financially programmed in accordance with the specific type of operation.

5.2.1.3. 1C) Fostering lifelong learning and vocational training in the agricultural and forestry sectors

5.2.1.3.1. Choice of rural development measures

- M01 - Knowledge transfer and information actions (art 14)

5.2.1.3.2. Combination and justification of rural development measures

Following the SWOT analysis and evaluation of needs, investments within the above mentioned measures will increase the knowledge and skills of those employed in the agricultural and forestry sectors.

Competition in the agricultural, food and forestry sectors is increasingly aggressive, so innovation and creativity are exceptionally important, because they improve competitiveness and better positioning on the market. Due to the fast development of technologies, it is necessary to enable lifelong learning for farmers and forest owners and provide vocational training to acquire new skills and knowledge.

The modernization of technologies and constant monitoring of new achievements will be enabled through investments in these measures.

The pre-condition in the Croatian agriculture sector for the fulfilment of this goal is well-developed and trained advisory services operative at county level.

Employees of Advisory Service give advice to agriculture holders on whole of Croatian territory through direct contact with holders, on a range of issues related to the production and implementation of necessary standards, norms of production etc.

Furthermore, private entities provide a variety of consulting services related to direct production and the introduction of new technological processes.

Other vocational and academic training institutions, research entitities and non-government organisations are also qualified to provide knowledge transfer to stakeholders in the agricultural, food and forestry sectors.

Measure M01 contribute directly to this Focus Area, and have been financially programmed in accordance with the specific type of operation.

5.2.2. P2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests

5.2.2.1. 2A) Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increasing market participation and orientation as well as agricultural diversification

5.2.2.1.1. Choice of rural development measures

- M01 - Knowledge transfer and information actions (art 14)
- M02 - Advisory services, farm management and farm relief services (art 15)
- M04 - Investments in physical assets (art 17)
- M06 - Farm and business development (art 19)
- M16 - Co-operation (art 35)
- M18 - Financing of complementary national direct payments for Croatia (art 40)

5.2.2.1.2. Combination and justification of rural development measures

Investments through these measures will influence the reduction of production costs and increase productivity. Investments in new technologies increase farms' economic efficiency and contribute to the reduction of GHG emissions. Vocational training and advisory services will support the medium and long term effectiveness of actions.

A majority of agricultural holdings in Croatia cultivate small areas, at which it is difficult to establish sustainable production. Investments in land consolidation will result in the consolidation of agricultural areas and reduction of agricultural machinery idle time. The diversification of small farms to other agriculture-linked activities will contribute to economic sustainability. Processing and marketing of agricultural products, rural tourism and the opening of the service sector in rural areas will greatly contribute to entrepreneurial development.

Investments in the restructuring and modernization of farms will increase their performance enabling economic sustainability and competitive viability. The introduction of advanced technology, changes in the agricultural production structure and efficient use of resources as well as the production of highly profitable crops will improve market participation. Investments for the restoration of the potential of agricultural land will underpin stable production and farm income.

Investments in new backbone irrigation systems will contribute to improve economic performance and enable agricultural diversification with controlled water consumption underpinning the efficient use of water in agriculture.

Support for farms, will assist their structural transformation and facilitate the opening to market of farms below commercial viability.

Through support for Operational Groups (and pilot projects, specific problems can be addressed and rural stakeholders can capitalize on the opportunities in the agri-food sector.

Measure M05 will also contribute to this Focus Area (secondary contribution).

5.2.2.2. 2B) Facilitating the entry of adequately skilled farmers into the agricultural sector and, in particular, generational renewal

5.2.2.2.1. Choice of rural development measures

- M01 - Knowledge transfer and information actions (art 14)
- M02 - Advisory services, farm management and farm relief services (art 15)
- M06 - Farm and business development (art 19)

5.2.2.2.2. Combination and justification of rural development measures

Following the SWOT analysis and evaluation of needs, the RDP will support the entry of young farmers in

order to address the ageing demographic in the agricultural sector and foster generational renewal by means of investment in M06, supported by specific knowledge–transfer and vocational training and the provision of tailored advisory services to young farmers.

In order to renew the generations of farmers and to increase the competitiveness of agricultural holdings support will be aimed at adequately skilled young farmers who are setting up for the first time an agricultural holding as heads.

Young farmers guarantee the future of agriculture and consequently the survival of the rural economy and communities, and bring innovation into their work, but they face various barriers at entry level in particular the availability of arable land and bank loans. Therefore, there are barriers preventing young people from starting an agricultural business, buying agricultural machinery and agricultural land or for current young farmers to expand their existing production to a more commercially-viable level and invest in innovation. The investments within this measure will make available the initial financial resources for young farmers to enter the sector thereby enabling generational renewal.

Measure M04 will also contribute to this Focus Area (secondary contribution).

5.2.2.3. 2C+) Improve the sustainability and competitiveness of forest enterprises and promote Sustainable Forest management

5.2.2.3.1. Choice of rural development measures

- M04 - Investments in physical assets (art 17)
- M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)

5.2.2.3.2. Combination and justification of rural development measures

Following the SWOT analysis and evaluation of needs, the RDP will support the construction of new and reconstruction of existing forest transport infrastructure, especially forest roads, providing access to forest areas and will increase the value of forests and forest land. The improved forest transport infrastructure (forest roads, skid roads, etc.) will increase the potential for timber and wood biomass supply, provide better protection of forests and increase forest ecosystem services, opening up also new areas for non-timber product collection and the growth of potential for sustainable forest management with long-term economic benefits. The opening of new forest areas will contribute to maintaining forest enterprises, by increasing accessibility to forests, thereby underpinning their long-term sustainability and competitiveness.

Support for modernisation and the introduction of efficient and environmentally friendly technologies, machines, tools and equipment for wood harvesting and pre-industrial processing shall contribute to fostering the competitiveness of forest enterprises.

5.2.3. P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture

5.2.3.1. 3A) Improving competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups and inter-branch organisations

5.2.3.1.1. Choice of rural development measures

- M01 - Knowledge transfer and information actions (art 14)
- M03 - Quality schemes for agricultural products and foodstuffs (art 16)
- M04 - Investments in physical assets (art 17)
- M09 - Setting-up of producer groups and organisations (art 27)
- M16 - Co-operation (art 35)

5.2.3.1.2. Combination and justification of rural development measures

The better organisation of farmers will be supported to achieve higher revenues and reduce the number of links in food chains.

In order to place their products in large retail chains and reduce dependence on intermediaries, producers have to meet certain quantity and quality standards which will be facilitated by investments fostering their integration into producer associations and the establishment of producer groups and organisations. The integration of the currently high number of small scale primary producers and the reduction of steps in the supply chain will improve the placing of agricultural products on the market and directly influence the increase of economic profit. The lack of knowledge related to the benefits of such associations will be addressed through specific workshops under Measure M01.

The improvement of agricultural products' quality is directly connected with the possibility of registering quality labels which enables their easier placing on the market and an increase in their added value. However, small producers lack the capital needed for participation in quality schemes and their participation is not fully renumerated by the market. Therefore these investments and the integration of producers of products with PGI, PDO, organic production and traditional specialty guaranteed quality marks will contribute to the achievement of this goal. Given that the recognition of these quality marks in Croatia is recent, specific information and promotion actions are also needed to increase consumer awareness.

These actions shall be underpinned by tangible and intangible investments for the processing and marketing of agricultural products and modernization of processing and marketing units.

Investments in horizontal and vertical cooperation between participants in the agri-food chain will contribute to the achievement of mutual goals with the view of sharing experience and principles of work.

Measure M02 will also contribute to this Focus Area (secondary contribution).

5.2.3.2. 3B) Supporting farm risk prevention and management

5.2.3.2.1. Choice of rural development measures

- M05 - Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions (art 18)
- M17 - Risk management (art 36)

5.2.3.2.2. Combination and justification of rural development measures

Following the SWOT analysis and evaluation of needs, investments in these measures will contribute to risk management related to agricultural production.

Due to the low investment potential, farmers do not insure their crops, which often suffer severe damage because of natural disasters caused by sudden climate change. This damage influences the stability of revenues and economic sustainability of agricultural production.

As agricultural production is currently at risk in mine-suspected areas, a dedicated type of operation is programmed under Measure M05. Investments in the restoration of agricultural production potential damaged by natural disasters will ensure production sustainability and prevent the deterioration of agricultural holdings.

Actions to encourage active farmers to insure their production against possible damage will contribute to reduction of economic losses.

Measures aimed at insuring production will contribute to a larger number of concluded insurance policies and reduce losses for producers, as well as ensuring a part of resources for future production.

Measures M01 and M02 will also contribute to this Focus Area (secondary contribution).

5.2.4. P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry

5.2.4.1. 4A) Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints and high nature value farming, as well as the state of European landscapes

5.2.4.1.1. Measures for agricultural land

- M01 - Knowledge transfer and information actions (art 14)
- M02 - Advisory services, farm management and farm relief services (art 15)
- M04 - Investments in physical assets (art 17)

- M10 - Agri-environment-climate (art 28)
- M11 - Organic farming (art 29)
- M13 - Payments to areas facing natural or other specific constraints (art 31)

5.2.4.1.2. Measures for forestry land

- M01 - Knowledge transfer and information actions (art 14)
- M02 - Advisory services, farm management and farm relief services (art 15)
- M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)

5.2.4.1.3. Combination and justification of rural development measures

The preservation of biodiversity of agricultural and forestry ecosystems will be fostered by investments in these measures.

To minimize number of threats and risks to biodiversity which are results of intensification of agricultural activities in the context of economic development and abandonment of less productive farming Croatia will invest (M 4.4) in the restoration of habitats and landscape features, including the construction and restoration of green infrastructure, protection of livestock from large carnivores, and restoration of ponds, which will contribute to enhancing high nature value areas (e.g. Natura 2000 areas) and ensuring preservation of various species and endangered habitats.

The degradation of high forests will be addressed by operations (M 8.5) for the conversion of coppice forests, shrubs, shrubbery into high forest stands.

Furthermore, sustainable forest management shall ensure the sustainability of biodiversity in forest ecosystems.

Croatia will encourage the protection of the ecosystem and biodiversity in mountain areas and areas with natural and specific constraints for agriculture.

Croatia has many indigenous breeds of farm animals and plant varieties which have adapted to specific life conditions in different parts of Croatia. Abandoning agricultural areas and the excessive use of pesticides and fertilisers negatively affects biodiversity, especially plant species and indirectly animal world. Support for field strips, extensive orchards and olive groves and the conservation of the landscape will create conditions for plant life and habitats for insects necessary for fertilisation in agriculture and better conditions for wild animals. Operations on high nature value grasslands will contribute to protection of different habitats and species.

These actions will be supported by specific knowledge transfer and advisory services.

Measure M16 will also contribute to this Focus Area (secondary contribution).

5.2.4.2. 4B) Improving water management, including fertiliser and pesticide management

5.2.4.2.1. Measures for agricultural land

- M01 - Knowledge transfer and information actions (art 14)
- M02 - Advisory services, farm management and farm relief services (art 15)
- M04 - Investments in physical assets (art 17)
- M10 - Agri-environment-climate (art 28)
- M11 - Organic farming (art 29)
- M13 - Payments to areas facing natural or other specific constraints (art 31)

5.2.4.2.2. Measures for forestry land

- M01 - Knowledge transfer and information actions (art 14)
- M02 - Advisory services, farm management and farm relief services (art 15)
- M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)

5.2.4.2.3. Combination and justification of rural development measures

Following the SWOT analysis and evaluation of needs, improvements in water management will be achieved by means of investments both on farms and in.

Croatia is rich in natural, unpolluted water resources which must be protected from any possible pollution by means of constant supervision and adaptation of agricultural production activities. This can be achieved by encouraging agro-technical interventions including improved fertiliser and pesticide management which reduce the negative effects of plant production and cattle breeding to the environment. Investments shall foster proper manure management.

This will be supported by specific knowledge transfer and advisory services.

Annual payments per hectare, as compensation to the beneficiary for loss of income and additional costs as a result of compliance with the special conditions that go beyond the minimum prescribed requirements and usual farming practices will contribute to the conservation of water, soil, air and environment.

Furthermore, by reconstruction and building new irrigation systems, a targeted and controlled use of water in agriculture will be achieved.

Measure M16 will also contribute to this Focus Area (secondary contribution).

5.2.4.3. 4C) Preventing soil erosion and improving soil management

5.2.4.3.1. Measures for agricultural land

- M01 - Knowledge transfer and information actions (art 14)
- M02 - Advisory services, farm management and farm relief services (art 15)
- M04 - Investments in physical assets (art 17)
- M10 - Agri-environment-climate (art 28)
- M11 - Organic farming (art 29)
- M13 - Payments to areas facing natural or other specific constraints (art 31)

5.2.4.3.2. Measures for forestry land

- M01 - Knowledge transfer and information actions (art 14)
- M02 - Advisory services, farm management and farm relief services (art 15)
- M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)

5.2.4.3.3. Combination and justification of rural development measures

Following the SWOT analysis and evaluation of needs, improvements in soil management will be achieved by means of investments in these measures.

The appropriate application of agro-technical measures in agriculture and forestry will contribute to the reduction of excessive and unnecessary soil treatments, the result of which will be an improved quality of the soil, the reduction of erosion and less organic matter lost.

Frequent use of inappropriate technologies on agricultural and forestry lands, can lead to soil degradation by erosion and decrease of biodiversity of soil and decrease of organic matter in soil.

Annual payment will be paid per area on the arable land with slope for annual crops, and for grassing of permanent crops to prevent soil erosion and indirectly improve soil quality.

Improving the structure and quality of soil by using organic fertilisers and at the same time reducing plant protection products and synthetic fertilizers has a substantial impact on water and soil quality.

Investments in new greener technologies in the forestry sector and in agricultural production will influence the quality of water resources in Croatia. These actions will be supported by specific knowledge transfer and advisory services.

Measure M16 will also contribute to this Focus Area (secondary contribution).

5.2.5. P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors

5.2.5.1. 5A) Increasing efficiency in water use by agriculture

5.2.5.1.1. Choice of rural development measures

5.2.5.1.2. Combination and justification of rural development measures

Croatia has not financially programmed this focus area but has identified measures where there is a relevant secondary contribution to efficiency in water use. This is in line with the identified need in Croatia to meet its 2020 irrigation target.

Measures M01, M02, M04, M10, M16 and M17 shall contribute to increasing efficiency in water use by agriculture (secondary focus), in particular through the following types of operations:

Sub measure 1.1: Vocational training for cross-compliance, agriculture, environment and climate measures and organic farming; Vocational training for farmers; Vocational training for young farmers;

Sub measure 1.2: Demonstration activities;

Sub measure 2.1: Advice on cross-compliance, agri-environmental-climate and organic farming measures; Advice to young farmers;

Sub measure 4.1: Restructuring, modernisation and increasing the competitiveness of agricultural holdings;

Sub measure 10.1: Tilling and sowing on the terrain with slope for arable annual plants; Grassing of permanent crops;

Sub-measure 16.1: Support for the setting-up operational groups; Operational groups;

Sub-Measure 17.1: Crop, animal, and plant insurance.

Investments in backbone infrastructure for irrigation and investments for the better use of water for irrigation on farms in Measure M04, will indirectly contribute to this Focus Area.

Agri-environmental operations that introduce or support continuation of agricultural practices where water retention is improved will help to enhance the sustainable use of water resources.

Knowledge transfer and advisory services will also underpin and foster the efficient use of water in agriculture through specific workshop content and tailored advice.

5.2.5.2. 5B) Increasing efficiency in energy use in agriculture and food processing

5.2.5.2.1. Choice of rural development measures

5.2.5.2.2. Combination and justification of rural development measures

Croatia has not financially programmed this focus area but investments through other measures will increase efficiency in energy use in agriculture and food-processing, such as the production and use of energy from renewable sources in Measure M04 for the own-use of agricultural holdings and processors, will provide a relevant secondary contribution to this Focus Area.

Measures M01, M02, M04, M16 and M17 shall contribute to increasing efficiency in energy use in agriculture and food-processing as a secondary contribution, in particular through the following types of operations:

Sub measure 1.1: Vocational training for cross-compliance, agriculture, environment and climate measures and organic farming; Vocational training for farmers; Vocational training for young farmers;

Sub measure 1.2: Demonstration activities;

Sub measure 2.1: Advice on cross-compliance, agri-environmental-climate and organic farming measures; Advice to young farmers;

Sub-measure 2.3: (support for) Training of advisors;

Sub-measure 4.1: Restructuring, modernisation and increasing the competitiveness of agricultural holdings; Use of renewable sources of energy;

Sub-measure 4.2: Increasing the added value of agricultural products; Use of renewable sources of energy;

Sub-measure 16.1: Support for the setting-up operational groups; Operational groups;

Sub-measue 17.1: Crop, animal, and plant insurance.

Knowledge transfer and advisory services will also underpin and foster energy efficiency in agriculture and food-processing through specific workshop content, demonstration actions and tailored advice.

5.2.5.3. 5C) Facilitating the supply and use of renewable sources of energy, of by products, wastes, residues and other non food raw material for the purposes of the bio-economy

5.2.5.3.1. Choice of rural development measures

- M04 - Investments in physical assets (art 17)

5.2.5.3.2. Combination and justification of rural development measures

Following the SWOT analysis and evaluation of needs, the production and use of energy from renewable sources will be increased by means of investments in these measures.

Biomass from agriculture and forestry is important for the production of energy from renewable sources. Generating energy from biomass reduces dependence on energy import, greenhouse gas emissions, pollution of ground waters and the effect on climate, soil, air and water is immeasurable.

The RDP will foster the use of by-products of agriculture and forestry for farmers and processors through specific operations in Measure M04. The construction of forest roads will facilitate the provision of forest biomass and support for modernisation and the introduction of efficient and environmentally friendly technologies, machines, tools and equipment for wood harvesting and pre-industrial processing shall be provided through investments under Measure M08.

Supporting the construction of facilities for the production of renewable energy (biomass and solar power) will help increase the efficiency in energy use and aid the supply and use of energy from renewable sources - by-products, waste and other forms of bio-waste - for the purposes of agricultural bio-management.

Apart from its direct relationship with agriculture and forestry, the production of energy from renewable sources within non-agricultural activities in rural areas can substantially influence the permanence of the population in rural areas, since it can increase employment opportunities significantly.

This will be supported by specific knowledge transfer and advisory services and cooperation.

Measures M01, M02, M08, M16 and M17 will also contribute to this Focus Area (secondary contribution).

5.2.5.4. 5D) Reducing green house gas and ammonia emissions from agriculture

5.2.5.4.1. Choice of rural development measures

- M04 - Investments in physical assets (art 17)
- M10 - Agri-environment-climate (art 28)

5.2.5.4.2. Combination and justification of rural development measures

Following the SWOT analysis and evaluation of needs, the reduction of nitrous oxides and methane in agriculture will be achieved by means of investments in these measures. Measures to support the replacement of old fashioned and energetically inefficient technology current in use in the majority of agricultural holdings in Croatia will contribute to reduce the emission of gases. The adoption of established standards through quality schemes will also contribute to reducing GHG emissions.

Activities related to construction or reconstruction of storage capacity for manure and application of specific agricultural machinery contribute to the reducing greenhouse gas and ammonia emissions from agriculture. Special attention will be given to investments in NVZ (Nature vulnerable zones), especially in manure

management.

Agri-environmental operations and support for organic farming will also contribute to a reduction in GHG emissions.

Croatia does not have stricter rules than those prescribed in the Nitrates Directive, covering the NVZ areas. However, Croatia shall foster the recommendations in other areas through knowledge dissemination and advice as well as general awareness-raising.

This will be supported by specific knowledge transfer and advisory services and cooperation.

Measures M01, M02, M03, M11, M16 and M17 will also contribute to this Focus Area (secondary contribution).

5.2.5.5. 5E) Fostering carbon conservation and sequestration in agriculture and forestry

5.2.5.5.1. Choice of rural development measures

- M10 - Agri-environment-climate (art 28)

5.2.5.5.2. Combination and justification of rural development measures

Following the SWOT analysis and evaluation of needs, better carbon fixation in agriculture and forestry will be achieved by means of investments in these measures, and a secondary contribution to this Focus Area has been identified in operations in Measures M01, M02, M03, M08, M11, M16 and M17.

Carbon dioxide has by far the biggest share in total emissions of greenhouse gases in Croatia. Investments in measures for forest development and the conversion of forest species, as well as regenerating degraded forest stands will contribute to the reduction of harmful carbon gases. Relevant actions in agriculture for grassing permanent crops, and maintaining extensive olive groves and orchards encourage carbon sequestration.

The conversion of degraded forest stands and forest cultures shall improve the stability, structure, resilience and health condition of forests, which will improve their capacity for carbon capture and sequestration.

This will be supported by specific knowledge transfer, advisory services and cooperation for both the agricultural and forestry sector.

5.2.6. P6: Promoting social inclusion, poverty reduction and economic development in rural areas

5.2.6.1. 6A) Facilitating diversification, creation and development of small enterprises, as well as job creation

5.2.6.1.1. Choice of rural development measures

- M06 - Farm and business development (art 19)
- M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)

5.2.6.1.2. Combination and justification of rural development measures

Following the SWOT analysis and evaluation of needs, the diversification of activities and creation of new jobs will be fostered by means of investments in these measures. A secondary contribution has been identified in Measures M01 and M04.

The diversification of non-agricultural activities in rural areas also prevents depopulation, since non-agricultural activities enable new job opportunities and attract other skills. Furthermore, investments in small enterprise development linked to the rural natural and cultural heritage, including rural tourism, also help to preserve and enhance local traditions and culture.

Investment for agricultural holdings and in processing will also support the development of small enterprises, fostering the maintenance and creation of new job opportunities in rural areas through a more competitive and market-oriented agriculture and agri-food sector.

In addition, opportunities to start agricultural businesses encourage young people to stay in rural areas and attract new entrants to agricultural entrepreneurship.

Investments in the modernisation of forestry technologies for wood harvesting and pre-industrial wood processing and marketing will stimulate the development of micro, small and medium-sized enterprises in the forestry sector which will help create new jobs in rural areas thereby addressing the negative trend in forestry employment and more generally creating new employment opportunities for rural areas.

This will be supported by specific knowledge transfer and advisory services.

5.2.6.2. 6B) Fostering local development in rural areas

5.2.6.2.1. Choice of rural development measures

- M07 - Basic services and village renewal in rural areas (art 20)
- M19 - Support for LEADER local development (CLLD – community-led local development) (art 35 Regulation (EU) No 1303/2013)

5.2.6.2.2. Combination and justification of rural development measures

Following the SWOT analysis and evaluation of needs, the development of basic services, utilities, roads and social infrastructure will be supported by means of investments in these measures, as well as the conservation of cultural and natural heritage. In this way, the preconditions for a good quality of life in rural areas will be created and provide an attractive environment for young people and families thereby halting depopulation and ensuring the long-term sustainability of the rural areas.

Local development is based on the involvement of the local stakeholders and their participation in local development. They can define best their priorities, as well as decide how to implement them effectively.

Activities which will be implemented by LEADER measure will also contribute to the adaptation and mitigation of the negative consequences of climate change particularly directed at the use of sustainable sources of energy and use of “green" energy.

Transparent work of different local partner groups has positively affect to local development and such partnerships are necessary in the purpose of raising the level of knowledge and skills of local action groups in order to manage these partnerships.

Workshops for supply chain organisation and producers’ groups planned as part of knowledge transfer in Measure M01 shall also contribute to support local development in rural areas as targeting local markets and reducing intermediaries as a secondary contribution.

5.2.6.3. 6C) Enhancing the accessibility, use and quality of information and communication technologies (ICT) in rural areas

5.2.6.3.1. Choice of rural development measures

5.2.6.3.2. Combination and justification of rural development measures

This Focus Area is not programmed under the RDP, as all investments for ICT infrastructure will be programmed under the ERDF and Cohesion Fund.

5.3. A description of how the cross-cutting objectives will be addressed, including the specific requirements in Article 8(1)(c)(v) of Regulation (EU) No 1305/2013

Innovation

One of the purposes of the RDP is to create a suitable environment to promote innovation in the rural area. Innovation in the rural development context may be technological, but also non-technological, organisational or social. In Croatia, it may be based on new but also on traditional practices in a new geographical or environmental context, extending knowledge and access to innovation. Innovation potential is unlocked by fostering the wide adoption of a new product, practice, service, production process and proving its usefulness in practice. The private sector is technologically weak, due to the low volume and low investments in innovation. Given the current low level of innovation among rural stakeholders in Croatia, the lack of formal education and knowledge of innovative practices and processes, specific attention has been made in programming to address this appropriately, both through types of operation which directly stimulate and foster innovation take-up and others that support operations that may be innovative. Operations under Measures M01 and M02 shall directly underpin the take-up of innovation at transversal level, addressing all RDP priorities.

This objective will be directly supported through Measure M16. It is necessary to motivate rural entrepreneurs to invest, innovate, participate in co-operation with research institutions, increase productivity and in the end, diversify economy and create and maintain more jobs in the agri-food sector. Innovations, as defined above, will play a key role towards modernization and increase of productivity. The establishment and work of Operational groups within the European Innovation Partnership will reduce the gap between agricultural practices and research, promoting innovative solutions and introducing innovation in practice. Joint cooperation in working together on innovative solution to shared challenges will result in better exchange of information, knowledge and goods for the production or processing of joint products in agriculture, as well as the food-processing sector, thereby addressing several of the key challenges for the rural economy in Croatia, given the dimension of agricultural holdings, dependence on intermediaries and the low propensity and high cost barriers to innovation for individuals. Farmers, including food processors in Croatia can develop new products and test new practises, processes and technologies to increase the number, diversity and quality of agricultural and food processing products for the market. To ensure the entire sector benefits, their results in the field of innovations and exchange of knowledge within the EU and third countries shall be disseminated.

The following additional measures include operations which shall directly stimulate the take-up of innovation:

Measure M04 - Investments in physical assets - investments including the introduction of new technologies in production and new methods of processing and storing of agricultural and food products shall be financed/prioritised.

Measure M06 - Farm and business development - fostering new entrants will contribute to the generational renewal of the sector creating a more fertile environment for innovation. Fostering non-agricultural activities in rural areas may create a favourable environment for eco-social innovations, as non-agricultural activities can have a strong innovative charge.

Measure M07 - Basic services and village renewal in rural areas - innovative processes in strategic development planning and implementation in rural areas will be fostered. Innovative technologies and

practices in the provision of local basic services will be introduced through targeted investments.

Measure M08 - Investments in forest area development and improvement of the viability of forests - investments will foster the transfer of advanced technologies and innovative approaches in wood harvesting, pre-industrial wood processing and marketing of forest products.

Measure M09 - Setting-up of producer groups and organisations - the development and application of innovations will be fostered by the availability and the use of common resources, equipment and new processes.

Measure M19 - Support for LEADER local development - each Local Development Strategy shall set out integrated and innovative local solutions to local problems. Support for cooperation shall facilitate the transfer and take-up of innovative practices. Operations under Measure M03 - Quality schemes for agricultural products and foodstuffs may also contribute to innovation as research and innovation contribute to ensuring production continuity and quality.

Environment

The environment is a central horizontal theme which affects all the priority areas included in the RDP. Harnessing the potential of the unique landscape values and the biodiversity in Croatia represents a strategic choice for the RDP and the implementation of the most part of the selected measures in the strategy places a strong accent on environment protection, particularly the agri-environment measures. Specific types of operations in Measures M01 and M02 ensure the effective transfer of knowledge and provision of advice to farmers on cross-compliance, agri-environment and climate measures and organic farming and to private foresters on sustainable forest management. A higher level of knowledge will raise awareness on environmental protection, increasing the degree of protection of natural resources and biological diversity, improving the protection of waters, and the understanding of the potential environmental impacts (positive and negative) of agriculture and forest management. Attendance of training courses and demonstration actions will be obligatory for all AEC beneficiaries and organic farmers.

Operations under Measure M10 - Agri-environment-climate, Measure M11 - Organic farming, and Measure M13 - Payments to areas facing natural or other specific constraints are directly focused on environmental protection and the preservation of biodiversity.

The following Measures also contribute to this cross-cutting objective:

Measure M03 - Quality schemes for agricultural products and foodstuffs – through fostering the participation in specific quality schemes with higher environmental standards.

Measure M04 - Investments in physical assets – investments in increasing the environmental efficiency of agricultural holdings and the food - processing industry shall be prioritised. Prioritisation is envisaged for operations for proper manure management in protected areas and in Natura 2000 areas. Operations for forest infrastructure shall contribute to the sustainable management of forest land.

Measure M05 - Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions.

Measure M07 - Basic services and village renewal in rural areas - investments in small-scale infrastructure concerning the water supply, sewerage and waste-water system will directly contribute to the objectives of

EU environmental acquis and improve local environmental conditions.

Measure M08 - Investments in forest area development and improvement of the viability of forests – operations will contribute to soil protection, water and air protection, biodiversity preservation and improvement, preservation and restoration of special habitats and natural landscapes including NATURA 2000 areas. The use of environmentally friendly technologies and machinery reduces soil damage, water pollution and exhaust gas emissions, while the modernisation and environmentally-friendly technologies in pre-industrial wood processing reduces the adverse environmental impact.

Measure M09 - Setting-up of producer groups and organisations - the associated production and supply through their establishment and operation will have a positive impact on environmental protection.

Measure M16 - Co-operation - innovation, pilot projects and the development of new technologies in agriculture may directly contribute to the protection of the environment, natural resources and biodiversity, protection of water and potential impacts of agriculture on the environment.

Measure M17 - Risk management.

Measure M19 - Support for LEADER local development - the Local Development Strategy must raise awareness on environment protection, and contain practical measures to reduce harmful consequences to the environment and contribute to its protection.

Climate change adaptation and mitigation

Climate change adaptation and mitigation has been embedded in priorities included in the RDP and is an important commitment for the Ministry of Agriculture.

Some operations under Measure M10 - Agri-environment-climateand Measure M11 - Organic farming directly focus on climate change mitigation and adaptation.

Some types of operations in the following measures contribute to climate change adaptation and mitigation:

Measure M03 - Quality schemes for agricultural products and foodstuffs – the adoption of established quality standards shall contribute to climate change mitigation.

Measure M04 - Investments in physical assets – specific operations shall foster investments in improving energy efficiency, reducing methane emissions from agricultural production, especially from livestock farming; increasing the production and mobilisation of RES and in activities aimed at preventing negative impacts of climate change.

Measure M06 - Farm and business development - investments related to energy efficiency, climate change mitigation and adaptation, especially in the context of investments in restructuring holdings aided by start-up support for young farmers.

Measure M07 - Basic services and village renewal in rural areas - climate adaptation for floods, droughts, hail, heat waves and the prioritisation of climate resilient rural infrastructure and services should be included in local development strategies and shall be prioritised in selection of interventions as appropriate.

Measure M08 - Investments in forest area development and improvement of the viability of forests – the restoration of the degraded forms of forest stands will improve forest ecosystem services, which will help

mitigate climate changes. The use of environmentally friendly machines, tools and equipment for works in wood harvesting and pre-industrial wood processing and increase in the supply and use of wood biomass will help reduce GHG emissions.

Measure M09 - Setting-up of producer groups and organisations - the centralization of supply and development of short supply chains and local markets will result in reduction of logistics, storing and transportation costs, thereby reducing carbon dioxide emissions.

Measure M13 - Payments to areas facing natural or other specific constraints.

Measure M16 - Co-operation – operations focusing on agriculture shall contribute to adaptation to climate change and its mitigation.

Measure M17 - Risk management measure contributes to the realisation of cross-cutting objectives related to climate changes and environment by mitigation of risk related to climate changes and dependence of agriculture production on weather condition.

Measure M19 - Support for LEADER local development – local development strategies and the selection of operations by LAGs shall contribute to the adaptation and mitigation of the negative consequences of climate change (particularly directed at sustainable sources of energy and use of “green" energy) as appropriate.

Due attention shall also be paid to the guidance developed in the Commission project Mainstreaming of climate change into rural development policy post 2013 to support the climate mainstreaming process.

Knowledge transfer and advisory service actions to support AECM and Kyoto forest management rules for private foresters under Measures M01 and M02 will contribute to this process. Measure M03 shall support innovation and the application of research related to new technologies and practices for GHG emission reduction.

5.4. A summary table of the intervention logic showing the priorities and focus areas selected for the RDP, the quantified targets, and the combination of measures to be used to achieve them, including the planned expenditure (table automatically generated from the information provided in sections 5.2 and 11)

Priority 1				
Focus Area	Target indicator name	Target value 2023	Planned expenditure	Combination of measures
1A	T1: percentage of expenditure under Articles 14, 15 and 35 of Regulation (EU) No 1305/2013 in relation to the total expenditure for the RDP (focus area 1A)	1.80%		M01, M02, M16
1B	T2: Total number of cooperation operations supported under the cooperation measure (Article 35 of Regulation (EU) No 1305/2013) (groups, networks/clusters, pilot projects…) (focus area 1B)	109.00		M16
1C	T3: Total number of participants trained under Article 14 of Regulation (EU) No 1305/2013 (focus area 1C)	41,999.00		M01
Priority 2				
Focus Area	Target indicator name	Target value 2023	Planned expenditure	Combination of measures
2A	T4: percentage of agricultural holdings with RDP support for investments in restructuring or modernisation (focus area 2A)	0.78%	452,260,000.00	M01, M02, M04, M06, M16, M18
2B	T5: percentage of agricultural holdings with RDP supported business development plan/investments for young farmers (focus area 2B)	0.43%	54,339,869.28	M01, M02, M06
2C+	Total investment in modernisation of technologies, machines, tools and equipment (€)	86,364,908.00	64,528,336.14	M04, M08
	Total length of forestry infrastructure (re)constructed (km)	430.00		
Priority 3				
Focus Area	Target indicator name	Target value 2023	Planned expenditure	Combination of measures
3A	T6: percentage of agricultural holdings receiving support for participating in quality schemes, local markets and short supply circuits, and producer groups/organisations (focus area 3A)	0.63%	104,165,359.48	M01, M03, M04, M09, M16
3B	T7: percentage of farms participating in risk management schemes (focus area 3B)	3.54%	174,791,020.56	M05, M17
Priority 4				
Focus Area	Target indicator name	Target value 2023	Planned expenditure	Combination of measures
4A (agri)	T9: percentage of agricultural land under management contracts supporting biodiversity and/or landscapes (focus area 4A)	7.68%	605,632,205.46	M01, M02, M04, M10, M11, M13
4B (agri)	T10: percentage of agricultural land under management contracts to improve water management (focus area 4B)	5.18%		
4C (agri)	T12: percentage of agricultural land under management contracts to improve soil management and/or prevent soil erosion (focus area 4C)	5.18%		
4A (forestry)	T8: percentage of forest/other wooded area under management contracts supporting biodiversity (focus area 4A)	0.25%	54,116,518.81	M01, M02, M08
4B (forestry)	T11: percentage of forestry land under management contracts to improve water management (focus area 4B)	0.25%		
4C (forestry)	T13: percentage of forestry land under management contracts to improve soil management and/or prevent soil erosion (focus area 4C)	0.25%		
Priority 5				
Focus Area	Target indicator name	Target value 2023	Planned expenditure	Combination of measures
5C	T16: Total investment in renewable energy production (€) (focus area 5C)	161,237,647.06	94,055,294.12	M04
5D	T17: percentage of LU concerned by investments in live-stock management in view of reducing GHG and/or ammonia emissions (focus area 5D)	3.71%	89,310,000.00	M04, M10

	T18: percentage of agricultural land under management contracts targeting reduction of GHG and/or ammonia emissions (focus area 5D)	0.91%		
5E	T19: percentage of agricultural and forest land under management contracts contributing to carbon sequestration and conservation (focus area 5E)	0.92%	17,232,600.00	M10
Priority 6				
Focus Area	Target indicator name	Target value 2023	Planned expenditure	Combination of measures
6A	T20: Jobs created in supported projects (focus area 6A)	2,014.00	134,818,674.46	M06, M08
6B	T21: percentage of rural population covered by local development strategies (focus area 6B)	39.63%	333,423,077.94	M07, M19
	T22: percentage of rural population benefiting from improved services/infrastructures (focus area 6B)	29.78%		
	T23: Jobs created in supported projects (Leader) (focus area 6B)	180.00		

5.5. A description of the advisory capacity to ensure adequate advice and support for the regulatory requirements and for actions related to innovation to demonstrate the measures taken as required in Article 8(1)(c)(vi) of Regulation (EU) No 1305/2013

Specific activities are envisaged to ensure smooth programme implementation and the availability of sufficient advisory capacity on regulatory requirements and on actions related to innovation as follows.

To ensure smooth and efficient programme implementation, specific capacity building and training activities for the staff of the Managing Authority and Paying Agency will be financed through Programme TA, based on a detailed training needs analysis and constant self-assessment by staff in order to better tailor training needs and appropriately timed according to implementation phases (see 15.6). The provision of consistent, updated information to potential beneficiaries and relay bodies on the opportunities for funding, the necessary application procedures and the conditions to be met as well as specific technical guidance on implementation provided to potential beneficiaries and beneficiaries, tailored at measure level, to ensure full compliance with all the regulatory requirements.

Both the training programme and communication strategy shall be subject to specific assessment during Programme implementation to allow for timely adjustment and upgrading. All the information shall be fully available on the Programme website and through local offices as well as through more tailored and targeted information campaigns.

Potential beneficiaries will submit applications electronically, and four regional offices of the Paying Agency will be operational, in Split, Osijek, Rijeka and Bjelovar with a main office in Zagreb, to provide assistance. Furthermore, information will be provided through County departments for agriculture, and their development agencies as a well organised network of relay bodies throughout Croatia, which will serve as a channel for distribution of all basic information on the Programme.

Apart from the Managing Authority and the Paying Agency, information to beneficiaries will be provided by the Advisory Service (a specialized body established by the Ministry of Agriculture as aan in-house entity that operates as a public institution for consulting services in agriculture, rural development, fisheries and improvement of forest management and forest land of forest owners) which is in charge of providing advice and knowledge in the field of cross-compliance and will provide general information on possibilities and conditions which need to be fulfilled for chosen measures from the programme. To enable the Advisory Service to give exact and professional information to potential beneficiaries, the Managing Authority and the Paying Agency will organise regular guidance and training for the Advisory Service.

Permanent training is planned for advisors in the Advisory Service in order to follow the constant progress of new techniques and technologies.

The Advisory Service is a specialized public institution of advisory activity in agriculture, rural development, fisheries, and forest management for the forest owners and operates through a central office in Zagreb and 113 branch offices located in all Croatian counties. Currently, 240 specialist advisors work in the Service in the Branch and head office including 29 Forest Advisors.The core business of the Advisory Service is the transmission of knowledge and information in agriculture, and linking stakeholders in development of rural areas as key factors in the development, growth, competitiveness and sustainability of agriculture , and thus the development of the vitality of rural areas.

The Advisory Service staff have specialisations and experience in providing knowledge transfer in the

following fields:

- the technological and technical improvement of farms and the provision of professional assistance to farmers with the aim of increasing the profits from agricultural activities and supplementary activities on farms;
- the provision of professional advice, instructions and practical demonstrations from the field of agriculture for the purpose of presenting new technologies and techniques, as well as management methods and the transfer of all knowledge and skills necessary for the development and preservation of values of rural areas and sustainable development of agriculture;
- Cross-compliance and greening;
- the participation in and preparation of development plans for farms (investment programmes, business plans, programmes for the development of rural areas, etc.);
- the promotion of knowledge in agriculture with the aim of preserving biodiversity and landscape diversity in the interest of villages and rural areas;
- encouragement and assistance in the establishment and the work of various forms of associations of farmers;
- the dissemination of information and publishing for the purpose of development of agriculture and rural areas;
- the organization, monitoring and data collection on the occurrence of harmful organisms in crop production;
- supervision in integrated production, and the organisation and implementation of education and training in the field of agriculture, and rural development;
- sustainable management of forest ecosystems including advice on Natura 2000 and all the relevant obligations in Directives 92/43/EEC and 2009/147/EC and Water Framework Directive;
- mitigation and adaptation to climate change; guidelines of Kyoto forest management rules and Land Use Change;
- advising on new enhanced processes, techniques and technologies to raise productivity and efficiency of the forestry sector;
- the management of common types of risks that forest owners holders meet (adverse climatic events, forest fires plant diseases that threaten the forest ecosystem, pest infestation, and environmental incidents);
- advice about safety in forestry operations and harvesting.

The Advisory Service is an in-house body of the Ministry of Agriculture, Managing Authority of the Rural Development Programme, as established by the Act on Agricultural Advisory Service and the Decision of the Government of the Republic of Croatia (OG 50/12, 148/13). The annual budget for the Advisory Service is allocated from the Funds allocated within the State Budget to the Ministry of Agriculture. The cumulative conditions for an in-house body are fulfilled as the Ministry of Agriculture exercises control over the Advisory Service, presides its Managing Board and the duties and tasks of the Advisory Service are carried out solely on behalf of the Ministry of Agriculture as detailed in Article 4 of its Statute.

Given the Advisory Service's consolidated capacities and experience in the field, geographical knowledge and location throughout Croatia with sectoral specialists in Agriculture and Forestry, some types of operations in Measure M01 and the advisory services programmed in Measure M02 shall be carried out by the Advisory Service. This will assure the swift implementation of these measures, the widest take-up and availability throughout the rural area and the establishment of a common standard and

quality of services.

The resources allocated to the NRN will also include EIP networking and will serve as additional support in promoting innovation in the agriculture and food-processing sectors as detailed in Section 17.

6. ASSESSMENT OF THE EX-ANTE CONDITIONALITIES

6.1. Additional information

All relevant information is included in previous sections.

6.2. Ex-ante conditionalities

Applicable ex-ante conditionality at national level	Applicable ex-ante conditionality fulfilled: Yes/No/Partially	Assessment of its fulfilment	Priorities/Focus Areas	Measures
P3.1) Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	no	Refer to assessment of fulfilment of criteria	3B	M05, M17
P4.1) Good Agricultural and Environmental Conditions (GAEC): standards for good agricultural and environmental condition of land referred to in Chapter I of Title VI of Regulation (EU) No 1306/2013 are established at national level	yes	Refer to assessment of fulfilment of criteria	P4	M10, M11, M13
P4.2) Minimum requirements for fertilisers and plant protection products: minimum requirements for fertilisers and plant protection products referred to in Article 28 of Chapter I of Title III of Regulation (EU) No 1305/2013 are defined at national level	yes	Refer to assessment of fulfilment of criteria	P4	M13, M11, M10
P4.3) Other relevant national standards: relevant mandatory national standards are defined for the purpose of Article 28 of Chapter I of Title III of Regulation (EU) No 1305/2013	yes	Refer to assessment of fulfilment of criteria	P4	M13, M10, M11
P5.2) Water sector: the existence of a) a water pricing policy which provides adequate incentives for users to use water resources efficiently and b) an adequate contribution of the different water uses to the recovery of the costs of water services at a rate determined in the approved river basin management plan for investment supported by the programmes.	yes	Refer to assessment of fulfilment of criteria	5A	M04
P5.3) Renewable energy: actions have been carried out to promote the production and distribution of renewable energy sources	yes	Refer to assessment of fulfilment of criteria	5C	M07, M04, M06, M16
G1) Anti-Discrimination: the existence of administrative capacity for the implementation and application of Union anti discrimination law and policy in the field of ESI Funds.	no	Refer to assessment of fulfilment of criteria	6B	M01, M19
G2) Gender Equality: the existence of administrative capacity for the implementation and application of Union gender equality law and policy in the field of ESI Funds.	partially	Refer to assessment of fulfilment of criteria	6B, 6A	M19, M07, M01, M06
G3) Disability: the existence of administrative capacity for the implementation and application of the United Nations Convention on the rights of persons with disabilities (UNCRPD) in the field of ESI Funds in accordance with Council Decision 2010/48/EC	no	Refer to assessment of fulfilment of criteria	6B, 6A	M19, M06, M07
G4) Public Procurement: the existence of arrangements for the effective application of Union public procurement law in the field of the ESI Funds.	partially	Refer to assessment of fulfilment of criteria	6B, 5C, 2A	M07, M16, M08, M04, M01, M19, M06
G5) State Aid: the existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds.	no	Refer to assessment of fulfilment of criteria	P4, 5E, 2A, 3B, 3A, 1C, 5D, 2B, 6B, 1A, 5C, 1B, 6A	M17, M19, M08, M05, M18, M09, M03, M11, M04, M07, M01, M20, M13, M06, M16, M10

Assessment (EIA) and, Strategic Environmental Assessment (SEA): the existence of arrangements for the effective application of Union environmental legislation related to EIA and SEA.				M07, M16, M04, M08

Applicable ex-ante conditionality at national level	Criteria	Criteria fulfilled (Yes/No)	Reference (if fulfilled) [reference to the strategies, legal acts or other relevant documents]	Assessment of its fulfilment
P3.1) Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	P3.1.a) A national or regional risk assessment with the following elements shall be in place: A description of the process, methodology, methods and non-sensitive data used for risk assessment as well as of the risk-based criteria for the prioritisation of investment;	No	Act on Protection against Natural Disasters (Official Gazette, No 73/97) Methodology for assessing damage caused by natural disasters (Official Gazette, No 96/98) Law on Protection and Rescue (OG 174/04, 79/07, 38/09, 127/10)	The existing regulation i.e. Law on Protection and Rescue and Law on Protection from Natural Disasters merely state the responsible body to deal with catastrophes in the Republic of Croatia. Law on Protection from Natural Disasters is relent when natural disasters effects agricultural production.
	P3.1.b) A national or regional risk assessment with the following elements shall be in place: A description of single-risk and multi-risk scenarios;	No	Act on Protection against Natural Disasters (OG 73/97); Methodology for assessing damage caused by natural disasters (OG 96/98); Law on Protection and Rescue (OG 174/04, 79/07, 38/09, 127/10).	The existing regulation i.e. Law on Protection and Rescue and Law on Protection from Natural Disasters merely state the responsible body to deal with catastrophes in the Republic of Croatia.
	P3.1.c) A national or regional risk assessment with the following elements shall be in place: Taking into account, where appropriate, national climate change adaptation strategies.	No	Act on Protection against Natural Disasters (OG 73/97); Methodology for assessing damage caused by natural disasters (OG 96/98); Law on Protection and Rescue (OG 174/04, 79/07, 38/09, 127/10).	The existing regulation i.e. Law on Protection and Rescue and Law on Protection from Natural Disasters merely state the responsible body to deal with catastrophes in the Republic of Croatia.
P4.1) Good Agricultural and Environmental Conditions (GAEC): standards for good agricultural and environmental condition of land referred to in Chapter I of Title VI of Regulation (EU) No 1306/2013 are established at national level	P4.1.a) GAEC standards are defined in national law and specified in the programmes	Yes	Ordinance on cross-compliances (OG 27/14)	Cross-compliance includes the following requirements and conditions: good agricultural and environmental conditions (GAEC) and statutory management requirements (SMR). Good agricultural and environmental conditions and SMRs are defined by the Ordinance on cross-compliances (OG 27/14) which was adopted on the basis of the Act on State Support in Agriculture and Rural Development (OG 80/13).
P4.2) Minimum requirements for fertilisers and plant protection products: minimum requirements for fertilisers and plant protection products referred to in Article 28 of Chapter I of Title III of Regulation (EU) No 1305/2013 are defined at national level	P4.2.a) Minimum requirements for fertilisers and plant protection products referred to in Chapter I of Title III of Regulation (EU) No 1305/2013 are specified in the programmes;	Yes	Ordinance on cross-compliance (OG 27/14)	The requirements concerning the use of fertilisers and plant protection products are laid down by the Ordinance on cross-compliance (OG 27/14).
P4.3) Other relevant national standards: relevant mandatory national standards are defined for the purpose of Article 28 of Chapter I of Title III of Regulation (EU) No 1305/2013	P4.3.a) Relevant mandatory national standards are specified in the programmes	Yes	Ordinance on the integrated production of agricultural products (OG 137/13, 59/14)	Agriculture holders on voluntary basis for the integrated production of agriculture products work in accordance with the ordinance on the integrated production of agricultural products.
P5.2) Water sector: the existence of a) a water pricing policy which provides adequate incentives for users to use water resources	P5.2.a) In sectors supported by the EAFRD, a Member State has ensured a contribution of the different water uses to the recovery of	Yes	The Strategy on Water Management (OG	This criterion is applicable both to ERDF/CF and EAFRD; however it is considered fulfilled for the

efficiently and b) an adequate contribution of the different water uses to the recovery of the costs of water services at a rate determined in the approved river basin management plan for investment supported by the programmes.	the costs of water services by sector consistent with Article 9, paragraph 1 first indent of the Water Framework Directive having regard where appropriate, to the social, environmental and economic effects of the recovery as well as the geographic and climatic conditions of the region or regions affected.		No 91/08); The Water Act (OG No. 153/09, 130/11, 56/13, 14/14); The Water Management Financing Act (OG No. 153/09, 56/13).	EAFRD and non-fulfilled for the ERDF/CF. For the EAFRD it is relevant to stipulate that according to the Art 23 and 24 of Water Management. Financing act the following payments are made by agricultural sector: - The water use fee (ERC,C&I) when it uses water from its own water intake structures; - The price of the water service (O&M) and the water use fee (ERC,C&I) when it uses water from the public water supply system (a rare case even for small areas; a frequent case on the islands); and - The irrigation fee (O&M) when it uses the public irrigation system. In the first case, when there is water metering device, the basis for payment is consumption. The water use fee is then calculated and paid on the basis of actually abstracted water quantities (Art 24 of this Act defines the basis for the calculation of the water use fee, which is the quantity (cubic metre) of abstracted water); In case there are no water meters, a lump sum is paid per area (ha or m²) of irrigated land. All users of irrigation systems, whether they are public (owned by the Counties) or private, are obliged on permitting procedure for water abstraction. In that sense, concessions or water rights permits are necessary, depending on the quantification limit. Within concessions or water rights, special conditions on water uses are prescribed, referring, among others, on: - obligation to install the metering device, - obligation to keep the data on daily abstracted water quantities, as measured by metering device, in the pertaining register, and to inform (on monthly basis) Croatian waters on the amounts of the water being abstracted, - obligation to conduct measures for protection of the environment, etc As indicated, the price of water to be paid by users of irrigation systems is based on volumetric pricing, putting thus certain incentives on its users to use this resource more rational and more efficient.
P5.3) Renewable energy: actions have been carried out to promote the production and distribution of renewable energy sources	P5.3.a) Transparent support schemes, priority in grid access or guaranteed access and priority in dispatching, as well as standard rules relating to the bearing and sharing of costs of technical adaptations which have been made public are in place consistent with Article 14(1) and Article 16(2) and (3) of Directive 2009/28/EC;	Yes	Electricity Market Act (OG 22/13); Tariff System for the production of electricity from renewable energy sources and cogeneration (OG 63/12); Ordinance on Acquiring the status of eligible electricity producer (OG 67/70); Tarff System for the production of electricity from renewable sources and cogeneration (OG 33/07);	Croatian authorities consider that all necessary secondary legislation is in place. This criteria is satisfied in the Partnership Agreement.

			Grid Code (OG 36/06); General Conditions for energy supply (OG 14/06).	
	P5.3.b) A Member State has adopted a national renewable energy action plan consistent with Article 4 of Directive 2009/28/EC	Yes	National Renewable action plan	The plan has been adopted by Government of the Republic of Croatia on 16 October 2013. This criteria is satisfied in the Partnership Agreement
G1) Anti-Discrimination: the existence of administrative capacity for the implementation and application of Union anti discrimination law and policy in the field of ESI Funds.	G1.a) Arrangements in accordance with the institutional and legal framework of Member States for the involvement of bodies responsible for the promotion of equal treatment of all persons throughout the preparation and implementation of programmes, including the provision of advice on equality in ESI fund related activities.	No	Anti-discrimination Act (OG 85/08, 112/12); Gender Equality Act (OG 82/08); National Programme for the Protection and Promotion of Human Rights for the Period 2013-2016 - RDP MC members.	All relevant institutions, with the aim of preventing discrimination, were involved in the process of programming, during public debates, and will be involved in the the implementation of the Program as a committee members activities. - RDP MC members (Chapter 15.2)
	G1.b) Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of Union anti discrimination law and policy.	No	National Programme for the Protection and Promotion of Human Rights for the Period 2013-2016	National Programme provides an opportunity for training and will be used for traning of the authorities involved in the management and control of the antidiscrimination.
G2) Gender Equality: the existence of administrative capacity for the implementation and application of Union gender equality law and policy in the field of ESI Funds.	G2.a) Arrangements in accordance with the institutional and legal framework of Member States for the involvement of bodies responsible for gender equality throughout the preparation and implementation of programmes, including the provision of advice on gender equality in ESI Fund related activities.	Yes	National Policy for Gender Equality for the Period 2011-2015 (OG 88/11)	Representatives of the bodies responsible for gender equality will be MC member. This criteria is satisfied in the Partnership Agreement
	G2.b) Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of Union gender equality law and policy as well as on gender mainstreaming.	No	National Policy for Gender Equality for the Period 2011-2015 (OG 88/11)	Tailored-made training for staff involved in the implementation of the ESI Funds has not been developed yet.
G3) Disability: the existence of administrative capacity for the implementation and application of the United Nations Convention on the rights of persons with disabilities (UNCRPD) in the field of ESI Funds in accordance with Council Decision 2010/48/EC	G3.a) Arrangements in accordance with the institutional and legal framework of Member States for the consultation and involvement of bodies in charge of protection of rights of persons with disabilities or representative organisations of persons with disabilities and other relevant stakeholders throughout the preparation and implementation of programmes.	No	National Strategy for Equalization of Opportunities for Persons with Disabilities 2007-2015 (OG 63/07)	The Operational plan that should contribute to more effective monitoring of the implementation of the National strategy. is under the process of the preparation.
	G3.b) Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of applicable Union and national disability law and policy, including accessibility and the practical application of the UNCRPD as reflected in Union and national legislation, as appropriate.	No	National Strategy for Equalization of Opportunities for Persons with Disabilities 2007-2015 (OG 63/07)	The Operational plan will include the activities of continuous, specific and thematic trainings and other forms of information dissemination regarding the UNCRPD targeting state and public bodies, involved in the implementation of Operational plan as well as management and control of ESI Funds.
	G3.c) Arrangements to ensure monitoring of the implementation of Article 9 of the UNCRPD in relation to the ESI Funds throughout the preparation and the implementation of the programmes.	No	National Strategy for Equalization of Opportunities for Persons with Disabilities 2007-2015 (OG 63/07)	The Ministry of Social Policy and Youth (MSPY) is in charge for monitoring of the implementation of the National strategy and the Operational plan (when adopted), which also include obligations in relation to

				Article 9 of the UNCRPD. The Operational plan will include the activities which will be co-financed through ESI funds as planned by each responsible and implementing body, that will annually report to the MSPY regarding the fulfilment of their obligations, including obligations in relation to Article 9 of the UNCRPD. The MSPY will refer to relevant EU and national legislation when accessing the fulfilment of their obligations.
G4) Public Procurement: the existence of arrangements for the effective application of Union public procurement law in the field of the ESI Funds.	G4.a) Arrangements for the effective application of Union public procurement rules through appropriate mechanisms.	Yes	Efficient implementation and application of Directives 2004/18/EC and 2004/17/EC ensured through the Public Procurement Act (OG 90/11, OG 83/13)	Institutional framework for the efficient implementation of public procurement is set up. This criteria is satisfied in the Partnership Agreement.
	G4.b) Arrangements which ensure transparent contract award procedures.	Yes	Efficient implementation and application of Directives 2004/18/EC and 2004/17/EC ensured through the Public Procurement Act (OG 90/11, OG 83/13)	This criteria is satisfied in the Partnership Agreement.
	G4.c) Arrangements for training and dissemination of information for staff involved in the implementation of the ESI funds.	No	Efficient implementation and application of Directives 2004/18/EC and 2004/17/EC ensured through the Public Procurement Act (OG 90/11, OG 83/13)	The Action plan for this requirement is set out in the Partnership Agreement.
	G4.d) Arrangements to ensure administrative capacity for implementation and application of Union public procurement rules.	No	Efficient implementation and application of Directives 2004/18/EC and 2004/17/EC ensured through the Public Procurement Act (OG 90/11, OG 83/13)	The Action plan for this requirement is set out in the Partnership Agreement. Appropriate actions to ensure administrative capacity-for the implementation of the RDP (e.g. guidance documents, training) on the application of PP rules shall be provided to all bodies involved in the in the RDP.
G5) State Aid: the existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds.	G5.a) Arrangements for the effective application of Union State aid rules.	No	State Aid Act (OG 47/14)	The Action plan for this requirement is set out in the Partnership Agreement.
	G5.b) Arrangements for training and dissemination of information for staff involved in the implementation of the ESI funds.	No	State Aid Act (OG 47/14)	The Action plan for this requirement is set out in the Partnership Agreement.
	G5.c) Arrangements to ensure administrative capacity for implementation and application of Union State aid rules.	No	State Aid Act (OG 47/14)	Specific training on ABER and agricultural de minimis for RDP implementation will be carried out.
G6) Environmental legislation relating to Environmental Impact Assessment (EIA) and, Strategic Environmental Assessment (SEA): the existence of arrangements for the effective application of Union environmental legislation related to EIA and SEA.	G6.a) Arrangements for the effective application of Directive 2011/92/EU of the European Parliament and of the Council (EIA) and of Directive 2001/42/EC of the European Parliament and of the Council (SEA);	Yes	Environmental Protection Act (OG 80/13) Environmental Impact Assessment Ordinance (OG 64/08, 67/09) Regulation on Information and Participation of the Public and Public concerned in Environmental Matters	Environmental Protection Act ensures fulfilment of the EIA and SEA Directive. This criteria is satisfied in the Partnership Agreement.

			(OG 64/08) Regulation on strategic environmental assessment of plans and programmes (OG 64/08) Ordinance on the Committee for Strategic Assessment (OG 70/08)	
	G6.b) Arrangements for training and dissemination of information for staff involved in the implementation of the EIA and SEA Directives.	Yes	IPA 2010 technical assistance project "Strengthening SEA Capacities on Regional and Local Level", CARDS 2003 project "Environmental Impact Assessment - Guidelines and Training" National programme for Croatia within the framework of the IPA programme - Transition Assistance and Institution Building for 2010 (under civil society building)	This criteria is satisfied in the Partnership Agreement
	G6.c) Arrangements to ensure sufficient administrative capacity.	Yes	IPA 2010 technical assistance project “Strengthening capacities for SEA at regional and local level”	This criteria is satisfied in the Partnership Agreement.

6.2.1. List of actions to be taken for general ex-ante conditionalities

Applicable ex-ante conditionality at national level	Criteria Not Fulfilled	Action to be taken	Deadline	Bodies responsible for fulfillment
G1) Anti-Discrimination: the existence of administrative capacity for the implementation and application of Union anti discrimination law and policy in the field of ESI Funds.	G1.a) Arrangements in accordance with the institutional and legal framework of Member States for the involvement of bodies responsible for the promotion of equal treatment of all persons throughout the preparation and implementation of programmes, including the provision of advice on equality in ESI fund related activities.	Managing authorities will include bodies responsible for the promotion of antidiscrimination and equal opportunities in Monitoring Committees for ESI OPs. Namely, representatives of the Office for Gender Equality and the Office for Human Rights and Rights of Nation Minorities, as well as representatives of ombudsmen in Croatia, and representatives of civil society will be included in MCs.	31-12-2015	Ministry of Regional Development and EU funds; Ministry of Labour and Pension System.
	G1.b) Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of Union anti discrimination law and policy.	Office for Human Rights and Rights of National Minorities in cooperation with National School for Public Administration and bodies responsible for management and control of ESI funds will develop training programmes for staff of the ESI funds' authorities. Training programmes will be envisaged in the new Antidiscrimination Plan.	30-12-2016	Office for Human Rights and Rights of National Minorities is responsible for development of the Anti-discrimination Plan.
G2) Gender Equality: the existence of administrative capacity for the implementation and application of Union gender equality law and policy in the field of ESI Funds.	G2.b) Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of Union gender equality law and policy as well as on gender mainstreaming.	Plan needs to be developed for training on gender equality law and policy for staff involved in the implementation of the ESI Funds at all relevant levels.	30-12-2016	Ministry of Labour and Pension System
G3) Disability: the existence of administrative capacity for the implementation and application of the United Nations Convention on the rights of persons with disabilities (UNCRPD) in the field of ESI Funds in accordance with Council Decision 2010/48/EC	G3.a) Arrangements in accordance with the institutional and legal framework of Member States for the consultation and involvement of bodies in charge of protection of rights of persons with disabilities or representative organisations of persons with disabilities and other relevant stakeholders throughout the preparation and implementation of programmes.	Managing authorities will include representatives of bodies and NGO's in charge of protection of rights of persons with disabilities in the Monitoring Committees for ESI OPs. Namely, representatives of Ministry of Social Policy and Youth, Ombudsman for Persons with Disabilities, but also representatives of civil society will be included.	30-12-2015	Ministry of Regional Development and EU funds; Ministry of Labour and Pension System; Ministry of Social Policy and Youth.
	G3.b) Arrangements for training for staff of the authorities involved in the management and control of the ESI Funds in the fields of applicable Union and national disability law and policy, including accessibility and the practical application of the UNCRPD as reflected in Union and national	Ministry of Social Policy and Youth in cooperation with the National School for Public Administration and Managing Authorities for ESI funds will develop training programmes for staff of the ESI	30-12-2015	Ministry of Social Policy and Youth

	legislation, as appropriate.	funds' authorities. Training programmes will be envisaged in the Operational plan of the implementation of the National Strategy of Equalization of Opportunities for Persons with Disabilities 2016 – 2020.		
	G3.c) Arrangements to ensure monitoring of the implementation of Article 9 of the UNCRPD in relation to the ESI Funds throughout the preparation and the implementation of the programmes.	Managing authorities will include bodies in charge of protection of rights of persons with disabilities in Monitoring Committees for ESI OPs. Namely, representatives of Ministry of Social Policy and Youth, Ombudsman for Persons with Disabilities, but also representatives of civil society will be included.	30-12-2015	Ministry of Regional Development and EU funds; Ministry of Labour and Pension System; Ministry of Social Policy and Youth.
G4) Public Procurement: the existence of arrangements for the effective application of Union public procurement law in the field of the ESI Funds.	G4.c) Arrangements for training and dissemination of information for staff involved in the implementation of the ESI funds.	Delivery of a new PP training plan for the ESIF bodies staff 2014-2020 Setting up an operational network of PP experts and coordinators	30-06-2015	Ministry of Regional Development and EU Funds
	G4.d) Arrangements to ensure administrative capacity for implementation and application of Union public procurement rules.	New PP experts recruited in the central body for PP, to ensure an effective and regular PP application in the ESIF programmes and projects	30-11-2015	Ministry of Economy
G5) State Aid: the existence of arrangements for the effective application of Union State aid rules in the field of the ESI Funds.	G5.a) Arrangements for the effective application of Union State aid rules.	Set up of a central State aid electronic register in the State aid central body connecting all granting authorities and introduction of an accompanying evaluation system	01-07-2016	Ministry of Finance
	G5.b) Arrangements for training and dissemination of information for staff involved in the implementation of the ESI funds.	Preparing a training strategy/plan related to State aid, Set up of the operational network of State aid experts and coordinators.	30-06-2015	Ministry of Finance; Ministry of Regional Development and EU Funds.
	G5.c) Arrangements to ensure administrative capacity for implementation and application of Union State aid rules.	Needed supplementary State aid experts recruited in the Ministry of Finance (State Aid Unit)	30-09-2015	Ministry of Finance

6.2.2. List of actions to be taken for priority linked ex-ante conditionalities

Applicable ex-ante conditionality at national level	Criteria Not Fulfilled	Action to be taken	Deadline	Bodies responsible for fulfillment
P3.1) Risk prevention and risk management: the existence of national or regional risk assessments for disaster management taking into account climate change adaptation	P3.1.a) A national or regional risk assessment with the following elements shall be in place: A description of the process, methodology, methods and non-sensitive data used for risk assessment as well as of the risk-based criteria for the prioritisation of investment;	Preparation national risk assesement; Government Decision; Establishment of the main Risk Assessment Working Group (mRAWG); Preparation of the Risk Assessment and Mapping Methodology Informing the Public.	31-12-2015	Government of the Republic of Croatia; National Protection and Rescue Directorate; This criteria is satisfied in the Partnership Agreement.
	P3.1.b) A national or regional risk assessment with the following elements shall be in place: A description of single-risk and multi-risk scenarios;	Risk Identification; Risk Analysis; Multi-risk Analysis; Risk Evaluation; Risk Matrixes and Mapping the risks.	31-12-2015	National Protection and Rescue Directorate; Ministries from the Government decision; This criteria is satisfied in the Partnership Agreement.
	P3.1.c) A national or regional risk assessment with the following elements shall be in place: Taking into account, where appropriate, national climate change adaptation strategies.	Considering climate change adaptation into risk assessment proces.	31-12-2015	National Protection and Rescue Directorate; Ministries from the Government decision. This criteria is satisfied in the Partnership Agreement

7. DESCRIPTION OF THE PERFORMANCE FRAMEWORK

7.1. Indicators

Priority	Applicable	Indicator and measurement unit, where appropriate	Target 2023 (a)	Adjustment top ups (b)	Milestone 2018 % (c)	Milestone absolute value (a-b)*c
P2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests	X	Number of agricultural holdings with RDP support for investment in restructuring or modernisation (focus area 2A) + holdings with RDP supported business development plan/investment for young farmers (focus area 2B)	2,827.00		22%	621.94
	X	Total Public Expenditure P2 (EUR)	571,128,205.42		20%	114,225,641.08
P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture	X	Total Public Expenditure P3 (EUR)	278,956,380.04		35%	97,634,733.01
	X	Number of supported agricultural holdings receiving support for participating in quality schemes, local markets/short supply circuits, and producer groups (focus area 3A)	1,462.00		22%	321.64

	X	Number of agricultural holdings participating in risk management schemes (focus area 3B)	8,267.00		40%	3,306.80
P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry	X	Total Public Expenditure P4 (EUR)	659,748,724.27		32%	211,119,591.77
	X	Agricultural land under management contracts contributing to biodiversity (ha) (focus area 4A) + improving water management (ha) (focus area 4B) + improving soil management and/preventing soil erosion (ha) (focus area 4C)	98,644.00		75%	73,983.00
P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors	X	Total Public Expenditure P5 (EUR)	200,597,894.12		20%	40,119,578.82
	X	Agricultural and forest land under management to foster carbon sequestration/conservation (ha) (focus area 5E) + Agricultural land under management contracts targeting reduction of GHG and/or ammonia emissions (ha) (focus area 5D) + Irrigated land	12,460.00		23%	2,865.80

		switching to more efficient irrigation system (ha) (focus area 5A)				
	X	Number of investment operations in energy savings and efficiency (focus area 5B) + in renewable energy production (focus area 5C)	796.00		20%	159.20
P6: Promoting social inclusion, poverty reduction and economic development in rural areas	X	Total Public Expenditure P6 (EUR)	468,241,752.40		12%	56,189,010.29
	X	Number of operations supported to improve basic services and infrastructures in rural areas (focus areas 6B and 6C)	1,387.00		12%	166.44
	X	Population covered by LAG (focus area 6B)	1,427,724.00		60%	856,634.40

7.1.1. P2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests

7.1.1.1. Number of agricultural holdings with RDP support for investment in restructuring or modernisation (focus area 2A) + holdings with RDP supported business development plan/investment for young farmers (focus area 2B)

Applicable: Yes

Target 2023 (a): 2,827.00

Adjustment top ups (b):

Milestone 2018 % (c): 22%

Milestone absolute value (a-b)*c: 621.94

Justification for the milestone setting:

Experiences from IPARD in investment measures are a solid base for envisaging the timely start of implementation of Priority 2 measures and the realistic assessment of the Milestone value. Ordinances are currently in preparation and accreditation procedures ongoing, bearing in mind also the experience of the Paying Agency in this area. The interest of potential beneficiaries in these Measures has been surveyed through a Expression of Interest published by the MoA between 1 July 2013 and 1 September 2013. Specific analysis of the sectors replying and their location will allow for an intensive information campaign in targeted areas before and during the launch of calls to foster take-up where IPARD experience is low or lacking. The Advisory Service has been actively disseminating information at a more informal ad-hoc level. Given that some operations - particularly for small farms - will have short-term implementation, this milestone is slightly higher than the financial one. This analysis has supported the identification of the target and milestone.

7.1.1.2. Total Public Expenditure P2 (EUR)

Applicable: Yes

Target 2023 (a): 571,128,205.42

Adjustment top ups (b):

Milestone 2018 % (c): 20%

Milestone absolute value (a-b)*c: 114,225,641.08

Justification for the milestone setting:

The Milestone has been determined on the basis of successful implementation of IPARD measure 101 and the implementation schedule of calls for proposals, with several calls published in the implementation period. However, due attention has also been paid to the realistic time-frame for the closure of projects which shall range from short to medium duration in establishing a feasible and realistic expenditure under this Priority. The consolidated trend towards farm consolidation in the SWOT analysis provides a clear indication of potential beneficiary interest which is being supported by an information campaign. The use of an on-line system of applications and a significant reduction in the administrative burden for contracting will also contribute to a timely implementation of these Measures. Guidance to beneficiaries shall be

provided on key issues and their responsibilities to mitigate the key risks in achieving the milestone.

7.1.2. P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture

7.1.2.1. Total Public Expenditure P3 (EUR)

Applicable: Yes

Target 2023 (a): 278,956,380.04

Adjustment top ups (b):

Milestone 2018 % (c): 35%

Milestone absolute value (a-b)*c: 97,634,733.01

Justification for the milestone setting:

The maturity of the project pipeline for demining operations and the implementation of Measure M05 in 2014-2015 has allowed for a realistic identification of the milestone value. Concerning final targets for risk management, due to the very nature of Measure M05, this may need revision. Concerning actions for quality scheme promotion, short-supply circuits and producer groups, due consideration has been taken of the current lack of experience in Croatia, as clearly evidenced in the SWOT. However, specific and targeted awareness-raising information actions are planned for potential beneficiaries and dedicated knowledge transfer to support new forms of associative actions in order to reach Milestone targets.

7.1.2.2. Number of supported agricultural holdings receiving support for participating in quality schemes, local markets/short supply circuits, and producer groups (focus area 3A)

Applicable: Yes

Target 2023 (a): 1,462.00

Adjustment top ups (b):

Milestone 2018 % (c): 22%

Milestone absolute value (a-b)*c: 321.64

Justification for the milestone setting:

The very recent interest in quality schemes, evidenced by the number of products in the recognition process both at national and EU level, and the recognized high value of Croatian traditional production will contribute to the achievement of this target. The consistent increase in organic farming production and success of national support schemes in the past are also relevant in establishing the milestone. Specific actions to foster awareness of the advantages for agricultural holdings as members of producer groups and information on the Registration process relative to each sector should contribute to a gradual take-up, but due consideration has been taken of their novelty and historical negative connotations amongst many farmers. It is envisaged that this will also be attractive for farmers in organic farming and new entrants so take-up should quicken in the second half of implementation to meet the target.

7.1.2.3. Number of agricultural holdings participating in risk management schemes (focus area 3B)

Applicable: Yes

Target 2023 (a): 8,267.00

Adjustment top ups (b):

Milestone 2018 % (c): 40%

Milestone absolute value (a-b)*c: 3,306.80

Justification for the milestone setting:

Aside from the specific cases under Measure M05, Risk management has a consolidated tradition in Croatia in the pre-accession period through risk policies supported at both national and county level through contributions to insurance premiums. The interest is expected to grow significantly due to a higher support rate and increasing awareness of climate change risk.

7.1.3. P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry

7.1.3.1. Total Public Expenditure P4 (EUR)

Applicable: Yes

Target 2023 (a): 659,748,724.27

Adjustment top ups (b):

Milestone 2018 % (c): 32%

Milestone absolute value (a-b)*c: 211,119,591.77

Justification for the milestone setting:

Based on the implementation of IACS measures in Croatia, and national support schemes for less-favoured areas and organic farming, realistic and feasible targets and milestones have been determined. Organic farming production has been estimated to increase at the same yearly rate as in the past 5 years, on average, to establish payment targets. However, given the complexity of the accreditation process for new measures, the need to ensure the correct commitments are clear to all beneficiaries and the cross-checks to be in place, as well as the lack of experience for AECM implementation in Croatia, a cautious approach has been taken to the implementation schedule which shall come into play from 2015. Implementation will be supported by obligatory training and knowledge-transfer for AECM beneficiaries and bespoke AECM monitoring as part of evaluation activities in the Evaluation Plan.

7.1.3.2. Agricultural land under management contracts contributing to biodiversity (ha) (focus area 4A) + improving water management (ha) (focus area 4B) + improving soil management and/preventing soil erosion (ha) (focus area 4C)

Applicable: Yes

Target 2023 (a): 98,644.00

Adjustment top ups (b):

Milestone 2018 % (c): 75%

Milestone absolute value (a-b)*c: 73,983.00

Justification for the milestone setting:

Interest in organic farming and measures to support less-favoured areas nationally in Croatia have been successful prior to this programming period and provide an indicator of potential interest and take-up of AECM measures. Furthermore, informal dissemination by the Advisory Service on these measures at individual farm level has been in place during the last year in order to prepare the terrain. Specific prioritisation for areas in Natura 2000 sites has also been taken into consideration.

7.1.4. P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors

7.1.4.1. Total Public Expenditure P5 (EUR)

Applicable: Yes

Target 2023 (a): 200,597,894.12

Adjustment top ups (b):

Milestone 2018 % (c): 20%

Milestone absolute value (a-b)*c: 40,119,578.82

Justification for the milestone setting:

Investments in energy production from renewable sources are part of the national strategy and commitments to 20 % energy production from renewable sources planned to reach in 2020 provides an appropriate framework, which will need to be supported by a targeted information campaign on the opportunities offered by the RDP. Furthermore, specific advisory services and demonstration actions in this field are envisaged to increase awareness for take-up in the second half of the programme. Concerning actions in forestry measures, as these were not eligible under IPARD, the milestone has been identified appropriately. However, the constant consultation and feedback on measures with forestry stakeholders coordinated by the Working Group, interest from the field (partially shown in the survey Expression of Interest published by the MoA between 1 July 2013 and 1 September 2013) and the trends in forestry investments outside IPARD have indicated the appropriate level of maturity in establishing the milestone.

7.1.4.2. Agricultural and forest land under management to foster carbon sequestration/conservation (ha) (focus area 5E) + Agricultural land under management contracts targeting reduction of GHG and/or ammonia emissions (ha) (focus area 5D) + Irrigated land switching to more efficient irrigation system (ha) (focus area 5A)

Applicable: Yes

Target 2023 (a): 12,460.00

Adjustment top ups (b):

Milestone 2018 % (c): 23%

Milestone absolute value (a-b)*c: 2,865.80

Justification for the milestone setting:

This milestone has been identified taking into consideration the lack of experience in implementing these types of measures in Croatia, and a reasoned implementation schedule of measures.

7.1.4.3. Number of investment operations in energy savings and efficiency (focus area 5B) + in renewable energy production (focus area 5C)

Applicable: Yes

Target 2023 (a): 796.00

Adjustment top ups (b):

Milestone 2018 % (c): 20%

Milestone absolute value (a-b)*c: 159.20

Justification for the milestone setting:

This milestone has been defined taking into the consideration the planned implementation schedule for the specific types of operations and the publication of calls for proposals as well as the assessment of the implementation risks in terms of time-frame for implementation and closure of a wide range of short and medium-term operations under this Priority area.

7.1.5. P6: Promoting social inclusion, poverty reduction and economic development in rural areas

7.1.5.1. Total Public Expenditure P6 (EUR)

Applicable: Yes

Target 2023 (a): 468,241,752.40

Adjustment top ups (b):

Milestone 2018 % (c): 12%

Milestone absolute value (a-b)*c: 56,189,010.29

Justification for the milestone setting:

The experience of LAGs under IPARD provides indications for establishing this milestone. However, the number of LAGs and population coverage is insufficient. Therefore, sub-Measure 19.1 must be completed before any further implementation can take place. Since the majority of the funds available shall be for the implementation of the LDS each LAG draws up, there is necessarily a lengthy preparation period, and the identification of the milestone has taken this into due consideration.

7.1.5.2. Number of operations supported to improve basic services and infrastructures in rural areas (focus areas 6B and 6C)

Applicable: Yes

Target 2023 (a): 1,387.00

Adjustment top ups (b):

Milestone 2018 % (c): 12%

Milestone absolute value (a-b)*c: 166.44

Justification for the milestone setting:

Measures from IPARD in providing basic services and local infrastructure have shown a solid system is in place to provide the basis for implementation. However, given the necessary timing for the implementation of the CLLD approach, and the wide range of medium term operations that could be financed under this Priority, as well as the varying capacities of local self-government units, a realistic and feasible target has been established. The fact that LAGs under IPARD did not have any role in selecting and implementing operations has also been taken into consideration.

7.1.5.3. Population covered by LAG (focus area 6B)

Applicable: Yes

Target 2023 (a): 1,427,724.00

Adjustment top ups (b):

Milestone 2018 % (c): 60%

Milestone absolute value (a-b)*c: 856,634.40

Justification for the milestone setting:

This target has been identified considering the planned implementation of the LAG sub-measures and planned increase in the number of LAGs. It as also taken into consideration the fact that insufficient resources were available under IPARD to fund the potential LAGs 2007-2013 so a realistic and feasible milestone can be met.

7.2. Alternative indicators

Priority	Applicable	Indicator and measurement unit, where appropriate	Target 2023 (a)	Adjustment top ups (b)	Milestone 2018 % (c)	Milestone absolute value (a-b)*c
P2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests	X	Nr of beneficiaries (holdings) receiving start up aid for development of small farms (focus area 2A)	5,318.00		15%	797.70
P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture	X	De-mined agricultural land (ha) (focus area 3B)	5,000.00		85%	4,250.00
	X	Number of operations supported for investment , in processing and marketing of agricultural products) (focus area 3A)	434.00		22%	95.48
P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry	X	Number of payments (ha) for area facing natural or other specific constraints (focus area 4A)	422,484.00		90%	380,235.60

7.2.1. P2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests

7.2.1.1. Nr of beneficiaries (holdings) receiving start up aid for development of small farms (focus area 2A)

Applicable: Yes

Target 2023 (a): 5,318.00

Adjustment top ups (b):

Milestone 2018 % (c): 15%

Milestone absolute value (a-b)*c: 797.70

Justification for the milestone setting:

This milestone has been defined taking into the consideration that full implementation of the business plan is the condition for the final payment (completed operations to be calculated) and in fact such implementation is likely to last several years.

7.2.2. P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture

7.2.2.1. De-mined agricultural land (ha) (focus area 3B)

Applicable: Yes

Target 2023 (a): 5,000.00

Adjustment top ups (b):

Milestone 2018 % (c): 85%

Milestone absolute value (a-b)*c: 4,250.00

Justification for the milestone setting:

De-mining of agricultural land is one of the strategic objectives set by this programme. Approximately 30 % of the allocation under P3 is dedicated to this target. Croatia intends to fulfil this commitment by the end of 2018 in order to respect the Ottawa convention in which Croatia committed itself to the removal of landmines by March 1st 2019. The 15 % difference from the final target related to the calculation of milestone takes into due account the fact that only fully completed operations can be calculated.

7.2.2.2. Number of operations supported for investment , in processing and marketing of agricultural products) (focus area 3A)

Applicable: Yes

Target 2023 (a): 434.00

Adjustment top ups (b):

Milestone 2018 % (c): 22%

Milestone absolute value (a-b)*c: 95.48

Justification for the milestone setting:

The Milestone has been determined on the basis of successful implementation of IPARD measure 103 and the implementation schedule of calls for proposals, with several calls published in the implementation period. However, due attention has also been paid to the realistic time-frame for the closure of projects in establishing a feasible and realistic milestone. Guidance to beneficiaries shall be provided on key issues and their responsibilities to mitigate the key risks in achieving the milestone.

7.2.3. P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry

7.2.3.1. Number of payments (ha) for area facing natural or other specific constraints (focus area 4A)

Applicable: Yes

Target 2023 (a): 422,484.00

Adjustment top ups (b):

Milestone 2018 % (c): 90%

Milestone absolute value (a-b)*c: 380,235.60

Justification for the milestone setting:

Areas with natural constraints have been determined by Study on the designating areas facing natural and other specific constraints in agriculture with calculations. Number of ha under ANC areas are predefined by the study and relevant milestone can be considered almost as target value.

7.3. Reserve

Priority	Total union contribution planned (€)	Total union contribution planned (€) subject to the performance reserve	Performance reserve (€)	Min performance reserve (Min 5%)	Max performance reserve (Max 7%)	Performance reserve rate
P2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests	600,545,085.72	617,311,998.27	37,038,719.90	30,865,599.91	43,211,839.88	6%
P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture	237,632,367.48	244,266,942.00	14,656,016.52	12,213,347.10	17,098,685.94	6%
P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry	561,119,748.95	576,785,926.21	34,607,155.57	28,839,296.31	40,375,014.83	6%
P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors	170,508,210.00	175,268,712.28	10,516,122.74	8,763,435.61	12,268,809.86	6%
P6: Promoting social inclusion, poverty reduction and economic	401,382,525.80	412,588,921.24	24,755,335.27	20,629,446.06	28,881,224.49	6%

development in rural areas						
Total	**1,971,187,937.95**	**2,026,222,500.00**	**121,573,350.00**	**101,311,125.00**	**141,835,575.00**	**6%**

8. DESCRIPTION OF THE MEASURES SELECTED

8.1. Description of the general conditions applied to more than one measure including, when relevant, definition of rural area, baselines, cross-compliance, intended use of financial instruments, intended use of advances and common provisions for investments, including the provisions of Articles 45 and 46 of regulation (EU) No 1305/2013

Definition of Rural Area

The rural area at programme level is defined as the whole territory of Croatia with the exclusion of the administrative centres of four cities (Zagreb, Split, Rijeka and Osijek). A total of 3.217.117 inhabitants (75,08 % of total population) and 56.164 km² of the rural area (99,24 % of total territory) are covered by this definition.

Beneficiaries

The list of eligible beneficiaries is defined for each measure. Companies in difficulty within the meaning of the EU guidelines for state aid in the agriculture and forestry, and the EU guidelines on state aid for rescuing and restructuring enterprises in difficulty are ineligible.

Intended use of Financial Instruments

The MA has not programmed the use of Financial instruments at this stage. However, the possibility of using Financial Instruments shall be assessed during Programme implementation within the evaluation activities planned in the Evaluation Plan, particularly concerning measures relating to Priority 2 and if envisaged, the consequent modification of the RDP proposed. Due to the complex assessment and pre-feasibility of FIs, in practice it is difficult to envisage their use operatively before 2016.

Eligible expenditures

In addition to the eligible costs identified in each measure/type of operation, the following general costs such as services of architects, engineers (including surveyors) and consultants, fees relating to advice on environmental and economic sustainability, including feasibility studies are eligible expenditure if occurred prior to the submission of the application providing that they have been incurred after 1 January 2014. Feasibility studies shall remain eligible expenditure even where, based on their results, the operation is not implemented.

General costs cannot exceed 10 % of the total eligible expenditure for the operation concerned.

Ineligible expenditures

In all measures, as appropriate, the following expenditures are ineligible:

- VAT, except where it is non-recoverable under national VAT legislation pursuant to Art 69 (3) of Regulation (EU) No 1303/2013;
- other taxes, fees (municipal and water), contributions;
- interest;
- simple replacement investments;
- costs related to leasing contracts such as rent, interest refinancing costs, overheads and insurance

costs;

- purchase of rights to agricultural production, payment eligibility, purchase of animals, and purchasing and planting annual plants. A derogation from this rule applies to Restoration of agricultural production potential damaged by natural disasters or catastrophic events, where in accordance with point (b) of Article 18(1), expenditure for the purchase of animals may be eligible expenditure;
- costs incurred before submission of applications, except general costs.

Second-hand equipment:

The use of second-hand equipment is envisaged as a derogation only in Measures M05 and M08 as specified in the specific types of operation, in accordance with Art 45 (6) of Regulation (EU) No 1305/2013.

The conditions under which the purchase of second-hand equipment may be regarded as eligible expenditure are as follows:

- The seller of the second-hand equipment shall provide a written declaration stating its origin and shall confirm in writing that at no point during the previous 7 years has it been purchased with the aid of national or European Community grants;
- The price of the equipment shall not exceed its market value and shall be less than the cost of similar new equipment; and
- The equipment shall have the technical characteristics necessary for the operation and comply with applicable norms and standards.

Non-compliance with any one of the above conditions shall render any aid granted in respect of the second-hand equipment ineligible.

Use of Simplified Cost Options

As applicable only as stated in the type of operation, Simplified Cost Options pursuant to Art 60 (4) of Regulation (EU) No 1305/2013 shall be used in the case of grants in accordance with the following:

Staff costs: pursuant to Art 68 (2) of Regulation (EU) No 1303/2013, for the purposes of determining staff costs relating to the implementation of an operation, the hourly rate applicable shall be calculated by dividing the latest documented annual gross employment costs by 1.720 hours.

Indirect costs: pursuant to Art 68 (1) b of Regulation (EU) No 1303/2013, a flat rate of 15 % of eligible direct staff costs shall be applied;

Travel costs: in accordance with Art 67 (5) c of Regulation (EU) No 1303/2013, in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary, the nationally established mileage allowance for private car use established pursuant to the Ordinance issued by the Ministry of Finance shall be applied for the mileage allowance in the case of travel by car.

Per diems (exclusively for public bodies): in accordance with Art 67 (5) c of Regulation (EU) No 1303/2013, in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary, the per diem allowance for public bodies is established by Government

decision pursuant to Art 11 Act on State Budget (OG 87/08 amended in OG 136/12).

All other payments shall be supported by invoices and documents proving payment or documents of equivalent probative value.

Any other methodology used for Simplified Costs Options or Standard Costs shall be specified in the Sub-Measure or type of operation and in accordance with Art 62 (2) of Regulation (EU) No 1305/2013, shall be established in advance on the basis of a fair, equitable and verifiable calculation and confirmed by a functionally independent body.

Advance payments

In accordance with Article 45(4) of Regulation (EU) No 1305/2013, beneficiaries of investment related support may request the payment of an advance of up to 50 % of the public aid related to the investment from the competent paying agencies within the framework of this Programme

Payment of advances shall be subject to the establishment of a bank guarantee or an equivalent guarantee corresponding to 100 % of the amount of the advance. As regards public beneficiaries, advances shall be paid to municipalities, regional authorities and associations thereof, as well as to public law bodies. A facility provided as a guarantee by a public authority shall be considered equivalent to the guarantee referred to in the first subparagraph, provided that the authority undertakes to pay the amount covered by that guarantee if entitlement to the advance paid is not established.

Advance payments are envisaged in the following measures/sub-measures:

Measure M04: Investments in physical assets

Sub-measures:

4.1. Support for investments in agricultural holdings;

4.2. Support for investments in processing/ marketing and/or development of agricultural products;

4.3. Support for investments in infrastructure related to development, modernisation or adaptation of agriculture and forestry;

4.4. Support for non-productive investments linked to the achievement of agri-environment-climate objectives.

Measure M05: Restoration of agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention activities

Sub-measure:

5.2: Support for investments in restoring agricultural land and production potential damaged by natural disasters, adverse climate conditions and catastrophic events.

Measure M06: Farm and business development

Sub-measure:

6.4: Investments in the development of non-agricultural activities in rural areas

Measure M07: Basic services and village renewal in rural areas

Sub-measures:

7.2. Investments in the construction, improvement or expansion of all types of small-scale infrastructure;

7.4. Investments in establishing, improving or expanding local basic services for the rural population, incuding leisure and cultural activities and the accompanying infrastructure;

7.5. Investments in facilities intended for public use, such as recreational infrastructure, tourist information and small-scale tourism infrastructure.

Measure M08 –Investments in forest area development and improvement of the viability of forests

Sub-measures:

8.5 - support for investments improving the resilience and environmental value of forest ecosystems;

8.6 - support for investments in forestry technologies and in processing, mobilising and marketing of forest products.

Measure M19: LEADER

Sub-measure:

19.4: Running costs and animation

Environmental Impact Assessment

In order to be eligible for EAFRD support, investment operations where the investment is likely to have negative effects on the environment shall be preceded by an assessment of the expected environmental impact in accordance with Environmental Protection Act (OG 80/13) and the Regulation on the Environmental Impact Assessment of Interventions (OG 61/14). Furthermore, in accordance with the provisions of the Nature Protection Act (OG 80/13), the Ecological network impact assessment is performed for the intervention or its parts which, by itself or in conjunction with other interventions may have a significant negative impact on the conservation objectives and integrity of the Natura 2000 ecological network.

Duration of commitments and durability of operations

Implemented operations have to maintain their original objectives at least five years from the final payment or within the period of time set out in State aid rules.

Beneficiaries of measures M10 and M11 must undertake the commitments defined in the Ordinance, during the next five-year period. A derogation is possible only in the following cases:

- force majeure or exceptional circumstances as set out in Article 2 (2) of Regulation (EU) No 1306/2013;

- amendments to the relevant mandatory standards, if the scopes of the new obligations or requirements go beyond those specified in the measure description, as set out in Article 48 of Regulation (EU) No 1305/2013.

Baselines and Cross-compliance

For cross-compliance, the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council are established in national legislation: Ordinance on cross-compliance (OG 27/14) (Pravilnik o višestrukoj sukladnosti).

The relevant criteria and minimum activities are established in Croatia pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council which is directly applicable.

The relevant minimum requirements for fertilisers and plant protection products use are established in: Act on sustainable use of pesticides (OG 14/14) (Zakon o održivoj uporabi pesticida).

8.2. Description by measure

8.2.1. M01 - Knowledge transfer and information actions (art 14)

8.2.1.1. Legal basis

Article 14 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions.

Commission Implementing Regulation (EU) No 808/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

8.2.1.2. General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objectives

The specific training and knowledge transfer on sustainable practices, agri-environmental issues and innovation is vital to promote the economic growth and development of rural areas in Croatia and improve the sustainability, competitiveness, resource efficiency and environmental performance of the agricultural and forestry holdings.

These activities are crucial to promote the economic growth and development of rural areas and to improve the sustainability, competitiveness, resource efficiency and environmental performance of the agricultural and forestry holdings.

The objective of the measure is to provide specific training to farmers who are holders of AHs, and managers and employees in the agricultural, food-processing and forestry sector, and young farmers, increasing the use of new methods of production based on the results of research and development, innovative practices, the competitiveness of the farms and associations as well as ensure a better understanding of the protection and conservation of nature and landscape, thereby directly contributing to address Need 1. Knowledge transfer to private forestry holders will contribute to addressing Need 4. Specific training and knowledge transfer activities are obligatory for those receiving support under agri-environment and climate measures, addressing Need 16, and organic farming. The measure will also support demonstration actions that showcase the latest technology in the sectors and sustainable or innovative working practices to participants thereby enabling knowledge exchange.

Training activities through this measure will contribute to improving productivity and competitiveness in the said sectors, ease full compliance with European Union standards, preserve and enhance biodiversity and increase the understanding of the complex requirements of environmental protection and food quality and safety.

The support does not cover courses which are included in regular educational programmes and which are part of normal education programmes or systems at secondary or higher levels or established vocational training courses in the sectors.

Contribution to focus areas

This is a horizontal measure that has an impact on all the priorities. Above all, the measure contributes to Priority 1: "Fostering knowledge transfer and innovation in agriculture, forestry and rural areas", specifically to Focus Area 1A "Fostering innovation, cooperation, and the development of knowledge base in rural areas" and Focus Area 1C "Fostering lifelong learning and vocational training in the agricultural and forestry sectors". The principal Focus Areas it will contribute to are:

Priority 2 "Enhancing the profitability of agricultural holdings and competitiveness of all types of agriculture in all regions, and fostering innovative agricultural technologies and sustainable forest management, with emphasis on the following focus areas":

Focus Area 2A: Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increase market participation and orientation as well as agricultural diversification;

Focus Area 2B: Facilitating entry of adequately skilled farmers into the agricultural sector, with an emphasis on generational renewal.

Priority 3 "Promoting food chain organization and risk management in agriculture":

Focus Area 3A: Improving competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups and organisations and inter-branch organisations;

Priority 4 "Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry":

Focus Area 4A: Restoring, preserving and enhancing biodiversity, (including in Natura 2000 areas, in areas facing natural or other specific constraints), high nature value farming and the state of European landscapes;

Focus Area 4B: Improving water management, including fertilisers and pesticides management;

Focus Area 4C: Preventing soil erosion and improving soil management;

Priority 5 "Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors":

Focus Area 5C: Facilitating the supply and use of renewable sources of energy, of by-products, wastes and residue and of other non-food raw material, for the purposes of the bio-economy;

Focus Area 5D: Reducing greenhouse gas and ammonia emissions caused by agricultural activity;

Focus Area 5E: fostering carbon conservation and sequestration in agriculture and forestry.

Contribution to cross-cutting objectives

This measure contributes to the realisation of cross-cutting objectives related to climate change mitigation and adaptation, environment and innovation.

Climate change adaptation and mitigation - knowledge transfer opportunities will include, for example providing adaptation related information alongside other knowledge transfers and ensuring non-adaptation information is valid for expected future climate scenarios. In the forestry sector, knowledge transfer activities will provided on Kyoto forest management rules.

Environmental protection – A higher level of knowledge will contribute to raising awareness on environmental protection, increasing the degree of protection of natural resources and biological diversity, improving the protection of waters, and the understanding of the potential environmental impacts (positive and negative) of agriculture and forest management. Attendance of training courses and demonstration actions will be obligatory for all beneficiaries of agri-environmental and climate measures as specified in Measure M10 and for farmers taking up organic farming.

Innovation - an efficient transfer of knowledge is the basic precondition for building an expert base and, consequently, establishing a favourable climate for fostering innovation in rural areas. Innovation in practice shall be showcased through Demonstration activities.

8.2.1.3. Scope, level of support, eligible beneficiaries, and where relevant, methodology for calculation of the amount or support rate broken down by sub-measure and/or type of operation where necessary. For each type of operation specification of eligible costs, eligibility conditions, applicable amounts and support rates and principles with regard to the setting of selection criteria

8.2.1.3.1. O_01: Vocational training for cross-compliance, agriculture, environment and climate measures and organic farming

Sub-measure:

- 1.1 - support for vocational training and skills acquisition actions

8.2.1.3.1.1. Description of the type of operation

The activities planned under this operation will address the lack of a knowledge basis on agri-environmental issues in Croatia. The provision of specific training courses and knowledge transfer through seminars, workshops, short and targeted training courses will form part of an obligatory package of measures for those receiving support under Agriculture, environment and climate conditions, and beneficiaries taking up organic farming. All the beneficiaries of Agriculture, environment and climate conditions support, as well as the beneficiaries of the Measure Organic farming, shall attend 18 hours of training during the first two commitment years. In the following years, beneficiaries shall select at least one from a range of short seminars and workshop or attendance on a specific demonstration activity or benefit from the tailored advice under M02.

In the case of the forestry sector, training and knowledge transfer seminars are intended for private forest holders.

Other farmers and private forest holders may apply to attend the courses on offer on a voluntary basis.

Indicatively, but not exclusively, training courses shall be held on the following topics:

- Cross-compliance obligations;
- Climate change adaptation and mitigation practices;
- Agri-environmental practices;
- Sustainable forest management;
- Sustainable soil management;
- Crop rotation;
- Water efficiency;
- Sustainable cultivation techniques;
- Preservation of landscape features.

This type of operation shall be carried out by the Advisory Service, which is a specialized public institution of advisory activity in agriculture, rural development, fisheries, and forest management for the forest owners and is an in-house body of the Ministry of Agriculture. In the case of trainings and seminars on specific sectoral needs, external legal entities or persons may be contracted by the Advisory Service for the respective knowledge transfer action.

The type of operation is financially programmed under Priority 4 but can also significantly contribute to Focus Area 1A, 1C, 3B, 5A, 5B, 5C, 5D and 5E.

8.2.1.3.1.2. Type of support

Type of support: Grants

Support shall be awarded to selected knowledge transfer providers upon executed training according to an established reporting schedule.

8.2.1.3.1.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Act on Fertilisers and Soil Improvers (OG 163/03, 40/07, 14/14);
- Act on Plant Health (OG 75/05, 25/09, 55/11);
- Environmental Protection Act (OG 80/13);
- Act on sustainable Waste Act Management (OG 94/13);
- Act on the Implementation of Council Regulation (EC) No 834/2007 on Organic Production and Labelling of Organic Products (OG 80/13, 14/14);
- Forestry Act (OG 140/05, 82/06, 129/08, 80/10, 124/10, 25/12, 68/12, 148/13, 94/14);
- National Forest Policy and Strategy (OG 120/03);
- New EU Forest Strategy: for forests and the forest-based sector - COM(2013) 659;
- EU Forest Action Plan;
- EU 2020 Biodiversity Strategy;
- Plant Health and Reproductive Materials Strategy.

8.2.1.3.1.4. Beneficiaries

The beneficiary of this type of operation is:

- The Advisory Service, in-house body of the Ministry of Agriculture.

The target groups are beneficiaries of agri-environment and climate measures, organic farmers and private forest holders benefitting from funding from the RDP as well as other farmers and private forest holders.

8.2.1.3.1.5. Eligible costs

- cost for preparation and implementation of vocational training courses, seminars and workshops (salaries of employees, costs and travel costs and per diem cost for trainers), costs for the preparation and production of training materials (teaching materials and equipment), course evaluation costs;
- the costs of premises where the vocational training is held and refreshments as applicable;
- costs of participants (travel, accommodation,) paid to the providers of the service. Participants'

expenses are only eligible on completion of the vocational training.

Eligible costs actually incurred will be reimbursed on the presentation of reports and supporting documentation.

Simplified Cost Options shall be used solely for the following costs categories:

- Staff costs: pursuant to Art 68 (2) of Regulation (EU) No 1303/2013, for the purposes of determining staff costs relating to the implementation of an operation, the hourly rate applicable shall be calculated by dividing the latest documented annual gross employment costs by 1.720 hours;
- Indirect costs: pursuant to Art 68 (1) b of Regulation (EU) No 1303/2013, a flat rate of 15 % of eligible direct staff costs shall be applied;
- Travel costs: in accordance with Art 67 (5) c of Regulation (EU) No 1303/2013, in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary, the nationally established mileage allowance for private car use established pursuant to the Ordinance issued by the Ministry of Finance shall be applied for the mileage allowance in the case of travel by car;
- Per diems (exclusively for public bodies): in accordance with Art 67 (5) c of Regulation (EU) No 1303/2013, in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary, the per diem allowance for public bodies is established by Government decision pursuant to Art 11 Act on State Budget (OG 87/08 amended in OG 136/12).

All other payments shall be supported by invoices and documents proving payment or documents of equivalent probative value.

8.2.1.3.1.6. Eligibility conditions

The Advisory Service must guarantee the following:

the appropriate capacities in the form of staff qualifications and regular training to carry out this task;

an adequate location and facilities for the training of staff.

8.2.1.3.1.7. Principles with regards to the setting of selection criteria

The Advisory Service shall draw up an annual programme of training courses on offer to be approved by the Managing Authority. The annual programme shall be evaluated in terms of the quality and content of each course offered.

The annual programme shall identify the planned training and workshop activities where external expertise is envisaged to support the knowledge transfer action. The external expertise shall be selected in accordance with national public procurement procedures and based on the qualifications and experience in the specific

sectoral field. The minimum criteria as for Advisory Service staff shall apply in terms of qualifications.

8.2.1.3.1.8. (Applicable) amounts and support rates

Intensity of the support amounts to 100 % of eligible costs.

8.2.1.3.1.9. Verifiability and controllability of the measures and/or types of operations

8.2.1.3.1.9.1. Risk(s) in the implementation of the measures

The risks are identified on measure level.

8.2.1.3.1.9.2. Mitigating actions

The mitigating actions are identified on measure level.

8.2.1.3.1.9.3. Overall assessment of the measure

This type of operation is controllable and verifiable.

8.2.1.3.1.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.1.3.1.11. Information specific to the operation

Definition of appropriate capacities of bodies providing knowledge transfer services to carry out their tasks in the form of staff qualifications and regular training

In terms of staff qualifications, The Advisory Service shall have:

- A sufficient number of staff with a relevant university degree and 3 years experience or specific post-graduate qualification and training in the field. 15 years professional experience in the field of the knowledge transfer action shall be considered as equivalent;
- An established, annual training and continuous professional development programme for Advisory Service staff.

Definition of the duration and content of farm and forest exchange schemes and visits as referred to in Article 3 of Delegated Regulation (EU) No 807/2014

Not applicable.

8.2.1.3.2. O_02: Vocational training for farmers

Sub-measure:

- 1.1 - support for vocational training and skills acquisition actions

8.2.1.3.2.1. Description of the type of operation

The activities planned under this operation will address the lack of a knowledge basis for farmers to increase their competitiveness. A set of short term training courses will be offered to farmers on sustainable and efficient agricultural practices, modernisation and technological advances, marketing and economic efficiency.

Indicatively, but not exclusively, training courses shall be held on the following topics:

- Sectorial courses for sustainable and efficient farming for orchards, fruit and vegetable growers, livestock farmers, breeders, dairy farmers etc;
- Modernisation of farming practices and processes;
- Resource efficiency;
- Renewable energy use in agriculture and food processing;
- Manure management practices;
- Sustainable fertiliser and pesticide practices and use;
- EU standards;
- Occupational safety;
- Food safety;
- Agricultural business competency;
- Marketing of agricultural and food products;
- Diversification;
- Principles of integrated/organic farming;
- Risk management and mitigation.

This type of operation shall be carried out by the Advisory Service, which is a specialized public institution of advisory activity in agriculture, rural development, fisheries, and forest management for the forest owners and is an in-house body of the Ministry of Agriculture. In the case of trainings and seminars on specific sectoral needs, external legal entities or persons may be contracted by the Advisory Service for the respective knowledge transfer action.

The type of operation is financially programmed under Focus Area 2A but can also significantly contribute to Focus Area 1A, 1C, 3B, 4B, 5A, 5B, 5C, 5D and 5E.

8.2.1.3.2.2. Type of support

Type of support: Grants

Support shall be awarded as a grant upon executed training according to an established reporting schedule.

8.2.1.3.2.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Act on Fertilisers and Soil Improvers (OG 163/03, 40/07, 14/14);
- Act on Plant Health (OG 75/05, 25/09, 55/11);
- Environmental Protection Act (OG 80/13);
- Act on sustainable Waste Act Management (OG 94/13).

8.2.1.3.2.4. Beneficiaries

The beneficiary of this type of operation is:

- The Advisory Service, in-house body of the Ministry of Agriculture.

The target group is farmers.

8.2.1.3.2.5. Eligible costs

- cost for preparation and implementation of vocational training courses, seminars and workshops (salaries of employees, costs and travel costs and per diem cost for trainers), costs for the preparation and production of training materials (teaching materials and equipment), course evaluation costs;
- the costs of premises where the vocational training is held and refreshments as applicable;
- costs of participants (travel, accommodation) paid to the providers of the service. Participants' expenses are only eligible on completion of the vocational training.

Eligible costs actually incurred will be reimbursed on the presentation of reports and supporting documentation.

Simplified Cost Options shall be used solely for the following costs categories:

- Staff costs: pursuant to Art 68 (2) of Regulation (EU) No 1303/2013, for the purposes of determining staff costs relating to the implementation of an operation, the hourly rate applicable shall be calculated by dividing the latest documented annual gross employment costs by 1.720 hours;
- Indirect costs: pursuant to Art 68 (1) b of Regulation (EU) No 1303/2013, a flat rate of 15 % of eligible direct staff costs shall be applied;
- Travel costs: in accordance with Art 67 (5) c of Regulation (EU) No 1303/2013, in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary, the nationally established mileage allowance for private car use established pursuant to the Ordinance issued by the Ministry of Finance shall be applied for the mileage allowance in the case of travel by car;

- Per diems (exclusively for public bodies): in accordance with Art 67 (5) c of Regulation (EU) No 1303/2013, in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary, the per diem allowance for public bodies is established by Government decision pursuant to Art 11 Act on State Budget (OG 87/08 amended in OG 136/12);

All other payments shall be supported by invoices and documents proving payment or documents of equivalent probative value.

8.2.1.3.2.6. Eligibility conditions

The Advisory Service must guarantee the following:

- the appropriate capacities in the form of staff qualifications and regular training to carry out this task;
- an adequate location and facilities for the training of staff.

8.2.1.3.2.7. Principles with regards to the setting of selection criteria

The Advisory Service shall draw up an annual programme of training courses on offer to be approved by the Managing Authority. The annual programme shall be evaluated in terms of the quality and content of each course offered.

The annual programme shall identify the planned training and workshop activities where external expertise is envisaged to support the knowledge transfer action. The external expertise shall be selected in accordance with national public procurement procedures and based on the qualifications and experience in the specific sectoral field. The minimum criteria as for Advisory Service staff shall apply in terms of qualifications.

8.2.1.3.2.8. (Applicable) amounts and support rates

Intensity of the support amounts to 100 % of eligible costs.

8.2.1.3.2.9. Verifiability and controllability of the measures and/or types of operations

8.2.1.3.2.9.1. Risk(s) in the implementation of the measures

The risks are identified on measure level.

8.2.1.3.2.9.2. Mitigating actions

The mitigating actions are identified on measure level.

8.2.1.3.2.9.3. Overall assessment of the measure

This type of operation is controllable and verifiable.

8.2.1.3.2.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable

8.2.1.3.2.11. Information specific to the operation

Definition of appropriate capacities of bodies providing knowledge transfer services to carry out their tasks in the form of staff qualifications and regular training

The Advisory Service shall have:

- A sufficient number of staff with a relevant university degree and 3 years experience or specific post-graduate qualification and training in the field. 15 years professional experience in the field of the knowledge transfer action shall be considered as equivalent;
- An established, annual training and continuous professional development programme for Advisory Service staff.

Definition of the duration and content of farm and forest exchange schemes and visits as referred to in Article 3 of Delegated Regulation (EU) No 807/2014

Not applicable.

8.2.1.3.3. O_03: Vocational training for young farmers

Sub-measure:

- 1.1 - support for vocational training and skills acquisition actions

8.2.1.3.3.1. Description of the type of operation

The activities planned under this operation will address the lack of a knowledge basis for young farmers who do not have any vocational qualification, an agricultural diploma or relevant higher education. They will take on the commitment to follow a specific training programme (medium term training courses) on sustainable agricultural practices, resource efficiency and environmental performance and economic efficiency.

Training programmes for young farmers shall cover indicatively the following areas:

- Farm Establishment & Management;
- Animal welfare and farm bio-security;
- Applications of new technologies, products and processes in farming;
- Farm safety awareness (eg slurry risks; livestock handling; working with machinery);
- Cooperation, market orientation, supply chain and local markets;
- Farm Accounting;
- EU standards (environment, health, hygiene) and the principles of cross-compliance;
- Organic farming;
- Production(Standard/High-profitability agriculture);
- Energy efficiency and use of RES;
- Diversification of FarmsThese courses shall be specifically designed for young farmers and shall not be part of any recognised vocational or higher training course.

The type of operation is financially programmed under Focus Area 2B but can also significantly contribute to Focus Area 1A, 1C, 3B, 4B, 5A, 5B, 5C, 5D and 5E.

8.2.1.3.3.2. Type of support

Type of support: Grants

Support shall be awarded as a grant to selected knowledge transfer providers upon executed training according to an established reporting schedule.

8.2.1.3.3.3. Links to other legislation

- Public Procurement Act (OG 90/11, 83/13);
- Agriculture Act (OG 30/15);
- Act on Fertilisers and Soil Improvers (OG 163/03, 40/07, 14/14);
- Act on Plant Health (OG 75/05, 25/09, 55/11);

- Environmental Protection Act (OG 80/13);
- Act on sustainable Waste Act Management (OG 94/13).

8.2.1.3.3.4. Beneficiaries

The eligible beneficiaries are:

- private and public institutions which provide vocational training and knowledge transfer.

The target group is young farmers pursuant to Regulation (EU) No 1305/2013.

8.2.1.3.3.5. Eligible costs

- cost for preparation and implementation of vocational training courses, seminars and workshops (salaries of employees, costs and travel costs and per diem cost for trainers), costs for the preparation and production of training materials (teaching materials and equipment), course evaluation costs;
- the costs of premises where the vocational training is held and refreshments as applicable;
- costs of participants (travel, accommodation,) paid to the providers of the service.

Participants' expenses are only eligible on completion of the vocational training. Eligible costs actually incurred will be reimbursed on the presentation of invoices according to the limits established.

8.2.1.3.3.6. Eligibility conditions

Potential beneficiaries must:

- have the appropriate capacities in the form of staff qualifications and regular training to carry out this task;
- be registered for the provision of vocational training or be recognised as vocational training providers for the purposes of the tender subject to meeting all the required eligibility conditions for vocational training providers, as set out in the Ordinance;
- have evidence of adequate location and facilities for the training to be carried out.

Courses included in formal regular educational vocational programmes or which are part of recognised secondary or tertiary education programmes will not be eligible.

8.2.1.3.3.7. Principles with regards to the setting of selection criteria

The selection criteria for the eligible projects will be laid down in the Ordinance according to the Most Economically Advantageous Tender principle and shall be based on the following principles:

- the evaluation of the programme (quality and content of the programme);
- contractor references (qualifications and experience in training on the specific field);
- geographical distribution of training.

Service providers shall be selected through a public tender in accordance with national public procurement procedures.

Only projects reaching a minimal threshold score may be selected.

8.2.1.3.3.8. (Applicable) amounts and support rates

Intensity of the support amounts to 100 % of eligible costs.

8.2.1.3.3.9. Verifiability and controllability of the measures and/or types of operations

8.2.1.3.3.9.1. Risk(s) in the implementation of the measures

The risks are identified on measure level.

8.2.1.3.3.9.2. Mitigating actions

The mitigating actions are identified on measure level.

8.2.1.3.3.9.3. Overall assessment of the measure

This type of operation is controllable and verifiable.

8.2.1.3.3.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.1.3.3.11. Information specific to the operation

Definition of appropriate capacities of bodies providing knowledge transfer services to carry out their tasks in the form of staff qualifications and regular training

In terms of staff qualifications, bodies providing knowledge transfer services will have to demonstrate as part of the application:

- A sufficient number of staff with a relevant university degree and 3 years experience or specific

post-graduate qualification and training in the field. 15 years professional experience in the field of the knowledge transfer action shall be considered as equivalent;

- The establishment and operation of a training and professional development programme for staff before the submission of the application.

Definition of the duration and content of farm and forest exchange schemes and visits as referred to in Article 3 of Delegated Regulation (EU) No 807/2014

Not applicable.

8.2.1.3.4. O_04: Workshops for supply chain organisation and producers' groups and organisations

Sub-measure:

- 1.1 - support for vocational training and skills acquisition actions

8.2.1.3.4.1. Description of the type of operation

The workshops planned under this operation will provide knowledge and technical support for fostering short supply chain organisation and the setting up of producers' organisations. This shall include training on the setting up of a producers' organisation, food production-distribution-consumption models, short-supply chains, logistics, marketing, innovative short supply chain practices and business development, and quality schemes.

The type of operation is financially programmed under Focus Area 3A but can also significantly contribute to Focus Area 1A, 1C, 2A, 2B, 6A and 6B.

8.2.1.3.4.2. Type of support

Type of support: Grants

Support shall be awarded as a grant to selected knowledge transfer providers upon executed training according to an established reporting schedule.

8.2.1.3.4.3. Links to other legislation

- Public Procurement Act (OG 90/11, 83/13).

8.2.1.3.4.4. Beneficiaries

The eligible beneficiaries are:

- private and public institutions which provide vocational training and knowledge transfer.

The target groups are farmers, producers groups and organisations and SMEs. Priority will be given to those in the process of setting up a producer groups and organisations and eligible members of producer groups and organisations that are beneficiaries of Measure M09 and Sub-measure 16.4. Only SMEs operating in rural areas as defined by the EU SME criterion may participate in the training courses.

8.2.1.3.4.5. Eligible costs

- cost for preparation and implementation of vocational training courses, seminars and workshops

(salaries of employees, costs and travel costs and per diem cost for trainers), costs for the preparation and production of training materials (teaching materials and equipment), course evaluation costs;
- the costs of premises where the vocational training is held and refreshments as applicable;
- costs of participants (travel, accommodation) paid to the providers of the service.

Participants' expenses are only eligible on completion of the vocational training. Eligible costs actually incurred will be reimbursed on the presentation of invoices according to the limits established.

8.2.1.3.4.6. Eligibility conditions

Potential beneficiaries must:

- have the appropriate capacities in the form of staff qualifications and regular training to carry out this task;
- be registered for the provision of vocational training or higher education activities or be recognised as vocational training providers for the purposes of the tender subject to meeting all the required eligibility conditions for vocational training providers, as set out in the Ordinance;
- have evidence of adequate location and facilities for the training to be carried out.

8.2.1.3.4.7. Principles with regards to the setting of selection criteria

The selection criteria for the eligible projects will be laid down in the Ordinance according to the Most Economically Advantageous Tender principle and shall be based on the following principles:

- the evaluation of the programme (quality and content of the programme);
- contractor references (qualifications and experience in training on the specific field).

Service providers shall be selected through a public tender in accordance with national public procurement procedures.

Only projects reaching a minimal threshold score may be selected.

8.2.1.3.4.8. (Applicable) amounts and support rates

Intensity of the support amounts to 100 % of eligible costs.

8.2.1.3.4.9. Verifiability and controllability of the measures and/or types of operations

8.2.1.3.4.9.1. Risk(s) in the implementation of the measures

The risks are identified on measure level.

8.2.1.3.4.9.2. Mitigating actions

The mitigating actions are identified on measure level.

8.2.1.3.4.9.3. Overall assessment of the measure

This type of operation is controllable and verifiable.

8.2.1.3.4.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.1.3.4.11. Information specific to the operation

Definition of appropriate capacities of bodies providing knowledge transfer services to carry out their tasks in the form of staff qualifications and regular training

In terms of staff qualifications, bodies providing knowledge transfer services will have to demonstrate as part of the application:

- A sufficient number of staff with a relevant university degree and 3 years experience or specific post-graduate qualification;
- The establishment and operation of a training and professional development programme for staff before the submission of the application.

Definition of the duration and content of farm and forest exchange schemes and visits as referred to in Article 3 of Delegated Regulation (EU) No 807/2014

Not applicable.

8.2.1.3.5. O_05: Demonstration activities

Sub-measure:

- 1.2 - support for demonstration activities and information actions

8.2.1.3.5.1. Description of the type of operation

Demonstration activities on specific aspects linked to the agriculture competitivness, resourcse and energy efficiency, application of environment and climate measures, preserving biodiversity, forestry and organic farming and other cross-cutting objectives such as innovation. They are designed to complement the training courses with practical demonstrations such as a practice to preserve biodiversity or specific technique.

Demonstration activities on the dissemination of innovative technologies or techniques and sustainable working practices. These practical demonstration sessions could illustrate, as examples, new technology advances, the use of new machinery, or a specific farming technique new to the area. They may also supplement the knowledge exchange of the EIP operational groups with practical demonstration activities outside the scope of sub-measure 16.2.

Demonstration activities on climate change and mitigation measures for farmers and private forest holders. In the forestry sector, this shall include activities related to Kyoto forest management rules. These activities will supplement the training courses offered in sub-measure 1.1.

Demonstration projects/activities shall include practical session to illustrate a new technology or a specific production technique. The activity can take place in a farm or in other places such as research centres, exhibition buildings and similar.

The type of operation is financially programmed under Focus Area 2A but can also significantly contribute to Focus Area 1A, 1C, 2B, 3B, 4A, 4B, 4C, 5A, 5B, 5C, 5D and 5E.

8.2.1.3.5.2. Type of support

Type of support: Grants

Support shall be awarded as a grant to selected knowledge transfer providers upon executed training according to an established reporting schedule.

8.2.1.3.5.3. Links to other legislation

- Public Procurement Act (OG 90/11, 83/13).

8.2.1.3.5.4. Beneficiaries

The eligible beneficiaries are public and private entities. The target groups are persons engaged in the

agricultural, food and forestry sectors.

8.2.1.3.5.5. Eligible costs

The following costs are eligible:

- cost for preparation and implementation of demonstration activities (salaries of employees, costs and travel costs and per diem cost for trainers);
- the costs linked to the premises where the demonstration activity is held and refreshments as applicable;
- costs of participants (travel, accommodation,) paid to the providers of the service.

Eligible costs actually incurred will be reimbursed on the presentation of invoices according to the limits established.

Investment costs are not eligible under this type of operation.

8.2.1.3.5.6. Eligibility conditions

Potential beneficiaries must:

- have the appropriate capacities in the form of staff to carry out the demonstration activity;
- have evidence of adequate location and the facilities for the demonstration activity to be carried out.

8.2.1.3.5.7. Principles with regards to the setting of selection criteria

Service providers shall be selected through a public tender in accordance with public procurement.

The selection criteria for the eligible projects will be laid down in the Ordinance according to the Most Economically Advantageous Tender principle and shall be based on the following principles:

- relevance of the demonstration activity (quality and content related to RDP priorities);
- contractor references (qualifications and experience in training on the specific field);
- innovation (such as participation in EIP Operational Groups).

Only projects reaching a minimal threshold score may be selected.

8.2.1.3.5.8. (Applicable) amounts and support rates

Intensity of the support amounts to 100 % of eligible costs.

8.2.1.3.5.9. Verifiability and controllability of the measures and/or types of operations

8.2.1.3.5.9.1. Risk(s) in the implementation of the measures

The risks are identified on measure level.

8.2.1.3.5.9.2. Mitigating actions

The mitigating actions are identified on measure level.

8.2.1.3.5.9.3. Overall assessment of the measure

This type of operation is controllable and verifiable.

8.2.1.3.5.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.1.3.5.11. Information specific to the operation

Definition of appropriate capacities of bodies providing knowledge transfer services to carry out their tasks in the form of staff qualifications and regular training

Concerning the staff qualifications, in the case of demonstration actions the following shall apply:

- Expert staff with a relevant degree or post graduate qualification;
- Qualified technical staff for the operation of the demonstration action.

The application shall provide information on the applicable training programme and its operation during application.

Definition of the duration and content of farm and forest exchange schemes and visits as referred to in Article 3 of Delegated Regulation (EU) No 807/2014

Not applicable.

8.2.1.4. Verifiability and controllability of the measures and/or types of operations

8.2.1.4.1. Risk(s) in the implementation of the measures

Non-completion of the training course by participants or under-attendance. Participants attending the same training more than once.

Error rates and high administrative burden in controlling incurred costs by beneficiaries.

8.2.1.4.2. Mitigating actions

The identification and cross-checks of participants will limit the risks concerning participation. Inspections will be carried out on sample basis of the initiatives funded under this measure and additional random checks as necessary, including the inspection of beneficiary records (e.g. attendance records) as well as on-the-ground checks and direct observations of the projects themselves. Cross-checks of participants shall be carried out to ensure that they do not attend the same training more than once.

The use of simplified financial costs in the case of in-house providing will used for staff costs in accordance with the provisions of Article 68 (2) of Regulation (EU) No 1303/2013 to reduce the error rate and administrative burden. Financial support will be provided for eligible costs and will only be paid on the presentation of sufficient evidence that costs have been incurred in accordance with public procurement procedures. This will involve the electronic submission of receipted invoices on approved costs which will be cross checked as required against bank statements showing corresponding entries.

8.2.1.4.3. Overall assessment of the measure

The measure is verifiable and controllable.

8.2.1.5. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.1.6. Information specific to the measure

Definition of appropriate capacities of bodies providing knowledge transfer services to carry out their tasks in the form of staff qualifications and regular training

This information has been detailed in each type of operation.

Definition of the duration and content of farm and forest exchange schemes and visits as referred to in Article 3 of Delegated Regulation (EU) No 807/2014

Not applicable.

8.2.1.7. Other important remarks relevant to understand and implement the measure

The measure shall be adjusted during implementation An assessment of the knowledge needs of the Croatian target groups shall be carried out as part of the Evaluation Plan and revisions may be made during programme implementation in order to target the courses and update the training offer.

8.2.2. M02 - Advisory services, farm management and farm relief services (art 15)

8.2.2.1. Legal basis

Article 15 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions.
Commission Implementing Regulation (EU) No 808/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

8.2.2.2. General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objectives

In conditions of increasing specialization in agriculture, food production and food processing industry and forestry, it is important that those involved in these sectors have the assistance of qualified advisors to improve the sustainable management of natural resources and the economic and environmental performance of farms and forest holdings, tailored advice on the use of new technologies, as well as approaches and techniques for mitigation and adaptation to climate change.

Besides that, new requirements have been set also before farmers and forest owners in Croatia: the reduction of the use of pesticides in accordance with the National Action Plan, cross-compliance (protection of soil and water, animal health and welfare), the implementation of agri-environmental measures, reducing air pollution, management of Natura 2000 areas, etc., as well as challenges such as the need to increase productivity and efficiency through new techniques and technologies, and mitigation and adaptation to climate change.

Moreover, to sustainably manage the forests and maintain them as guardians of biodiversity, forest owners, as well as micro, small and medium-sized entrepreneurs in the forestry sector must be informed and assisted in the professional and safe operation of the effective application of the 5E principles (energy, environmental, economic, ergonomic and aesthetically effective performance of forestry operations).

Advisory services, which can provide tailored and punctual advice on specific issues following ad hoc requests, are a key element in providing knowledge transfer and innovation in agriculture, food production and food processing industry and forestry.

The implementation of this Measure will foster the take-up of appropriate innovation as well as assist farmers to meet agri-environmental commitments and their practical obligations under cross compliance. This measure complements the Farm Advisory System (FAS) established in Art 12 to 14 of Regulation (EU) No 1306/2013 and shall go beyond providing advice linked to other issues.

A good quality and well-organised advisory system must therefore be made widely available in order to address directly Needs 1 and 2.

Advisory services shall be included as an option within the obligatory package of knowledge transfer and information provided for beneficiaries of AEC measures, also considering the specific needs for Croatian beneficiaries.

Contribution to focus areas

This is a horizontal measure that has an impact on all Rural Development priorities. It is designed to be complementary to Measure M01 and synergy is envisaged through the complementary use of both measures for the access for farmers and forest-owners to knowledge transfer from Measure M01 and advice from Measure M02 as appropriate. Above all, the measure contributes to Priority 1 "Fostering knowledge transfer and innovation in agriculture, forestry and rural areas", specifically to Focus Area 1A "Fostering innovation, cooperation, and the development of the knowledge base in rural areas".

The 4 types of operations envisaged under sub-measure 2.1 shall be programmed under the following Priority and Focus Areas contributing to the achievement of their respective objectives:

1. Advice on cross-compliance and agri-environmental-climate and organic farming measures is financially programmed under Priority 4;
2. Advice on modernizing and increasing the competitiveness of the agricultural holdings is financially programmed under Focus Area 2A;
3. Advice on the forestry holdings is financially programmed under Priority 4;
4. Advice to young farmers is financially programmed under Focus Area 2B.

The type of operation under sub-measure 2.3 shall be financially programmed under Priority 4.

The potential contribution to other Focus Areas is detailed in the description of each type of operation.

Contribution to cross-cutting objectives

This measure contributes to the realisation of all three cross-cutting objectives namely climate change mitigation and adaption, the environmental protection and innovation:

Climate change mitigation and adaption - The access to advisory services will enable the quicker adaptation to and mitigation of climate change at the level of the individual holdings, agricultural producers and forest owners.

Environmental protection - One of the most important areas for the intervention of the advisory service will be related to environmental protection. Advisory services are envisaged as part of the package of knowledge transfer for the AECM and for farmers converting to organic agricultural production, as well as providing tailored, technical advice on the use of environmentally friendly techniques and technologies in agriculture and forestry.

Innovation - Access to good quality and specialised advisory services will enable a fast and targeted flow of up-to-date tailor-made advice on innovation in order to foster its take-up.

Currently, pursuant to the Act on the Agricultural Advisory Service and the Decision of the Government of the Republic of Croatia, Advisory Services in Croatia are carried out solely by the Advisory Service,

which is a specialized public institution of advisory activity in agriculture, rural development, fisheries, and forest management for the forest owners and is an in-house body of the Minisitry of Agriculture.

Subject to the applicable changes in the national legal framework and the establishment and recognition of private Advisory Services in Croatia, the Measure shall be duly revised.

8.2.2.3. Scope, level of support, eligible beneficiaries, and where relevant, methodology for calculation of the amount or support rate broken down by sub-measure and/or type of operation where necessary. For each type of operation specification of eligible costs, eligibility conditions, applicable amounts and support rates and principles with regard to the setting of selection criteria

8.2.2.3.1. O_01: Advice on cross-compliance and and agri-environmental-climate and organic farming measures

Sub-measure:

- 2.1 - support to help benefiting from the use of advisory services

8.2.2.3.1.1. Description of the type of operation

The overall objective of this operation is: providing tailored advice to farmers and young farmers about cross-compliance, agricultural practices related to climate and the environment, the adoption of practical measures to increase resistance of agricultural systems from erosion, floods and droughts, the maintenance of agricultural land in order to preserve it in good condition and the reduction of the negative impact of agriculture on the environment and climate.

The provision of advice under this operation is directed at individual farmers and young farmers. The provision of advisory services under this type of operation will be prioritised for farmers with specific greening and cross-compliance obligations, and young farmers.

Indicative, non exhaustive topics on which advice may be offered are:

- Cross-compliance obligations (mandatory standards established under Chapter I of Title VI of Regulation (EU) No 1306/2013), the relevant criteria and minimum activities as established under points (c) (ii) of Article 4(1) of Regulation (EU) No 1307/2013, relevant minimum requirements for fertilisers and plant protection products use, and relevant mandatory requirements established by national law;
- The sustainable use of pesticides (such as the minimum requirements for plant protection products use, general principles for integrated pest management introduced under Directive 2009/128/EC, requirements to have a licence to use the products and meet training obligations, requirements on safe storage, the checking of application machinery and rules on pesticide use close to water and other sensitive sites as established by national legislation: Act on sustainable use of pesticides (OG 14/14);
- The Codes of Good Practice introduced under Directive 91/676/EEC for farms outside Nitrate Vulnerable Zones, and requirements concerning phosphorous pollution;
- Agri-Environmental practices (in accordance with the article 28 of Regulation (EU) No 1305/2013, including advice on types of operations funded under M10);

- Organic farming;
- Natura 2000 areas and areas of high natural value introduced under Regulation on the Ecological network (OG 124/2013);
- biodiversity preservation and protection;
- Mitigation and adaptation to climate change; Kyoto protocol basic, farm management activities contributing to climate change mitigation and/or adaptation;
- Water protection in accordance with Water Framework Directive (Directive 2000/60/EC).

Certificates shall be issued to those receiving the advice. In the case of beneficiaries receiving support from M10 and M11, the advice received shall form part of their obligatory commitment requirements.

Advisory services shall be provided for individual farmers and young farmers.

The type of operation is financially programmed under Priority 4 but can also significantly contribute to Focus Area 1A, 3A, 3B, 5A, 5B, 5C, 5D and 5E.

8.2.2.3.1.2. Type of support

Type of support: Grants

Support shall be awarded as a grant to the provider of the advisory services based on the reimbursement of the eligible expenditure incurred, up to a maximum EUR 1.500 per advice supplied.

8.2.2.3.1.3. Links to other legislation

Advice provided under this measure shall be consistent and coherent with the relevant EU and national legislation related to the subject of the advice.

- Act on Agricultural Advisory Service and the Decision of the Government of the Republic of Croatia (17 May 2012 and subsequent amendments);
- Personal Data Protection Act (OG 106/12);
- Agriculture Act (OG 30/15);
- Act on Fertilisers and Soil Improvers (OG 163/03, 40/07, 14/14);
- Act on Plant Health (OG 75/05, 25/09, 55/11);
- Environmental Protection Act (OG 80/13);
- Act on sustainable Waste Act Management (OG 94/13);
- Act on the Implementation of Council Regulation (EC) No 834/2007 on Organic Production and Labelling of Organic Products (OG 80/13, 14/14).

8.2.2.3.1.4. Beneficiaries

The eligible beneficiary is the Advisory Service, in-house body of the Ministry of Agriculture.

8.2.2.3.1.5. Eligible costs

The eligible costs within the framework of this operation are the costs incurred for the provision of advisory services up to a maximum of EUR 1.500 per advice supplied.

The eligible costs are:

- labour costs: salaries, travel and accommodation costs for advisers;
- indirect costs;
- external services;
- materials: preparation and production of materials;
- location costs: directly related to the place where the advice is delivered.

Simplified Cost Options shall be used solely for the following costs categories:

Staff costs: pursuant to Art 68 (2) of Regulation (EU) No 1303/2013, for the purposes of determining staff costs relating to the implementation of an operation, the hourly rate applicable shall be calculated by dividing the latest documented annual gross employment costs by 1.720 hours;

Indirect costs: pursuant to Art 68 (1) b of Regulation (EU) No 1303/2013, a flat rate of 15 % of eligible direct staff costs shall be applied;

Travel costs: in accordance with Art 67 (5) c of Regulation (EU) No 1303/2013, in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary, the nationally established mileage allowance for private car use established pursuant to the Ordinance issued by the Ministry of Finance shall be applied for the mileage allowance in the case of travel by car;

Per diems (exclusively for public bodies): in accordance with Art 67 (5) c of Regulation (EU) No 1303/2013, in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary, the per diem allowance for public bodies is established by Government decision pursuant to Art 11 Act on State Budget (OG 87/08 amended in OG 136/12).

All other payments shall be supported by invoices and documents proving payment or documents of equivalent probative value.

8.2.2.3.1.6. Eligibility conditions

The Advisory Service must guarantee the following:

- the appropriate capacities in the form of staff qualifications and regular training;
- the geographical distribution of advisors throughout the rural area;
- the provision of the list of staff qualified to provide advisory services and the specific fields of

advice and the arrangements for the training and continuous professional development of advisors updated annually.

Where specific advice is required on areas where the Advisory Service does not have the sufficient expertise, external expertise (legal or natural person) may be contracted in accordance with national public procurement procedures. In this case, the Advisory Service shall ensure there is no conflict of interest.

8.2.2.3.1.7. Principles with regards to the setting of selection criteria

Not applicable.

8.2.2.3.1.8. (Applicable) amounts and support rates

The intensity of the support is 100 % of total eligible level of support, up to a maximum of EUR 1.500 per advice.

8.2.2.3.1.9. Verifiability and controllability of the measures and/or types of operations

8.2.2.3.1.9.1. Risk(s) in the implementation of the measures

The risks are identified on measure level.

8.2.2.3.1.9.2. Mitigating actions

The mitigating actions are identified on measure level.

8.2.2.3.1.9.3. Overall assessment of the measure

This type of operation is controllable and verifiable.

8.2.2.3.1.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.2.3.1.11. Information specific to the operation

General principles to ensure appropriate resources in the form of regularly trained and qualified staff and advisory experience and reliability with respect to the field of advice. Identification of the elements that the advice will cover

In terms of staff qualifications, advisory experience and reliability, the following general principles are established:

- A sufficient number of staff with a relevant university or post-graduate qualification and 3 years experience in providing advice or consultancy services on the specific field or 15 years professional experience in providing advice or consultancy services on the specific field.

The establishment and operation of a training and professional development programme for staff.

The Advisory Service shall put in place arrangements to ensure that their capacities meet the above minimum requirements and that staff carrying out the service are appropriately experienced and qualified. This shall include a suitable programme of training and continuous professional development.

The advice shall be related to at least one EU rural development priority and must include at least one of the following elements:

- obligations at farm level deriving from the statutory management requirements and/or standards for good agricultural and environmental conditions provided for in Chapter I of Title VI of Regulation (EU) No 1306/2013;
- the agricultural practices beneficial for the climate and the environment as laid down in Chapter 3 of Title III of Regulation (EU) No 1307/2013 and the maintenance of the agricultural area as referred to in point (c) of Article 4(1) of Regulation (EU) No 1307/2013;
- requirements as defined by Croatia for implementing Article 11(3) of the Water Framework Directive;
- requirements as defined by Croatia, for implementing Article 55 of Regulation (EC) No 1107/2009, in particular compliance with the general principles of integrated pest management as referred to in Article 14 of Directive 2009/128/EC;
- agri-environmental-climate measures;
- Natura 2000 areas and areas of high natural value;
- organic farming;
- renewable sources of energy;
- reducing green house gas etc.;
- adaptation to climate changes and their mitigation, biodiversity and water protection pursuant to Annex I of Regulation (EU) No 1306/2013.

8.2.2.3.2. O_02: Advice on modernizing and increasing the competitiveness of the agricultural holdings

Sub-measure:

- 2.1 - support to help benefiting from the use of advisory services

8.2.2.3.2.1. Description of the type of operation

Lack of economic and financial knowledge by producers, weak technical and technological equipment capacities as well as lack of association cause low productivity and market competitiveness of agricultural holdings.

The overall objective of this operation is to provide tailor-made advice on improving economic efficiency and resilience of agricultural holdings using new techniques and technologies, on innovative technologies that will also enable a more rational use of natural resources, energy efficiency and use of RES, potential for by-product use, better sectoral integration, development of a business plan and marketing, innovative, environmentally-sustainable or improved production techniques, agricultural and non-agricultural diversification which will enable the revitalization of rural areas, etc.

Indicative, non exhaustive topics on which advice may be offered are:

- Farm Management;
- Applications of new technologies, products and processes in farming;
- Energy efficiency and RES (such as solar energy, agricultural biomass, energy efficiency for livestock buildings and greenhouses);
- Natural resource management (such as irrigation techniques for water management, soil fertility);
- Farm safety and health (such as manure storage and management; livestock handling);
- Use of agricultural by-products and waste products;
- Advice on cooperation opportunities, marketing including direct sales, logistics management;
- Farm Accounting;
- Potential for agricultural and non-agricultural diversification;

Advisory services shall be provided for individual farmers.

This type of operation is financially programmed under Focus Area 2A but can also significantly contribute to Focus Area 1A.

8.2.2.3.2.2. Type of support

Type of support: Grants

Support shall be awarded as a grant to the providers of advisory services based on the reimbursement of the eligible expenditure incurred, up to a maximum EUR 1.500 per advice supplied.

8.2.2.3.2.3. Links to other legislation

Advice provided under this measure shall be consistent and coherent with the relevant EU and national legislation related to the subject of the advice.

- Act on Agricultural Advisory Service and the Decision of the Government of the Republic of Croatia (17 May 2012 and subsequent amendments);
- Agriculture Act (OG 30/15);
- Personal Data Protection Act (OG 106/12).

8.2.2.3.2.4. Beneficiaries

The eligible beneficiary is:

- the Advisory Service, in-house body of the Ministry of Agriculture.

8.2.2.3.2.5. Eligible costs

The eligible costs within the framework of this operation are the costs incurred for the provision of advisory services up to a maximum of EUR 1,500 per advice supplied.

The eligible costs are:

- labour costs: salaries, travel and accommodation costs for advisers;
- indirect costs;
- external services;
- materials: preparation and production of materials;
- location costs: directly related to the place where the advice is delivered.

Simplified Cost Options shall be used solely for the following costs categories:

Staff costs: pursuant to Art 68 (2) of Regulation (EU) No 1303/2013, for the purposes of determining staff costs relating to the implementation of an operation, the hourly rate applicable shall be calculated by dividing the latest documented annual gross employment costs by 1.720 hours;

Indirect costs: pursuant to Art 68 (1) b of Regulation (EU) No 1303/2013, a flat rate of 15 % of eligible direct staff costs shall be applied;

Travel costs: in accordance with Art 67 (5) c of Regulation (EU) No 1303/2013, in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary, the nationally established mileage allowance for private car use established pursuant to the Ordinance issued by the Ministry of Finance shall be applied for the mileage allowance in the case of travel by car.

Per diems (exclusively for public bodies): in accordance with Art 67 (5) c of Regulation (EU) No 1303/2013, in accordance with the rules for application of corresponding scales of unit costs, lump sums

and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary, the per diem allowance for public bodies is established by Government decision pursuant to Art 11 Act on State Budget (OG 87/08 amended in OG 136/12).

All other payments shall be supported by invoices and documents proving payment or documents of equivalent probative value.

8.2.2.3.2.6. Eligibility conditions

The Advisory Service must guarantee the following:

- the appropriate capacities in the form of staff qualifications and regular training;
- the geographical distribution of advisors throughout the rural area;
- the provision of the list of staff qualified to provide advisory services and the specific fields of advice and the arrangements for the training and continuous professional development of advisors updated annually.

Where specific advice is required on areas where the Advisory Service does not have the sufficient expertise, external expertise (legal or natural person) may be contracted in accordance with national public procurement procedures. In this case, the Advisory Service shall ensure there is no conflict of interest.

8.2.2.3.2.7. Principles with regards to the setting of selection criteria

Not applicable.

8.2.2.3.2.8. (Applicable) amounts and support rates

The intensity of the support is 100 % of total eligible level of support, up to a maximum of EUR 1.500 per advice.

8.2.2.3.2.9. Verifiability and controllability of the measures and/or types of operations

8.2.2.3.2.9.1. Risk(s) in the implementation of the measures

The risks are identified on measure level.

8.2.2.3.2.9.2. Mitigating actions

The risks are identified on measure level.

8.2.2.3.2.9.3. Overall assessment of the measure

This type of operation is controllable and verifiable.

8.2.2.3.2.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.2.3.2.11. Information specific to the operation

General principles to ensure appropriate resources in the form of regularly trained and qualified staff and advisory experience and reliability with respect to the field of advice. Identification of the elements that the advice will cover

In terms of staff qualifications, advisory experience and reliability, the following general principles are established:

- A sufficient number of staff with a relevant university or post-graduate qualification and 3 years experience in providing advice or consultancy services on the specific field or 15 years professional experience in providing advice or consultancy services on the specific field;
- The establishment and operation of a training and professional development programme for staff.

The Advisory Service shall put in place arrangements to ensure that their capacities meet the above minimum requirements and that staff carrying out the service are appropriately experienced and qualified. This shall include a suitable programme of training and continuous professional development.

The advice shall be related to at least one EU rural development priority and must include at least one of the following elements:

- measures at farm level aiming at farm modernisation (professional advice on production techniques, economic profitability etc.), competitiveness building, sectoral integration (cooperation, supply chain), innovation (applications of new technologies, products and processes in farming and market orientation, as well as the promotion of entrepreneurship;
- occupational safety standards or safety standards linked to the farm;
- development of business plan;
- diversification of farm activities etc.

8.2.2.3.3. O_03: Advice on the forestry holdings

Sub-measure:

- 2.1 - support to help benefiting from the use of advisory services

8.2.2.3.3.1. Description of the type of operation

The overall objective of this type of operation is to provide tailored advice on sustainable forest management to private forest holders. This shall include advice related to climate change and mitigation, in particular on the guidelines of Kyoto forest management rules and Land Use Change and Forestry.

This type of operation is financially programmed under Priority 4 but can also significantly contribute to Focus Area 1A, 5C and 5E.

8.2.2.3.3.2. Type of support

Type of support: Grants

Support shall be awarded as a grant to the providers of advisory services based on the reimbursement of the eligible expenditure incurred, up to a maximum EUR 1.500 per advice supplied.

8.2.2.3.3.3. Links to other legislation

Advice provided under this measure shall be consistent and coherent with the relevant EU and national legislation related to the subject of the advice.

- Act on Agricultural Advisory Service and the Decision of the Government of the Republic of Croatia (17 May 2012 and subsequent amendments);
- Forestry Act (OG 140/05, 82/06, 129/08, 80/10, 124/10, 25/12, 68/12, 148/13, 94/14);
- National Forest Policy and Strategy (OG 120/03);
- New EU Forest Strategy: for forests and the forest-based sector - COM(2013) 659;
- EU Forest Action Plan;
- Personal Data Protection Act (OG 106/12).

8.2.2.3.3.4. Beneficiaries

The eligible beneficiary is:

- the Advisory Service, in-house body of the Ministry of Agriculture.

8.2.2.3.3.5. Eligible costs

The eligible costs within the framework of this operation are the costs incurred for the provision of advisory services up to a maximum of EUR 1.500 per advice supplied.

The eligible costs are:

- labour costs: salaries, travel and accommodation costs for advisers;
- indirect costs;
- external services;
- materials: preparation and production of materials;
- location costs: directly related to the place where the advice is delivered.

Simplified Cost Options shall be used solely for the following costs categories:

Staff costs: pursuant to Art 68 (2) of Regulation (EU) No 1303/2013, for the purposes of determining staff costs relating to the implementation of an operation, the hourly rate applicable shall be calculated by dividing the latest documented annual gross employment costs by 1.720 hours;

Indirect costs: pursuant to Art 68 (1) b of Regulation (EU) No 1303/2013, a flat rate of 15 % of eligible direct staff costs shall be applied;

Travel costs: in accordance with Art 67 (5) c of Regulation (EU) No 1303/2013, in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary, the nationally established mileage allowance for private car use established pursuant to the Ordinance issued by the Ministry of Finance shall be applied for the mileage allowance in the case of travel by car;

Per diems (exclusively for public bodies): in accordance with Art 67 (5) c of Regulation (EU) No 1303/2013, in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary, the per diem allowance for public bodies is established by Government decision pursuant to Art 11 Act on State Budget (OG 87/08 amended in OG 136/12).

All other payments shall be supported by invoices and documents proving payment or documents of equivalent probative value.

8.2.2.3.3.6. Eligibility conditions

The Advisory Service must guarantee the following:

- the appropriate capacities in the form of staff qualifications and regular training;
- the geographical distribution of forestry advisors throughout the rural area;
- the provision of the list of staff qualified to provide forestry advisory services and the arrangements for the training and continuous professional development of advisors updated annually.

Where specific advice is required on areas where the Advisory Service does not have the sufficient expertise, external expertise (legal or natural person) may be contracted in accordance with national public procurement procedures. In this case, the Advisory Service shall ensure there is no conflict of interest.

8.2.2.3.3.7. Principles with regards to the setting of selection criteria

Not applicable.

8.2.2.3.3.8. (Applicable) amounts and support rates

The intensity of the support is 100 % of total eligible level of support, up to a maximum of EUR 1.500 per advice.

8.2.2.3.3.9. Verifiability and controllability of the measures and/or types of operations

8.2.2.3.3.9.1. Risk(s) in the implementation of the measures

The risks are identified on measure level.

8.2.2.3.3.9.2. Mitigating actions

The mitigating actions are identified on measure level.

8.2.2.3.3.9.3. Overall assessment of the measure

This type of operation is controllable and verifiable.

8.2.2.3.3.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.2.3.3.11. Information specific to the operation

General principles to ensure appropriate resources in the form of regularly trained and qualified staff and advisory experience and reliability with respect to the field of advice. Identification of the elements that the advice will cover

In terms of staff qualifications, advisory experience and reliability, the following general principles are established:

- A sufficient number of staff with a relevant university or post-graduate qualification and 3 years experience in providing advice or consultancy services on the specific field or 15 years professional experience in providing advice or consultancy services on the specific field;
- The establishment and operation of a training and professional development programme for staff.

The Advisory Service shall put in place arrangements to ensure that their capacities meet the above minimum requirements and that staff carrying out the service are appropriately experienced and qualified. This shall include a suitable programme of training and continuous professional development.

The advice shall be related to at least one EU rural development priority and must include at least one of the following elements:

- sustainable management of forest ecosystems including advice on all relevant obligations Natura 2000, Directive 92/43/EEC (the conservation of natural habitats and of wild fauna and flora), Directive 2009/147/ EZ (the conservation of wild birds) and Water Framework Directive;
- mitigation and adaptation to climate change; guidelines of Kyoto forest management rules and Land Use Change and Forestry;
- advising on - enhanced processes, techniques and technologies to raise productivity including advice on joining a producer group, associations and similar organizations in order to raise productivity and efficiency in the management of fragmented forest lands and efficiency of the forestry sector;
- the management of common types of risks that forest owners holders meet (adverse climatic events, forest fires, plant diseases that threaten the forest ecosystem, pest infestation, and environmental incidents);
- Advice about safety in forestry operations and harvesting.

8.2.2.3.4. O_04: Advice to young farmers

Sub-measure:

- 2.1 - support to help benefiting from the use of advisory services

8.2.2.3.4.1. Description of the type of operation

The overall objective of this type of operation is the provision of tailor-made advice to young farmers as new entrants to the agricultural sector on their specific needs during the setting-up and running of new farms in order to maximise their long-term viability and contribution to overall competitiveness as well as tailored advice for on-farm solutions for economic and resource efficiency.

Indicative, non exhaustive topics on which advice may be offered are:

- Farm Establishment & Management;
- Animal welfare and farm bio-security;
- Applications of new technologies, products and processes in farming, including advice on introduction ofagricultural innovation from the the work of the European Innovation Partnership (EIP) on Agricultural Productivity and Sustainability;
- Natural resource management (such as irrigation techniques for water management, soil fertility);
- Farm safety awareness (eg slurry risks; livestock handling; working with machinery);
- Cooperation, market orientation, supply chain and local markets;
- EU standards (environment, health, hygiene) such as integrated pest management;
- Production (eg High-profitability agriculture);
- Energy efficiency and use of RES (such as the use of agricultural biomass, RES and eneergy-efficient solutions for livestock buildings and greenhouses);
- Diversification of farms (such as agricultural diversification).

Advisory services shall be provided for young farmers.

This type of operation is financially programmed under Focus Area 2B but can also significantly contribute to Focus Area 1A, 2A, 3A, 3B, 4B, 5A, 5B, 5C, 5D and 5E.

8.2.2.3.4.2. Type of support

Type of support: Grants

Support shall be awarded as a grant to the providers of advisory services based on the reimbursement of the eligible expenditure incurred, up to a maximum EUR 1.500 per advice supplied.

8.2.2.3.4.3. Links to other legislation

Advice provided under this measure shall be consistent and coherent with the relevant EU and national

legislation related to the subject of the advice.

- Agriculture Act (OG 30/15);
- Act on Agricultural Advisory Service and the Decision of the Government of the Republic of Croatia (17 May 2012 and subsequent amendments);
- Personal Data Protection Act (OG 106/12).

8.2.2.3.4.4. Beneficiaries

The eligible beneficiary:

- the Advisory Service, in-house body of the Ministry of Agriculture.

8.2.2.3.4.5. Eligible costs

The eligible costs within the framework of this operation are the costs incurred for the provision of advisory services up to a maximum of EUR 1.500 per advice supplied.

The eligible costs are:

- labour costs: salaries, travel and accommodation costs for advisers;
- indirect costs;
- external services;
- materials: preparation and production of materials;
- location costs: directly related to the place where the advice is delivered.

Simplified Cost Options shall be used solely for the following costs categories:

Staff costs: pursuant to Art 68 (2) of Regulation (EU) No 1303/2013, for the purposes of determining staff costs relating to the implementation of an operation, the hourly rate applicable shall be calculated by dividing the latest documented annual gross employment costs by 1.720 hours.

Indirect costs: pursuant to Art 68 (1) b of Regulation (EU) No 1303/2013, a flat rate of 15 % of eligible direct staff costs shall be applied;

Travel costs: in accordance with Art 67 (5) c of Regulation (EU) No 1303/2013, in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary, the nationally established mileage allowance for private car use established pursuant to the Ordinance issued by the Ministry of Finance shall be applied for the mileage allowance in the case of travel by car;

Per diems (exclusively for public bodies): in accordance with Art 67 (5) c of Regulation (EU) No 1303/2013, in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary, the per diem allowance for public bodies is established by Government

decision pursuant to Art 11 Act on State Budget (OG 87/08 amended in OG 136/12).

All other payments shall be supported by invoices and documents proving payment or documents of equivalent probative value.

8.2.2.3.4.6. Eligibility conditions

The Advisory Service must guarantee the following:

- the appropriate capacities in the form of staff qualifications and regular training;
- the geographical distribution of advisors throughout the rural area;
- the provision of the list of staff qualified to provide advisory services and the specific fields of advice and the arrangements for the training and continuous professional development of advisors updated annually.

Where specific advice is required on areas where the Advisory Service does not have the sufficient expertise, external expertise (legal or natural person) may be contracted in accordance with national public procurement procedures. In this case, the Advisory Service shall ensure there is no conflict of interest.

8.2.2.3.4.7. Principles with regards to the setting of selection criteria

Not applicable.

8.2.2.3.4.8. (Applicable) amounts and support rates

The intensity of the support is 100 % of total eligible level of support, up to a maximum of EUR 1.500 per advice.

8.2.2.3.4.9. Verifiability and controllability of the measures and/or types of operations

8.2.2.3.4.9.1. Risk(s) in the implementation of the measures

The risks are identified on measure level.

8.2.2.3.4.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.2.3.4.9.3. Overall assessment of the measure

This type of operation is controllable and verifiable.

8.2.2.3.4.10. Methodology for calculation of the amount or support rate, where relevant

Not relevant

8.2.2.3.4.11. Information specific to the operation

General principles to ensure appropriate resources in the form of regularly trained and qualified staff and advisory experience and reliability with respect to the field of advice. Identification of the elements that the advice will cover

In terms of staff qualifications, advisory experience and reliability, the following general principles are established:

- A sufficient number of staff with a relevant university or post-graduate qualification and 3 years experience in providing advice or consultancy services on the specific field or 15 years professional experience in providing advice or consultancy services on the specific field;
- The establishment and operation of a training and professional development programme for staff.

The Advisory Services shall put in place arrangements to ensure that their capacities meet the above minimum requirements and that staff carrying out the service are appropriately experienced and qualified. This shall include a suitable programme of training and continuous professional development.

The advice shall be related to at least one EU rural development priority and must include at least one of the following elements:

- measures at farm level aiming at farm establishment, management and modernisation, competitiveness building, sectoral integration (cooperation, market orientation, supply chain and local markets), innovation (applications of new technologies, products and processes in farming) and market orientation, as well as the promotion of entrepreneurship (development of business plan, economic profitability);
- occupational safety standards or safety standards linked to the farm, Animal welfare and farm bio-security;
- energy efficiency and use of RES, natural resource management;
- diversification on farms etc.

8.2.2.3.5. O_05: Training of advisers

Sub-measure:

- 2.3 - support for training of advisors

8.2.2.3.5.1. Description of the type of operation

The overall objective of the operation is to ensure the implementation of a training programme for advisers in the Advisory Service on the fields they shall be providing advice on, indicatively and not exclusively:

- cross compliance, better and quality management of land and agricultural practices related to climate and the environment, agri-enviroment-climate payments, Natura 2000 areas and areas of high natural value, organic farming, conservation of natural habitats and of wild fauna and flora, conservation of wild birds etc.;
- resource efficiency, use of RES, innovative, environmentally-sustainable or improved production techniques, innovative technologies, business development and marketing, etc and other relevant issues, including innovative approaches, good practices and information from the work of the European Innovation Partnership (EIP) on Agricultural Productivity and Sustainability contributing;
- sustainable forest management and other relevant isues; implementation of Natura 2000 guidelines for forests and other environmental issues; basis of Kyoto forest management rules and Land Use Change and Forestry (LULUCF); forest diseases and pests and invasive foreign species; forest certification; innovative approaches in organization and management of forest work and safety in forestry operations and harvesting; renewable sources of energy – forestry biomass.

The training programme shall include theoretical and practical aspects and may also include on-line training elements.

The Training programme shall ensure the enhancement and updating of knowledge and advisory capacities of the Advisors.

This operation shall be financially programmed under Priority 4 but can also significantly contribute to Focus Areas: 2A, 5B, 5C and 5E.

8.2.2.3.5.2. Type of support

Type of support: Grants

The support shall be awarded as a grant to the Advisory Service for the provision of training for advisors.

8.2.2.3.5.3. Links to other legislation

- Public Procurement Act (OG 90/11, 83/13).

8.2.2.3.5.4. Beneficiaries

The beneficiary of the support is the Advisory Service.

8.2.2.3.5.5. Eligible costs

Eligible costs within the framework of this operation are the costs incurred by providing vocational training to advisors.

The eligible costs are :

Externally-organised training courses:

- cost of participation in the training course;
- travel, accommodation and per diem expenses for advisors.

Ad-hoc training courses:

- labour costs: salaries, benefits, travel costs and per diem costs for lecturers;
- material costs: costs for the development of curricula, costs for the preparation of training materials (teaching materials and equipment necessary for the training), course evaluation costs;
- cost of services: rentals, administrative expenses, refreshments as applicable, etc.;
- travel, accommodation and per diem expenses for advisors.

Support shall be granted on the basis of real costs incurred.

In the case of travel and per diem expenses for advisors from the in-house Advisory Service participating in trainings, Simplified Cost Options may be used:

Travel costs: in accordance with Art 67 (5) c of Regulation (EU) No 1303/2013, in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary, the nationally established mileage allowance for private car use established pursuant to the Ordinance issued by the Ministry of Finance shall be applied for the mileage allowance in the case of travel by car.

Per diems (exclusively for public bodies): in accordance with Art 67 (5) c of Regulation (EU) No 1303/2013, in accordance with the rules for application of corresponding scales of unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Member State for a similar type of operation and beneficiary, the per diem allowance for public bodies is established by Government decision pursuant to Art 11 Act on State Budget (OG 87/08 amended in OG 136/12).

8.2.2.3.5.6. Eligibility conditions

The Advisory Service must present an Annual Training Plan indicating the minimum number of staff to be

trained, the indicative topics on which training is needed and the maximum budget per year.

The training must be directly linked to the training and professional development plan established by the Advisory Service. The Advisory Service shall ensure the quality of the external training courses and the qualifications and experience of the Trainers in ad-hoc training activities.

Trainings shall only be eligible if coherent with the Annual Training Plan.

8.2.2.3.5.7. Principles with regards to the setting of selection criteria

The best value for money principle shall apply to all trainings to be paid from the grant.

8.2.2.3.5.8. (Applicable) amounts and support rates

- Intensity of the support is 100 % of total eligible level of support;
- The maximum value of support for the Advisory Service for the training of advisers shall be EUR 200,000 over 3 years.

8.2.2.3.5.9. Verifiability and controllability of the measures and/or types of operations

8.2.2.3.5.9.1. Risk(s) in the implementation of the measures

The risks are identified at measure level.

8.2.2.3.5.9.2. Mitigating actions

The mitigating actions are identified at measure level.

8.2.2.3.5.9.3. Overall assessment of the measure

This type of operation is controllable and verifiable.

8.2.2.3.5.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.2.3.5.11. Information specific to the operation

General principles to ensure appropriate resources in the form of regularly trained and qualified staff and advisory experience and reliability with respect to the field of advice. Identification of the elements that the advice will cover

This type of operation will contribute to ensure that Advisory Services are provided by regularly trained staff. It will also ensure that Advisors have access to the most relevant innovations and best practices.

8.2.2.4. Verifiability and controllability of the measures and/or types of operations

8.2.2.4.1. Risk(s) in the implementation of the measures

- Error rates and high administrative burden in controlling real costs of the advice;
- Target groups may receive advice more than twice in the indicated 3-year period;
- In the case of type of operation 2.3, public procurement rules are respected.

8.2.2.4.2. Mitigating actions

- The use of simplified financial costs for staff costs in accordance with the provisions of Article 68 (2) of Regulation (EU) No 1303/2013 will reduce the error rate and administrative burden;
- Cross checks on target groups receiving advice to ensure that the maximum limit is respected;
- Guidance on the applicable public procurement rules shall be provided.

8.2.2.4.3. Overall assessment of the measure

Based on the mitigating actions, this measure is verifiable and controllable.

8.2.2.5. Methodology for calculation of the amount or support rate, where relevant

Not applicable to this measure.

8.2.2.6. Information specific to the measure

General principles to ensure appropriate resources in the form of regularly trained and qualified staff and advisory experience and reliability with respect to the field of advice. Identification of the elements that the advice will cover

This has been detailed at the level of type of operation.

8.2.2.7. Other important remarks relevant to understand and implement the measure

The access to advisory services by individual farmers, agricultural holders and young farmers is limited to twice in three years.

8.2.3. M03 - Quality schemes for agricultural products and foodstuffs (art 16)

8.2.3.1. Legal basis

Article 16 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

Commission delegated regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions.

Commission implementing regulation (EU) No 808/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

8.2.3.2. General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objectives

The recent growing interest of producers in quality schemes in Croatia has been identified in the SWOT analysis.

The objective of the measure is to stimulate agricultural producers to participate in quality schemes, which contributes to the increase of added value, as well as protect products with quality designations from misuse and imitation.

The effectiveness of reaching this objective entails the recognition of the product and the readiness of consumers to pay higher prices for products with quality designations. The recognisability level of products included in quality schemes is low in Croatia, which deprives producers of the ability to generate higher revenues from the sale of products with quality designations.

Better information and marketing and increased involvement of agricultural producers in quality schemes will enable the better recognisability of products with quality designations, which also influences the readiness of consumers to pay higher prices for such special products.

The measure directly addresses Need 13.

Contribution to focus areas

In particular, both types of operations in this measure contribute to:

Priority 3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture, with emphasis on the following areas:

Focus Area 3A: Improving competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and

short supply circuits, producer groups and organisations, and inter-branch organisations.

The Measure also contributes indirectly to Priority 5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors, with a focus on the following areas:

Focus Area 5D: Reducing green house gas and ammonia emissions from agriculture;

and Focus Area 5E: Fostering carbon conservation and sequestration in agriculture and forestry.

Contribution to cross-cutting objectives

This measure contributes to the realisation of cross-cutting objectives related to climate changes, environmental protection and innovations.

Climate changes - the activities within the framework of this measure contribute to the mitigation of climate changes through the adoption of established standards.

Environmental protection - establishing a quality scheme and standards superior to those prescribed also includes environmental care, especially in organic agricultural production.

Innovation - research and innovation have an important role in ensuring production continuity and quality.

Measure will contribute to the cross-cutting objectives by rationalizing and optimizing all natural resource usage without compromising the environment, services level standards or long-term infrastructure management, through research, auditing and product development.

8.2.3.3. Scope, level of support, eligible beneficiaries, and where relevant, methodology for calculation of the amount or support rate broken down by sub-measure and/or type of operation where necessary. For each type of operation specification of eligible costs, eligibility conditions, applicable amounts and support rates and principles with regard to the setting of selection criteria

8.2.3.3.1. O_01: Support for the participation of farmers in quality schemes for agricultural products and foodstuffs

Sub-measure:

- 3.1 - support for new participation in quality schemes

8.2.3.3.1.1. Description of the type of operation

Support shall be awarded for the first participation of producers in one of the following schemes:

- quality schemes in accordance with EU legislation;
- quality schemes in accordance with national legislation.

8.2.3.3.1.2. Type of support

Type of support: Grants

Support shall be awarded as annual payments concerning costs for entry and participation in quality schemes in accordance with EU legislation, a quality scheme in accordance with national legislation, an organic production scheme in accordance with EU and national legislation.

8.2.3.3.1.3. Links to other legislation

- Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs;
- Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products;
- Act on the Implementation of Council Regulation (EC) No 834/2007 on Organic Production and Labelling of Organic Products (OG 80/13, 14/14);
- Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union;
- Agriculture Act (OG 30/15);
- Act on Protected Designations of Origin, Protected Geographical Indications and Agricultural Products and Foodstuffs as Guaranteed Traditional Specialities (OG 80/13, 14/14);
- Ordinance on integrated farming (OG 137/12, 59/14).

8.2.3.3.1.4. Beneficiaries

Eligible beneficiaries for this measure are active farmers within the meaning of Article 9 of Regulation (EU) No 1307/2013 registered in Register of Agricultural holdings accordance with the Agriculture Act, for involvement in:

- an EU or national quality scheme in accordance with the above legislation;
- associations of organic agricultural producers whose members participate in an organic production scheme.

8.2.3.3.1.5. Eligible costs

The eligible costs are:

- costs of entry into the quality scheme;
- annual contribution for participating in a supported quality scheme;
- expenditure on checks required to verify compliance with the specifications of the relevant scheme.

8.2.3.3.1.6. Eligibility conditions

Eligible beneficiaries must be active farmers registered in the Register of Agricultural Holdings. The beneficiary must have a certificate of product compliance with specifications of the implemented control, which will be proof of their inclusion in the quality scheme.

Every agricultural product or foodstuff from a quality scheme which is being sold on the market must be identified by:

- an EU quality scheme symbol (once applicable) or a national symbol on PDO, PGI and TSG;
- a national quality scheme symbol.

8.2.3.3.1.7. Principles with regards to the setting of selection criteria

Selection criteria will be laid down in the Ordinance and will be based indicatively on the following principles:

- Category of scheme (PDO, PGI and TSG schemes prioritised);
- Size of the Agriculture holdings (farms with lower SO prioritised).

Only operations reaching a minimal threshold score shall be funded.

8.2.3.3.1.8. (Applicable) amounts and support rates

The intensity of the support amounts to 100 % of defined fixed costs within a maximum amount of public support not exceeding EUR 3.000/year per agricultural holding.

Support is granted as a non-refundable annual subsidy, determined in accordance with the level of fixed costs actually incurred for a maximum duration of five years.

8.2.3.3.1.9. Verifiability and controllability of the measures and/or types of operations

8.2.3.3.1.9.1. Risk(s) in the implementation of the measures

The main risks are related to:

- the validity and conformity of the quality scheme and the producers' group;
- the risk of double financing (producers receiving support for participation in the quality scheme from other sources);
- the presentation of ineligible invoices as a basis for the level of fixed costs to determine the annual subsidy;
- the eligibility of beneficiaries;
- the eligibility conditions and
- the selection of operations to be financed.

8.2.3.3.1.9.2. Mitigating actions

The mitigating actions are:

- The verification of the quality scheme and the registration of the producers in the schemes shall be carried out through the verification of the Registers;
- Checks will be made by the Paying Agency to exclude double funding. Beneficiaries who have obtained support for the same purpose within the framework of other measures can be identified by the Client register set up in the Paying Agency;
- All invoices presented shall be checked for coherence with the declared fixed costs and controls on double funding carried out by the Paying Agency;
- The Beneficiary's compliance with definition of "active famer" will be cross-checked on the Farm register;
- The Beneficiary will have to prove eligibility conditions with copy of certificate. Administrative control by the Paying Agency will include this check as regular (100 % of applications);
- Beneficiaries will be selected according to selection criteria strictly applied as defined in national ordinance upon approval by the Monitoring Committee.

8.2.3.3.1.9.3. Overall assessment of the measure

This type of operation is controllable and verifiable.

8.2.3.3.1.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.3.3.1.11. Information specific to the operation

Indication of eligible quality schemes, including farm certification schemes, for agricultural products, cotton or foodstuffs recognized at national level and confirmation that these quality schemes are fulfilling the 4 specific criteria of Article 16(1)(b) of Regulation (EU) No 1305/2013

Ordinance on integrated farming (OG 137/12, 59/14).

This national quality scheme fulfils the 4 specific criteria of Article 16(1)(b) of Regulation (EU) No 1305/2013.

Indication of eligible voluntary agricultural product certification schemes recognized by the Member State as meeting the Union best practice guidelines

Not applicable.

8.2.3.3.2. O_02: Support for information and promotion activities

Sub-measure:

- 3.2 - Support for information and promotion activities implemented by groups of producers in the internal market

8.2.3.3.2.1. Description of the type of operation

The operation includes information and promotion activities for the EU market carried out by groups of producers for agricultural products or foodstuffs covered by quality schemes in accordance with EU legislation and organic production schemes in accordance with EU and national legislation. The operation aims to stress the additional quality or other specific characteristics of the product or foodstuff without misleading the consumers and giving the advantage due to particular origin, not covered with quality scheme. The activities shall not be addressed to promotion of commercial brands name.

Only activities concerning products covered by schemes receiving support under sub-measure 3.1 may receive support under this sub-measure.

The objectives are to:

- Inform consumers and distributors about the agricultural products or foodstuffs covered by EU quality schemes or organic production and their specific features and characteristics;
- Inform consumers of the authenticity, high animal welfare standards or respect for the environment linked to the quality scheme concerned;
- Disseminate information on nutritional and health-related aspects of the products including specific scientific and technical knowledge.

8.2.3.3.2.2. Type of support

Type of support: Grants

Support shall be awarded as annual payments concerning costs for product information and promotion costs to producer groups involved in a quality scheme in accordance with EU legislation, a quality scheme in accordance with national legislation, an organic production scheme in accordance with EU and national legislation.

8.2.3.3.2.3. Links to other legislation

- Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs;
- Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products;
- Regulation (EU) 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of

Articles 107 and 108 of the Treaty on the Functioning of the European Union.

National Legislation:

- Agriculture Act (OG 30/15);
- Act on Protected Designations of Origin, Protected Geographical Indications and Traditional Specialities Guaranteed for Agricultural Products and Foodstuffs (OG 80/13, 14/14);
- Ordinance on Protected Designations of Origin, Protected Geographical Indications and Traditional Specialities for Agricultural Products and Foodstuffs (OG 86/13);
- Ordinance on national symbol for Protected Designations of Origin, Protected Geographical Indications and Traditional Specialities for Agricultural Products and Foodstuffs (OG 69/14);
- Act on the Implementation of Council Regulation (EC) No 834/2007 on Organic Production and Labelling of Organic Products (OG 80/13, 14/14);
- Ordinance on integrated farming (OG 137/12, 59/14).

8.2.3.3.2.4. Beneficiaries

- producer groups (associations) participating in Union or national quality schemes;
- associations of organic agricultural producers whose members participate in an organic production scheme.

8.2.3.3.2.5. Eligible costs

Eligible costs shall include product information and promotion activities such as:

- the organisation of, and/or participation in fairs and exhibitions;
- production of promotional materials using different media, multimedia products, website development and promotion;
- purchase of advertising space;
- promotional campaigns and the organisation of dedicated promotion events including educational tours;
- workshops and seminars;
- information and activities promotion via the different channels of communication or at the points of sale of national or EU significance or HoReCa channels;
- duly documented organisational costs for a maximum of 5 % of the total eligible costs.

The Ordinance shall provide specific information on the definition of the activities and the eligible costs.

In the case which information and promotion material is not in line with relevant Union and national legislation and applicable in the Member States in which the information and promotion activities are carried out will not be considered as eligible costs.

8.2.3.3.2.6. Eligibility conditions

Eligible beneficiaries must be organised and act as a group of producers (association) in accordance with the Article 3 (2) of Regulation (EU) No 1151/2012, or as an association of organic agricultural producers whose members participate in an organic production scheme in accordance with the Act on the Implementation of Council Regulation (EC) No 834/2007 on Organic Production and Labelling of Organic Products, or quality schemes in accordance with national legislation.

The new participation of at least one farmer in the protected quality schemes is necessary.

8.2.3.3.2.7. Principles with regards to the setting of selection criteria

Operations will be selected for co-financing on the basis of a call for proposals.

The selection criteria for the eligible operations, will be laid down in the Ordinance based on the following principles:

- The number of producers involved (higher number of producers prioritised);
- Output product (quality schemes of TFEU Annex I products prioritised);
- Category of scheme (PDO, PGI and TSG schemes prioritised);
- Number of operations already supported by this type of operation (beneficiaries with lower number of already supported operations prioritised).

Only operations reaching a minimal threshold score shall be funded.

8.2.3.3.2.8. (Applicable) amounts and support rates

Support for information and promotion costs related to products in quality schemes and organic production amounts to 70 % of eligible costs, but shall not exceed EUR 30.000/year up to a maximum of EUR 100.000 during the programme period per group of producers/association.

The annual support amount will be determined on the basis of the projects' preliminary calculations annexed to the application.

8.2.3.3.2.9. Verifiability and controllability of the measures and/or types of operations

8.2.3.3.2.9.1. Risk(s) in the implementation of the measures

The main risks are related to:

- the validity and conformity of the quality scheme and the producers' group;
- the registration of a new farmer in the producers' group;
- the risk that support is provided for the same activity from different sources;
- the risk of activities promoting commercial brands;
- the reasonableness of costs and

- eligibility of costs.

8.2.3.3.2.9.2. Mitigating actions

The mitigating actions are:

- The verification of the quality scheme and the registration of the producers in the schemes shall be carried out through the verification of the Registers;
- Checks will be made to ensure the effective registration of a new farmer in the producer group;
- Checks will be made to ensure that there is no double funding for activities either under the horizontal promotion policy for agricultural products on the internal market or the promotion activities under national support programmes in the wine sector (Art 45 of Regulation (EU) No 1308/2013);
- Checks will be made on all promotional materials produced to ensure commercial brands are not promoted.
- All invoices presented shall be checked for reasonableness of costs by the Paying Agency. Maximum parameters may be established and all potential beneficiaries duly informed.
- Only costs regarding information and promotion activities will be recognized as eligible by the Paying Agency. Invoices will be checked in relation to presented costs including reasonableness of costs.

8.2.3.3.2.9.3. Overall assessment of the measure

This type of operation is controllable and verifiable.

8.2.3.3.2.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.3.3.2.11. Information specific to the operation

Indication of eligible quality schemes, including farm certification schemes, for agricultural products, cotton or foodstuffs recognized at national level and confirmation that these quality schemes are fulfilling the 4 specific criteria of Article 16(1)(b) of Regulation (EU) No 1305/2013

Ordinance on integrated farming (OG 137/12, 59/14);

This national quality scheme fulfils the 4 specific criteria of Article 16(1)(b) of Regulation (EU) No 1305/2013.

Indication of eligible voluntary agricultural product certification schemes recognized by the Member State as meeting the Union best practice guidelines

Not applicable.

8.2.3.4. Verifiability and controllability of the measures and/or types of operations

8.2.3.4.1. Risk(s) in the implementation of the measures

The risks are defined at level of type of operation.

8.2.3.4.2. Mitigating actions

The mitigating actions are defined at the level of type of operation.

8.2.3.4.3. Overall assessment of the measure

Based on the appropriate mitigating actions indicated above, the measure is controllable and verifiable.

8.2.3.5. Methodology for calculation of the amount or support rate, where relevant

Not applicable to this measure.

8.2.3.6. Information specific to the measure

Indication of eligible quality schemes, including farm certification schemes, for agricultural products, cotton or foodstuffs recognized at national level and confirmation that these quality schemes are fulfilling the 4 specific criteria of Article 16(1)(b) of Regulation (EU) No 1305/2013

Ordinance on integrated farming (OG 137/12, 59/14); This national quality scheme fulfils the 4 specific criteria of Article 16(1)(b) of Regulation (EU) No 1305/2013.

Indication of eligible voluntary agricultural product certification schemes recognized by the Member State as meeting the Union best practice guidelines

Not applicable.

8.2.3.7. Other important remarks relevant to understand and implement the measure

The concept of "quality" is not specifically defined in the rural development regulation, as it refers back to the relevant specific legislations backing the different quality schemes eligible for support under this measure. The same applies as regards specific terminology applicable to such schemes.

8.2.4. M04 - Investments in physical assets (art 17)

8.2.4.1. Legal basis

Article 17 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions.

Commission Implementing Regulation (EU) No 808/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

8.2.4.2. General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objectives

This measure has a significant weight in the framework of the Rural Development Programme. As evidenced by the SWOT analysis, it is essential to foster and consolidate the whole agricultural, food-processing and forestry system in Croatia through an adequate and consistent support for productive investment to increase the competitiveness, productivity and economic viability of farms and the long-term economic benefit and ecosystem services of forests fostering sustainable forest management and increasing the value of agricultural products in order to ensure a sustainable economic development, also respecting the inherent environmental and biodiversity values.

Support will be provided to increase the competitiveness of farms through enabling an increased production capacity, the modernization of existing farms and improve product quality by introducing new technologies and innovation and the creation of sustainable market economies, through the establishment of farms that follow advanced techniques and technologies, addressing Needs 06 and 07.

Replacing fossil fuels with renewable sources of energy for the individual needs of agricultural holdings and food processing plants will facilitate the supply and use of renewable sources of energy. Easier access to newly-constructed and better-maintained forest roads will contribute to more efficient ways of producing, supplying and mobilising wood biomass as a renewable source of energy. These actions will address Needs 21 and 22.

The construction of new and reconstruction of existing forest infrastructure (forest roads, skid roads) will foster sustainable forest management and help to increase economic efficiency, reducing production costs in forest area with insufficient access, addressing Needs 08 and 09.

A better integration of primary producers into the food chain through the processing and placement of agricultural products on the market and the promotion of the local market chain and short supply circuits will address Needs 07 and 12.

The construction of manure storage facilities, the technological modernisation of barns, construction of compost, and machinery for the efficient use of nitrogen and equipment for animal secretions will reduce the emission of greenhouses gases and ammonia caused by agriculture activity, addressing Need 15.

Investments in irrigation to provide economic and environmental benefits will result in net extensions of irrigable area and more efficient use of water in agriculture, contributing to competitiveness and adaptation to climate change of agricultural sector, addressing Needs 06 and 10.

Investments in forest infrastructure will enable protection, maintenance and improvement of forest ecosystem biodiversity and of other natural values, such as the restoration of habitats and landscapes. Non-productive investments related to environmental protection are intended to protect, maintain and restore biodiversity and other natural resources, such as the restoration of habitats and landscapes, including the construction and reconstruction of infrastructure, to enable the management of habitats associated with agriculture. These will directly address Need 16.

Contribution to focus areas

The Measure contributes to several EU priorities:

Priority 2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forest

The measure contributes to Focus Area 2A: Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increasing market participation and orientation as well as agricultural diversification through the following types of operations:

Sub-measure 4.1 - Support for investments in agricultural holdings

Type of operation - Restructuring, modernisation and increasing the competitiveness of agricultural holdings

Sub-measure 4.3 - Support for investments in infrastructure related to development, modernisation or adaptation of agriculture and forestry

Type of operation - Investments in public irrigation backbone infrastructure

Type of operation – Land consolidation

Focus Area 2C: Improve the sustainability and competitiveness of forest enterprises and promote sustainable forest management

Type of operation - Investment in forest infrastructure

Priority 3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture

Focus Area 3A: Improving competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups and organisations, and inter-branch organisations.

Sub-measure 4.1 - Support for investments in agricultural holdings

Type of operation - Restructuring, modernisation and increasing the competitiveness of agricultural holdings

Sub-measure 4.2 - Support for investments in processing/marketing and/or development of agricultural products

Type of operation: Increasing the added value of agricultural products

Priority 4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry

Focus Area 4A: Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints, and high nature value farming, as well as the state of European landscapes

Sub-measure 4.3 - Support for investments in infrastructure related to development, modernisation or adaptation of agriculture and forestry

Type of operation - Investment in forest infrastructure

Focus Area 4B: Improving water management, including fertiliser and pesticide management

Sub-measure 4.1 - Support for investments in agricultural holdings

Type of operation - Restructuring, modernisation and increasing the competitiveness of agricultural holdings,

Type of operation - Proper manure management

Sub-measure 4.3 - Support for investments in infrastructure related to development, modernisation or adaptation of agriculture and forestry

Type of operation - Investments in public irrigation backbone infrastructure

Focus Area 4C: Preventing soil erosion and improving soil management.

Sub-measure 4.1 - Support for investments in agricultural holdings

Type of operation - Restructuring, modernisation and increasing the competitiveness of agricultural holdings,

Type of operation - Proper manure management.

Sub-measure 4.3 - Support for investments in infrastructure related to development, modernisation or adaptation of agriculture and forestry

Type of operation – Land consolidation

Priority 5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient

economy in the agriculture, food and forestry sectors

Focus Area 5A: Increasing efficiency in water use by agriculture

Sub-measure 4.1 - Support for investments in agricultural holdings

Type of operation - Restructuring, modernisation and increasing the competitiveness of agricultural holdings

Focus Area 5B: Increasing efficiency in energy use in agriculture and food processing;

Sub-measure 4.1 - Support for investments in agricultural holdings

Type of operation – Restructuring, modernisation and increasing the competitiveness of agricultural holdings

Type of operation - Use of renewable sources of energy

Sub-measure 4.2. - Support for investments in processing/marketing and/or development of agricultural products

Type of operation - Increasing the added value of agricultural products

Type of operation - Use of renewable sources of energy

Focus Area 5C: Facilitating the supply and use of renewable sources of energy, of by-products, wastes, residues, and of other non-food raw material for the purposes of the bio-economy.

Sub-measure 4.1 - Support for investments in agricultural holdings

Type of operation: Use of renewable sources of energy

Sub-measure 4.2 - support for investments in processing/marketing and/or development of agricultural products

Type of operation: Use of renewable sources of energy

Sub-measure 4.3 - Support for investments in infrastructure related to development, modernisation or adaptation of agriculture and forestry

Type of operation - Investment in forest infrastructure

Focus Area 5D: Reducing greenhouse gas and ammonia emissions from agriculture

Sub-measure 4.1 - support for investments in agricultural holdings

Type of operation: Restructuring, modernisation and increasing the competitiveness of agricultural holdings,

Type of operation - Proper manure management

Priority 6: Promoting social inclusion, poverty reduction and economic development in rural areas, with a

focus on the following areas

Focus Area 6A: Facilitating diversification, creation and development of small enterprises, as well as job creation

Sub-measure 4.1 - Support for investments in agricultural holdings

Type of operation – Restructuring, modernisation and increasing the competitiveness of agricultural holdings

Sub-measure 4.2 - Support for investments in processing/marketing and/or development of agricultural products

Type of operation: Increasing the added value of agricultural products

Sub-measure 4.3 - Support for investments in infrastructure related to development, modernisation or adaptation of agriculture and forestry

Type of operation - Investments in public irrigation backbone infrastructure

Contribution to cross-cutting objectives

This measure contributes to the realisation of the cross-cutting objectives related to climate change mitigation and adaption, environmental protection and innovation.

Environmental protection - The framework of this measure will foster investments in increasing the environmental efficiency of agricultural holdings and the food-processing industry, better management of forests and forest land.

Climate change mitigation and adaption - The framework of this measure will foster investments in: improving energy efficiency, reducing methane emissions from agricultural production, especially from livestock farming; increasing the production and mobilisation of renewable sources of energy and in activities aimed at preventing negative impacts of climate change.

Innovations - New technologies in production and new methods of processing and storing of agricultural and food products introduced through this measure will ensure a competitive agri-food sector.

8.2.4.3. Scope, level of support, eligible beneficiaries, and where relevant, methodology for calculation of the amount or support rate broken down by sub-measure and/or type of operation where necessary. For each type of operation specification of eligible costs, eligibility conditions, applicable amounts and support rates and principles with regard to the setting of selection criteria

8.2.4.3.1. O_01: Restructuring, modernisation and increasing the competitiveness of agricultural holdings

Sub-measure:

- 4.1 - support for investments in agricultural holdings

8.2.4.3.1.1. Description of the type of operation

This type of operation will support investments in agricultural production in order to improve the overall performance and sustainability of the agricultural holdings including environmental protection and the adoption of climate change adaptation practices. Investments are open to all agricultural sectors but targeting of support shall prioritise sectors identified by the SWOT (F&V, Livestock).

Investments in new and innovative technologies shall contribute to reducing production costs and improving the quality of agricultural products, thus having a positive impact on income – as well as on job creation and maintenance. Furthermore, investments in new equipment and greener technologies shall have a positive environmental impact, especially on the large farms, where challenges related to the environment and climate change should be addressed through investments in modernisation.

Investments in the restructuring and modernization of farms will be directed to improving the quality of physical assets with new production capacities, to ensure the technical and technological renewal of farms essential to increase productivity and provide the basis for long-term competitiveness. In order to ensure the availability of funds for agricultural holdings with lower implementation capacity (medium sized agricultural holdings), a maximum of 50 % of the available allocation for this type of operation shall be available for large agricultural holdings. The type of operation is financially programmed and contributes mainly to Focus Area 2A but can also significantly contribute to Focus Area 2B, 3A, 4B, 4C, 5A, 5B, 5D and 6A.

This type of operation is complementary with other CAP instruments, especially with the National support programme for the wine sector 2014 – 2018 and the National programme for apiculture 2014 - 2016: To ensure the use of funds in a sound and effective manner with full complementarity in the RDP with CMO measures, only investments in establishment of new vineyards and relevant infrastructure/equipment (irrigation, prevention from damage caused by adverse climatic event) are to be supported under this type of operation while investments in restructuring of already established vineyards will be financed through National support programme for the wine sector 2014 – 2018. Investments in primary Apiculture production are not foreseen under this type of operation since they are included in National programme for apiculture 2014 - 2016: The national strategy for sustainable operational programmes in the fruits and vegetables sector for the period from 2014 to 2019 is still under preparation and no Operational programme has been adopted yet; however full complementarily with Rural Development Programme shall be achieved as the Ministry of Agriculture has overall programming responsibility.

8.2.4.3.1.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.4.3.1.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Agricultural Land Act (OG 39/13);
- Building Act (OG 153/13);
- Environmental Protection Act (OG 80/13);

- Regulation on the Environmental Impact Assessment of Interventions (OG 64/08);
- Nature Protection Act (OG 80/13);
- Act on the Common Market Organization and Specific Measures and Rules Related to Markets of Agricultural Products (OG 82/13, 14/14);
- EU Water Framework Directive (2000/60/EC).

8.2.4.3.1.4. Beneficiaries

Natural and legal persons registered in the Register of Agricultural Holdings and Producer groups and organizations registered pursuant to the Act on the Common Market Organization and Specific Measures and Rules Related to Markets of Agricultural Products.

8.2.4.3.1.5. Eligible costs

In accordance with Article 45 of Regulation (EU) No 1305/2013 the following expenditures are eligible:

- Material costs:
  - investment in the construction and/or reconstruction and/or equipment of facilities for animals, with related infrastructure within the farm;
  - investment in construction and/or reconstruction and/or equipment in a greenhouses and facilities for the cultivation of annual and perennial crops, seeds and seedlings and mushrooms with related equipment and infrastructure within the farm;
  - investment in the construction and/or reconstruction and/or equipment of other farm buildings, management buildings with related features, equipment and infrastructure which are for the function of agricultural activities;
  - investment in equipment for harvesting, sorting and packing of agricultural products from the farm's own production;
  - investment in the purchase of new agricultural mechanisation and equipment for primary production and farming vehicles including the wine sector;
  - investment in the construction and/or reconstruction and/or equipment of facilities for storing, refrigeration, cleaning, drying, freezing, sorting and packing of agricultural products from primary agricultural production of the farm with related equipment and infrastructure;
  - investment in planting new and/or restructuring existent permanent crops with exemption of restructuring of the established vineyards related to wine production;
  - investments in the "on-farm" irrigation system including improvements to existing irrigation equipment/infrastructure and the set-up of new irrigation systems (net extensions to irrigated area);
  - investments in "off-farm" irrigation infrastructure for private purpose (no public access);
  - investment in the restoration and improvement of agricultural land for the purpose of primary production;
  - investments in the purchase of land and facilities for project realisation, subject to the applicable building regulations, up to 10 % value of total eligible project expenditures;
  - investment for achieving compliance with Community standards subject to the conditions established in Art 17, paragraph 6 in Regulation (EU) No 1305/2013;

- acquisition of facilities, mechanisation and equipment through financial leasing up to market value;
- investments in order to increase energy efficiency in accordance with legislation governing the area of energy efficiency;

- Intangible costs:
  - acquisition or development of computer software and acquisition of patents, licences, copyrights, trademarks and other non-material investments related to material investments;
- General costs:
  - services of architects, engineers and consultants, feasibility studies (remain eligible costs even when no expenditure is made for costs referred to in paragraph on Material costs based on their results) amounting up to 10 % of the total eligible project expenditures.

8.2.4.3.1.6. Eligibility conditions

A beneficiary must meet the following requirements:

- the investment is foreseen on farm with a minimum economic size (standard output) of EUR 6.000 for investments in fruit and vegetable sector (including flowers) and EUR 8.000 for investments in other sectors (except for collective investments, cooperatives and producer groups/organizations);
- the investment must relate to agricultural production covered by Annex I to the Treaty or cotton, except fishery products;
- be registered in the Register of Agricultural Holdings;
- in case a Producer group or organisation is the lead beneficiary it must be registered pursuant to the Act on the Common Market Organization and Specific Measures and Rules Related to Markets of Agricultural Products;
- present a Business Plan if the value of the total eligible expenditures exceeds HRK 200.000 and for integrated projects or collective investments;
- settled obligations to the state regarding taxes and social security;
- the appropriate safeguards in terms of environmental impact in accordance with national provisions. Investments assessed as having a significant negative environmental impact will not be eligible for support unless corrective actions are implemented as prescribed by the Competent Authority;
- have a Farm Accountancy Data Network (FADN) record about Standard output of farm(s) on which investment is foreseen;
- where Union law imposes new requirements on farmers support may be granted for investments to comply with those requirements for a maximum of 12 months from the date on which they become mandatory for the agricultural holding (Art 17, paragraph 6 in Regulation (EU) No 1305/2013) or if carried out by young farmers for a maximum of 24 months from the date of setting up (Art 17, paragraph 5 in Regulation (EU) No 1305/2013);

For the investments in irrigation (equipment/infrastructure), additional eligibility criteria applies:

- The entire area in which the investment is to take place, as well as in any other areas whose environment may be affected by the investment in irrigation has to be included in the relevant river basin management plan as required under the terms of the Water Framework Directive,

communicated to the Commission;

- The revision of the issued water rights permits has to be performed before any investment in a replacement or improvement to an existing irrigation installation;
- Water metering at the level of the supported investment shall be in place or shall be put in place as part of the investment;
- A manufacturer's certificate has to be provided for an investment in a replacement or improvement to an existing irrigation installation offering potential water savings of a minimum 25 % in terms of technical parameters of existing installation or infrastructure;
- The investment shall ensure at least a 50 % effective reduction in water use of potential water savings, at the level of the investment if the investment affects bodies whose status has been identified as less than good in the relevant river basin management plan for reasons related to water quantity;
- The investments in the establishment of a new irrigation installation resulting with net increase of the irrigated area affecting a given body of ground or surface water shall be eligible only if the status of the water body has not been identified as less than good in the relevant river basin management plan for reasons related to water quantity;
- When the relevant River Basin Management Plan does not include comprehensive assessment of the status of a water body in accordance with the requirements of the Water Framework Directive, the water body affected by the planned irrigation investment shall be subject to additional assessment based on the conducted comprehensive investigative monitoring. If, based on the comprehensive assessment, it is identified that the status of the water body is less than good for reasons related to water quantity, the investment will not be eligible, except in the case of the above mentioned derogation (investment shall ensure at least a 50 % effective reduction in water use of potential water savings);
- Financial support will be provided for irrigation only if in line with Article 4 of the Water Framework Directive (7), (8) and (9), having regard to the cumulative impact and the corresponding mitigation measures at the level of river basin management;
- The beneficiary must have Certificate on preliminary project approval issued by the Directorate for Water Management
- Soil is suitable for irrigation at the whole net agricultural surfaces of the project.

8.2.4.3.1.7. Principles with regards to the setting of selection criteria

Projects will be selected for co-financing on the basis of a call for proposals.

The selection criteria for the eligible projects, will be laid down in the Ordinance based on the following principles in order to achieve objectives set under this type of operation:

- Size of the holding presented in SO (medium sized farms with Standard output between EUR 15.000 and 100.000 prioritised);
- Number of Beneficiaries involved in proposed investment (collective investments and investments implemented by producer groups and organisations prioritised);
- Education and experience of Beneficiary/Lead beneficiary implementing investment (higher level

of education and farming experience prioritised);
- Investment in priority sectors according to SWOT analysis and needs assessment (fruit and vegetables, livestock sectors prioritised);
- Type of investment (more complex investments prioritised);
- Investment introduces new innovative technology (investments in the framework of the European Innovation Partnership prioritized).

In order to recognize the contribution to Climate change and environmental objectives, additional selection principles shall be taken into account:

- Investment contributes to restoring, preserving and enhancing ecosystems related to agriculture (contribution to relevant focus areas prioritised);
- Investment promotes resource efficiency and supports the shift towards a low carbon and climate resilient economy in agriculture (contribution to relevant focus areas prioritised).

In order to contribute to poverty reduction and economic development in rural areas, the following selection principles may be taken into account:

- Regional Development Index (investments in area with lower RDI are prioritised);
- Areas with natural constraints and other specific constraints;
- Investment contributes to job creation including increasing full-time employment (investments with positive effect on job creation prioritised);

Only projects reaching a minimal threshold score shall be funded.

8.2.4.3.1.8. (Applicable) amounts and support rates

The minimum value of public support per project is EUR 5.000.

The maximum value of public support per project is EUR 2.000.000, with the exception of the following sectors and investments where the maximum value of public support is EUR 3.000.000:

- Livestock sector for the investment in facilities for keeping dairy cows; cattle fattening; pigs fattening and reproduction centres and existing hatcheries;
- Fruit and vegetable sector for investments in greenhouses and
- Investments in planting new perennial crops.

The maximum value of public support for investments in the purchase of new agricultural mechanisation and related equipment for primary production and farming vehicles is EUR 1.000.000.

The intensity of the support amounts to 50 % of total eligible expenditures.

The maximum rates shall be increased by an additional 20 percentage points in the following cases:

- for investments implemented by young farmers or young farmers who have already set up the agricultural holding during the five years preceding the application for support;
- for collective investments;

- for integrated projects;
- for investments in areas facing natural and other specific constraints;
- for investments supported in the framework of the European Innovation Partnership (EIP);
- for investments linked to operations under Articles 28 and 29 of Regulation (EU) No 1305/2013.

The maximum combined support shall not exceed 90 % of total eligible expenditures.

8.2.4.3.1.9. Verifiability and controllability of the measures and/or types of operations

8.2.4.3.1.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.4.3.1.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.4.3.1.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.4.3.1.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable

8.2.4.3.1.11. Information specific to the operation

Definition of non productive investments

This is defined at measure level.

Definition of collective investments

This is defined at measure level.

Definition of integrated projects

This is defined at measure level.

Definition and identification of the eligible Natura 2000 sites and other eligible areas of high nature value

This is defined at measure level.

Description of the targeting of the support to farms in accordance with the SWOT carried out in relation to the priority referred to in Article 5(2) of Regulation (EU) No 1305/2013

This is specified at measure level.

List of new requirements imposed by Union legislation for complying with which support may be granted under Article 17(6) of Regulation (EU) No 1305/2013

This is listed at measure level.

Where relevant, the minimum standards for energy efficiency referred to in Article 13(c) of Delegated Regulation (EU) No 807/2014

Not relevant.

Where relevant, definition of the thresholds referred to in Article 13(e) of Delegated Regulation (EU) No 807/2014

Not relevant.

8.2.4.3.2. O_02: Proper manure management

Sub-measure:

- 4.1 - support for investments in agricultural holdings

8.2.4.3.2.1. Description of the type of operation

As manure is an exceptionally valuable product for overall crop production it should be properly stored and preserved from rinsing in order to reduce negative environmental impact. Manure containers, lagoons or pits must be waterproof to prevent spillage, rinsing or drainage of manure into the environment, as well as groundwater and surface water pollution. Investments for the implementation of Council Directive 91/676/EEC (1) pursuant to Article 3(2) and Article 5(1) will be eligible for support until 1st July 2017. After 1st July 2017 only investments that go beyond those existing standards will be eligible for support.

The type of operation contributes to the Focus Area 5D through the construction or reconstruction of storage capacity for manure and application of specific agricultural machinery as well as the technological modernization of barns and constructing compost bins.

The type of operation indirectly contributes to Focus Area 4B and 4C.

8.2.4.3.2.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.4.3.2.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Act on the Common Market Organization and Specific Measures and Rules Related to Markets of Agricultural Products (OG 82/13, 14/14);
- Act on Fertilisers and Soil Improvers (OG 163/03, 40/07, 14/14);
- Act on Plant Health (OG 75/05, 25/09, 55/11);
- Environmental Protection Act (OG 80/13);
- Act on Sustainable Waste Management (OG 94/13);
- EU Water Framework Directive (2000/60/EC);
- Nitrates Directive (91/676/EEC).

8.2.4.3.2.4. Beneficiaries

Natural and legal persons registered in the Register of Agricultural Holdings and Producer groups and organizations registered pursuant to the Act on the Common Market Organization and Specific Measures

and Rules Related to Markets of Agricultural Products.

8.2.4.3.2.5. Eligible costs

In accordance with Article 45 of Regulation (EU) No 1305/2013 the following expenditures are eligible:

- Material costs:
  - investments in the construction and/or reconstruction of manure and digestate storage capacities for farm requirements including the equipment for handling and using manure and digestates;
  - investments in improving the efficiency of fertiliser use (machinery and equipment for loading, transportation and application of fertilizers);
- Intangible costs:
  - acquisition or development of computer software and acquisition of patents, licences, copyrights, trademarks and other non-material investments related to material investments;
- General costs:
  - services of architects, engineers and consultants, feasibility studies (remain eligible costs even when no expenditure is made on costs referred to in paragraph on Material costs) amounting up to 10 % of the total eligible project expenditures.

8.2.4.3.2.6. Eligibility conditions

When submitting an application, a beneficiary must meet the following requirements:

- the investment must relate to agricultural production covered by Annex I to the Treaty or cotton, except fishery products;
- be registered in the Register of Agricultural Holdings pursuant to the Agriculture Act;
- in case a Producer group or organisation is the lead beneficiary it must be registered pursuant to the Act on the Common Market Organization and Specific Measures and Rules Related to Markets of Agricultural Products;
- present a Business Plan if the value of the total eligible expenditures exceeds more than HRK 200.000 and for all integrated projects or collective investments;
- settled obligations to the state regarding taxes and social security;
- investments in the implementation of the Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources are eligible expenditures until 1 July 2017 under Article 3, paragraph 2, and Article 5, paragraph 1 of that Directive;
- where Union law imposes new requirements on farmers support may be granted for the investments to comply with those requirements for a maximum of 12 months from the date on which they become mandatory for the agricultural holding (according to Art 17, paragraph 6 in Regulation (EU) No 1305/2013) or if carried out by young farmers for a maximum of 24 months from the date of setting up (according to Art 17, paragraph 5 in Regulation (EU) No 1305/2013);
- the appropriate safeguards in terms of environmental impact shall be established in the Ordinances in accordance with national provisions. Investments which are assessed as having a significant negative environmental impact will not be eligible for support unless corrective actions

are implemented as prescribed by the Competent Authority.

8.2.4.3.2.7. Principles with regards to the setting of selection criteria

Projects will be selected for co-financing on the basis of a call for proposals.

The selection criteria for the eligible projects, will be laid down in the Ordinance based on the following principles in order to achieve the objectives set under this type of operation:

- Size of the holding presented in SO (farms with higher SO prioritised);
- Utilisation of agricultural area (higher LU/ha prioritised);
- Relevance to protection area (Nitrate vulnerable zones, Natura 2000, natural parks etc.);
- Number of Beneficiaries involved in proposed investment (collective investments and investments implemented by producer groups and organisations prioritised);
- Investment introduces new innovative technology (investments in the framework of the European Innovation Partnership prioritized);
- Regional Development Index (investments in area with lower RDI are prioritised).

Only projects reaching a minimal threshold score shall be funded.

8.2.4.3.2.8. (Applicable) amounts and support rates

The minimum value of public support per project is EUR 5.000.

The maximum value of public support per project is EUR 1.000.000.

The intensity of the support for investments amounts up to 75 % of the value of eligible expenditures until 1 July 2017 under Article 3, paragraph 2, and Article 5, paragraph 1 of that Directive. After 1 July 2017, the intensity of the support for the above investments amounts to 50 %.

The maximum rates shall be increased by an additional 20 percentage points in the following cases:

- for investments implemented by young farmers or young farmers who have already set up an agricultural holding during the five years preceding the application for support;
- for collective investments;
- for integrated projects;
- for investments in areas facing natural and other specific constraints;
- for investments supported in the framework of the European Innovation Partnership (EIP);
- for investments linked to operations under Articles 28 and 29 of the Regulation (EU) No 1305/2013.

The maximum combined support shall not exceed 90 % of total eligible expenditures.

8.2.4.3.2.9. Verifiability and controllability of the measures and/or types of operations

8.2.4.3.2.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.4.3.2.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.4.3.2.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.4.3.2.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable

8.2.4.3.2.11. Information specific to the operation

Definition of non productive investments

This is defined at measure level.

Definition of collective investments

This is defined at measure level.

Definition of integrated projects

This is defined at measure level.

Definition and identification of the eligible Natura 2000 sites and other eligible areas of high nature value

This is defined at measure level.

Description of the targeting of the support to farms in accordance with the SWOT carried out in relation to the priority referred to in Article 5(2) of Regulation (EU) No 1305/2013

This is defined at measure level.

List of new requirements imposed by Union legislation for complying with which support may be granted under Article 17(6) of Regulation (EU) No 1305/2013

This is listed at measure level.

Where relevant, the minimum standards for energy efficiency referred to in Article 13(c) of Delegated Regulation (EU) No 807/2014

Not relevant

Where relevant, definition of the thresholds referred to in Article 13(e) of Delegated Regulation (EU) No 807/2014

Not relevant

8.2.4.3.3. O_03: Use of renewable sources of energy

Sub-measure:

- 4.1 - support for investments in agricultural holdings

8.2.4.3.3.1. Description of the type of operation

Construction of facilities for the production of energy from renewable sources (biomass and solar energy) for use on agricultural holdings contributes to the improvement of efficient energy use and the supply and use of energy from by-products. The objective is to increase the independence of farms for energy. The operation contributes to Focus Area 5C by fostering the substitution of fossil fuels with renewable sources of energy for the individual needs of agricultural holdings.

The type of operation also contributes to Focus Area 5B.

8.2.4.3.3.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.4.3.3.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Energy Act (OG 120/12, 14/14);
- Electricity Market Act (OG 22/13);
- Act on Regulation of Energy-Related Activities (OG 120/12);
- Building Act (OG 153/13).

8.2.4.3.3.4. Beneficiaries

Natural and legal persons registered in the Register of Agricultural Holdings.

8.2.4.3.3.5. Eligible costs

In accordance with Article 45 of Regulation (EU) No 1305/2013 the following expenditures are eligible:

- Material costs:
    - investment in the construction and/or reconstruction and/or equipment of plants for the production of energy from renewable sources for the individual needs of farms, with related equipment and infrastructure;

- investment in the construction and/or reconstruction and/or equipment of facilities for receiving, processing and storing of raw materials for energy production from renewable energy sources with related equipment and infrastructure;
- investment in the construction and/or reconstruction and/or equipment of facilities for processing, storing, transporting and applying initial substrates for organic fertilisation on agricultural areas with related equipment and infrastructure.

- Intangible costs:
  - acquisition or development of computer software and acquisition of patents, licences, copyrights, trademarks and other non-material investments related to material investments.
- General costs:
  - services of architects, engineers and consultants, feasibility studies (remain eligible costs even when no expenditure is made on costs referred to in paragraph on Material costs) amounting up to 10 % of the total eligible project expenditures.

8.2.4.3.3.6. Eligibility conditions

When submitting an application, a beneficiary must meet the following requirements:

- the investment must relate to agricultural production covered by Annex I to the Treaty or cotton, except fishery products;
- be registered in the Register of Agricultural Holdings pursuant to the Agriculture Act;
- present a Business Plan if the value of the total eligible expenditures exceeds more than HRK 200.000 and for all integrated projects or collective investments;
- settled obligations to the state regarding taxes and social security;
- the production capacity from the renewable energy sources shall not exceed the needs of the farm;
- investments in installations for the primary purpose of electricity production from biomass are excluded from support if they do not utilize a minimum 50 % of heat energy;
- to prove the total annual energy efficiency on the facility, measurements must be provided and the facility must have installed measuring equipment;
- the maximum percentage of corn silage, cereals and other starch rich crops and sugar (excluding waste, residues and by-products) which may be used for biomass energy production and installations is 20 %;
- the appropriate safeguards in terms of environmental impact shall be established in the Ordinances in accordance with national provisions. Investments which are assessed as having a significant negative environmental impact will not be eligible for support unless corrective actions are implemented as prescribed by the Competent Authority.

8.2.4.3.3.7. Principles with regards to the setting of selection criteria

Projects will be selected for co-financing on the basis of a call for proposals.

The selection criteria for the eligible projects, will be laid down in the Ordinance based on the following principles in order to achieve objectives set under this type of operation:

- Size of the holding in SO (priority on farms with higher SO);

- Type of renewable energy source (biomass prioritised);
- Connectivity (Farm facilities without direct access to the power grid prioritised);
- Efficiency in use of RES (cogeneration plants prioritized);

In order to contribute to poverty reduction and economic development in rural areas the following selection principles may be taken into account:

- Regional Development Index (investments in area with lower RDI are prioritised);
- Areas with natural constraints and other specific constrains;
- Investment contributes to job creation including increasing full-time employment (investments with a positive effect on job creation prioritised).

Only projects reaching a minimal threshold score shall be funded.

8.2.4.3.3.8. (Applicable) amounts and support rates

The minimum value of public support per project is EUR 5.000.

The maximum value of public support per project is EUR 1.000.000.

The intensity of the support for investments amounts to 50 % of total eligible expenditures.

The maximum rates shall be increased by an additional 20 percentage points in the following cases:

- for investments implemented by young farmers or young farmers who have already set up during the five years preceding the application for support;
- for integrated projects;
- for investments in areas facing natural and other specific constraints;
- for investments supported in the framework of the European Innovation Partnership (EIP);
- for investments linked to the operations under Articles 28 and 29 of Regulation (EU) No 1305/2013.

The maximum combined support shall not exceed 90 % of total eligible expenditures.

8.2.4.3.3.9. Verifiability and controllability of the measures and/or types of operations

8.2.4.3.3.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.4.3.3.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.4.3.3.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.4.3.3.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable

8.2.4.3.3.11. Information specific to the operation

Definition of non productive investments

This is defined at measure level.

Definition of collective investments

This is defined at measure level.

Definition of integrated projects

This is defined at measure level.

Definition and identification of the eligible Natura 2000 sites and other eligible areas of high nature value

This is defined at measure level.

Description of the targeting of the support to farms in accordance with the SWOT carried out in relation to the priority referred to in Article 5(2) of Regulation (EU) No 1305/2013

This is defined at measure level.

List of new requirements imposed by Union legislation for complying with which support may be granted under Article 17(6) of Regulation (EU) No 1305/2013

This is listed at measure level.

Where relevant, the minimum standards for energy efficiency referred to in Article 13(c) of Delegated Regulation (EU) No 807/2014

Not relevant

Where relevant, definition of the thresholds referred to in Article 13(e) of Delegated Regulation (EU) No 807/2014

Not relevant

8.2.4.3.4. O_04: Increasing the added value of agricultural products

Sub-measure:

- 4.2 - support for investments in processing/marketing and/or development of agricultural products

8.2.4.3.4.1. Description of the type of operation

The objective of this type of operation is enabling the increase in the value of products from primary agricultural production for primary agricultural producers, as well as for those who process agricultural products as an exclusive activity. The type of operation will also contribute to increasing the competitiveness of Croatian products and employment growth in rural areas. Furthermore, the type of operation will enable the modernization of existing processing capacity. The support will include the introduction of innovative practices in processing capacities and investments aimed at energy efficiency and environmental protection.

The result of the production process as part of this operation must be a product listed in Annex I of the EU Treaty or cotton, with the exception of fishery products.

This type of operation is complementary with other CAP instruments, especially with the National support programme for the wine sector 2014–2018 and the National programme for apiculture 2014-2016: To ensure the use of funds in a sound and effective manner with full complementarity in the RDP with CMO measures, investments in construction and/or reconstruction and/or equipment of facilities for processing of Apiculture products shall be supported by this type of operation. Investments in construction and/or reconstruction and/or equipment of facilities related to wineries are not foreseen under this type of operation since they are included in the National support programme for the wine sector 2014–2018. The national strategy for sustainable operational programmes in the fruits and vegetables sector for the period from 2014 to 2019 is still under preparation and no Operational programme has been adopted yet; however full complementarity with Rural Development Programme shall be achieved as the Ministry of Agriculture has overall programming responsibility.

The operation contributes to Focus Area 3A through the modernization of processing procedures, adoption of new technical and technological solutions, and the integration of farmers in agri-food chain, through organizing producers and promoting products on the market.

The type of operation indirectly contributes to Focus Area 5B and 6A.

8.2.4.3.4.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.4.3.4.3. Links to other legislation

- Agriculture Act (OG 30/15);

- Food Act (OG 81/13, 14/14);
- Act on the Common Market Organization and Specific Measures and Rules Related to Markets of Agricultural Products (OG 82/13, 14/14);
- Act on Geographical Indications and Designations of Origin of Products and Services (OG 173/03, 186/03, 76/07, 49/11);
- Act on the Implementation of Council Regulation (EC) No 834/2007 on Organic Production and Labelling of Organic Products (OG 80/13, 14/14);
- Veterinary Act (OG 82/13, 148/13);
- Act on Sustainable Waste Management (OG 94/13);
- Cooperatives Act (OG 34/11, 125/13, 76/14);
- Associations Act (OG 74/14).

8.2.4.3.4.4. Beneficiaries

Natural and legal persons registered for the processing of products covered by Annex I to the Treaty or cotton, except fishery products.

Natural and legal persons registered in the Register of Agricultural Holdings and Producer groups and organisations registered pursuant to the Act on the Common Market Organization and Specific Measures and Rules Related to Markets of Agricultural Products.

8.2.4.3.4.5. Eligible costs

In accordance with Article 45 of Regulation (EU) No 1305/2013 the following expenditures are eligible:

- Material costs:
  - investment in the construction and/or reconstruction and/or equipment of facilities operating with milk with related equipment and internal and external infrastructure, including milk cooling equipment for raw milk;
  - investment in the construction and/or reconstruction and/or equipment for slaughterhouses, cutting plants, cold storage, processing facilities (meat, egg) with related infrastructure;
  - investment in the construction and/or reconstruction and/or equipment of collection centres for the collecting and processing of waste and animal by-products not intended for human consumption with related infrastructure;
  - investment in the construction and/or reconstruction and/or equipment of facilities for processing of fruits, vegetables, grapes (except for wine production), herbs, flowers and mushrooms, with related infrastructure including the processing of waste from production;
  - investment in the construction or reconstruction and/or equipment of facilities for processing olives, olive pomace with related infrastructure;
  - investment in the construction and/or reconstruction and/or equipment of facilities for the processing of cereals, oil and industrial crops with related infrastructure;
  - investment in the construction and/or reconstruction and/or equipment of facilities for the processing of Apiculture products with related infrastructure;
  - investment in the construction and/or reconstruction and/or equipment of facilities for the

processing of other Annex I products with related infrastructure;
    - investment in the construction and/or reconstruction and/or equipment of other buildings, management buildings with related features, equipment and infrastructure which are in the function of processing activities;
    - investment in the purchase of machinery, farming vehicles, machines and equipment;
    - investment in the construction and/or reconstruction and/or equipment of facilities for selling and presentation of own agricultural products;
    - investment in the construction and/or reconstruction of facilities and equipment for waste water treatment in processing and marketing, air filtration and cooling systems with related infrastructure;
    - investment in laboratories and laboratory equipment in the holding/ enterprise and for own use;
    - investment in the purchase of land and facilities for project realisation, subject to the building regulations, up to 10 % value of total eligible project expenditures;
    - investments in adjusting to newly introduced standards, limited to farmers only in accordance with article 17 of Regulation (EU) No 1305/2013;
    - acquisition of facilities, mechanisation and equipment through financial leasing up to market value;
    - investments in order to increase energy efficiency in accordance with legislation governing the area of energy efficiency.
- Intangible costs:
    - acquisition or development of computer software and acquisition of patents, licences, copyrights, trademarks and other non-material investments related to material investments;
- General costs:
    - services of architects, engineers and consultants, feasibility studies (remain eligible costs even when no expenditure is made on costs referred to in paragraph on Material costs) amounting up to 10 % of the total eligible project expenditure.

8.2.4.3.4.6. Eligibility conditions

When submitting an application, a beneficiary must meet the following requirements:

- the investment must relate to the processing and/or marketing and/or development of agricultural products listed in Annex I of the EU Treaty or cotton, except fishery products;
- settled obligations to the state regarding taxes and social security;
- present a Business Plan if the value of the total eligible expenditures exceeds more than HRK 200.000 and for all integrated projects or collective investments;
- in case a Producer group or organisation is the lead beneficiary it must be registered pursuant to the Act on the Common Market Organization and Specific Measures and Rules Related to Markets of Agricultural Products;
- where Union law imposes new requirements on farmers, support may be granted for investments to comply with those requirements for a maximum of 12 months from the date on which they become mandatory for the agricultural holding (according to Art 17, paragraph 6 in Regulation (EU) No 1305/2013);
- the appropriate safeguards in terms of environmental impact shall be established in the Ordinances in accordance with national provisions. Investments which are assessed as having a

significant negative environmental impact will not be eligible for support unless corrective actions are implemented as prescribed by the Competent Authority.

8.2.4.3.4.7. Principles with regards to the setting of selection criteria

Projects will be selected for co-financing on the basis of a call for proposals.

The selection criteria for the eligible projects, will be laid down in the Ordinance based on the following principles in order to achieve objectives set under this type of operation:

- Size of enterprise (SMEs prioritised);
- Number of beneficiaries (Producer groups and organisations prioritised);
- Investment in priority sectors according to SWOT analysis (meat and dairy processing prioritised);
- Type of investment (modernisation of existing capacities prioritised);
- Processing of added-value products (recognised quality scheme and organic products processing prioritised);
- Investment introduces new innovative technology (investments in the framework of the European Innovation Partnership prioritized).

In order to recognize the contribution to Climate change adaptation and environmental objectives, additional selection principles shall be taken into account:

- Investment promotes resource efficiency and supports the shift towards a low carbon and climate resilient economy in food sector (contribution to focus areas under relevant priority prioritised).

In order to contribute to poverty reduction and economic development in rural areas following selection principles may be taken into account:

- Regional Development Index (investments in area with lower RDI are prioritised);
- Investment contributes to job creation including increasing full-time employment (investments with a positive effect on job creation prioritised);

Only projects reaching a minimal threshold score shall be funded.

8.2.4.3.4.8. (Applicable) amounts and support rates

The minimum value of public support per project is EUR 10.000.

The maximum value of public support per project is EUR 3.000.000 except for the following sectors and investments where the maximum value of public support amounts to EUR 5.000.000:

Meat sector:

- investment in construction and/or reconstruction and/or equipment for slaughterhouses, cutting

plants, cold storage, facilities for meat processing with related infrastructure.

Dairy sector:

- investment in construction and/or reconstruction and/or equipment of facilities operating with milk including milk cooling equipment for raw milk with related equipment and infrastructure.

Intensity of the support for investments amounts to 50 % of total eligible costs.

The listed intensity of the support shall be increased by additional 20 percentage points for:

- activities supported within the EIP programme or
- activities related to a merger of producer organisations.

The maximum combined support shall not exceed 90 % of total eligible expenditures.

8.2.4.3.4.9. Verifiability and controllability of the measures and/or types of operations

8.2.4.3.4.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.4.3.4.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.4.3.4.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.4.3.4.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable

8.2.4.3.4.11. Information specific to the operation

Definition of non productive investments

This is defined at measure level.

Definition of collective investments

This is defined at measure level.

Definition of integrated projects

This is defined at measure level.

Definition and identification of the eligible Natura 2000 sites and other eligible areas of high nature value

This is defined at measure level.

Description of the targeting of the support to farms in accordance with the SWOT carried out in relation to the priority referred to in Article 5(2) of Regulation (EU) No 1305/2013

This is defined at measure level

List of new requirements imposed by Union legislation for complying with which support may be granted under Article 17(6) of Regulation (EU) No 1305/2013

This is listed at measure level.

Where relevant, the minimum standards for energy efficiency referred to in Article 13(c) of Delegated Regulation (EU) No 807/2014

Not relevant

Where relevant, definition of the thresholds referred to in Article 13(e) of Delegated Regulation (EU) No 807/2014

Not relevant.

8.2.4.3.5. O_05: Use of renewable sources of energy

Sub-measure:

- 4.2 - support for investments in processing/marketing and/or development of agricultural products

8.2.4.3.5.1. Description of the type of operation

The construction of facilities for the production of energy from renewable sources for use for food processing contributes to the improvement of efficient energy use and the supply and use of energy from by-products. The operation contributes to Focus Area 5C by substituting fossil fuels with renewable sources of energy for the individual needs of food processing plants.

The type of operation indirectly contributes to Focus Area 5B.

8.2.4.3.5.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.4.3.5.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Energy Act (OG 120/12, 14/14);
- Electricity Market Act (OG 22/13);
- Act on Regulation of Energy-Related Activities (OG 120/12);
- Building Act (OG 153/13).

8.2.4.3.5.4. Beneficiaries

Natural and legal persons registered for the processing of products covered by Annex I to the Treaty or cotton, except fishery products.

Natural and legal persons registered in the Register of Agricultural Holdings.

8.2.4.3.5.5. Eligible costs

In accordance with Article 45 of Regulation (EU) No 1305/2013 the following expenditures are eligible:

- Material costs:
    - investment in the construction and/or reconstruction and/or equipment of plants for the

production of energy from renewable sources for the individual needs of farms, with the related equipment and infrastructure;
    - investment in the construction and/or reconstruction and/or equipment of facilities for receiving, processing and storing of raw materials for energy production from renewable energy sources with related equipment and infrastructure;
    - investment in the construction and/or reconstruction and/or equipment of facilities for processing, storing, transporting and applying initial substrates for organic fertilisation on agricultural areas with related equipment and infrastructure.
- Intangible costs:
    - acquisition or development of computer software and acquisition of patents, licences, copyrights, trademarks and other non-material investments related to material investments.
- General costs:
    - services of architects, engineers and consultants, feasibility studies (remain eligible costs even when there are no costs referred to in paragraph on Material costs) amounting up to 10 % of the total eligible project expenditures.

8.2.4.3.5.6. Eligibility conditions

When submitting an application, a beneficiary must meet the following requirements:

- the investment must relate to the processing and/or marketing and/or development of agricultural products listed in Annex I of the EU Treaty or cotton, except fishery products;
- settled obligations to the state regarding taxes and social security;
- present a Business Plan if the value of the total eligible expenditures exceeds more than HRK 200.000 and for all integrated projects or collective investments;
- the production capacity from renewable energy sources shall not exceed the needs of the holding/food-processor;
- investments in installations for the primary purpose of electricity production from biomass are excluded from support if they do not utilize a minimum 50 % of heat energy;
- to prove the total annual energy efficiency on the facility, measurements must be provided and the facility must have installed measuring equipment;
- the maximum percentage of corn silage, cereals and other starch rich crops and sugar (excluding waste, residues and by-products) which may be used for biomass energy production and installations is 20 %;
- the appropriate safeguards in terms of environmental impact shall be established in the Ordinances in accordance with national provisions. Investments which are assessed as having a significant negative environmental impact will not be eligible for support unless corrective actions are implemented as prescribed by the Competent Authority.

8.2.4.3.5.7. Principles with regards to the setting of selection criteria

Projects will be selected for co-financing on the basis of a call for proposals.

The selection criteria for the eligible projects, will be laid down in the Ordinance based on the following

principles in order to achieve the objectives set under this type of operation:

- Size of enterprise (SMEs prioritised);
- Renewable energy sources (use of by-products prioritised);
- Share of RES in total energy consumption (higher ratio of RES prioritised);
- Efficiency in use of RES (cogeneration plants prioritized).

In order to contribute to poverty reduction and economic development in rural areas additional selection principles may be taken into account:

- Regional Development Index (investments in area with lower RDI prioritised);
- Investment contributes to job creation including increasing full-time employment (investments with a positive effect on job creation prioritised).

Only projects reaching a minimal threshold score shall be funded.

8.2.4.3.5.8. (Applicable) amounts and support rates

The minimum value of public support per project is EUR 10.000.

The maximum value of public support per project is EUR 1.000.000.

The intensity of the support for investments amounts to 50 % of total eligible costs.

The listed intensity of the support shall be increased by additional 20 percentage points for activities supported within the EIP programme.

8.2.4.3.5.9. Verifiability and controllability of the measures and/or types of operations

8.2.4.3.5.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.4.3.5.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.4.3.5.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.4.3.5.10. Methodology for calculation of the amount or support rate, where relevant

Not relevant

8.2.4.3.5.11. Information specific to the operation

Definition of non productive investments

This is defined at measure level.

Definition of collective investments

This is defined at measure level.

Definition of integrated projects

This is defined at measure level.

Definition and identification of the eligible Natura 2000 sites and other eligible areas of high nature value

This is defined at measure level.

Description of the targeting of the support to farms in accordance with the SWOT carried out in relation to the priority referred to in Article 5(2) of Regulation (EU) No 1305/2013

This is defined at measure level.

List of new requirements imposed by Union legislation for complying with which support may be granted under Article 17(6) of Regulation (EU) No 1305/2013

This is listed at measure level.

Where relevant, the minimum standards for energy efficiency referred to in Article 13(c) of Delegated Regulation (EU) No 807/2014

Not relevant.

Where relevant, definition of the thresholds referred to in Article 13(e) of Delegated Regulation (EU) No 807/2014

Not relevant.

8.2.4.3.6. O_06: Investments in public irrigation backbone infrastructure

Sub-measure:

- 4.3 - support for investments in infrastructure related to development, modernisation or adaptation of agriculture and forestry

8.2.4.3.6.1. Description of the type of operation

Investments are planned in new backbone irrigation systems only with the aim to increase the irrigable agricultural surfaces, primarily to decrease the negative impact of droughts, provide stability in agricultural production and increase the competitiveness of agricultural production. This type of operation will not fund any investments within the agricultural holdings. The operation contributes to Focus Area 2A by enhancing farm viability and competitiveness of all types of agriculture through enabling stable agricultural production.

This type of operation also contributes to Focus Area 4B and 6A.

8.2.4.3.6.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.4.3.6.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Agricultural Land Act (OG 39/13);
- Water Act (OG 153/09, 63/11, 130/11, 56/13, 14/14);
- Environmental Protection Act (OG 80/13);
- Act on Financing of Local and Regional Self-government Units (OG 117/93, 69/97, 33/00, 73/00, 127/00, 59/01, 107/01, 117/01, 150/02, 147/03, 132/06, 26/07, 73/08, 25/12);
- Nature Protection Act (OG 80/13);
- Water Management Financing Act (OG 153/09, 90/11, 56/13, 154/14);
- Building Act (OG 153/13).

8.2.4.3.6.4. Beneficiaries

Regional self-government units.

8.2.4.3.6.5. Eligible costs

In accordance with Article 45 of Regulation (EU) No 1305/2013 the following expenditures are eligible:

- Material costs:
  - Construction of a complete irrigation system in line with the technical solutions and construction permit (reservoirs, canals surface and/or subsurface drainage as elements of the functional integrity of the project, pumping stations, pipelines, distribution network, surveillance and management system, etc.);
  - Works on the connection of the system to the electrical power network (cables, transformer station).
- Intangible costs:
  - acquisition or development of computer software and acquisition of patents, licences, copyrights, trademarks and other non-material investments related to material investments.
- General costs up to 10 % of the total eligible project expenditures:
  - Development of project documentation (preliminary, detailed and implementation design) including expert technical reviews;
  - Development of study documentation (pre-feasibility study, feasibility study, environmental impact assessment study or environmental protection elaborate, appropriate assessment of the impact of the intervention on the ecological network as well as other reports/elaborates and studies necessary for preparation of project documentation);
  - Resolving property relations (purchase and/or expropriation, etc.);
  - Professional supervision of the construction (architectural, civil engineering, geotechnical, mechanical, electrotechnical, project, geodetic, archaeological supervision as well as supervision of occupational safety and other types of supervision depending on the requirements of public or competent bodies);
  - Quality control of built-in materials during construction;
  - Performance of (trial and/or protective) archaeological investigations before and/or during construction, if applicable pursuant to the documents issued by competent bodies;
  - Implementation of environmental and nature protection measures before and/or during construction, if applicable pursuant to the documents issued by competent bodies;
  - Administrative costs (costs of procedures of public procurement of goods, works and services, costs of obtaining permits, costs of procedures related to environmental and nature protection, costs of technical inspection, etc.).

8.2.4.3.6.6. Eligibility conditions

When submitting an application, a beneficiary must meet the following requirements:

- The status of the water body has not been identified as less than good in the relevant river basin management plan for reasons related to water quantity, and with derogation from this condition if the investment is supplied with water from an existing reservoir approved by the competent authorities before 31 October 2013 provided that the following conditions are met:
  - the reservoir in question is identified in the relevant river basin management plan and is subject to the control requirements set out in article 11(3)(e) of the Water Framework Directive;
  - on 31 October 2013, there was in force either a maximum limit on total abstractions from

the reservoir or a minimum required level of flow in water bodies affected by the reservoir;
    - that maximum limit or minimum required level of flow complies with the conditions set out in Article 4 of the Water Framework Directive;
    - the investment in question does not result in abstractions beyond the maximum limit in force on 31 October 2013 or result in a reduction of the level of flow in affected water bodies below the minimum required level in force on 31 October 2013.
- When the relevant River Basin Management Plan does not include a comprehensive assessment of the status of a water body in accordance with the requirements of the Water Framework Directive, the water body affected by the planned irrigation investment shall be subject to additional assessment based on the conducted comprehensive investigative monitoring. If, based on the comprehensive assessment, it isidentified that the status of the water body is less than good for the reasons related to water quantity, the investment will not be eligible, except in the case of the above mentioned derogations.
- The investment is related to new irrigation infrastructure only, thus leading to an increase of net irrigated area.
- The compliance of an irrigation investment with the objectives of the Water Framework Directive (water body status assessment and measures for its improvement or maintenance) has to be performed. The assessment procedure has to be based on preliminary and integrated investigative monitoring of the status of a water body which is under the influence of the planned intervention.
- The entire area in which the investment is to take place, as well as in any other areas whose environment may be affected by the investment in irrigation has to be included in the relevant river basin management plan, as required under the terms of the Water Framework Directive, and have been communicated to the Commission.
- The water metering at the level of the supported investment shall be in place or shall be put in place as part of the investment.
- The environmental analysis shows that the investment does not have significant negative impact on the environment and/or ecological network, as well as investments that with implementation of environmental and/or ecological mitigation measures do not have significant negative impact on the environment and/or ecological network.
- Financial support will be provided for irrigation only if it is in line with Article 4 of the Water Framework Directive (7), (8) and (9), Having regard to the cumulative impact and the corresponding mitigation measures at the level of river basin management.
- The beneficiary must have an administrative act on water rights conditions/Certificate of Project compliance with the goals of WFD issued by the competent authority.
- The Water Framework Directive compliant water permit has to be obtained before any investment in a new irrigation installation takes place.
- Supported investments do not generate net revenue.
- Economic sustainability of the investment (feasibility for a period of minimum 30 years).
- Soil suitability for irrigation at the whole net agricultural surfaces of the project (soil suitability for irrigation is assessed in the system scope according to the custom and practice of the profession).

8.2.4.3.6.7. Principles with regards to the setting of selection criteria

Projects will be selected for co-financing on the basis of a call for proposals.

The selection criteria for the eligible projects, will be laid down in the Ordinance based on the following principles:

- Economic rate of return on the investment (higher economic rate of return on the investment from the feasibility study prioritised);
- Connection rate (higher share of net agricultural surfaces for which the Investor had concluded a preliminary contract on connection with end users prioritised);
- Seasonal aridity of the area (area with higher aridity prioritised);
- Energy efficiency assessment of the project (lower nominal pressure of the system prioritised);
- Soil suitability for irrigation (larger net agricultural surfaces under higher soil suitability for irrigation assessed in the system scope prioritised);
- Regional development Index (higher priority on area with lower RDI on County level).

Only projects reaching a minimal threshold score shall be funded.

8.2.4.3.6.8. (Applicable) amounts and support rates

The minimum value of public support per project is EUR 150.000.

The maximum value of public support per project is to EUR 15.000.000.

The intensity of the support is up to 100 % of total eligible project expenditures.

8.2.4.3.6.9. Verifiability and controllability of the measures and/or types of operations

8.2.4.3.6.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.4.3.6.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.4.3.6.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.4.3.6.10. Methodology for calculation of the amount or support rate, where relevant

Not relevant

8.2.4.3.6.11. Information specific to the operation

Definition of non productive investments

Not applicable.

Definition of collective investments

This is defined at measure level.

Definition of integrated projects

Not applicable.

Definition and identification of the eligible Natura 2000 sites and other eligible areas of high nature value

This is defined at measure level.

Description of the targeting of the support to farms in accordance with the SWOT carried out in relation to the priority referred to in Article 5(2) of Regulation (EU) No 1305/2013

Not applicable.

List of new requirements imposed by Union legislation for complying with which support may be granted under Article 17(6) of Regulation (EU) No 1305/2013

This is listed at measure level.

Where relevant, the minimum standards for energy efficiency referred to in Article 13(c) of Delegated Regulation (EU) No 807/2014

Not relevant.

Where relevant, definition of the thresholds referred to in Article 13(e) of Delegated Regulation (EU) No 807/2014

Not relevant.

8.2.4.3.7. O_07: Land consolidation

Sub-measure:

- 4.3 - support for investments in infrastructure related to development, modernisation or adaptation of agriculture and forestry

8.2.4.3.7.1. Description of the type of operation

The inefficiency of agricultural production is the result of a very fragmented and often very distant farm land of the majority of family farms.

Land consolidation shall be fostered with the aim of consolidating cadastral parcels into larger and more regular plots for their cost-effective use and the creation of favourable conditions for the development of agricultural production. The operation contributes to Focus Area 2A.

This type of operation also contributes to Focus Area 4C.

8.2.4.3.7.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.4.3.7.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Agricultural Land Act (OG 39/13);
- Physical Planning Act (OG 153/13);
- Building Act (OG 153/13);
- Act on Financing of Local and Regional Self-government Units (OG 117/93, 69/97, 33/00, 73/00, 127/00, 59/01, 107/01, 117/01, 150/02, 147/03, 132/06, 26/07, 73/08, 25/12).

8.2.4.3.7.4. Beneficiaries

Local and regional self-government units.

8.2.4.3.7.5. Eligible costs

In accordance with Article 45 of Regulation (EU) No 1305/2013 the following expenditures are eligible:

- Material costs:

- removal of boundaries and objects (fences, wells, etc.);
- making of the new network of agricultural roads, bridges and permeable buildings that will serve for the improvement of land consolidation;
- the costs of other investments directly related with land consolidation (protection from land-slide, etc.);

- Intangible costs:
  - acquisition or development of computer software and acquisition of patents, licences, copyrights, trademarks and other non-material investments related to material investments;
- General costs:
  - services of architects, engineers and consultants, feasibility studies (remain eligible costs even when no expenditure is made on costs referred to in paragraph on Material costs), amounting up to 10 % of the total eligible project expenditures, geodetic survey, evaluation of land, buildings and plantation and determination of property-rights relation on the land under consolidation.

8.2.4.3.7.6. Eligibility conditions

When submitting an application, a beneficiary must meet the following requirements:

- Adopted land consolidation plan on national level;
- The beneficiary must have a formal Decision approving the preliminary project for land consolidation;
- Official decision from Agricultural Land Agency on initiating the process of consolidation;
- Agreement between the Agricultural Land Agency and local or regional self-government units on mutual rights and obligations in the implementation of land consolidation and financial costs of consolidation;
- The investments that do not have significant negative impact on the environment and/or ecological network, as well as investments that with implementation of environmental and/or ecological mitigation measures do not have significant negative impact on the environment and/or ecological network, are eligible for the support;
- The retention of landscape features within GAEC-7, including where appropriate, hedges, ponds, ditches, trees in a line, in group or isolated and stonewalls has to be respect.

8.2.4.3.7.7. Principles with regards to the setting of selection criteria

Projects will be selected for co-financing on the basis of a call for proposals.

The selection criteria for the eligible projects, will be laid down in the Ordinance based on the following principles:

- the degree of fragmentation of agricultural land in the applicable territory;
- the number of target agricultural holdings covered by the project;
- the total area of agricultural land covered by the project;
- the location of the project according to the Regional Development Index.

Only projects reaching a minimal threshold score shall be funded.

8.2.4.3.7.8. (Applicable) amounts and support rates

The minimum value of public support per project is EUR 150.000.

The maximum value of public support per project is EUR 3.000.000.

The intensity of the support amounts to 100 % of total eligible expenditures.

8.2.4.3.7.9. Verifiability and controllability of the measures and/or types of operations

8.2.4.3.7.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.4.3.7.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.4.3.7.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.4.3.7.10. Methodology for calculation of the amount or support rate, where relevant

Not relevant

8.2.4.3.7.11. Information specific to the operation

Definition of non productive investments

This is defined at measure level.

Definition of collective investments

Not applicable.

Definition of integrated projects

Not applicable.

Definition and identification of the eligible Natura 2000 sites and other eligible areas of high nature value

Not applicable.

Description of the targeting of the support to farms in accordance with the SWOT carried out in relation to the priority referred to in Article 5(2) of Regulation (EU) No 1305/2013

Not applicable.

List of new requirements imposed by Union legislation for complying with which support may be granted under Article 17(6) of Regulation (EU) No 1305/2013

Not applicable.

Where relevant, the minimum standards for energy efficiency referred to in Article 13(c) of Delegated Regulation (EU) No 807/2014

Not relevant.

Where relevant, definition of the thresholds referred to in Article 13(e) of Delegated Regulation (EU) No 807/2014

Not relevant.

8.2.4.3.8. O_08: Investment in forest infrastructure

Sub-measure:

- 4.3 - support for investments in infrastructure related to development, modernisation or adaptation of agriculture and forestry

8.2.4.3.8.1. Description of the type of operation

Private forests have very low average forest road density (estimated value some 6,5 km/1.000 ha). State-owned forests have higher average forest road density amounting to 10,13 km/1.000 ha, but, which is still unsatisfactory, given that optimum forest road density should be from 15 km/1.000 ha to 30 km/1.000 ha depending on the relief area (Pentek et al. 2014)[1]. Besides that, in state-owned forests there are still large unopened inaccessible forest areas. Forest road density for various relief areas in Croatia planned by 2020 (Hodić, Jurušić, 2011) are: in low-land area 13 km/1.000 ha, hilly area 20 km/ha, mountainous area 25 km/1.000 ha and in the karst area 15 km/1.000 ha [1]. Inaccessibility and low forest openness have a direct impact on increase of all forest management costs. The construction of new and reconstruction of existing forest transport infrastructure, especially forest roads, providing access to forest areas and will increase the value of forests and forest land. Improved forest transport infrastructure (forest roads, skid roads, etc.) increases the potential for timber and wood biomass supply, provides better protection of forests (especially forest fire protection), also increases forest ecosystem services, opens new area for non-timber product collection and the growth of potential for sustainable forest management with long-term economic benefits. Apart from the growth of ecosystem services, opening of new forest areas will contribute to opening new working places primarily in rural areas.

This type of operation has significant integrative and multiplicative effects when combined with other investments for forestry, especially with the measure M08 - Investments in forest area development and improvement of forest viability.

The operation contributes to Focus Area 2C improving the sustainability and competitiveness of forest enterprises and promoting sustainable forest management through increasing the accessibility of forest areas.

The operation also contributes to Focus Area 5C facilitating effective and improved production and supply of wood and wood biomass and to Focus Area 4A enhancing sustainable forest management through the increase of forest road density which will contribute to increase of their economic values of forest and ecosystem services and enhance forest protection, especially from forest fires.

8.2.4.3.8.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.4.3.8.3. Links to other legislation

- Forest Act (OG 140/05, 82/06, 129/08, 80/10, 124/10, 25/12, 68/12, 148/13, 94/14).

8.2.4.3.8.4. Beneficiaries

- Private and public forest holders;
- Public/state entities managing state forests and forest land according to the Forest Act;
- Associations of private forest holders according to the national legislation;
- Local self-government units.

8.2.4.3.8.5. Eligible costs

In accordance with Article 45 of Regulation (EU) No 1305/2013 the following expenditures are eligible:

- Material costs:
  - construction costs of primary (forest roads) and secondary (skid trails and skid roads) forest transport infrastructure (preparatory works, works on soil improvement, works on lower structure, works on the upper structure, works on surface and underground drainage objects, works on construction of bridges and other forest infrastructure, stone-concrete works, recovery of soil and landslides, other works on construction of forest infrastructure), cost of materials, machines works and labour costs, etc.;
  - cost of reconstruction of forest roads, bridges and other forest infrastructure (reconstruction lower structure, reconstruction of upper structure, reconstruction of surface and underground drainage objects, reconstruction of bridges, reconstruction of retaining and facing walls, etc.), cost of materials, machine works and labour costs, etc.;
  - purchase of forest and other land for project implementation purposes for a maximum of 10 % of the total eligible expenditures.
- General costs:
  - cost of designing primary (forest roads) and secondary (skid trails and skid roads) forest transport infrastructure (setting the zero line, setting axle polygons, field measurements, preliminary design of forest roads and bridges, general and detailed design of forest roads and other forest infrastructure etc.);
  - services of consultants and other general costs required for project preparation and implementation including supervising costs (costs of a licensed forest engineer for supervision of forest roads and other forest infrastructure), feasibility studies, CBA analyses, business plans and other project and technical documentation such as the Elaborate of Forest Road Network Density and Efficiency, environmental and natural impact studies (appropriate assessment regarding Natura 2000 areas), etc., for a maximum of 10 % of the total eligible expenditures
- Ineligible costs:
  - purchase of land or equipment from a family member;
  - other costs connected with leasing, such as lessor's margin, interest refinancing costs, overheads and insurance costs.

8.2.4.3.8.6. Eligibility conditions

All the investments within the framework of this operation, regardless of the size of a forest holding, must be in accordance with the following forest management plans or equivalent document as established in Croatia, as follows:

- for state-owned forests managed by the company in accordance with the Forest Act, the investment must be in accordance with the *Forest Management Unit Plan* or the *Karst Forest Management Unit Plan;*
- *for state-owned forests managed by other state administration bodies and legal persons established by the Republic of Croatia the investment must be in accordance with the Special Purpose Forests Management Plan;*
- *for privately-owned forests investments must be in accordance with the Private Forest Management Plans or the Elaborate of Silvicultural Works for Private Forests issued by Advisory Service;*
- *private forest holders must be registered in the Register of Private Forest Holders at the Ministry of Agriculture;*
- *forest holder associations must be registered in accordance with national legislation.*

Support under this operation is limited to roads used primarily for forestry purposes.

The construction and reconstruction of all forest infrastructure must be indicated in the relevant Forest Management Plan or Elaborate of Silvicultural Works for Private Forests. An Integral part of each FMP is the approval by the Ministry of Environmental and Nature Protection that the construction of forest road infrastructure and their impacts respect environmental and nature protection conditions. The Forest Act (Article 8) specifically legislates that infrastructure in forest ecosystems must be designed in a way that is least harmful to the forest habitats, taking care of special geological, vegetation, hydrological and other values, especially on the environmental, valuable parts of the ecosystem (i.e. part of ecological network, habitats, migratory corridors of rare, vulnerable or endangered species).

Where activities connected to forest infrastructure are planned in a NATURA 2000 area, consent (following appropriate assessment/screening) is required from the Ministry of Environmental and Nature Protection.

When applying for support within this type of operation, each beneficiary must submit an Elaborate of Forest Road Network Density and Efficiency. Support shall be granted for projects for forest infrastructure which increase forest road density up to a maximum density per forest management unit as indicated in the Elaborate of Forest Road Network Density and Efficiency accompanying the submission of the proposal:

- low-land area 12 km/1.000 ha,
- hilly area 18 km/1.000 ha,
- mountainous area 22,5 km/1.000 ha,
- karst area 12 km/1.000 ha.

8.2.4.3.8.7. Principles with regards to the setting of selection criteria

Projects will be selected for co-financing on the basis of a call for proposals.

The selection criteria for the eligible projects, will be laid down in the Ordinance based on the following principles:

- current forest road density (km/1.000 ha);
- degree of the forest fire risk;
- increase of forest road density.

Only projects reaching a minimal threshold score shall be funded.

8.2.4.3.8.8. (Applicable) amounts and support rates

The minimum value of support per project is EUR 10.000.

The maximum value of support per project is EUR 1.000.000 million.

Intensity of the support is 100 % of total eligible expenditures.

8.2.4.3.8.9. Verifiability and controllability of the measures and/or types of operations

8.2.4.3.8.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.4.3.8.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.4.3.8.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.4.3.8.10. Methodology for calculation of the amount or support rate, where relevant

Not relevant

8.2.4.3.8.11. Information specific to the operation

Definition of non productive investments

This is defined at measure level.

Definition of collective investments

This is defined at measure level.

Definition of integrated projects

This is defined at measure level.

Definition and identification of the eligible Natura 2000 sites and other eligible areas of high nature value

This is defined at measure level.

Description of the targeting of the support to farms in accordance with the SWOT carried out in relation to the priority referred to in Article 5(2) of Regulation (EU) No 1305/2013

Not applicable.

List of new requirements imposed by Union legislation for complying with which support may be granted under Article 17(6) of Regulation (EU) No 1305/2013

Not applicable.

Where relevant, the minimum standards for energy efficiency referred to in Article 13(c) of Delegated Regulation (EU) No 807/2014

Not relevant

Where relevant, definition of the thresholds referred to in Article 13(e) of Delegated Regulation (EU) No 807/2014

Not relevant

8.2.4.3.9. O_09: Non-productive investments related to environmental preservation

Sub-measure:

- 4.4 - support for non-productive investments linked to the achievement of agri-environment-climate objectives

8.2.4.3.9.1. Description of the type of operation

Support will be provided for investments in the restoration of habitats and landscape features, including the construction and restoration of green infrastructure, protection of livestock from large carnivores, and restoration of ponds, ensuring the preservation of various species and endangered habitats.

This type of operation contributes to Focus Area 4A through activities within the framework of agri-environmental-climate commitments, through the protection, maintenance and restoration of biodiversity and other natural values. It will contribute to the restoration goal of the EU 2020 biodiversity strategy (15 % of degraded habitats) by restoring degraded habitats and landscape features on agricultural land which will contribute to protection and maintenance of biodiversity. Activities consisted in restoration works will include e.g., activity removing invasive alien species from agricultural land and restoration of overgrown grasslands thus additionally contributing to goal 5 of the EU biodiversity strategy. These investments will enhance value of high nature value areas (e.g. Natura 2000 areas) and ensure the preservation of various species and endangered habitats. In terms of water-related ecosystem restoration activities, investments in the renovation of derelict ponds for livestock will be an eligible cost. Besides being the historic features of the landscape and source for livestock watering, this type of feature provides a habitat for various species like pollinating flies and amphibians as well as water sources for bats and butterflies.

8.2.4.3.9.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.4.3.9.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Environmental Protection Act (OG 80/13);
- Nature Protection Act (OG 80/13).

8.2.4.3.9.4. Beneficiaries

- Agriculture holdings registered in the Register of Agricultural Holdings;
- Public institutions and bodies, including Public Institutions for the Management of Protected Areas (state, regional and local public institutions), as well as local government units;

- Civil associations involved in the protection and promotion of cultural values and environmental protection.

8.2.4.3.9.5. Eligible costs

In accordance with Article 45 of Regulation (EU) No 1305/2013 the following expenditures are eligible:

- Material costs:
  - investments in the purchase of land for project realisation up to 10 % value of total eligible project expenditures;
  - investment in building terraces;
  - investment in building stonewalls and planting hedges;
  - removing invasive alien species from agricultural land on a one-time-basis aimed at the eradication of selected invasive alien species from overgrown agricultural land or agricultural land which is in the process of becoming overgrown, thus restoring habitats and improving the biodiversity conservation status of species and habitats;
  - procuring electric shepherds with related equipment and/or indigenous shepherd dog (Tornjak) where a shepherd dog would be used for livestock keeping in the areas of natural distribution of large carnivores;
  - building of new and restoration of existing livestock housing in the areas of natural distribution of large carnivores;
  - restoring habitats important for biodiversity preservation on agricultural land which was not maintained in accordance with good agricultural practice regarding the type of use primarily focused on grasslands which are overgrown or are being overgrown by scrub or other woody vegetation (vegetation succession). Payments should vary depending on the extent of scrub or other woody vegetation on the area;
  - investment in the renovation of derelict ponds for livestock.
- Intangible costs:
  - acquisition or development of computer software and acquisition of patents, licences, copyrights, trademarks and other non-material investments related to material investments;
- General costs:
  - services of architects, engineers and consultants, feasibility studies (remain eligible costs even when no expenditure is made on costs referred to in paragraph on Material costs) amounting up to 10 % of the total eligible project expenditures.

8.2.4.3.9.6. Eligibility conditions

General:

- The investment must be in accordance with the standards related to environmental and nature protection;
- Investments can only take place on the land that is used or has been used for agricultural purposes;
- Beneficiaries who are restoring habitats important for biodiversity conservation on agricultural land that has not been not maintained in accordance with good agricultural practices with regard

to the type of use, must comply with the cross compliance measure at the latest one year after the beginning of this sub-measure;
- support shall not be granted to beneficiaries with unsettled obligations to the state;
- the appropriate safeguards in terms of environmental impact shall be established in the ordinances in accordance with national provisions. Investments which are assessed as having a significant negative environmental impact will not be eligible for support unless corrective actions are implemented as prescribed by the Competent Authority.

Specific conditions on eligible activities:

- Building terraces:
  - raising the terraces in areas where they are traditionally present with stone walls supporting land, plant material or other natural materials in the immediate vicinity.
- Building stonewalls:
  - stonewalls can be built only in those localities in which they are traditionally present and where the previous location of the stonewall is clearly visible.
- Planting hedges:
  - hedges should consist of at least three different deciduous plant species (to be defined by a competent authority).
- Removing invasive alien species from agricultural land:
  - the presence of invasive species on agricultural land. A list of invasive species will be specified in the sub-measure Ordinance.
- Purchase of electric shepherds with related equipment and/or indigenous shepherd dogs (Tornjak):
  - for farms that are engaged in livestock production;
  - for breeding/rearing livestock in the area where there is a natural distribution of large carnivores as well as for beneficiaries from Measure M10 Agri-environment-climate, under sub-measure 10.2.
  - Areas of the natural distribution of large carnivores are formally defined in official Reports on wolf and lynx population status as well as in the adopted Management plan for brown bear will be specified in the Ordinances;
  - Restoring habitats important for biodiversity preservation on agricultural land which has not been maintained in accordance with good agricultural practice regarding the type of use;
  - implementation on overgrown agricultural land or on agricultural land which is in the process of becoming overgrown primarily focused on grasslands, where active involvement in the removal of scrub and other woody vegetation is necessary for restoring grassland habitats;
  - restoration activities target also the agricultural land outside the LPIS, with the obligation that once the agricultural land is restored it has to be registered in LPIS.
- Restoration of derelict ponds for livestock:
  - presence of healed/derelict ponds in areas with extensive cattle breeding.

8.2.4.3.9.7. Principles with regards to the setting of selection criteria

Projects will be selected for co-financing on the basis of a call for proposals.

The selection criteria for the eligible projects, will be laid down in the Ordinance based on the following

principles:

- Areas with natural or specific constraints;
- Natura 2000 areas;
- Beneficiary is under organic production or agro-environmental measures.

Only projects reaching a minimal threshold score shall be funded.

8.2.4.3.9.8. (Applicable) amounts and support rates

The minimum value of public support per project is EUR 600.

The maximum value of public support per project is EUR 150.000.

The intensity of the support amounts to 100 % of total eligible expenditures.

8.2.4.3.9.9. Verifiability and controllability of the measures and/or types of operations

8.2.4.3.9.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.4.3.9.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.4.3.9.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.4.3.9.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.4.3.9.11. Information specific to the operation

Definition of non productive investments

- investment in building terraces;
- investment in building stonewalls and planting hedges;

- removing invasive alien species from agricultural land;
- procuring electric shepherds with related equipment and/or the indigenous shepherd dog (Tornjak);
- building of new and restoration of existing livestock housing in the areas of natural distribution of large carnivores;
- restoring habitats important for biodiversity preservation on agricultural land which was not maintained in accordance with good agricultural practice regarding the type of use;
- investment in the renovation of derelict ponds for livestock.

Definition of collective investments

Not applicable.

Definition of integrated projects

Not applicable.

Definition and identification of the eligible Natura 2000 sites and other eligible areas of high nature value

This is defined at measure level.

Description of the targeting of the support to farms in accordance with the SWOT carried out in relation to the priority referred to in Article 5(2) of Regulation (EU) No 1305/2013

This is described at measure level.

List of new requirements imposed by Union legislation for complying with which support may be granted under Article 17(6) of Regulation (EU) No 1305/2013

This is listed at measure level.

Where relevant, the minimum standards for energy efficiency referred to in Article 13(c) of Delegated Regulation (EU) No 807/2014

Not relevant

Where relevant, definition of the thresholds referred to in Article 13(e) of Delegated Regulation (EU) No 807/2014

Not relevant

8.2.4.4. Verifiability and controllability of the measures and/or types of operations

8.2.4.4.1. Risk(s) in the implementation of the measures

- Public procurement rules are not respected in contracts where this is foreseen;
- Large number of applications or complexity of procedures which may be disproportionate creates a huge administrative burden and pressure resulting in a higher error rate;
- Potential beneficiaries do not have the sufficient knowledge or adequate equipment to be able to successfully apply to a call via electronic submission of application;
- Limited access to bank guarantee or an equivalent type of guarantee as a precondition for advance payments;
- Conflict of interest (as an example: land and/or facilities being purchased from close family relations);
- The administrative system does not include adequate checks of beneficiaries' payment requests; or the administrative procedure was not recorded well enough to ensure that all checks had been made;
- Non-eligible VAT was approved as eligible cost;
- Beneficiaries failed to meet the deadline to implement their investment project;
- Risk of a cessation or relocation of a productive activity;
- Risk of a change in ownership of an item of infrastructure which gives a firm or a public body an undue advantage;
- Risk of a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives;
- Risk of deadweight and/or displacement;
- Risk of inappropriate selection of beneficiaries due to complex, expensive or long application procedures so that only those who least need the aid can afford the effort of submitting a successful application;
- Risk of double financing where similar or identical investment measures can be supported under the CAP's first pillar or under any other source of public money;
- Risks related to support for investments not covered by Annex I to the Treaty;
- Unreasonably high costs are approved as eligible.

8.2.4.4.2. Mitigating actions

- Compliance with public procurement rules will be checked by the PA (Public procurement service) as part of regular administrative controls. Provision of specific tailored guidance and training on public procurement under technical assistance is envisaged;
- Timely information for beneficiaries of indicative planning for the publication of calls through various communication channels. Electronic submission of application is envisaged decreasing the administrative burden. Other e-government solutions and automatic or manual cross-checks with on-line Registers and databases maintained by other institutions will be introduced subjectto

technical pre-conditions;

- Technical assistance related to electronic submission of application (AGRONET) is envisaged, provided via various institutions (Advisory Service, Agricultural Agency etc.) to all interested beneficiaries who do not have the knowledge and/or equipment to electronically apply and submit documentation for a call;
- Advanced payment could be approved only if sufficient financial guarantee (or equivalent) is provided. The PA has already established a register of guarantees. Clear information will be provided on the calls and obligations to assist beneficiaries in accessing credit facilities;
- Where potential conflict of interest is possible, Beneficiary shall provide sworn statements that it is avoided in the implementation of selected operation. Specific information shall be provided on this aspect. In case of serious mistrust, data from relevant institutions will be cross-checked, and where fraudulent behaviour is suspected the appropriate measures be taken as with all ESI funds;
- All needed checks of beneficiaries' payment requests are prescribed in written procedures of the PA and each official responsible for authorisation shall have a detailed checklist of the verifications. This includes the supporting documents of the claim and sufficiently detailed audit trail that those checks have been performed. This may be made by electronic means or paper based. Additionally, there shall be evidence of a review by another staff member if related to authorisation of payment. This review can be performed on a sample basis and on only critical eligibility checks depending on the nature of the related specific risk identified in control system set-up;
- Eligibility of VAT will be a regular check during operation selection (approval) and during payment requests approval by the PA. It is a standard check included in the detailed check-list for authorisation of payments;
- All conditions and requirements that the beneficiary has to follow during the implementation of the selected operation will be prescribed in Operation approval decisions issued by PA. Information activities like info days, electronic communication tools, help-desk etc. are foreseen in order to mitigate risks related to a beneficiary's failure to meet the implementation conditions;
- The sustainability of proposed operations by beneficiary is evaluated and appropriate selection criteria envisaged;
- Ex-post on-the-spot control on a sample basis is envisaged in five-year period after the completion of operation and payment execution;
- All implementation conditions are part of the Operation approval decisions issued by the PA that is legally binding for both the Beneficiary and PA. In case the original objectives are undermined and payment already executed it will be treated as undue payment and a debt recovery procedure started;
- Risk of deadweight and/or displacement can be significantly mitigated by determination and application of appropriate selection criteria following verification of eligibility criteria;
- Procedures for application submission shall be simplified especially regarding requesting unnecessary proofs which are accessible in e-governance database, and especially those maintained by the PA itself. Business plans will be used only where prescribed by Regulation. Otherwise, procedures should be simple, accessible and affordable for all beneficiaries so there will not be unfair treatment of beneficiaries without the appropriate capacity to follow excessive conditions;
- Upgraded database interoperability at public administration level in order to avoid double financing of the same eligible costs;
- In case of investments not covered by Annex I, state aid rules will be applied if such operations are eligible;
- Evaluation of reasonableness of real costs either through use of reference costs

(minimum/maximum parameters), the comparison of different offers or using an evaluation committee, depending on the sub-measure and typology of cost.

8.2.4.4.3. Overall assessment of the measure

Due to the complexity and broad range of activities that can be implemented under this measure there are significant risks that should be properly mitigated. However, the mitigating actions identified are feasible and the measure can be implemented as soon as the Paying Agency sets up the control system for the implementation of this measure according to accreditation criteria.

8.2.4.5. Methodology for calculation of the amount or support rate, where relevant

Not applicable to this measure.

8.2.4.6. Information specific to the measure

Definition of non productive investments

- investment in building terraces;
- investment in building stonewalls and planting hedges;
- removing invasive alien species from agricultural land;
- procuring electric shepherds with related equipment and the indigenous shepherd dog (Tornjak);
- restoring habitats important for biodiversity preservation on agricultural land which was not maintained in accordance with good agricultural practice regarding the type of use;
- investment in the renovation of derelict ponds for livestock.

Definition of collective investments

Collective projects are those in which two or more beneficiaries are involved in a single project. The subject of investment will be used by all beneficiaries of the collective project. Beneficiaries shall conclude an Agreement on business cooperation which establishes one beneficiary who will be the applicant for the support on behalf of all the beneficiaries.

For collective investments, the maximum amount of public support may not exceed EUR 5.000.000.

Definition of integrated projects

Integrated projects are projects combining at least two operations falling under at least two different measures or sub-measures, including one under Article 17, provided that the same beneficiary is

concerned and the implementation of operations together brings a better result than if they were done in separate way.

Implementation of operations needs to achieve a better economic result than if they were implemented separately.

Integrated projects can be considered those which combine investments from:

- sub-measure 4.1. and sub-measure 3.1.;
- sub-measure 4.1. and sub-measure 6.1.;
- sub-measure 4.1. and sub-measure 16.1.

The applicable maximum amount of public support is defined in each sub-measure in the case of investments in integrated projects. This shall not exceed the sum of the maximum amounts of public support as defined in the Programme.

Definition and identification of the eligible Natura 2000 sites and other eligible areas of high nature value

Natura 2000 areas: Regulation on the Ecological Network (OG 124/2013), designated areas important for birds and their habitats according to the Article 4 of the Birds Directive (SPA – Special Protection Areas), including adoption of the Ordinance proscribing the adequate conservation measures for SPAs. and proposed sites for protection of species and habitats of EU importance listed in Annex I (habitat types) and Annex II (species) of the Habitats Directive (pSCIs – proposed Sites of Community Importance) according to the procedure laid down in Article 4. The Organic Network, which is an integral part of the European Natura 2000 Network, is defined in the Regulation on Organic Network (OG 124/13).

High nature value (HNV) farmland is based on data from the database on land cover CorineLandCover (CLC 2000), taking into account the distribution of areas important for biodiversity. Areas of selected CLC classes are combined with internationally and nationally important areas for biodiversity, including areas important for birds, areas important for butterflies and the ecological network Natura 2000 sites. As specificity of Croatia, HNV farmland also includes freshwater ponds of great natural value. 54,4 % of the country is under HNV farmland (SINP[1], 2011).

[1] State Institute for Nature Protection

Description of the targeting of the support to farms in accordance with the SWOT carried out in relation to the priority referred to in Article 5(2) of Regulation (EU) No 1305/2013

Despite the fact that Agriculture is historically important thus representing the most frequent economic activity of the population in rural areas, the AH structure is not adequate to make them viable and competitive on the market. This is exacerbated by the unfavourable age structure which represents a further hurdle to the introduction of new techniques and technologies thus accepting the obligation to meet community standards, particularly those related to environment protection and usage of renewable sources of energy. However, a consolidated positive trend towards a more viable farm structure can be seen from the increase in the number of AHs in the categories of size 20-100 ha and even more of 100-750 ha and from an increasing awareness of potentials from high-quality value-added products (organic farming, integrated

farming), not only limited to primary agricultural production but also forestry and food-processing and non-productive investments in maintaining biodiversity. The support to farms has been targeted in this measure in order to support the above-mentioned trend, which strongly addresses Priority 2, consequent to the SWOT analysis and identified Needs within the RDP.

List of new requirements imposed by Union legislation for complying with which support may be granted under Article 17(6) of Regulation (EU) No 1305/2013

List of mandatory Community Standards eligible for financing under RDP is provided in Annex V.

Where relevant, the minimum standards for energy efficiency referred to in Article 13(c) of Delegated Regulation (EU) No 807/2014

According to Technical regulation on rational energy consumption and thermal protection in buildings.

Where relevant, definition of the thresholds referred to in Article 13(e) of Delegated Regulation (EU) No 807/2014

The minimum percentage of heat energy to be utilised in electricity production from biomass will be defined by national law on bioenergy. Investments in biomass installations shall not be eligible for support until a minimum percentage of heat energy will be prescribed.

8.2.4.7. Other important remarks relevant to understand and implement the measure

For operations under Sub-measure 4.2 - support for investments in processing/marketing and/or development of agricultural products, where beneficiaries at the time of application are agricultural holdings not registered for processing or marketing and they are granted support under these types of operations, final payment and operation closure are conditional on due Registration of the holding or their facilities for the said activities in accordance with national law.

For operations that can have significant negative impact on the environment, the Ministry of Environmental and Nature Protection issues a decision on the need to implement the procedure of environmental impact assessment of the intervention based on the criteria stipulated by the Environmental Protection Act (OG 80/13) and the Regulation on the Environmental Impact Assessment of Interventions (OG 61/14). Furthermore, in accordance with the provisions of the Nature Protection Act (OG 80/13), the Ecological network impact assessment is performed for the intervention or its parts which, by itself or in conjunction with other interventions, may have a significant negative impact on the conservation objectives and integrity of the Natura 2000 ecological network.

8.2.5. M05 - Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions (art 18)

8.2.5.1. Legal basis

Regulation (EU) No 1305/2013 of the European Parliament and of the Council.

Commission Delegated Regulation (EU) No 807/2014.

Commission Implementing Regulation (EU) No 808/2014.

Regulation (EU) No 1303/2013 European Parliament and of the Council.

Regulation (EU) No 1307/2013 European Parliament and of the Council.

8.2.5.2. General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objectives

The largest material damage in agriculture production caused by natural disasters has been recorded from drought, flood, fire and sudden occurrences of animal and plant diseases. Considering that these represent serious economic losses to a certain group of farmers and assume epidemic proportions and endanger human health, it is necessary to reduce their negative consequences.

A specific damage to agricultural potential is represented by the presence of mined and mine-suspected areas in parts of Croatia, where areas of agricultural land are not accessible. A type of operation is envisaged to restore agricultural potential in these areas (5.2.2. De-mining of agricultural land).

The objective of this measure is the restoration of agricultural production potential damaged by natural disasters and catastrophic events to ensure the sustainability of agricultural production and prevent the deterioration of agricultural holdings, thereby responding to Need 11.

Contribution to focus areas

The 2 types of operations under this measure contribute to Priority 3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture; Focus Area 3B - supporting farm risk prevention and management.

The measure contributes to risk management on agricultural holdings through the restoration of agricultural production potential damaged by natural disasters, adverse climate events and catastrophic events.

Additionally, the measure indirectly contributes to Focus Area 2A by improving the economic performance of agricultural holdings.

Contribution to cross-cutting objectives

This measure contributes to the realisation of the cross-cutting objective related to environmental protection.

Restoration of agricultural land and production potential will prevent soil erosion and maintain biodiversity.

De-mining of agricultural land will allow farmers to access and maintain agricultural land according to good agricultural and environment practices. It specially concern protection from invasive species and maintenance of biodiversity in affected areas.

8.2.5.3. Scope, level of support, eligible beneficiaries, and where relevant, methodology for calculation of the amount or support rate broken down by sub-measure and/or type of operation where necessary. For each type of operation specification of eligible costs, eligibility conditions, applicable amounts and support rates and principles with regard to the setting of selection criteria

8.2.5.3.1. O_01: Restoration of agricultural land and production potential

Sub-measure:

- 5.2 - support for investments for the restoration of agricultural land and production potential damaged by natural disasters, adverse climatic events and catastrophic events

8.2.5.3.1.1. Description of the type of operation

Natural disaster cannot be predicted and its occurrence cannot be prevented, so it can cause significant economic losses in agricultural production. It is necessary to provide support to agricultural producers for the restoration of agricultural production potential damaged by natural disasters. Restoring damaged agricultural production potential will ensure production sustainability and prevent the deterioration of agricultural holdings.

This operation contributes to Focus Area 3B. Restoration of agricultural production potential damaged by natural disasters will prevent farm risk.

8.2.5.3.1.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.5.3.1.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Act on Protection from Natural Disasters (OG 73/97).

8.2.5.3.1.4. Beneficiaries

Farmers or groups of farmers registered in the Register of Agricultural Holdings pursuant to the Agriculture Act.

8.2.5.3.1.5. Eligible costs

The following expenditures are eligible:

- investments linked to restoring of agricultural land;
- construction and/or reconstruction and/or equipment of farm buildings and related infrastructure for agricultural production;
- restoration or purchase of machinery and equipment for agricultural production;
- purchase of the basic herd of animals;
- purchase and planting of perennial plants;
- labeling of investment co-financed from the EU budget up to EUR 100;
- general costs: costs of architects, engineers and consultants, feasibility studies, costs for preparation of technical documentation and cost of court experts amounting up to 10 % of the total eligible project expenditures.

The purchase of second hand equipment is eligible under this operation.

8.2.5.3.1.6. Eligibility conditions

The following eligibility conditions apply:

- formal recognition by the competent public authorities that a natural disaster has occurred and that this disaster or measures adopted in accordance with Council Directive 2000/29/EC to eradicate or contain a plant disease or pest has caused the destruction of at least 30 % of the relevant agricultural potential;
- the natural disaster occurred after 01.01.2014.

No support under this measure shall be granted for loss of income resulting from the natural disaster or catastrophic event.

- There shall be no overcompensation and double funding resulting from other EU or national instruments. When submitting the application, beneficiary must submit an insurance policy contracted with the insurance company for the same expenditures or a sworn statement that no other instrument of support regarding this type of risk has been provided and sample checks shall be carried out;
- The assessment of the damage will be carried out at beneficial level by authorised bodies (State Committee, County Committee, City Committee, Municipal Committee) according to the Methodology for Damage Assessment from Natural Disasters prescribed in Act on Protection from Natural Disasters (OG 73/97). The competent authorities to assess the damage are composed of experts in the field of agriculture. Damage is determined for buildings, equipment, land,

perennial crops, forests, livestock and working capital. Members of the Committee assess the damage and the results are entered in the prescribed forms that are an integral part of the Methodology. Beneficiaries enclose those forms when submitting the application for support.

8.2.5.3.1.7. Principles with regards to the setting of selection criteria

Priority will be given to beneficiaries according to the level of production potential damaged by natural disasters, adverse climatic events and catastrophic events (higher percentage of relevant agricultural potential damage prioritised).

8.2.5.3.1.8. (Applicable) amounts and support rates

The intensity of the support amounts to 100 % of eligible investment costs for operations to restore agricultural land and production potential damaged by natural disasters, adverse climate events and catastrophic events.

Aid will be granted on the basis of real costs attested by invoices or other documents of probative value attesting payment.

8.2.5.3.1.9. Verifiability and controllability of the measures and/or types of operations

8.2.5.3.1.9.1. Risk(s) in the implementation of the measures

The main identified risks under this type of operation are related to:

- The reasonableness of prices is not systematically checked; or the checks are inadequate, especially in the case of purchases of second-hand equipment and animals from private persons;
- The invoices or other relevant documents as evidence of investment costs provided by the beneficiary do not enable costs to be checked for reasonableness, as they were not specific enough;
- The complexity of procedures makes huge administrative burden and lead to over bureaucracy which can demotivate farmers from applying for investment support;
- The beneficiary started a project before submitting an application resulting in non-eligible expenses;
- Due to a lack of information, beneficiaries can make errors in the following: filling in payment claims, documents to prove expenditure in claims for reimbursement are not provided, costs are unintentionally claimed twice, and items in payment claims differ from those found during on-the-spot checks and other similar mistakes which can lead to reduction of the payment;
- Beneficiaries fail to meet the deadline to implement their investment project;
- Risk of overcompensation or double financing where similar or identical investment measures can be supported under the CAP's first pillar, especially in the fruit & vegetables and wine sectors;
- Risk of overcompensation as a result of the combination of this measure and other national or Union support instruments or private insurance schemes;

- Real costs are difficult to verify or costs are unreasonable;
- Overestimation of the relevant agricultural potential.

8.2.5.3.1.9.2. Mitigating actions

- The reasonableness of prices will be checked by the Paying Agency using a price database;
- The invoices or other relevant documents as evidence of investment costs provided by the beneficiary will be checked by the Paying Agency;
- The procedure of submitting claim will be simplified;
- Appropriate information campaigns will be made before Calls for application;
- The deadline to implement investment project will be set in the grant decision;
- The relevant cross-check will be carried out by the Paying Agency;
- The Beneficiary will be asked to provide a sworn statement that no other instrument of support regarding this type of risk has been provided and sample checks will be carried out;
- The Paying Agency will estimate costs limits according to the damage assessment;
- The site of relevant agricultural potential will be cross-checked with the animal register and LPIS.

8.2.5.3.1.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.5.3.1.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.5.3.1.11. Information specific to the operation

8.2.5.3.2. O_02: De-mining of agricultural land

Sub-measure:

- 5.2 - support for investments for the restoration of agricultural land and production potential damaged by natural disasters, adverse climatic events and catastrophic events

8.2.5.3.2.1. Description of the type of operation

The scope of this type of operation is the restoration of agricultural land through mine clearance. This will prevent the deterioration of agricultural holdings, improve the economic performance of farms by restoring their competitiveness and restarting of the agricultural production and thus enable their production sustainability.

De-mining of agricultural land is foreseen as stand-alone type of operation due to implementation specificities related to the investments for the restoration of mined agricultural land. Since it is not reasonable and cost-effective that farmers themselves undertake such investments, the involvement of regional self-government units (counties) as Beneficiaries in terms of implementation is envisaged.

This operation contributes to the Focus Area 3B and has secondary contribution to Focus Area 2A by restoring agriculture potentional on unutilised land, thereby fostering competitiveness of agriculture sector.

Counties as operation implementation beneficiaries are responsible for public procurement and selection of de-mining service provider while farmers are final beneficiaries who will benefit from the implemented operations by restoration of their agricultural land and the re-start of agricultural production on de-mined land. It will contribute to farm risk prevention and improve the economic performance of farms, ensuring production sustainability and prevent the deterioration of agricultural holdings in war affected areas.

The Croatian Mine Action Centre (CROMAC) as the competent national public authority for de-mining according to the Act on humanitarian demining may provide all the technical support needed for successful implementation of this type of operation. It may serve the Paying Agency as technical service in authorisation of payments including tasks regarding administrative and on the spot checks. It will be also be on disposal to the beneficiaries for the technical preparation of tenders and evaluation of offers during the public procurement procedure, especially concening the reasonableness of costs assessment.

With the singing of the Convention on the prohibition, use, stockpiling, production and transfer of anti-personnel mines and their destruction Croatia committed itself to the removal of all mines and UXO’s by the extended deadline of March 1st 2019. The implementation of this measure will greatly contribute to meeting its international obligation both on UN and EU levels as well as contributing to political stability, social inclusion and economic development.

In order to maximise the contribution of the ESI Funds and the potential benefits of the EAFRD complementarities with other ESI funds, only de-mining of the agricultural land is foreseen under this type of operation while forestry de-mining is envisaged through ERDF as is set out in the Partnership Agreement.

8.2.5.3.2.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.5.3.2.3. Links to other legislation

- Act on Humanitarian Demining (OG 153/05, 63/07, 152/08).

8.2.5.3.2.4. Beneficiaries

The beneficiaries of this type of operation are Regional self-government units (Counties) who have mine suspected or mine contaminated agricultural land.

8.2.5.3.2.5. Eligible costs

Eligible costs under this type of operation are:

- general costs for preparation of technical documentation and
- costs of de-mining activities (clearance of mines from mine suspected and/or mine contaminated area):
    - Checking of the mine suspected and mine contaminated area (used methods: demining machines, human deminers with a metal detector and a prod, deminer dogs);
    - Removal of mines or other Unexploded ordnances (UXO);
    - Destroying of the cleared mines or other UXOs;
    - Costs of health workers (unit for emergency intervention in case of incidents);
    - Cost of the marking signs during demining (demarcation of the potentially dangerous area during demining activities).

Ineligible costs:

- Costs related to conducting general and technical survey with the purpose of collecting and processing data on MSA, technical survey and project proposal development for mine search and demining projects, deminer control and inspection, quality assurance as well as the issuing of the "certificate of the mine free areas". These costs are regular tasks of CROMAC according to the Act on humanitarian de-mining and are incorporated in its budget.

8.2.5.3.2.6. Eligibility conditions

The following eligibility conditions apply:

- formal recognition by the competent national public authority - Croatian Mine Action Centre

(CROMAC) - that the operation's relevant area is under mine contamination, namely what is considered as destruction of 100 % of the relevant agricultural potential (agricultural land) and fulfils the 30 % threshold set by Article 18(3) of Regulation (EU) No 1305/2013;
- a direct link between the de-mining activities and agricultural production potential is clearly established;
- only de-mining of agricultural land and directly-related infrastructure such as agricultural land pathways, dikes, drainage systems, terraces, stonewalls, landscape features, and similar are eligible for financing if they are an integral part of the under mined agricultural land in question and mine pollution of these would negatively affect agricultural potential;
- clearance of mines refers strictly to the amount declared within the contract following the public tender.

8.2.5.3.2.7. Principles with regards to the setting of selection criteria

Selection criteria will be prescribed by the Ordinance. Investment projects that will have greater impact for demining agricultural area and restoring competitiveness will be prioritised for support.

The following principles will be taken into account:

- scope of the operation in terms of economy of scale and cost-effectiveness;
- number of farmers (target group) that can benefit from the demining operation;
- regional development index (counties with lower index prioritised) and
- compliance with National Mine Action Programme 2009 - 2019.

Only projects reaching a minimal threshold score shall be funded.

8.2.5.3.2.8. (Applicable) amounts and support rates

The intensity of the support amounts to 100 % of eligible costs.

8.2.5.3.2.9. Verifiability and controllability of the measures and/or types of operations

8.2.5.3.2.9.1. Risk(s) in the implementation of the measures

The main identified risks under this type of operation are related to:

- public procurement procedures not properly implemented;
- area eligibility for de-mining;
- reasonableness and effectiveness of costs;
- proper application of selection criteria and
- specificities and complexities regarding the performance of some administrative and on-the-spot checks.

8.2.5.3.2.9.2. Mitigating actions

The mitigating actions are:

- Provision of specific tailored guidance and training on public procurement for the specificities of this type of operation is envisaged by the Managing Authority in cooperation with the Croatian Mine Action Centre;
- Area eligibility for de-mining will be checked through LPIS (ARKOD) and the CROMAC Mine-information system portal. The Paying Agency and CROMAC have already established a protocol for data exchange;
- Reasonableness and effectiveness of costs will be checked by Paying Agency using technical expertise provided by the Croatian Mine Action Centre as a technical support service. However, this risk should be minimal due to public procurement tenders and a sufficient number of specialised companies with licences for de-mining activities to ensure competition;
- Size of agriculture area and number of farmers that could benefit from demining could be cross-checked through LPIS (ARKOD) and Register of agricultural holdings;
- The Paying Agency is responsible for checks related to the authorisation of payment. However, technical expertise provided by the Croatian Mine Action Centre could be used as a technical support service if needed. The Managing Authority, Paying Agency and Croatian Mine Action Centre will sign an Agreement on the implementation of this type of operation where all the respective duties and responsibilities will be prescribed in detail before implementation starts.

8.2.5.3.2.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.5.3.2.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.5.3.2.11. Information specific to the operation

8.2.5.4. Verifiability and controllability of the measures and/or types of operations

8.2.5.4.1. Risk(s) in the implementation of the measures

The risks are identified at the level of type of operation.

8.2.5.4.2. Mitigating actions

The mitigating actions are defined at the level of type of operation.

8.2.5.4.3. Overall assessment of the measure

Based on the appropriate mitigating actions indicated on level of the type of operations, the measure is controllable and verifiable.

8.2.5.5. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.5.6. Information specific to the measure

8.2.5.7. Other important remarks relevant to understand and implement the measure

For the implementaion of this measure following definitions are important:

- **"**Adverse climatic event**"** means weather conditions, such as frost, storms and hail, ice, heavy rain or severe drought, which can be assimilated to a natural disaster;
- "Natural disaster" means a naturally occurring event of a biotic or abiotic nature that leads to important disturbances in agricultural production systems or forest structures, eventually causing important economic damage to the farming or forestry sectors;
- "Catastrophic event" means an unforeseen event of a biotic or abiotic nature caused by human action that leads to important disturbances in agricultural production systems and forest structures, eventually causing important economic damage to the farming or forestry sectors.

8.2.6. M06 - Farm and business development (art 19)

8.2.6.1. Legal basis

Article 19 of the Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions. Commission Implementing Regulation (EU) No 808/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

8.2.6.2. General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objectives

As evidenced in the SWOT analysis, the structure of the agricultural economy in Croatia is unfavourable in comparison with other EU countries. The main reasons for this are the very high number of small agricultural holdings with weak economic sustainability and the significant migration trends of younger people from rural areas as a result of poor living and working conditions for young families, low employment opportunities due to lack of economic viability and the employment opportunities in urban centres.

The creation and development of new economic activities in the form of new farms, new businesses or investments in non-agricultural activities are essential for the development and competitiveness of rural areas and to reverse the negative trend.

Furthermore, it is necessary to encourage the development of small farms which are potentially economically sustainable. Diversification into non-agricultural activities contributes to the creation of new jobs as a response to the slowdown of economic activity which rural areas are facing.

Support for young farmers as start-up aid will contribute to generational renewal in the agricultural economy and help to reverse the migration trend, especially among young people.

Start-up support for young farmers, non-agricultural activities and small farms shall be limited to micro and small enterprises.

The measure responds to Needs 05, 06 and 23.

Contribution to focus areas

The measure serves multiple objectives and can contribute to various rural development priorities and focus areas.

Priority 2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and

promoting innovative farm technologies and the sustainable management of forests, with a focus on the following areas:

Focus Area 2A: Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increase market participation and enhance market orientation as well as agricultural diversification.

Type of operations:

Start–up aid for the development of small farms

The survival and development of small agricultural holdings is based on the need to restructure and increase added value.

Focus Area 2B: Facilitating the entry of adequately skilled farmers into the agricultural sector and, in particular, generational renewal.

Type of operations:

Support for young farmers

Priority 6: Promoting social inclusion, poverty reduction and economic development in rural areas, with emphasis on the following areas:

Focus Area 6A: Facilitating diversification, creation and development of small enterprises, as wells as job creation.

Types of operation:

Development of existing non-agricultural activities in rural areas

Support for investments in establishing non-agricultural activities

Since more and more family farms can no longer operate in an economically viable manner based solely on primary agricultural production and without additional revenue at the farm, the objective of sub-measure 6.2 is to create an alternative for the underused labour force by providing employment on farms in non-agricultural activities and services. Support for investments in the development of non-agricultural activities through sub-measure 6.4 shall help increase economic activities in rural areas, maintain and create new jobs, and increase the revenue of business entities.

Contribution to cross-cutting objectives

This measure contributes to the realisation of cross-cutting objectives related to climate change adaptation and mitigation and innovation.

Climate change adaptation and mitigation - some activities within the framework of this measure are aimed at investments related to increasing energy efficiency from the use of renewable sources of energy. Promoting such activities is important from the perspective of gradual substitution of fossil fuels, which are sources of greenhouse gas emissions and in particular carbon dioxide. Support within the framework of this measure will help design investments in energy efficiency, climate change mitigation and adaptation to such changes, especially in the context of investments in restructuring holdings aided by start-up support for

young farmers.

Innovation - fostering new entrants will contribute to the generational renewal of the agricultural sector creating a more fertile environment for innovation. Fostering non-agricultural activities in rural areas may create a favourable environment for diversification into, for example, eco-social innovations, as non-agricultural activities can have a strong innovative charge.

8.2.6.3. Scope, level of support, eligible beneficiaries, and where relevant, methodology for calculation of the amount or support rate broken down by sub-measure and/or type of operation where necessary. For each type of operation specification of eligible costs, eligibility conditions, applicable amounts and support rates and principles with regard to the setting of selection criteria

8.2.6.3.1. O_01: Support for young farmers

Sub-measure:

- 6.1 - business start up aid for young farmers

8.2.6.3.1.1. Description of the type of operation

As evidenced by the SWOT analysis the majority of farmers and workers in the agricultural sector are elderly, with only primary level education and no vocational training. The aim of this type of operation is to foster the development of a renewed and innovative agricultural sector. Young people need to be motivated to live and work in the countryside, creating jobs for themselves and their families. This operation contributes to focus area 2B, the generational renewal of agricultural holdings, directly responding to Need 5, which will contribute to the sustainable development and provide an overall increase in the social and economic vitality of rural areas, a prerequisite for increasing productivity in agriculture and the faster development of holdings.

The starting point of the setting up of the young farmer is the submission of the request for registration of the young farmer as a head of the agricultural holding in the Register of Agricultural Holdings. The young farmer must not been registered as the Head of the holding in the Register of agricultural holdings for more than 18 months prior to submission of application for set-up aid. The setting up of young farmer is considered fulfilled when the activity of setting up and /or taking over an agricultural holding in accordance with national legislation is completed administratively, as well as having appropriate professional skills and knowledge of agriculture and the achievement of the economic viability as presented in the business plan.

In the scope of implementation of this type of operation, the fulfilment of the setting up of a young farmer is defined as a series of steps which has to be completed:

- registration as a head of the holding in the Register of Agricultural Holdings;
- all agricultural land in use has to be registered in ARKOD (LPIS);
- all animals on the agricultural holding have to be registered in the Animal register according to established rules;
- registration as a tax and social security contributor (pension and health insurance) in accordance with national legislation;

- having in place an established book-keeping system in accordance with national legislation and
- proven engagement in agricultural activities as single or main occupation.

The whole period between the start (registration as a Head of Agricultural Holding) and the end of the setting up (proven engagement in agricultural activities as single or main occupation and full implementation of the business plan) shall not be more than 5 years.

8.2.6.3.1.2. Type of support

Type of support: Grants

Support shall be awarded as a grant for start–up aid for young farmers.

Start-up support for young farmer under this sub measure can be granted only once in the whole programming period 2014 – 2020.

8.2.6.3.1.3. Links to other legislation

- Agriculture Act (OG 30/15).

8.2.6.3.1.4. Beneficiaries

Persons who are older than 18 and younger than 40 years of age at the time of submission of the application, who possess the appropriate professional skills and knowledge of agriculture, and who are setting-up for the first time as a head of an agricultural holding.

The possession of the appropriate professional skills and knowledge of agriculture will be attested by either a secondary school diploma, postsecondary (tertiary non-university) diploma or university degree in the agriculture or veterinary field or by relevant working experience in agriculture accompanied with relevant vocational education (a minimum of 2 years work experience in an agricultural holding and certified completion of a relevant recognised vocational course in agriculture attested by the competent authority) as specified in the relevant Ordinance. For the acquisition of necessary occupational skills and competence a grace period of maximum 36 months is granted.

8.2.6.3.1.5. Eligible costs

The support under this type of sub-measure will be granted as a lump-sum payment for the implementation of the business plan in order to ensure the agriculture holding's sustainable growth and development.

8.2.6.3.1.6. Eligibility conditions

The eligibility conditions are:

- The agricultural holding on which the young farmer will implement the submitted business plan as Head has to have an economic size (standard output) between EUR 8.000 and 49.999 at the time of submission of the application;
- he submission of a business plan to be fully implemented in a period of less than 3 years;
- start-up support for young farmers is limited to the level of micro and small enterprises;
- professional skills and knowledge in the field of agriculture;
- assessment of business plan (indicators related to quality and viability);
- beneficiary has not been registered as Head of the holding in the Register of agricultural holdings for more than 18 months prior to submission of application for set-up aid.

8.2.6.3.1.7. Principles with regards to the setting of selection criteria

The selection criteria for the eligible operations will be laid down in the Ordinance based on the following principles:

- size of farm (farms with higher SO prioritised);
- ownership status of main agricultural potential (sole ownership prioritised over leases or other contractual agreements);
- employment status of beneficiary (long-term unemployment prioritised);
- education and relevant work experience as farm member of the applicant (higher education level and working experience in agriculture or other relevant field prioritised);
- farming in priority sectors as evidenced by the SWOT (fruit and vegetable and livestock sectors prioritised);
- the location of the operation according to the Regional Development Index (farm situated in an area with lower RDI prioritised);
- the location of the operation in areas facing natural and other specific constraints;
- the applicant makes a commitment in business plan for the implementation of organic agriculture or agri-environmental measures.

Only operations reaching a minimal threshold shall be funded.

8.2.6.3.1.8. (Applicable) amounts and support rates

Level of support:

The value of the start-up grant per beneficiary is EUR 50.000. Amount of support has been established taking into account the socio-economic situation of Croatia and based on the constraints evidenced in the SWOT analysis concerning the unfavourable age structure in agriculture, lack of access to financial resources and need to attract young people in the sector.

It will be paid in three instalments following the grant decision:

- The first instalment (30 %) of the grant shall be paid once the Beneficiary is registered as Head of Agricultural Holding and all agricultural potential which constitutes the established entry threshold for support (SO EUR 8.000 - 49.999) as presented in the application for start-up aid is registered in LPIS and Animal registers;
- The second instalment (50 %) of the grant shall be paid after three months and no later than 12 months of receiving the first instalment, subject to proof that the activities stated in business plan have been started;
- The final instalment (20 %) of the grant shall be paid upon full implementation of the business plan within the prescribed time and subject to the attested possession of the necessary occupational skills and competence.

8.2.6.3.1.9. Verifiability and controllability of the measures and/or types of operations

8.2.6.3.1.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

The specific risks shall be:

- Risk of artificial set-up of new young farmers (proforma transfer of "control over the holding");
- Risk of "ineligible thresholds" for young farmers.

8.2.6.3.1.9.2. Mitigating actions

The mitigating actions are defined at measure level.

The specific mitigating action shall be:

- Selected young farmers will be on-the-spot controlled on sample basis in order to judge real control over the holding;
- The Paying Agency has to check that applicant described the initial situation of the agricultural holding in business plan, which further eliminates any possibility for introduction of "ineligible thresholds" for young farmers.

8.2.6.3.1.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.6.3.1.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.6.3.1.11. Information specific to the operation

Definition of small farm referred to in Article 19(1)(a)(iii) of Regulation (EU) No 1305/2013

Not applicable.

Definition of upper and lower thresholds as referred to in the third subparagraph of Article 19(4) of Regulation (EU) No 1305/2013

The lower threshold for support for young farmers is higher than the upper threshold for support for small farms.

Small agricultural holdings in Croatia are defined as agricultural holdings with an economic size (standard output) between EUR 2.000 and 7.999 of total value of production per year.

Young farmers refer to an agricultural holding with an economic size (standard output) between EUR 8.000 and 49.999 of total value of production per year.

Specific conditions for support for young farmers where not setting up as a sole head of the holding in accordance with Article 2(1) and (2) of Delegated Regulation No 807/2014

Not applicable. Business start-up support for young farmers is exclusively for those young farmers setting up as sole head of the holding.

Information on the application of the grace period referred to in Article 2(3) of Delegated Regulation No 807/2014

A grace period, not exceeding 36 months from the date of the individual decision granting support, will be allowed to the beneficiary, in order to meet the conditions relating to the acquisition of the occupational skills.

The minimum education level required:

- secondary, high school or university degree in the agriculture or other relevant field or
- relevant vocational education and training in the agricultural field.

Summary of the requirements of the business plan

The business plan for the start-up aid to young farmers will be prescribed in the Ordinance on the implementation of the measure. It shall describe:

(i) the initial situation of the agricultural holding:

- Information about the applicant, including educational status and professional experience;
- description of the initial situation of the agricultural holding including amount of arable land cultivated crops and livestock, the current state of physical capital (equipment, machinery, livestock housing, other production buildings, etc.), current situation regarding workers, existing production, amount of income from sales, existing market situation, location, economic size etc.

(ii) milestones and targets for the development of the activities of the agricultural holding:

- Description of the concept for the development activities of the young farmer;
- Specific targets to be achieved after implementation of development activities;
- Activities required for achievement of specified targets (improving the building stock by purchasing, including leasing of buildings, the construction, upgrading and/or renovation of buildings; purchase of machinery and equipment; Increase arable agricultural area of the holding; Setting up and/or replanting of permanent crops; acquisition of professional qualifications in the field of agriculture etc). All activites need to be within the scope of agriculture.

(iii) details of the actions, including those related to environmental sustainability and resource efficiency, required for the development of the activities of the agricultural holding, such as investments, training, advice:

- A detailed description of the investment;
- Timetable with detailed activities required for achievement of specified targets;
- Indicative plan of production quantities, related costs and sales;
- Proof that the planned activities will enable achievement of predefined targets;
- Specific activities and investments to comply with existing Community standards no later than 24 months from the date of establishment of the holding (if applicable);
- Description of impact of planned activities on the environment;
- Indicative economic size of the holding;
- Information on how to acquire the necessary professional skills and knowledge (if applicable) as well as other necessary/scheduled advice and/or training;
- Economic viability indicators (NPV, IRR).

Activities laid down in the business plan will be implemented within 5 years from the date of the individual decision granting the aid.

The business plan should provide for compliance with the definition of active farmer within 18 months from the date of creation of the holding in accordance with Article 9 of Regulation (EU) No 1307/2013 and Article 19. 4 of Regulation (EU) No 1305/2013.

Use of the possibility to combine different measures through the business plan giving access of the young farmer to these measures

Not applicable.

Domains of diversification covered

Not applicable.

8.2.6.3.2. O_02: Support for investments in establishing non-agricultural activities

Sub-measure:

- 6.2 - business start up aid for non-agricultural activities in rural areas

8.2.6.3.2.1. Description of the type of operation

The current level of agricultural production does not enable the maintenance of existing employment or the creation of new jobs in order to maintain the rural population and foster sustainable development of rural areas. Since an increasing number of agricultural holdings can no longer be economically viable when engaged only in primary agricultural production without having additional income in the farm economy, the goal of this operation is to create an alternative for the unused and underused labour force to find employment in non-farm activities and services. This will contribute to Focus Area 6A and responds to Need 23.

Under this type of operation new non-agricultural activities in a rural area shall refer to:

- rural tourism activities (hospitality and tourism services on a agricultural holding or family farm such as wine shop / tasting room, resort, room, apartment, rural holiday home, camp, and agricultural, forestry, sports and recreational, educational and other activities related to the agricultural holding, then catering services related to group catering facilities "hotels", "camps" and "other accommodation facilities" and their accompanying facilities; tourist services related to mountain, adventure, sports and recreation, cyclo, health, education and other special forms of tourism in rural areas);
- the processing, marketing and direct sale of local products;
- traditional crafts, handicrafts;
- the provision of services in rural areas and for the agricultural and forestry sector.

Concerning investments in processing/marketing and direct sales, products listed in Annex I and those not listed in Annex I are eligible as input to the processing/marketing process if the output of the processing/marketing process is a product not listed in Annex I to the Treaty on the Functioning of the EU. Support under investment provision of services to agriculture will be undertaken in order to provide services to third parties.

8.2.6.3.2.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

Start–up support for non-agricultural activities under this sub measure can be granted only once in the whole programming period 2014 - 2020.

8.2.6.3.2.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Act on the Provision of Tourism Services (OG 68/07, 88/10, 30/14);
- Hospitality and Catering industry Act (OG 138/06, 152/08, 43/09, 88/10, 50/12, 80/13, 30/14, 89/14, 152/14);
- Act on Trade (OG 87/08, 116/08, 76/09, 114/11, 68/13, 30/14);
- Act on Crafts (OG 143/13).

8.2.6.3.2.4. Beneficiaries

The beneficiary within this type of operation are agricultural holdings registered in the Register of Agricultural Holdings and natural persons as head or members of family agricultural holding that start a new non-agricultural activity.

8.2.6.3.2.5. Eligible costs

The support under this type of sub-measure will be granted as a lump-sum payment for implementation of the business plan for starting new non- agricultural activities on agricultural holdings situated in rural area as defined within the Programme.

Processing of all types of input (Annex I or non-Annex I) is eligible as long as the output from the supported activity is a non-Annex I product.

8.2.6.3.2.6. Eligibility conditions

- The start-up business is located in the rural area in settlements with up to 5.000 inhabitants and within the area of the local self-government unit where the agricultural holding is registered;
- When the beneficiary is a natural person as the head or member of family agricultural holding, the residence of beneficiary must be either in settlement where investment is planned or where the family agricultural holding is registered;
- The beneficiary must be registered in accordance with national legislation for the specific activities relating to the planned eligible investments at the latest by the end of investment;
- The agricultural holding must have a minimum economic size (standard output) of EUR 1.000;
- The beneficiary must be registered in the Register of Agricultural Holdings at least one year prior to submission of application for support;
- The beneficiary is required to submit a business plan to be fully implemented in a period of less than 3 years;
- The assessment of business plan (quality or viability indicators);
- Eligible activities are in compliance with relevant strategic or planning documents;
- Start-up support for non-agricultural activities is limited to micro and small enterprises in rural areas;
- Support is granted for a new non-agricultural activity not initiated by the time of submission of the application for support;

- Concerning provision of services to agriculture, the providers of these services should have book-keeping established according to national legislation at the latest by the end of investment in order to prove the provision of services to third parties.

8.2.6.3.2.7. Principles with regards to the setting of selection criteria

The selection criteria for the eligible operations will be laid down in the Ordinance based on the following principles:

- educational status and professional experience;
- level of economic development of the area where the operation is located (areas with lower RDI prioritised);
- employment status of beneficiary (long-term unemployment prioritised);
- number of jobs created/maintained including increasing full-time employment;
- impact of planned activities on the environment (positive impact on the environment prioritised).

Only operations reaching a minimal threshold shall be funded.

8.2.6.3.2.8. (Applicable) amounts and support rates

The value of the start-up grant per beneficiary is EUR 50.000. Amount of support has been established taking into account the socio-economic situation and unfavourable size and structure of Agricultural Holdings, including limited acces to financial resources for small farms and the need for diversification of activities and creation of new jobs in rural areas.

The support shall be paid in two instalments over a period of maximum three years. The payment of the last instalment will be conditional on correct implementation of the business plan within the prescribed time.

8.2.6.3.2.9. Verifiability and controllability of the measures and/or types of operations

8.2.6.3.2.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.6.3.2.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.6.3.2.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.6.3.2.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.6.3.2.11. Information specific to the operation

Definition of small farm referred to in Article 19(1)(a)(iii) of Regulation (EU) No 1305/2013

Not applicable.

Definition of upper and lower thresholds as referred to in the third subparagraph of Article 19(4) of Regulation (EU) No 1305/2013

Not applicable.

Specific conditions for support for young farmers where not setting up as a sole head of the holding in accordance with Article 2(1) and (2) of Delegated Regulation No 807/2014

Not applicable.

Information on the application of the grace period referred to in Article 2(3) of Delegated Regulation No 807/2014

Not applicable.

Summary of the requirements of the business plan

The business plan for start-up aid for non-agricultural activities in rural areas will be prescribed in the Ordinance on the implementation of the measure.

It shall describe:

- the initial economic situation of the beneficiary applying for support;
- Information about the applicant, including educational status and professional experience within the scope of sector of the activity which is the subject of application;
- Description of the initial situation of the agricultural holding;
- milestones and targets for the development of the new activities of the beneficiary;

- Description of the concept for the development activities;
- Specific targets to be achieved after implementation of development activities;
- Activities required for achievement of specified targets (construction, re-construction or establishment of workshops, factories, premises and facilities for performance of various eligible activities; acquisition of professional qualifications in the field of sector of the activity which is the subject of application etc). All activities need to be within the scope of sector of the activity which is the subject of application;
- details of the actions required for the development of the activities of the person or agricultural holding or micro- or small- enterprise, such as details of investments, training, advice;
- A detailed description of the investment;
- Timetable with detailed activities required for achievement of specified targets;
- Indicative plan of production quantities;
- Proof that the planned activities will enable achievement of predefined targets;
- Description of impact of planned activities on the environment;
- Information on how to acquire the necessary professional skills and knowledge (if applicable) as well as other necessary/scheduled advice and/or training;
- Economic viability indicators (NPV, IRR).

Use of the possibility to combine different measures through the business plan giving access of the young farmer to these measures

Not applicable.

Domains of diversification covered

- rural tourism activities (such as small capacity accommodation and catering facilities, sports and recreational facilities, etc as defined in national sectoral legislation);
- processing marketing and direct sale of local products;
- traditional crafts, handicrafts.

The provision of services in rural areas and for the agricultural and forestry sector shall include indicatively IT centres, agriculture and forest machinery repair shops, kindergartens, play centres for children, sports and recreation centres for youth and adults, veterinary services, providing supply services for the population of rural areas, care services for the elderly and the infirm, etc.).

8.2.6.3.3. O_03: Start–up aid for the development of small farms

Sub-measure:

- 6.3 - business start up aid for the development of small farms

8.2.6.3.3.1. Description of the type of operation

The survival and development of small agricultural holdings is based on the need for restructuring and increasing added value. This type of operation shall provide support to small, potentially sustainable farms which are oriented towards market production in accordance with market requirements, but which lack the basic resources. This will help such holdings in their transition towards market oriented production become commercially viable, which is a precondition for achieving competitiveness in the agriculture sector.

In Croatia there are 93.080 farms which are between EUR 2.000 SO and 7.999 SO. These farms have a broad significance in the rural area from the point of the rural population, environmental protection and biodiversity conservation. Through this support, small farms will be provided with the possibility of achieving economic sustainability, as well as carrying out other activities set out in their business plans (transformation to organic production, diversification, etc.). In their business plans they need to clearly define the inputs, activities and goals to be achieved in the next three years.

This type of operation contributes to Focus Area 2A and responds directly to Need 6.

8.2.6.3.3.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

Start-up support for small farms under this measure can be granted only once in the whole programming period 2014 - 2020.

8.2.6.3.3.3. Links to other legislation

- Agriculture Act (OG 30/15)

8.2.6.3.3.4. Beneficiaries

The beneficiaries of this support are small agricultural holdings registered in the Register of agriculture holdings.

8.2.6.3.3.5. Eligible costs

The support under this type of sub-measure will be granted as a lump-sum payment for the implementation of the business plan in order to ensure the agriculture holding's sustainable growth and development.

8.2.6.3.3.6. Eligibility conditions

- Support can be granted to a beneficiary whose agricultural holding has economic size (standard output) between EUR 2.000 and 7.999 of total value of production per year;
- Start-up support for small farms is limited to micro and small enterprises;
- The submission of a business plan to be fully implemented in a period of less than 3 years;
- Quality assessment of business plan (indicators related to quality and viability).

8.2.6.3.3.7. Principles with regards to the setting of selection criteria

The selection criteria for the eligible operations will be laid down in the Ordinance based on the following principles:

- size of farm (farms with higher SO prioritised);
- employment status of beneficiary (long-term unemployment prioritised);
- impact of planned activities on the environment (positive impact on environment prioritised);
- the location of the operation according to the Regional Development Index (farm situated in an area with lower RDI prioritised);
- remoteness of the area (islands and mountain areas prioritised).

Only operations reaching a minimal threshold score shall be funded.

8.2.6.3.3.8. (Applicable) amounts and support rates

The value of public support per beneficiary is EUR 15.000.

The support shall be paid in two instalments over a period of maximum three years. Payment of the last instalment will be conditional on the correct implementation of the business plan within the prescribed time.

8.2.6.3.3.9. Verifiability and controllability of the measures and/or types of operations

8.2.6.3.3.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.6.3.3.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.6.3.3.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.6.3.3.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.6.3.3.11. Information specific to the operation

Definition of small farm referred to in Article 19(1)(a)(iii) of Regulation (EU) No 1305/2013

An agricultural holding with economic size (standard output) of EUR 2.000 - 7.999 of total value of production per year.

Definition of upper and lower thresholds as referred to in the third subparagraph of Article 19(4) of Regulation (EU) No 1305/2013

The lower threshold for support for young farmers is higher than the upper threshold for support for small farms.

Small agricultural holdings in Croatia are defined as agricultural holdings with economic size (standard output) between EUR 2.000 and 7.999 of total value of production per year.

Young farmers refer to an agricultural holding with economic size (standard output) between EUR 8.000 and 49.999 total value of production per year.

Specific conditions for support for young farmers where not setting up as a sole head of the holding in accordance with Article 2(1) and (2) of Delegated Regulation No 807/2014

Not applicable.

Information on the application of the grace period referred to in Article 2(3) of Delegated Regulation No 807/2014

Not applicable.

Summary of the requirements of the business plan

The business plan for the development of small farms will be prescribed in the Ordinance on the implementation of the measure. It shall describe:

- the initial situation of the agricultural holding:
  - Information about the applicant, including educational status and professional experience;
  - description of the initial situation of the agricultural holding including amount of arable land cultivated crops and livestock, the current state of physical capital (equipment, machinery, livestock housing, other production buildings, etc.), current situation regarding workers, existing production, amount of income from sales, existing market situation, location, economic size etc;
- milestones and targets for the development of the activities of the agricultural holding:
  - Description of the concept for the development activities of the young farmer;
  - Specific targets to be achieved after implementation of development activities;
  - Activities required for achievement of specified targets (improving the building stock by purchasing, including leasing of buildings, the construction, upgrading and/or renovation of buildings; purchase of machinery and equipment; Increase arable agricultural area of the holding; Setting up and/or replanting of permanent crops; acquisition of professional qualifications in the field of agriculture etc). All activites need to be within the scope of agriculture.
- details of the actions, including those related to environmental sustainability and resource efficiency, that could support the achievement of economic viability, such as investments, training, co-operation:
  - A detailed description of the investment;
  - Timetable with detailed activities required for achievement of specified targets;
  - Indicative plan of production quantities, related costs and sales;
  - Proof that the planned activities will enable achievement of predefined targets;
  - Description of impact of planned activities on the environment;
  - Indicative economic size of the holding;
  - Financial viability presentation.

Use of the possibility to combine different measures through the business plan giving access of the young farmer to these measures

Not applicable.

Domains of diversification covered

Not applicable.

8.2.6.3.4. O_04: Development of non-agricultural activities in rural areas

Sub-measure:

- 6.4 - support for investments in creation and development of non-agricultural activities

8.2.6.3.4.1. Description of the type of operation

Support for investments in the development of non-agricultural activities shall contribute to the improvement in economic activity in rural areas, maintain and create new jobs and increase the income of business entities. The aim is to encourage the diversification of economic activity that will attract people to live and work in rural areas. This type of operation contributes to Focus Area 6A and responds directly to Need 23.

Investments under this type of operation shall refer to:

- rural tourism activities;
- processing marketing and direct sale of local products;
- traditional crafts, handicrafts;
- the provision of services in rural areas and for the agricultural and forestry sector.

Concerning investments in processing/marketing and direct sales, products listed in Annex I and those not listed in Annex I are eligible as input to the processing/marketing process if the output of the processing/marketing process is a product not listed in Annex I to the Treaty on the Functioning of the EU. Support under investment provision of services to agriculture will be undertaken in order to provide services to third parties.

Tourism in rural areas for the following types of catering and tourist offer:

- Hospitality and tourism services on a farm or family farm (wine shop / tasting room, resort, rooms, apartments, rural holiday homes, camp sites, and agricultural, forestry, sports and recreational, educational and other activities related to the farm);
- Catering and tourist services related to the group of restaurants: "hotels" (hotel, aparthotel, hotel heritage, integral, diffuse, board), "camping" (camping, camping site, camp resting) and other accommodation facilities (hostel, mountain lodges, hunting lodges, Robinson style accommodation, etc.), and their accompanying facilities;
- Catering and tourist services in the facilities of traditional (cultural) heritage;
- Tourist services related to mountain, adventure, sports and recreation, cycling, health, education and other special forms of tourism in rural areas.

8.2.6.3.4.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.6.3.4.3. Links to other legislation

- Act on the Provision of Tourism Services (OG 68/07, 88/10, 30/14);
- Hospitality and Catering industry Act (OG 138/06, 152/08, 43/09, 88/10, 50/12, 80/13, 30/14, 89/14, 152/14);
- Act on Trade (OG 87/08, 116/08, 76/09, 114/11, 68/13, 30/14);
- Act on Crafts (OG 143/13).

8.2.6.3.4.4. Beneficiaries

Beneficiaries within the framework of this type of operation are agricultural holdings registered in Register of Agricultural Holdings.and natural persons as head or members of family agricultural holding that develop non-agricultural activities.

8.2.6.3.4.5. Eligible costs

According to Article 45 of Regulation (EU) No 1305/2013 eligible costs shall include:

- the construction or improvement of immovable property;
- the purchase of new machinery and equipment, including computer software, up to the market value of the property;
- general costs up to a ceiling of 10 % of the total project expenditures.

8.2.6.3.4.6. Eligibility conditions

- The planned non-agricultural activities have to be situated within area of local self-government unit where is seat of agricultural holding in settlement with up to 5.000 inhabitants;
- The agricultural holding must have a minimum economic size (standard output) of EUR 2.000;
- The beneficiary must be registered in accordance with national legislation for the specific activities relating to the planned eligible investments by the time of submission of the last payment claim;
- The beneficiary must be registered in Register of Agricultural Holdings at least one year prior to submission of application for support;
- Support for development for non-agricultural activities is limited to micro and small enterprises;
- Concerning the provision of services to agriculture, providers of these services should have book-keeping established according to national legislation by the time of submission of the last payment claim in order to prove the provision of services to third parties.

8.2.6.3.4.7. Principles with regards to the setting of selection criteria

The selection criteria for eligible operations will be laid down in the ordinance based on the following

principles:

- educational status and professional experience;
- number of jobs created/maintained including increasing full-time employment;
- employment status of beneficiary (long-term unemployment prioritised);
- impact of planned activities on the environment (positive impact on environment prioritised);
- level of economic development of the area where the investment is located (areas with lower RDI prioritised).

Only operations reaching a minimal threshold shall be funded.

8.2.6.3.4.8. (Applicable) amounts and support rates

Intensity of the support amounts to 70 % of eligible costs.

Level of support:

- minimum value of public support per investment shall be EUR 3.500;
- maximum value of public support per beneficiary shall be EUR 200.000.

Support is granted under the “de minimis” rule.

8.2.6.3.4.9. Verifiability and controllability of the measures and/or types of operations

8.2.6.3.4.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

A further risks specific to this type of operation:

- *de minimis* rule may not be respected;
- Improper procurement procedures for goods and services conducted by the beneficiaries;
- Beneficiary started a project before submitting an application.

8.2.6.3.4.9.2. Mitigating actions

The mitigating actions are defined at measure level.

The specific mitigating action shall be:

- The cross-check at national level through the State Aid agency which registers general *de minimis* support to SMEs;
- Procurement procedures for goods and services by beneficiaries have to be checked by the Paying Agency;

- All costs but general cost originated before submitting an application will be treated as ineligible by the Paying Agency. Specific checks will be done on date of cost incurred.

8.2.6.3.4.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.6.3.4.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.6.3.4.11. Information specific to the operation

Definition of small farm referred to in Article 19(1)(a)(iii) of Regulation (EU) No 1305/2013

Not applicable.

Definition of upper and lower thresholds as referred to in the third subparagraph of Article 19(4) of Regulation (EU) No 1305/2013

Not applicable.

Specific conditions for support for young farmers where not setting up as a sole head of the holding in accordance with Article 2(1) and (2) of Delegated Regulation No 807/2014

Not applicable.

Information on the application of the grace period referred to in Article 2(3) of Delegated Regulation No 807/2014

Not applicable.

Summary of the requirements of the business plan

Not applicable.

Use of the possibility to combine different measures through the business plan giving access of the young farmer to these measures

Not applicable.

Domains of diversification covered

- rural tourism activities;
- processing marketing and direct sale of local products;
- traditional crafts, handicrafts;
- the provision of services in rural areas and for the agricultural and forestry sector shall include indicatively IT centres, agriculture and forest machinery repair shops, kindergartens, play centres for children, sports and recreation centres for youth and adults, veterinary services, providing supply services for the population of rural areas, care services for the elderly and the infirm, etc.).

8.2.6.4. Verifiability and controllability of the measures and/or types of operations

8.2.6.4.1. Risk(s) in the implementation of the measures

The main identified risks on measure M06 as follows:

- Incomplete achievement of the business plan and/or risk of unrealistic and unclear business plan based on unreliable data;
- Abandonment of the activity within 5 years of the decision granting the aid;
- The administrative system does not include adequate checks of beneficiaries' payment requests; or the administrative procedure was not recorded well enough to ensure that all checks had been made;
- The beneficiary failed to meet the deadline to implement their project.

8.2.6.4.2. Mitigating actions

- Complete achievement of the business plan will be set as legal condition in Operation approval decision issued by the Paying Agency. Administrative control on all approved Business Plans to check their level of achievement is envisaged. Payment claims by beneficiary could be executed only after all checks related to complete achievement of the business plan are conducted and verified. As a preventive action, education and training of potential beneficiaries is envisaged, as well as on-going guidance during the implementation of business plan;
- Selection of beneficiaries by applying appropriate selection criteria which would guarantee certain sustainability of operations;
- All needed checks of beneficiaries' payment requests has to be prescribed in written procedures of the Paying Agency and each official responsible for authorisation shall have at his disposal a detailed checklist of the verifications he is required to undertake. It includes the supporting documents of the claim and sufficiently detailed audit trail that those checks have been performed.

That attestation may be made by electronic means or paper based. Additionally, there shall be evidence of review of the work by a other staff member if related to authorisation of payment. This review can be performed on a sample base and on only critical eligibility checks depending of the nature of related specific risk identified in control system set-up;

- All conditions and requirements that beneficiary has to follow during implementation of selected operation will be prescribed in Operation approval decisions issued by the Paying Agency. Information activities like info days, electronic communication tools, help-desk etc. are foreseen in order to mitigate risks related to beneficiary's failure to meet implementation conditions;

8.2.6.4.3. Overall assessment of the measure

Implementation of sub-measures 6.2. and 6.4. in the 2014-2020 period can be successful due to the experience acquired through the implementation of the IPARD measure 302 "Diversification and development of rural economic activities".

Based on the appropriate mitigating actions indicated above, the measure is controllable and verifiable.

8.2.6.5. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.6.6. Information specific to the measure

Definition of small farm referred to in Article 19(1)(a)(iii) of Regulation (EU) No 1305/2013

Small agricultural holdings in Croatia are defined as agricultural holdings with an economic size (standard output) of EUR 2.000 - 7.999 of total value of production per year.

Definition of upper and lower thresholds as referred to in the third subparagraph of Article 19(4) of Regulation (EU) No 1305/2013

The lower threshold for support for young farmers is higher than the upper threshold for support for small farms.

Small agricultural holdings in Croatia are defined as agricultural holdings with an economic size (standard output) between EUR 2.000 and 7.999 of total value of production per year.

Young farmers refer to an agricultural holding with an economic size (standard output) between EUR 8.000 and 49.999 of total value of production per year.

Specific conditions for support for young farmers where not setting up as a sole head of the holding in accordance with Article 2(1) and (2) of Delegated Regulation No 807/2014

Not applicable.

Information on the application of the grace period referred to in Article 2(3) of Delegated Regulation No 807/2014

This is defined at the level of type of operation.

Summary of the requirements of the business plan

These are detailed in the specific types of operation in this Measure.

Use of the possibility to combine different measures through the business plan giving access of the young farmer to these measures

Not applicable.

Domains of diversification covered

- rural tourism activities;
- processing marketing and direct sale of local products;
- traditional crafts, handicrafts.

The provision of services in rural areas and for the agricultural and forestry sector shall include indicatively IT centres, agriculture and forest machinery repair shops, kindergartens, play centres for children, sports and recreation centres for youth and adults, veterinary services, providing supply services for the population of rural areas, care services for the elderly and the infirm, etc.

8.2.6.7. Other important remarks relevant to understand and implement the measure

For the implementaion of this measure an enterprise is considered to be any entity engaged in an economic activity, irrespective of its legal form (Commission Recommendation 2003/361/EC). This includes, in particular, self-employed persons and family businesses engaged in craft or other activities, and partnerships or associations regularly engaged in an economic activity.

- Micro enterprise - Within the SME category, a microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2.000.000;
- Small enterprise - Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does

not exceed EUR 10.000.000.

8.2.7. M07 - Basic services and village renewal in rural areas (art 20)

8.2.7.1. Legal basis

Article 20 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions. Commission Implementing Regulation (EU) No 808/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

8.2.7.2. General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objectives

The rural area is characterized by a lag in economic development and underdeveloped supporting infrastructure, including the availability of services and assurance of living and working conditions which has led to the depopulation of rural areas and a lack of interest from young families to live and work in rural areas, despite the fact that Croatian rural areas are rich in natural, social and cultural heritage. The poor use of available resources is also the result of a lack of quality local planning and strategic documents. The reconstruction and construction of small infrastructure in rural areas creates preconditions for promoting socio - economic growth and halting the negative trend of depopulation in rural areas. By giving the support to local government units to create development plans, better implementation of other operations within this measure will be achieved in a coherent and consistent manner. Eligible operations should be conducted in accordance with the relevant planning and/or strategic documents of local governments in rural areas. The operations supported in the framework of "Basic services and village renewal in rural areas" will improve living conditions in rural communities, contributing towards the attractiveness of the villages and their development potential for other activities thus boosting growth and socio - economic sustainability, thereby directly addressing Need 25.

Specific types of operations will foster a more thriving and resilient rural economy and communities and help to meet the challenges specific to rural communities which suffer economic, geographic and demographic factors relating to distance, population scarcity, aging, social isolation and market structure that can impact on people’s lives. Distances from economic centres and essential services and limited local amenities create additional challenges. Investments through this measure aim to alleviate some of these difficulties particularly the lack of access to services and the provision of infrastructure, such as road access, water supply system, public spaces and the development of leisure, cultural and sport amenities.

Investments that stimulate growth and promote the environmental and socio-economic sustainability of rural areas in line with local development plans/strategies shall be targeted through this priority to achieve the highest value-added of investment for economic revival and the growth and jobs promotion in these areas.

Contribution to focus areas

Priority 6: Promoting social inclusion, poverty reduction and economic development in rural areas

By supporting the investments in village renewal and development, the measure is aimed at improving the living conditions and thus, in particular tourism.

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Contribution to cross-cutting objectives

This measure contributes to the realisation of cross-cutting objectives related to the environment and innovation as well as a contribution to climate change and mitigation. All local development strategies must take into account environmental protection and should consider climate adaptation for floods, droughts, hail, heat waves and the prioritisation of climate resilient rural infrastructure and services as appropriate.

Environmental protection - the framework of this measure will foster investments in local infrastructure which will help reduce environmental pollution and preserve the rural landscape. Furthermore, the investments in small-scale infrastructure concerning the water supply, sewerage and waste-water system will directly contribute to the objectives of EU environmental acquis (Drinking Water Directive, Wastewater Treatment). Investments concerning the water supply will contribute to the reduction of water losses and increase of the reliability and efficiency of the water supply system. Investments will increase the connection rate to the public sewerage systems and the amount of waste water treated at appropriate level after being collected, thereby directly contributing to environmental improvements in the rural area concerned.

Innovation - the support within the framework of this measure is intended for village renewal which, through new knowledge and an innovative approach to the organisation of basic services, should help in the preservation and development of rural areas. Innovative processes in strategic development planning and implementation for rural areas will be fostered. Furthermore, innovative practices in the provision of local basic services will be introduced in rural area through targeted investments.

8.2.7.3. Scope, level of support, eligible beneficiaries, and where relevant, methodology for calculation of the amount or support rate broken down by sub-measure and/or type of operation where necessary. For each type of operation specification of eligible costs, eligibility conditions, applicable amounts and support rates and principles with regard to the setting of selection criteria

8.2.7.3.1. O_01: Drawing up and updating plans for the development of local government units

Sub-measure:

- 7.1 - support for drawing up and updating of plans for the development of municipalities and villages in rural areas and their basic services and of protection and management plans relating to N2000 sites and other areas of high nature value

8.2.7.3.1.1. Description of the type of operation

In the Republic of Croatia local government units are divided into municipalities and cities (Act on Local

and Regional self-government units). Municipalities have less than 10.000 inhabitants and cities are above 10.000 inhabitants. But there are exceptions, some cities have less than 10.000 inhabitants and they acquired status of a city on the basis of historical reasons, but they are more rural places considering the economic development, existing infrastructure, number of inhabitants, population density. All municipalities, cities with less than 10.000 inhabitants are in rural area. They are responsible for drawing up relevant strategic and development plans for their territory which includes also localities up to 5.000 inhabitants. Support shall be granted for drawing up and/or updating strategic and planning documents in rural areas directly related to the development of applicable areas. All local development strategies and planning documents shall consider climate adaptation for floods, droughts, hail, heat waves and the prioritisation of climate resilient rural infrastructure and services.

This type of operation contributes to Focus Area 6B: Fostering local development in rural areas.

8.2.7.3.1.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.7.3.1.3. Links to other legislation

National legislation:

- Act on Local and Regional self-government units (OG 33/01, 60/01, 129/05, 109/07, 125/08, 36/09, 150/11, 144/12, 19/13);
- Act on Spatial Planning and Construction (OG 76/07, 38/09, 55/11, 90/11, 50/12);
- Physical Planning Act (OG 153/13);
- Building Act (OG 153/13);
- Utility Management Act (OG 36/95, 70/97, 128/99, 57/00, 129/00, 59/01, 26/03, 82/04, 110/04, 178/04, 38/09, 79/09, 153/09, 49/11, 84/11, 90/11, 144/12, 94/13, 153/13, 147/14).

8.2.7.3.1.4. Beneficiaries

The beneficiaries within this type of operation are:

- municipalities;
- cities up to 10.000 inhabitants.

8.2.7.3.1.5. Eligible costs

Expenditures directly linked to drawing up or updating the applicable strategic or planning documents

directly related to applicable areas such as:

- cost of experts;
- public consultation activities;
- design and publication of the relevant document etc.

According to Article 45 of Regulation (EU) No 1305/2013 and Article 65 of Regulation (EU) No 1303/2013 eligible expenditures must be directly linked to the drawing up or updating strategic or planning documents related to the development of applicable areas.

8.2.7.3.1.6. Eligibility conditions

A formal decision by the local self-government authorising the drawing-up or updating of the specific document.

8.2.7.3.1.7. Principles with regards to the setting of selection criteria

Operations will be selected on the basis of a call for proposals.

The selection criteria for the eligible operations will be laid down in the Ordinance based on the following principles:

- number of inhabitants (local self – government units with less number of inhabitants are prioritized);
- priority by type of strategic/planning document (spatial plan of the local self - government units are prioritized).

Only operations reaching a minimal threshold score shall be funded.

8.2.7.3.1.8. (Applicable) amounts and support rates

Intensity of the support amounts to 100 % of total eligible expenditures.

Level of support:

- minimum value of public support per operation is EUR 5.000;
- maximum value of public support per operation is EUR 70.000.

8.2.7.3.1.9. Verifiability and controllability of the measures and/or types of operations

8.2.7.3.1.9.1. Risk(s) in the implementation of the measures

The risks are defined on measure level.

8.2.7.3.1.9.2. Mitigating actions

The mitigating actions are defined on measure level.

8.2.7.3.1.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.7.3.1.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.7.3.1.11. Information specific to the operation

Definition of small scale infrastructure, including small scale tourism infrastructure as referred to in Article 20(1)(e) of Regulation (EU) No 1305/2013

Not applicable.

If applicable, specific derogation allowing to support bigger scale infrastructure for investments in broad band and renewable energy

Not applicable.

Information on the application of the grace period referred to in Article 2(3) of Delegated Regulation No 807/2014

Not applicable.

The minimum standards for energy efficiency referred to in Article 13(c) of Delegated Regulation (EU) No 807/2014

Definition of the thresholds referred to in Article 13(e) of [DA RD – C(2014)1460]

Not applicable.

8.2.7.3.2. O_02: Construction and/or reconstruction of the water supply, sewerage system and waste water systems

Sub-measure:

- 7.2 - support for investments in the creation, improvement or expansion of all types of small scale infrastructure, including investments in renewable energy and energy saving

8.2.7.3.2.1. Description of the type of operation

Small-scale infrastructure for the construction and/or reconstruction of water supply systems, sewerage system and waste water systems for public use in rural areas will be supported.

Investments in the water supply will ensure the provision of drinking water of good quality and increase connection rate of population to the public drinking water supply. Investments are also directed to increase the efficiency of the public water supply system and contribute to the reduction of water losses and the detection and elimination of leakage. Investments in the sewerage system will increase the population's connection rate to the public sewerage systems. Construction and/or reconstruction of waste water treatment plants, small facilities for water treatment and septic tanks will contribute to reducing the environmental damage by preventing discharge of polluted waters.

The implementation of the operation shall be consistent with relevant local strategic development documents and in accordance with local development plans. This type of operation contributes to Focus Area 6B: Fostering local development in rural areas.

8.2.7.3.2.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.7.3.2.3. Links to other legislation

National legislation:

- Physical Planning Act (OG 153/13);
- Building Act (OG 153/13);
- Act on Local and Regional self-government units (OG 33/01, 60/01, 129/05, 109/07, 125/08, 36/09, 150/11, 144/12, 19/13);
- Water Act (OG 153/09, 63/11, 130/11, 56/13, 14/14);
- Environmental Protection Act (OG 80/13);
- Regional Development Act (OG 153/09).

8.2.7.3.2.4. Beneficiaries

The beneficiaries of this type of operation are:

- providers of public water supply services or public sewerage services.

8.2.7.3.2.5. Eligible costs

Eligible expenditures

According to Article 45 of Regulation (EU) No 1305/2013 and Article 65 of Regulation (EU) No 1303/2013 eligible expenditures are:

- construction and /or reconstruction of the water supply, sewerage system and waste water systems;
- purchase of equipment for the water supply, sewerage system and waste water systems, including computer software up to market value;
- general costs directly linked to the implementation of the project such as services of architects, engineers and consultants, feasibility studies, amounting up to 10 % of the total eligible project costs.

8.2.7.3.2.6. Eligibility conditions

- The investment must be realized only in settlements with up to 2.000 inhabitants;
- The investment in water supply or sewerage infrastructure must be in conformity with the local planning documents;
- The applicant must guarantee the availability of the water supply network and/or sewerage system and waste water treatment systems and its maintenance and management for at least 5 years from the payment of the final instalment;
- The investments in water supply and sewerage infrastructure will contribute and comply with the Drinking Water Directive, Water Framework Directive, River Basin Management Plan and other relevant environmental directives (e.g. Directive 2008/98/EC).

8.2.7.3.2.7. Principles with regards to the setting of selection criteria

Operations will be selected on the basis of a call for proposals.

The selection criteria for the eligible operations will be laid down in the Ordinance based on the following principles:

- Regional Development Index (investments in area with lower RDI are prioritized);
- environmental criteria - (investments which contribute to the improvement of water body status and sanitary quality of water are prioritized);
- type of investment (integrated water supply and sewerage investments are prioritized);

- contribution to economic and social development of rural area in line with 2020 goals (investments with higher number of connected inhabitants are prioritized).

Only operations reaching a minimal threshold score shall be funded.

8.2.7.3.2.8. (Applicable) amounts and support rates

Intensity of the support amounts to 100 % of total eligible expenditures.

Level of support:

- minimum value of public support per investment (project) shall be EUR 30.000;
- maximum value of public support per investment shall be EUR 1.000.000.

8.2.7.3.2.9. Verifiability and controllability of the measures and/or types of operations

8.2.7.3.2.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.7.3.2.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.7.3.2.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.7.3.2.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.7.3.2.11. Information specific to the operation

Definition of small scale infrastructure, including small scale tourism infrastructure as referred to in Article 20(1)(e) of Regulation (EU) No 1305/2013

This is defined at measure level.

If applicable, specific derogation allowing to support bigger scale infrastructure for investments in broad band and renewable energy

Not applicable.

Information on the application of the grace period referred to in Article 2(3) of Delegated Regulation No 807/2014

Not applicable.

The minimum standards for energy efficiency referred to in Article 13(c) of Delegated Regulation (EU) No 807/2014

Definition of the thresholds referred to in Article 13(e) of [DA RD – C(2014)1460]

Not applicable.

8.2.7.3.3. O_03: Investment in construction and / or reconstruction of unclassified roads

Sub-measure:

- 7.2 - support for investments in the creation, improvement or expansion of all types of small scale infrastructure, including investments in renewable energy and energy saving

8.2.7.3.3.1. Description of the type of operation

Support for investments in the construction and/or reconstruction of unclassified roads in rural areas. Unclassified roads should be in line with definition of unclassified roads according national legislation for roads.

In Croatia roads are classified as follows in the public road system: highways, national roads, county roads, local roads and unclassified roads. The maintenance and construction of unclassified roads is financed by revenues from local taxes and utility contributions, which can significantly vary between local government units. Social inclusion and local development through the construction and re-construction of unclassified roads aimed at the better traffic connections of small rural settlements with local roads where such interventions are in line with local development plans/strategies to achieve the highest value added of EAFRD investments.

The implementation of the operation shall be consistent with relevant local strategic/ development documents and in accordance with local development plans. This type of operation contributes to Focus Area 6B: Fostering local development in rural areas.

8.2.7.3.3.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.7.3.3.3. Links to other legislation

National legislation:

- Physical Planning Act (OG 153/13);
- Building Act (OG 153/13);
- Roads Act (OG 84/11, 22/13, 54/13, 148/13, 92/14).

8.2.7.3.3.4. Beneficiaries

The beneficiaries of this sub-measure are local self-government units.

8.2.7.3.3.5. Eligible costs

According to Article 45 of Regulation (EU) No 1305/2013 and Article 65 of Regulation (EU) No 1303/2013 eligible expenditures are:

- expenditures for the construction and /or reconstruction of unclassified roads (road building, traffic signs, pedestrian zone, lighting, stops for public transport including bridges, sidewalks, and street lighting etc.);
- general expenditures directly linked to the operation, such as architects', engineers' and other consultation fees, feasibility studies, environmental impact assessment if applicable up to 10 % of the total eligible project costs.

8.2.7.3.3.6. Eligibility conditions

- The unclassified roads must be outlined in the relevant spatial planning documents;
- A formal Decision on unclassified roads must be approved by the local self-government units;
- Costs of construction and/or reconstruction of unclassified roads are acceptable in settlements up to 5.000 residents;
- The applicant must guarantee the maintenance of the investment in operational function for at least five years from the final payment.

8.2.7.3.3.7. Principles with regards to the setting of selection criteria

Operations will be selected on the basis of a call for proposals.

The selection criteria for the eligible operations will be laid down in the Ordinance based on the following principles:

- Regional Development Index (investments in area with lower RDI are prioritized);
- priority investment (investment in reconstruction of unclassified road are prioritized);
- connectivity (roads to te public, business, economic an other infrastructure are prioritized);
- territorial balance in development (investment in areas of strategic importance for the Republic of Croatia are prioritized).

Only operations reaching a minimal threshold score shall be funded.

8.2.7.3.3.8. (Applicable) amounts and support rates

Intensity of the support amounts to 100 % of total project expenditures.

Level of support:

- minimum value of public support per investment (project) shall be EUR 30.000;
- maximum value of public support per investment shall be EUR 1.000.000.

8.2.7.3.3.9. Verifiability and controllability of the measures and/or types of operations

8.2.7.3.3.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.7.3.3.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.7.3.3.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.7.3.3.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.7.3.3.11. Information specific to the operation

Definition of small scale infrastructure, including small scale tourism infrastructure as referred to in Article 20(1)(e) of Regulation (EU) No 1305/2013

This is defined at measure level.

If applicable, specific derogation allowing to support bigger scale infrastructure for investments in broad band and renewable energy

Not applicable.

Information on the application of the grace period referred to in Article 2(3) of Delegated Regulation No 807/2014

Not applicable.

The minimum standards for energy efficiency referred to in Article 13(c) of Delegated Regulation (EU) No 807/2014

Definition of the thresholds referred to in Article 13(e) of [DA RD – C(2014)1460]

Not applicable.

8.2.7.3.4. O_04: Investments in establishing, improving or expanding local basic services for the rural population

Sub-measure:

- 7.4 - support for investments in the setting-up, improvement or expansion of local basic services for the rural population including leisure and culture, and the related infrastructure

8.2.7.3.4.1. Description of the type of operation

Support for investments in the setting-up, improvement or expansion of local basic services for the rural population including leisure and culture, and the related infrastructure.

This includes the following:

- investments in the construction and/or reconstruction and/or equipping of facilities for sports and leisure activities, such as community centres, fire-fighting centres, hiking shelters, cultural centres;
- investments in the construction and/or reconstruction and/or equipping children's playgrounds, sports facilities and supporting facilities, facilities for recreational fishing, recreational areas on continental part along rivers and lakes, bike trails, tourist information centres, thematic routes and parks etc.;
- investments in the construction and/or reconstruction and/or equipping of facilities related to preschool child care and education (kindergartens etc.);
- investments in public areas (public green areas, walking trails, walking zones, open drainage canals, local food market, squares, cemeteries etc.).

The implementation of the operation shall be consistent with relevant local strategic/development documents and in accordance with local development plans.

This type of operation contributes to Focus Area 6B: Fostering local development in rural areas.

8.2.7.3.4.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.7.3.4.3. Links to other legislation

National legislation:

- Physical Planning Act (OG 153/13);
- Building Act (OG 153/13);
- Associations Act (OG 74/14);

- Sports Act (OG 71/06, 124/10, 124/11, 86/12, 94/13);
- Utility Management Act (OG 36/95, 70/97, 128/99, 57/00, 129/00, 59/01, 26/03, 82/04, 110/04, 178/04, 38/09, 79/09, 153/09, 49/11, 84/11, 90/11, 144/12, 94/13, 153/13, 147/14);
- Act of Fire-fighting (OG 106/99, 139/04).

8.2.7.3.4.4. Beneficiaries

- local self-government units;
- companies with a majority share ownership by local self- government units;
- public non-profit institutions established by local self-government units;
- associations/civil society organizations and religious organizations dealing with humanitarian and social sectors of particular interest to local residents;
- Local action groups (LAG).

8.2.7.3.4.5. Eligible costs

According to Article 45 of Regulation (EU) No 1305/2013 the following expenditures are eligible:

- expenditures for the construction and/or reconstruction of leisure facilities (community centres, fire-fighting centres, hikers' shelters, cultural centres), children's playgrounds, sports and recreational areas and facilities, facilities for recreational fishing, recreational areas on continental part along rivers and lakes, bike trails, tourist information centres, thematic routes and parks, facilities related to preschool child care and education (kindergartens etc.), public areas (public green areas, walking trails, walking zones, open drainage canals, local food market, squares, cemeteries etc.);
- purchase of equipment for leisure facilities (community centres, fire-fighting centres, hikers' shelters, cultural centres), children's playgrounds, sports and recreational areas and facilities, facilities for recreational fishing, recreational areas on continental part along rivers and lakes, bike trails, tourist information centres, thematic routes and parks, facilities related to preschool child care and education (kindergartens etc.), public areas (public green areas, walking trails, walking zones, open drainage canals local food market squares, cemeteries etc.) including IT hardware and software, up to the market value of the facility;
- general expenditures directly linked to the investment operation such as fees of architects, engineers and consultants, feasibility studies, environmental impact assessment if applicable, amounting up to 10 % of the total eligible project costs.

8.2.7.3.4.6. Eligibility conditions

- The investment must be realized in localities up to 5.000 inhabitants;
- The investment must be in full compliance with the relevant local strategies/plans adopted;
- The applicant must guarantee the maintenance and the management of the investment for at least 5 years from the final payment.

8.2.7.3.4.7. Principles with regards to the setting of selection criteria

Operations will be selected on the basis of a call for proposals.

The selection criteria for the eligible operations will be laid down in the Ordinance based on the following principles:

- Regional Development Index (investments in area with lower RDI are prioritized);
- priority investment (investment in reconstruction - with or without equipment - are prioritized);
- contribution to the economic and social development of the rural area in line with 2020 goals (investments which generate creation of new jobs are prioritized);
- number of potential final users (investments which will have more final users are prioritized).

Only operations reaching a minimal threshold score shall be funded.

8.2.7.3.4.8. (Applicable) amounts and support rates

Intensity of support amounts to 80 % of eligible expenditures.

The support rate will increase if the projects are located in a local self government unit ranked as the following in the Regional Development Index:

- less than 75 % of the average HR - an increase by additional 20 percentage points;
- from 75 % to 100 % of the average HR – an increase by additional 10 percentage points.

Level of support:

- minimum value of public support per operation is EUR 15.000;
- maximum value of public support per operation is EUR 1.000.000.

8.2.7.3.4.9. Verifiability and controllability of the measures and/or types of operations

8.2.7.3.4.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.7.3.4.9.2. Mitigating actions

The mitigated actions are defined at measure level.

8.2.7.3.4.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.7.3.4.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.7.3.4.11. Information specific to the operation

Definition of small scale infrastructure, including small scale tourism infrastructure as referred to in Article 20(1)(e) of Regulation (EU) No 1305/2013

This is defined at measure level.

If applicable, specific derogation allowing to support bigger scale infrastructure for investments in broad band and renewable energy

Not applicable.

Information on the application of the grace period referred to in Article 2(3) of Delegated Regulation No 807/2014

Not applicable.

The minimum standards for energy efficiency referred to in Article 13(c) of Delegated Regulation (EU) No 807/2014

Definition of the thresholds referred to in Article 13(e) of [DA RD – C(2014)1460]

Not applicable.

8.2.7.4. Verifiability and controllability of the measures and/or types of operations

8.2.7.4.1. Risk(s) in the implementation of the measures

The main identified risks in the implementation of the measure are related to:

- the correct application of public procurement rules;
- the problems related to property ownerships and other legal issues;
- pre-financing of operations by the beneficiary;
- appropriate application of selection criteria due to high demands for financing;
- consistency of operations to be implemented with the relevant local strategic/development documents.

8.2.7.4.2. Mitigating actions

The mitigating actions are:

- Guidelines for tender documentation and training/assistance for beneficiaries in public procurement procedures;
- Property checks through relevant land registers;
- Financial capacity checks for beneficiaries;
- Following consultations with the Monitoring Committee, selection criteria will be defined in measurable and transparent way in order to achieve smooth selection of operations to be financed;
- Beneficiaries will have to prove link with the relevant local strategic/development documents in the application form. The assessment of the relevance to local strategic/development documents will be conducted for each application.

8.2.7.4.3. Overall assessment of the measure

Based on the appropriate mitigating actions indicated above and given the successful implementation of IPARD measure 301 "Improvement and development of rural infrastructure", the implementation of this measure in the 2014-2020 period can be successful.

8.2.7.5. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.7.6. Information specific to the measure

Definition of small scale infrastructure, including small scale tourism infrastructure as referred to in Article 20(1)(e) of Regulation (EU) No 1305/2013

Small infrastructure is defined as investments in local infrastructure where the value supported by the investment does not exceed EUR 1.000.000, and only for investment in rural areas up to 5.000 inhabitants

or in the case of investment in the water supply and waste water system up to 2.000 inhabitants.

In the measure Basic services and village renewal in rural areas the restriction on investments (water and sewer) in settlements up to 2.000 inhabitants to delineate the investments which will be financed by the ERDF and CF in accordance with the Partnership Agreement.

Specifications on the types of investments are given for each type of operation in the list of eligible costs.

If applicable, specific derogation allowing to support bigger scale infrastructure for investments in broad band and renewable energy

Not applicable.

Information on the application of the grace period referred to in Article 2(3) of Delegated Regulation No 807/2014

Not applicable.

The minimum standards for energy efficiency referred to in Article 13(c) of Delegated Regulation (EU) No 807/2014

Not applicable.

Definition of the thresholds referred to in Article 13(e) of [DA RD – C(2014)1460]

Not applicable.

8.2.7.7. Other important remarks relevant to understand and implement the measure

Concerning the type of operation Drawing up and updating plans for the development of local government units, the relevant document has to be adopted by the local self-government unit before the final payment.

As regards investments in infrastructure, private roads are only eligible under Article 17; unclassified public roads shall be supported under this measure.

A clear mechanism shall be set up to avoid double funding of projects under this measure and sub-measure 19.2, also during the application process. Specific checks will be set up and guidance provided to LAGs.

8.2.8. M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)

8.2.8.1. Legal basis

Article 21(1d) and (1e), Article 25 and Article 26 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions .Commission Implementing Regulation (EU) No 808/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

8.2.8.2. General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objectives

Forest ecosystems have become increasingly sensitive to biotic and abiotic factors, especially due to climate changes. Therefore, special care must be taken to preserve them and increase their resilience, environmental value and ecosystem services. The role of forests is not only an economic one; their value is also represented by the ecosystem services they provide. The value of forest ecosystem services, especially in the karst area of Croatia, greatly exceeds the value of wood.

The measure is based on the Republic of Croatia's Forest Management Area Plan 2006-2015 which takes into account the commitments made in the Ministerial Conferences on the Protection of Forests in Europe, contributing to the implementation of the EU Forest Strategy: for forests and the forest-based sector. Through the drawing up and implementation of Forest Management Plans to ensure revenue stability and ecologically and socially responsible forest management while preserving and enhancing biodiversity, forest functions for the public benefit and the long-term economic value of forest ecosystems will be ensured.

FMPs have been drawn up for 100 % of state-owned forests and 61,78 % of private-owned forests. In total, 91,3 % of forest areas in Croatia are managed through FMPs currently.

Coppice forests, shrubs, shrubbery, maquis and garigue are forms of degradation of forest stands and they cover 1.046.972 ha (*Forest Management Area Plan [FMAP] 2006-2015*, 2005), which amounts to 44 % of forest areas in Croatia (Figure 8). Due to their structure, climate and habitat conditions, degraded forest stands are very sensitive, be it to forest fires, diseases and pests or to other abiotic and biotic factors. Given the large share and potential of these forests, in both the environmental and the economic sense, a part of these forests should be converted to high forests through silvicultural works, in order to contribute to an increase of their resilience and environmental value as well as the improvement of their ecosystem services.

Due to bad management in the past, private forests have substantial forest areas which have lost their primary indigenous tree species (such as oak, ash, etc.) which form the main structural element of natural mixed forest stands. In order to improve forest stand structure, resilience, environmental and long-term economic value, such stands must be restored to their original condition or replaced with natural mixed

stands of primary tree species.

A large share of degraded forest stands in private forests, especially coppice forests (278.554 ha) which make up 48 % of private forests in the Republic of Croatia (Source: FMAP 2006-2015), require mechanical preparation of the land prior to being converted into high forests. The availability of cost-effective and environmentally friendly machines must be ensured for private forest holders, by means of which they can properly prepare the soil for planting forest tree species with the objective of converting coppice forests into high forests.

Forest cultures, due to their structure, are extremely sensitive to biotic and abiotic factors. They cover 70.021 ha (FMAP 2006-2015), which amounts to 3 % of forests in the Republic of Croatia. Some of these forest cultures should be converted into mixed indigenous tree species forest stands. On the other hand, due to their structure, mixed forest stands are more resilient to biotic and abiotic factors than forest cultures, they have greater biodiversity and provide better ecosystem services.

In order to increase productivity and efficiency of wood harvesting and pre-industrial wood processing[1], as well as protect and preserve forest ecosystems, in these times of ever growing demand for wood it is necessary to introduce new techniques and technologies as well as apply and develop innovations. Their introduction and application will sustainably increase the economic value of forests and the efficiency of the wood harvesting and pre-industrial wood processing systems, which will help increase employment in the forestry sector, being one of the key sectors for the survival of the population in the rural areas of Croatia.

Since large areas of Croatia are forests and forest land, a substantial part of the population, especially in rural areas, is employed in the forestry sector. Due to the high purchase prices of machines, tools and equipment, private wood harvesting contractors (326 licensed contractors, Source: Croatian Chamber of Forestry and Wood Technology Engineers [CCFWTE], 2013) and SMEs in pre-industrial wood processing (1.331, Source: CBS, 2013) often use machines, tools and procedures which are less than efficient, environmentally unfriendly, and hazardous for human health and the environment. The inadequate technological level of machines, tools and equipment used in wood harvesting and pre-industrial wood processing works leads to the reduced efficiency and safety of the works, occasional excessive damage to forest ecosystems, and endangers the health of the contractors. The aforementioned reasons affect the economic sustainability of pre-industrial wood processing by SMEs by reducing their competitiveness and their possibility for survival in the increasingly demanding market, which has caused a continuous and significant reduction of the employment rate in the wood processing industry: from 1990 to 2011 the number of people employed decreased by almost 70 % (Source: CBS).

Croatia has great, but currently underused, potential for wood biomass production: 2,75 million m^3 in forests (Source: FMAP 2006-2015) and 1,5 million m^3 of wood biomass in wood processing (Source: Faculty of Forestry, 2005). A substantial potential for wood biomass production is located in private forests which are mostly used for firewood production. Due to increasing demand and the great potential to increase wood biomass production (woodchips), it is necessary to develop and increase the application of technologies for the production and storage of wood biomass and introduce machinery for the economically viable production of biomass, particularly from currently inaccessible forest areas with insufficient forest road density. This will increase the availability of wood biomass as an renewable energy source in a sustainable manner, with job creation in rural areas.

The low level of use of wood biomass as a renewable energy source, insufficient use of wood as an environmentally friendly material, and underdeveloped public awareness about the possibilities, advantages and necessities of such use, requires substantial investments in wood promotion. The specific objectives of

the measure are:

- conversion of degraded forest stands, structurally degraded forest stands per tree species, and forest cultures into mixed high forest stands of indigenous tree species;
- modernisation of the existent and the introduction of innovative and environmentally friendly technologies, machines and equipment, as well as increasing the safety of work processes in wood harvesting, silvicultural works and pre-industrial wood processing;
- promotion of timber and non-timber forest products;
- increase of competitiveness of the forestry sector;
- job creation in the forestry sector.

The overall objectives of the measure are:

- improving forest ecosystem services;
- improving the structure, stability and resilience of forest ecosystems against climate changes;
- long-term: increasing the economic value of degraded forest stands and improving the use of renewable sources of energy (wood biomass) in rural areas;
- increasing carbon sequestration in existing forests and afforestation activities.

In particular, the Measure contributes to the following focus areas through its sub-measures and types of operation:

Priority 2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forest

Focus Area 2C: Improve the sustainability and competitiveness of forest enterprises and promote sustainable forest management

Types of operation:

Modernisation of technologies, machines, tools and equipment for wood harvesting and silvicultural works

Modernisation of technologies, machines, tools and equipment for pre-industrial wood processing

These operations are aimed at improving the sustainability and competitiveness of forest enterprises by supporting wood harvesting, silvicultural works and pre-industrial wood processing. These operations shall also contribute to Priority 5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in the agriculture, food and forestry sectors - Focus Area 5C: Facilitating the supply and use of renewable sources of energy, of by-products, wastes and residues and other non-food raw material for the purposes of bio-economy by facilitating a more effective and improved harvesting and supply of wood and wood biomass to address Need 20.

Priority 4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry

Focus Area 4A: Restoring, preserving and enhancing biodiversity, (including in Natura 2000 areas, in areas facing natural or other specific constraints), high nature value farming, and the state of European landscapes.

Focus Area 4B: Improving water management, including fertiliser and pesticide management;

Focus Area 4C: Preventing soil erosion and improving soil management.

Types of Operation:

Conversion of degraded forest stands and forest cultures

Establishment and improvement of walking trails, look-out points and other small-scale investments

The conversion of degradation forms of forest stands into high forest stands and the conversion of forest cultures into mixed indigenous tree species forest stands, including NATURA 2000 areas, will contribute to the restoration of these areas, to sustainable management, and to biodiversity preservation and improvement. The restoration of degraded forest stands will increase the favourable effect of forests on the water regime (water purification), on soil protection and on enhancing soil quality (edaphic conditions).

These actions will address Needs 14 and 18.

The conversion of degraded forest stands and forest cultures shall also contribute to Focus area 5E: Fostering carbon capture and sequestration in agriculture and forestry. The implementation of appropriate silvicultural works will improve the stability, structure, resilience and health condition of forests, which will improve their capacity for carbon capture and sequestration and help address Needs 18 and 20.

Priority 6: Promoting social inclusion, poverty reduction and economic development in rural areas

Focus Area 6A: Facilitating diversification, creation and development of new small enterprises, as well as job creation.

Type of operation:

Marketing of timber and non-timber forest products

Investments in the modernisation of forestry technologies for wood harvesting and pre-industrial wood processing will stimulate the development of micro, small and medium-sized enterprises in the forestry sector which will help create new jobs in rural areas thereby addressing the negative trend in employment in the sector identified in Need 19 and more generally creating new employment opportunities for rural areas to address Need 23.

Moreover, many agricultural holdings are also owners of smaller forest units, therefore forestry activities can be an additional income source, thereby contributing to the overall development of the rural economy.

The achievement of the objectives of this Measure shall be underpinned by knowledge transfer trainings (Measure M01) and access to tailored advisory services (Measure M02) on sustainable forest management for private forest holders and the possibilities for forest holders to cooperate in Operational Groups and pilot actions under Measure M16.

Contribution to cross-cutting objectives

Climate change mitigation and adaptations - The activities within the framework of this measure are aimed at the adaptation of forest ecosystems to climate change. The restoration of the degraded forms of forest stands will improve forest ecosystem services, which will help mitigate climate changes (the effect of forests on climate). Moreover, activities within the framework of this measure will foster the use of more efficient

and environmentally friendly machines, tools and equipment for works in wood harvesting and pre-industrial wood processing. Once the activities within the framework of this measure have been implemented, there will be a long-term increase of the availability and use of renewable sources of energy, which will help reduce greenhouse gas emissions.

Environmental protection - The activities within the framework of this measure are aimed at soil protection (erosion), water and air protection (forest ecosystems as water and air purifiers), biodiversity preservation and improvement, preservation and restoration of special habitats and natural landscapes including NATURA 2000 areas. Furthermore, the use of environmentally friendly technologies and machinery reduces soil damage, water pollution and exhaust gas emissions, while the modernisation of the existent and the introduction of new technologies in pre-industrial wood processing reduces the adverse impact on the environment through increased efficiency and more rational use of resources.

Innovation - Activities within the framework of this measure will foster the transfer of advanced technologies and innovative approaches in wood harvesting, pre-industrial wood processing and marketing of forest products, which will have numerous effects on business, the most relevant being: increased productivity and employment rate with reduced production costs, improved quality of products and business processes, increased production flexibility and shorter delivery times.

[1] Pre-industrial wood processing in Croatia is the processing performed by SMEs registered for performing wood sawing and planning activities as well as the production of intermediate wood products, and such processing includes sawing, planning, drying, etc. (National Classification of Economic Activities 2007 Area C; Section 16; Processing wood and products made of wood and cork, except furniture; production of products made of straw and weaving materials). The highest level of production which is considered prior to industrial processing is planed dry elements. The maximum capacity of yearly production amounts to 10.000 m³ in order to be considered pre-industrial wood processing.

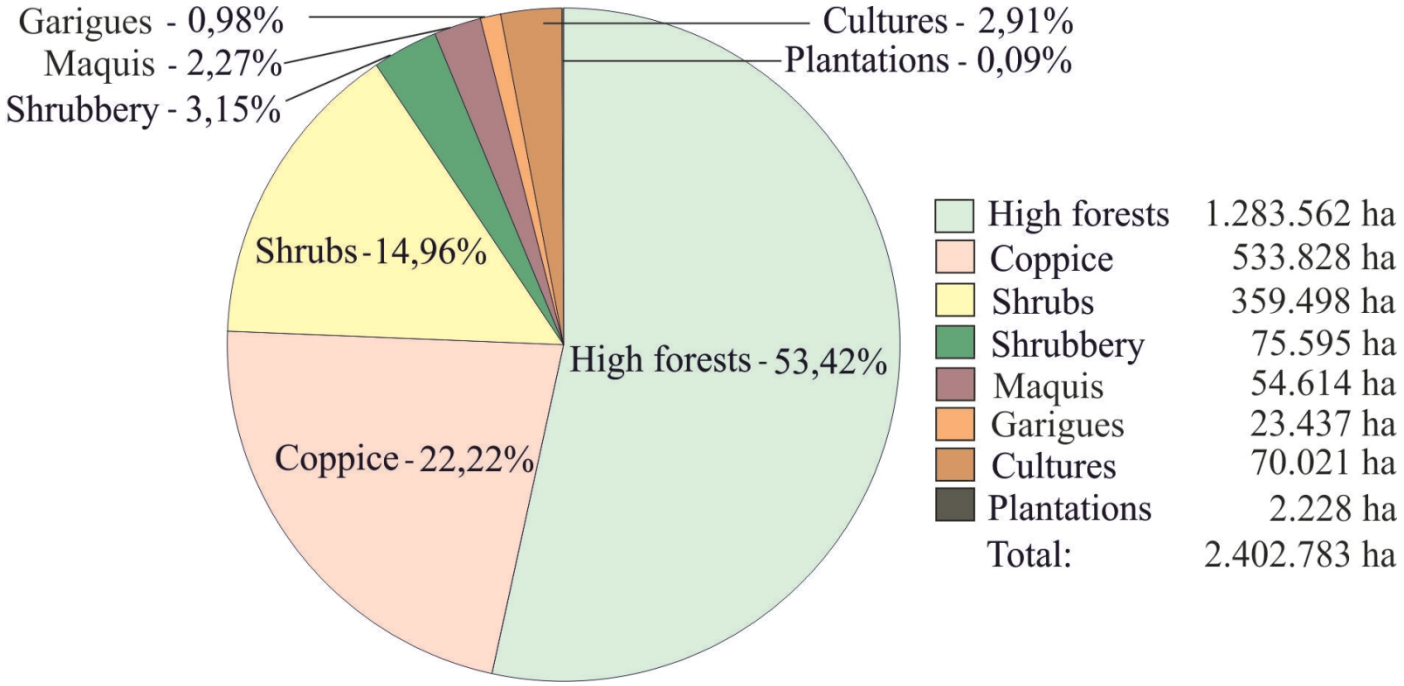


Figure 8 Forests in Republic of Croatia according to stand structure

8.2.8.3. Scope, level of support, eligible beneficiaries, and where relevant, methodology for calculation of the amount or support rate broken down by sub-measure and/or type of operation where necessary. For each type of operation specification of eligible costs, eligibility conditions, applicable amounts and support rates and principles with regard to the setting of selection criteria

8.2.8.3.1. O_01: Conversion of degraded forest stands and forest cultures

Sub-measure:

- 8.5 - support for investments improving the resilience and environmental value of forest ecosystems

8.2.8.3.1.1. Description of the type of operation

Due to the large share of degraded forests in the Republic of Croatia, this operation is aimed primarily at the conversion of a part of coppice forests, shrubs, shrubbery and other private and state-owned degraded forms of forest stands into high forests whose degradation was caused by inadequate management in the past, forest fires or by any other abiotic or biotic factor. The operation is aimed at the conversion of coppice, shrubs and shrubberies into high forest where the climatic and habitat conditions are favourable today. No support will be given for conversion of such coppice, shrubs, shrubberies and other degraded forms that today represent a satisfactory form of the forest cover regarding the specific climatic and habitat conditions in certain regions of the Republic of Croatia.

Within the framework of this operation, forest stands, mostly privately owned, whose tree species structure has been degraded due to bad management in the past, resulting in the loss of their primary species such as oak, ash and others, will be converted into mixed forest stands with a favourable share of primary tree species. Through this operation, a part of such forest stands will be gradually converted into mixed high forest stands of indigenous tree species.

Forest cultures in the Republic of Croatia have been planted in the past with different purposes and management goals on a part of the forest land. Those are mainly one-species-cultures (monocultures): Scots pine - *Pinus sylvestris L*., black pine - *Pinus nigra J.F. Arnold*, Aleppo pine - *Pinus halepensis Mill*., maritime pine - *Pinus pinaster Aiton*, eastern white pine - *Pinus strobus L*., Norway spruce - *Picea abies (L.) H. Karst*., European larch – *Larix decidua Mill*., Douglas-fir – *Pseudotsuga menziesii (Mirb.) Franco*, white ash - *Fraxinus americana L*., european-american poplar - *Populus sp*., white willow – *Salix alba* L., black alder - *Alnus glutinosa (L.) Gaertn*., black walnut – *Juglans nigra L.,* common walnut - *Juglans regia L*. Forest plantations of the European-american poplars can also be found in some areas, which have been planted with the aim of wood production in a relatively short rotation time, as these are fast-growing species. This mainly refers to plantations of: european-american poplar - Populus x canadensis Moench. (Populus deltoides x Populus nigra) and eastern cottonwood - Populus deltoides W. Bartram ex Marshall. The conversion of a part of the mentioned forest cultures and plantations into the mixed natural high forests of the indigenous tree species will be supported as for the latter it was unquestionably scientifically determined that they are much more stable in terms of ecology and much more resistant to changes occurring due to disturbed climatic and habitat conditions. Forest cultures, especially monocultures of allochthonous tree species, are not very resilient to biotic and abiotic factors, making windsnaps and windthrows with substantial adverse effects increasingly frequent in such forests due to increasingly evident climate change. Such conversions are also in accordance with the EU Biodiversity Strategy and Natura 2000 goals, as well as with FMPs being the key instrument for sustainable forest management envisaged by the

New EU Forest Strategy supporting the improvement of biological diversity and variety.

This operation will improve the ecosystem services of degraded forests and forest cultures with an emphasis on the protection of soil, water and air, mitigating effect of forests on climate, biodiversity preservation and improvement, carbon fixation and oxygen release, and the aesthetic function of forests, which will significantly help in improving their resilience and environmental value and will also increase their long-term economic value.

Conversion operations in mine-suspected forest areas shall not be funded under this type of operation.

The operation contributes to Focus Area 4A through the conversion of degraded forest stands into high forest stands and the conversion of forest cultures into mixed indigenous tree species forest stands. Moreover, the operation contributes to Focus Area 4B, 4C and 5E.

8.2.8.3.1.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.8.3.1.3. Links to other legislation

National legislation:

- Forest Act (OG 140/05, 82/06, 129/08, 80/10, 124/10, 25/12, 68/12, 148/13, 94/14);
- Forest Reproductive Material Act (OG 75/09, 61/11, 56/13, 14/14);
- Nature Protection Act (OG 80/13).

8.2.8.3.1.4. Beneficiaries

- Private and public forest holders;
- Public/state entities managing state forests and forest land according to the Forest Act;
- Associations of private forest holders according to the national legislation.

8.2.8.3.1.5. Eligible costs

This operation will be implemented on the basis of standard costs.

STANDARD CONVERSION COSTS PER HECTARE	
A) Conversions with broadleaved species on the continent:	
A.1. Seedlings planting along with enclosing with protective fence	EUR 8.344
A.2. Seed sowing along with enclosing with protective fence	EUR 6.448
A.3. Seedlings planting using tree shelters	EUR 7.535
B) Conversions with coniferous species on the continent:	
B.1. Seedlings planting along with enclosing with protective fence	EUR 6.080
B.2. Seedlings planting using tree shelters	EUR 8.794
C) Conversions with broadleaved species in the karst areas:	
C.1. Seedlings planting along with enclosing with protective fence	EUR 12.927
C.2. Seedlings planting using tree shelters	EUR 8.882
D) Conversions with coniferous species in the karst areas:	
D.1. Seedlings planting along with enclosing with protective fence	EUR 5.464
D.2. Seedlings planting using tree shelters	EUR 7.327

STANDARD CONVERSION COSTS PER HECTARE

8.2.8.3.1.6. Eligibility conditions

All the investments within the framework of this operation, regardless of the size of a forest holding, must be in accordance with the following forest management plans or equivalent document as established in Croatia, as follows:

- for state-owned forests managed by the company in accordance with the Forest Act, the investments must be in accordance with the *Forest Management Unit Plan* or the *Karst Forest Management Unit Plan*;
- for state-owned forests managed by other public bodies and legal persons established by the Republic of Croatia the investments must be in accordance with the *Special Purpose Forests Management Plan*;
- for privately-owned forests investments must be in accordance with the *Private Forest Management Plans* or for those private forests without an approved FMP, in accordance with the *Elaborate of Silivicultural Works for Private Forests* issued by the Advisory Service.

Where activities connected to conversion of forests are planned in a NATURA 2000 area, consent (following appropriate assessment/screening) is required from the Ministry of Environmental and Nature Protection.

Private forest holders must be registered in the Register of Private Forest Holders at the Ministry of Agriculture.

Forest holder associations must be registered in accordance with national legislation.

When applying within this type of operation, each beneficiary must submit the *Conversion Plan* (as part of the application form) prepared by the authorised person which defines one out of nine methods for performing the conversion for which standard costs have been prepared. The Conversion Plan shall prescribe the method of performing the conversion, selection of the tree species as well as determine the adequate technology. Each conversion plan shall also include at least the following:

- habitat condition, e.g. determining the main environmental factors which could have the influence on the results or success of the conversion. Climate parameters, pedologic parameters, etc. shall be determined;
- description and list of the trees, as well as their ratio, selection of the trees which shall grow the best within the habitat conditions and set goal;
- work method (sowing or planting bare or coated root, etc.) with the justification;
- spatial arrangement and the number of plants and other particularities of the proposed technology for performing the conversion together with the justification.

Exclusively the following indigenous tree species will be eligible for all mentioned types of conversions supported by the RDP subject to the climatic and habitat conditions of specific forest areas as set out in the Ordinance and in line with the presented Conversion Plan which shall be part of the application:

- Pedunculate oak - *Quercus robur L.;*
- *Sessile oak - Quercus petraea (Matt.) Liebl.;*
- *Turkey oak - Quercus cerris L.;*
- *Holm oak - Quercus ilex L.;*
- *Pubescent oak - Quercus pubescens Willd.;*
- *Common beech - Fagus sylvatica L.;*
- *Narrow-leaved ash - Fraxinus angustifolia Vahl;*
- *Lime - Tilia sp.;*
- *Black Alder - Alnus glutinosa (L.) Gaertn.;*
- *Grey Alder - Alnus incana (L.) Moench;*
- *Domestic poplar and willow species Populus sp. and Salix sp. (white willow - Salix alba L., almond willow – Salix triandra L., black poplar - Populus nigra L., white poplar - Populus alba L.);*
- *Fruit trees: wild cherry - Prunus avium (L.) L., sweet chestnut - Castanea sativa Mill., wild pear – Pyrus pyraster (L.) Burgsd., wild apple - Malus sylvestris (L.) Mill., wild service tree - Sorbus torminalis (L.) Crantz, whitebeam - Sorbus aria (L.) Crantz, rowan - Sorbus aucuparia L., service tree - Sorbus domestica L.;*
- *European white elm - Ulmus laevis Pall. syn. U. effusa Willd.;*
- *Field maple - Acer campestre L.;*
- *Sycamore maple - Acer pseudoplatanus L.;*
- *Norway maple - Acer platanoides L.;*
- *Tatar maple - Acer tataricum L.;*
- *Carob tree - Ceratonia siliqua L.;*
- *Oriental hornbeam - Carpinus orientalis Mill.;*
- *Hop hornbeam - Ostrya carpinifolia Scop.;*
- *Manna ash - Fraxinus ornus L.;*

- *Mediterranean hackberry - Celtis australis L.;*
- *Strawberry tree - Arbutus unedo L.;*
- *Narrow-leaved mock privet - Phillyrea angustifolia L.;*
- *Broad-leaved Phillyrea - Phillyrea latifolia L.;*
- *Laurustinus - Viburnum tinus L.;*
- *Black pine - Pinus nigra J.F. Arnold;*
- *Scots pine - Pinus sylvestris L.;*
- *Aleppo pine - Pinus halepensis Mill.;*
- *Turkish pine - Pinus brutia Ten.;*
- *Maritime pine - Pinus pinaster Aiton;*
- *Stone pine - Pinus pinea L.;*
- *Mediterranean cypress - Cupressus sempervirens;*
- *Norway spruce - Picea abies (L.) H. Karst.*

8.2.8.3.1.7. Principles with regards to the setting of selection criteria

Operations will be selected for co-financing on the basis of a call for proposals.

The selection criteria for eligible operations shall be defined in coherence with the strategy embodied in the RDP and the national priorities and will be laid down in the Ordinance, based on the level of forest degradation and current health condition in compliance with the forest management plans or the equivalent document for affected forest areas.

Only operations reaching a minimal threshold score shall be funded.

8.2.8.3.1.8. (Applicable) amounts and support rates

Intensity of the support is 100 %.

- The minimum value of support per project is EUR 5.000;
- The maximum value of support per project is EUR 700.000.

8.2.8.3.1.9. Verifiability and controllability of the measures and/or types of operations

8.2.8.3.1.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.8.3.1.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.8.3.1.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.8.3.1.10. Methodology for calculation of the amount or support rate, where relevant

Standard Costs of Conversion of Degraded Forest Stands and Forest Cultures have been defined based on real costs for listed eligible costs incurred during the last three years (2011, 2012 and 2013).

All types of conversions are defined and described based on standard definitions. For each type of conversion, average costs were determined per surface unit (hectare) based on the calculation of the cost of all eligible activities required for reaching the goal of the operation. The conversions are divided according to the location, that is, climate and environmental conditions, into continental and karst area, and according to the basic tree species, into the conversions performed with the broadleaved species and those performed with the coniferous species as a prevailing species. The additional criterion for the division is the type of protection (fence or tree shelters) against wildlife and livestock as well, which finally resulted in nine (9) different types of conversion as follows:

A) Conversions with broadleaved species on the continent:

A.1. Seedlings planting along with enclosing with protective fence;

A.2. Seed sowing along with enclosing with protective fence;

A.3. Seedlings planting using tree shelters.

B) Conversions with coniferous species on the continent:

B.1. Seedlings planting along with enclosing with protective fence;

B.2. Seedlings planting using tree shelters.

C) Conversions with broadleaved species in the karst areas:

C.1. Seedlings planting along with enclosing with protective fence;

C.2. Seedlings planting using tree shelters.

D) Conversions with coniferous species in the karst areas:

D.1. Seedlings planting along with enclosing with protective fence;

D.2. Seedlings planting using tree shelters.

The list of costs for the different types of conversions has been adjusted according to the eligibility criteria for the specific type of operation and the costs include as follows:

- *Habitat preparation-manually* - e.g. removal of unwanted tree and other species of shrubs and weeds using hand tools (axes, brush cutters, chainsaws, etc.);
- *Habitat preparation-machinery* - e.g. removal of bigger shrubs of unwanted tree and other species and weeds using machinery such as tractors with mulchers, or stone crushers for karst areas;
- *Installation of protective fence* - to protect seed or seedlings from game (wild boars, dears, roe dears, etc.);
- *Mechanical tree shelters* - to protect separate seedling from game;
- *Pickets* - for stabilizing tree shelters;
- *Planting material* - seed or seedlings for sowing or planting;
- *Transportation of planting material, tree shelters and pickets* - transport to the forest;
- *Planting or sowing of planting material* - manual or mechanical planting or sowing of seed or seedlings including installation of the tree shelters;
- Services of consultants and other costs necessary for project preparation and implementation including the Conversion Plan.

For each cost calculation possibility, the regulations on the number of plants and seed amounts per particular tree species have been taken into consideration.

The Standard Costs of Conversion of Degraded Forest Stands and Forest Cultures have been prepared by the Croatian Forest Research Institute as an independent body.

The standard cost option can be updated every year in order to better reflect the changes in the different costs.

8.2.8.3.1.11. Information specific to the operation

Definition and justification of the holding size above which support will be conditional on the submission of a forest management plan or equivalent instrument

Regardless of the forest holding size, support will be conditional on the submission of Forest Management Plan or the specific Elaborate of Silvicultural Works for Private Forests issued by Advisory Service for those private forests without a forest management plan.

Definition of an "equivalent instrument"

The “equivalent instrument” to FMPs is the Elaborate of Silvicultural Works for Private Forests issued by the Advisory Service.

[Afforestation and creation of woodlands] Identification of species, areas and methods to be used to avoid inappropriate afforestation as referred to in Article 6(a) of Delegated Regulation No 807/2014, including the

description of the environmental and climatic conditions of the areas in which afforestation is foreseen as referred to in Article 6(b) of that Regulation

Not applicable.

[Afforestation and creation of woodlands] Definition of the minimum environmental requirements referred to in Article 6 of Delegated Regulation No 807/2014

Not applicable.

[Establishment of agro-forestry systems] Specification of minimum and maximum number of trees to be planted and, when mature, to be retained, per hectare and forest species to be used as referred to in Article 23(2) of Regulation (EU) No 1305/2013

Not applicable.

[Establishment of agro-forestry systems] Indication of environmental benefits of the supported systems

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] Where relevant, list of species of organisms harmful to plants which may cause a disaster

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] Identification of forest areas classified as being at medium to high risk of forest fire according to the relevant forest protection plan

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] In case of preventive actions concerning pests and diseases, description of a relevant disaster occurrence, supported by scientific evidence, including, where relevant, recommendations on dealing with pests and diseases made by scientific organisations

Not applicable.

[Investments improving the resilience and environmental value of forest ecosystems] Definition of types of eligible investment and their expected environmental outcome and/or public amenity value

The following investments are eligible:

- conversion of coppice forests, shrubs, shrubbery and other private and state-owned degraded forms of forest stands into high forest stands;
- conversion of forest cultures and plantations into mixed high forest stands of indigenous tree species;
- conversion of forest stands whose tree species structure has been degraded due to bad management in the past into mixed forest stands with a favourable share of primary tree species.

This type of operation will improve the ecosystem services of degraded forests and forest cultures with an emphasis on the protection of soil, water and air, mitigating effect of forests on climate, biodiversity preservation and improvement, carbon fixation and oxygen release, which will significantly help in improving their resilience and environmental value.

According to the Ordinance on Forest Management (OG 111/06, 141/08), during development of forest management plans, due to monitoring and conservation of forest ecosystem services, the value of forest ecosystem services is evaluated at the level of forest stand and forest management unit. The evaluation is performed according to the methodology given in Annex 4 of the Ordinance.

8.2.8.3.2. O_02: Establishment and improvement of walking trails, look-out points and other small-scale investments

Sub-measure:

- 8.5 - support for investments improving the resilience and environmental value of forest ecosystems

8.2.8.3.2.1. Description of the type of operation

The projects within this operation (e.g. establishment of walking paths, small scale recreation facilities, signposting, information tables, shelters, look-out points, etc.) will make the recreational, tourism and health benefits of forests more accessible to the rural and general population, which will contribute to the increase of their environmental value. Moreover, the realisation of these projects will highlight specific forest ecosystem segments or segments of special significance. The operation contributes to Focus Area 4A through increasing the public amenity and recreational value of forests as well as fostering awareness of the general public about the importance of the preservation and sustainable management of forest ecosystems, which will contribute to biodiversity preservation and improvement, including in Natura 2000 areas.

8.2.8.3.2.2. Type of support

Type of support: Grants

Support shall be awarded as grants.

8.2.8.3.2.3. Links to other legislation

Investments within the framework of this operation are linked to the relevant national legislation:

- Forest Act (OG 140/05, 82/06, 129/08, 80/10, 124/10, 25/12, 68/12, 148/13, 94/14);
- Nature Protection Act (OG 80/13).

8.2.8.3.2.4. Beneficiaries

- Private and public forest holders;
- Public/state entities managing state forests and forest land according to the Forest Act;
- Associations of private forest holders according to the national legislation;
- Civil society associations and bodies active in nature protection.

8.2.8.3.2.5. Eligible costs

The following costs are eligible within the framework of this operation:

- materials, equipment, services and works, and other eligible small-scale infrastructure with the objective of establishing educational trails, look-out points and small-scale recreational facilities for public use (e.g. trail improvements, information signposts, billboards, canopies, natural wood furniture in picnic areas etc.);
- services of consultants and other general costs required for project preparation and implementation including business plans, feasibility studies, CBA analyses, other project and technical documentation such as environmental and natural impact studies (appropriate assessment regarding Natura 2000 areas), etc., for a maximum of 10 % of the total eligible expenditures;
- General costs incurred before submission of the application are eligible providing they were incurred from 1st January 2014.

8.2.8.3.2.6. Eligibility conditions

Beneficiaries within the framework of this operation must obtain prior consent of the natural or legal persons who manage the forests and forest land on which the project is planned.

8.2.8.3.2.7. Principles with regards to the setting of selection criteria

Operations will be selected for co-financing on the basis of a call for proposal.

The selection criteria for eligible operations will be laid down in the Ordinance and are defined in coherence with the strategy embodied in the RDP and the national priorities, such as:

- Environmental value of the forest area where the operation is located (eg. Natura 2000, ecological network, etc);
- Priority to operations including environmental information and awareness-raising elements (e.g. information boards, thematic nature trails etc);
- Target groups of forestry actions.

Only operations reaching a minimal threshold score shall be funded.

8.2.8.3.2.8. (Applicable) amounts and support rates

Intensity of the support for investments is 100 % of total eligible costs.

Level of support:

- The minimum value of support per project shall be EUR 5.000;
- The maximum value of support per project shall be EUR 100.000.

8.2.8.3.2.9. Verifiability and controllability of the measures and/or types of operations

8.2.8.3.2.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.8.3.2.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.8.3.2.9.3. Overall assessment of the measure

The operation is verifiable and controllable.

8.2.8.3.2.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.8.3.2.11. Information specific to the operation

Definition and justification of the holding size above which support will be conditional on the submission of a forest management plan or equivalent instrument

Not applicable.

Definition of an "equivalent instrument"

In the request for support the beneficiary must submit Draft of Investments called " Idejni plan" in which must give justification of reasons of investments and description of the final objectives to be achieved by investing.

[Afforestation and creation of woodlands] Identification of species, areas and methods to be used to avoid inappropriate afforestation as referred to in Article 6(a) of Delegated Regulation No 807/2014, including the description of the environmental and climatic conditions of the areas in which afforestation is foreseen as referred to in Article 6(b) of that Regulation

Not applicable.

[Afforestation and creation of woodlands] Definition of the minimum environmental requirements referred to in Article 6 of Delegated Regulation No 807/2014

Not applicable.

[Establishment of agro-forestry systems] Specification of minimum and maximum number of trees to be planted and, when mature, to be retained, per hectare and forest species to be used as referred to in Article 23(2) of Regulation (EU) No 1305/2013

Not applicable.

[Establishment of agro-forestry systems] Indication of environmental benefits of the supported systems

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] Where relevant, list of species of organisms harmful to plants which may cause a disaster

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] Identification of forest areas classified as being at medium to high risk of forest fire according to the relevant forest protection plan

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] In case of preventive actions concerning pests and diseases, description of a relevant disaster occurrence, supported by scientific evidence, including, where relevant, recommendations on dealing with pests and diseases made by scientific organisations

Not applicable.

[Investments improving the resilience and environmental value of forest ecosystems] Definition of types of eligible investment and their expected environmental outcome and/or public amenity value

The following types of investments are eligible:

- materials, equipment, services and works, and other eligible small-scale infrastructure with the objective of establishing educational trails, look-out points and small-scale recreational facilities for public use;
- services of consultants and other general costs required for project preparation and implementation for a maximum of 10 % of the total eligible expenditures.

The expected outcome is an increase in the public amenity and recreational value through improved access and small-scale infrastructure increasing the public benefit from the forests.

According to the Ordinance on Forest Management (OG 111/06, 141/08), during development of forest management plans, due to monitoring and conservation of forest ecosystem services, the value of forest ecosystem services is evaluated at the level of forest stand and forest management unit. The evaluation is performed according to the methodology given in Annex 4 of the Ordinance.

8.2.8.3.3. O_03: Modernisation of technologies, machines, tools and equipment for wood harvesting and silvicultural works

Sub-measure:

- 8.6 - support for investments in forestry technologies and in processing, mobilising and marketing of forest products

8.2.8.3.3.1. Description of the type of operation

The operation is aimed at increasing efficiency, environmental friendliness, ergonomics and the safety of work processes in wood harvesting works and silvicultural works through the modernisation of existent and the introduction of innovative and environmentally friendly technologies, machines, tools and equipment. Wood harvesting works include felling, skidding, extraction, cable yarding of wood, timber haulage and wood biomass production (woodchips).

Investments in the modernisation of existent and the introduction of efficient and environmentally friendly technologies, machines, tools and equipment for wood harvesting works will increase the availability and utilisation of wood as a material, but also of wood as a renewable source of energy (wood biomass). This will sustainably increase the economic value of forests and the efficiency of the wood harvesting as well. Simultaneously, wood will be produced using methods which have only a minor adverse effect on forest ecosystems.

The modernisation of existent and the introduction of efficient and environmentally friendly technologies, machines and tools for forest soil preparation works will create the preconditions for more effective and better quality sowing and planting of forest reproductive material. This will significantly improve the management of forests owned by private forest holders, which are often degraded and of low economic value.

Simple restocking or regeneration after final felling is excluded from support from RDP.

The type of operation contributes to Focus Area 2C by improving the sustainability and competitiveness of forest enterprises and promoting sustainable forest management. It also contributes to Focus Area 5C through facilitated, more efficient and improved harvesting and supply of wood and wood biomass production.

This will be complementary to other operations concerning renewable energy as wood biomass production is not eligible in the framework of Measure M04.

8.2.8.3.3.2. Type of support

Type of support: Grants

Support shall be awarded as grants.

8.2.8.3.3.3. Links to other legislation

National legislation:

- Occupational Safety Act (OG 71/14, 118/14).

8.2.8.3.3.4. Beneficiaries

The eligible beneficiaries for this operation are:

- Private forest holders;
- Associations of private forest holders according to the national legislation;
- Crafts, companies, micro, small and medium-sized enterprises, registered in accordance with national legislation.

8.2.8.3.3.5. Eligible costs

The following costs are eligible within the framework of this operation:

- purchase of new and second hand machines, tools, devices and equipment for wood felling (harvesters, chainsaws, etc.);
- purchase of new and second hand machines, tools, devices and equipment for skidding, extraction and cable yarding of wood (forwarders, skidders, cableways, tractor assemblies, etc.);
- purchase of new and second hand machines, tools, devices and equipment for wood biomass production (chippers, log splitters, etc.);
- purchase of new and second hand machines, tools, devices and equipment for timber haulage (trailers, cranes, etc.)
- purchase of new and second hand machines, tools, devices and equipment for silvicultural works for preparation of forest land for sowing or planting (mulchers, etc.);
- construction costs for facilities and purchase of new and second hand equipment for the storage, protection and drying of timber products (silos, woodchip storage, loaders, atomisers, etc.);
- services of consultants and other general costs required for project preparation and implementation including business plans, feasibility studies, CBA analyses, other project and technical documentation such as environmental and natural impact studies, etc., for a maximum of 10 % of the total eligible expenditures;
- general costs incurred before submission of the application are eligible providing they were incurred from 1st January 2014.

8.2.8.3.3.6. Eligibility conditions

Beneficiaries must meet the following conditions for investments within the framework of this operation:

- Private forest holders must be registered in the Register of Private Forest Holders at the Ministry of Agriculture;

- Forest holder associations must be registered in accordance with national legislation;
- Crafts, companies, micro, small and medium-sized enterprises must be licensed contractors for forestry works by Croatian Chamber of Forestry and Wood Technology Engineers.

In case the contractors or subsidised machinery is intended to serve more than one forestry holding, this shall be set out in the business plan.

8.2.8.3.3.7. Principles with regards to the setting of selection criteria

Operations will be selected for co-financing on the basis of a public call of proposal.

The selection criteria for eligible operations defined in coherence with the strategy embodied in the RDP and the national priorities will be laid down in the Ordinance, such as:

- Energy efficiency criteria;
- Environmental impact criteria;
- Prioritization of micro and small companies;
- Regional development index.

Only operations reaching a minimal threshold score shall be funded.

8.2.8.3.3.8. (Applicable) amounts and support rates

Intensity of the support is 50 % of total eligible costs.

Level of support:

- The minimum value of support per project shall be EUR 5.000;
- The maximum value of support per project shall be EUR 700.000.

8.2.8.3.3.9. Verifiability and controllability of the measures and/or types of operations

8.2.8.3.3.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.8.3.3.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.8.3.3.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.8.3.3.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.8.3.3.11. Information specific to the operation

Definition and justification of the holding size above which support will be conditional on the submission of a forest management plan or equivalent instrument

Not applicable.

Definition of an "equivalent instrument"

In the request for support the beneficiary must submit Draft of Investments called " Poslovni plan" in which must give justification of reasons of investments and description of the final objectives to be achieved by investing.

[Afforestation and creation of woodlands] Identification of species, areas and methods to be used to avoid inappropriate afforestation as referred to in Article 6(a) of Delegated Regulation No 807/2014, including the description of the environmental and climatic conditions of the areas in which afforestation is foreseen as referred to in Article 6(b) of that Regulation

Not applicable.

[Afforestation and creation of woodlands] Definition of the minimum environmental requirements referred to in Article 6 of Delegated Regulation No 807/2014

Not applicable.

[Establishment of agro-forestry systems] Specification of minimum and maximum number of trees to be planted and, when mature, to be retained, per hectare and forest species to be used as referred to in Article 23(2) of Regulation (EU) No 1305/2013

Not applicable.

[Establishment of agro-forestry systems] Indication of environmental benefits of the supported systems

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] Where relevant, list of species of organisms harmful to plants which may cause a disaster

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] Identification of forest areas classified as being at medium to high risk of forest fire according to the relevant forest protection plan

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] In case of preventive actions concerning pests and diseases, description of a relevant disaster occurrence, supported by scientific evidence, including, where relevant, recommendations on dealing with pests and diseases made by scientific organisations

Not applicable.

[Investments improving the resilience and environmental value of forest ecosystems] Definition of types of eligible investment and their expected environmental outcome and/or public amenity value

Not applicable.

8.2.8.3.4. O_04: Modernisation of technologies, machines, tools and equipment for pre-industrial wood processing

Sub-measure:

- 8.6 - support for investments in forestry technologies and in processing, mobilising and marketing of forest products

8.2.8.3.4.1. Description of the type of operation

The operation is aimed at increasing efficiency, environmental friendliness, ergonomics and safety of work processes in pre-industrial wood processing through the modernisation of existent and the introduction of efficient and environmentally friendly technologies, machines, tools and equipment. This will also sustainably increase the economic value of the forest. Pre-industrial wood processing in Croatia is the processing performed by SMEs registered for performing wood sawing and planning activities as well as the production of intermediate wood products, and such processing includes sawing, planning, drying, etc. (National Classification of Economic Activities 2007Area C; Section 16; Processing wood and products made of wood and cork, except furniture; production of products made of straw and weaving materials).

Modernisation will create the conditions for improving production processes and the business environment, and will stimulate economic growth. Simultaneously, the modernisation of technologies, machines, tools and equipment will increase market competitiveness, which will help reverse the long-term negative trend of the decreasing employment rate in pre-industrial wood processing which exerts a major impact on the population of rural areas.

Furthermore, the operation is aimed at the introduction of ICT technologies in pre-industrial wood processing which will, in addition to increasing productivity, also contribute to a more rational use of natural resources with a positive impact on nature and the environment.

The operation will have positive effects on the business activities of crafts, companies, micro, small and medium-sized enterprises in pre-industrial wood processing, the most relevant being: increased production, reduced production costs, improved quality of products and business processes, increased production flexibility and shorter delivery times.

The type of operation contributes to Focus Area 2C by improving the sustainability and competitiveness of forest enterprises and promoting sustainable forest management. It also contributes to Focus Area 5C through facilitated, more efficient and improved production and supply of wood.

8.2.8.3.4.2. Type of support

Type of support: Grants

Support shall be awarded as grants.

8.2.8.3.4.3. Links to other legislation

National legislation:

- Environmental Protection Act (OG 80/13).

8.2.8.3.4.4. Beneficiaries

The eligible beneficiaries for this operation are crafts, companies, micro, small and medium-sized enterprises, registered for wood processing activities in accordance with national legislation.

8.2.8.3.4.5. Eligible costs

The following costs and investments are eligible within the framework of this operation:

- purchase of new and second hand machines, tools, devices and equipment for pre-industrial wood processing (planers, saws, etc.);
- purchase of new and second hand machines, tools, devices and equipment for pellet and briquette production (briquette compactor, pellet compactor, etc.);
- installation and/or purchase of information and communications technology (ICT) in wood harvesting and pre-industrial wood processing (software for the optimisation of timber assortment utilisation, etc.);
- construction costs for facilities and purchase of new and second hand equipment for drying, steaming, storage and protection of timber products (drying facilities, steaming facilities, silos, woodchip storage, loaders, atomisers, etc.);
- services of consultants and other general costs required for project preparation and implementation including business plans, feasibility studies, CBA analyses, other project and technical documentation such as environmental and natural impact studies, etc., for a maximum of 10 % of the total eligible expenditures.

8.2.8.3.4.6. Eligibility conditions

Beneficiaries must meet the following condition for investments within the framework of this operation:

- Crafts, companies, micro, small and medium-sized enterprises must be registered for wood processing activities in accordance with the national legislation;
- Maximum capacity of yearly production for sawmills and drying facilities must not exceed 10.000 m^3 roundwood input level.

8.2.8.3.4.7. Principles with regards to the setting of selection criteria

Projects will be selected for co-financing on the basis of a call for proposals. The selection criteria for eligible projects defined in coherence with the strategy embodied in the RDP and the national priorities

will be laid down in the Ordinance, such as:

- Energy efficiency criteria;
- Environmental impact criteria;
- Prioritization of micro and small companies;
- Regional development index.

Only projects reaching a minimal threshold score shall be funded.

8.2.8.3.4.8. (Applicable) amounts and support rates

Intensity of the support for investments is 50 % of total eligible costs.

Level of support:

- The minimum value of support per project shall be EUR 10.000;
- The maximum value of support per project shall be EUR 1.000.000.

8.2.8.3.4.9. Verifiability and controllability of the measures and/or types of operations

8.2.8.3.4.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.8.3.4.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.8.3.4.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.8.3.4.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.8.3.4.11. Information specific to the operation

Definition and justification of the holding size above which support will be conditional on the submission of a forest management plan or equivalent instrument

Not applicable.

Definition of an "equivalent instrument"

In the request for support the beneficiary must submit Draft of Investments called " Poslovni plan" in which must give justification of reasons of investments and description of the final objectives to be achieved by investing.

[Afforestation and creation of woodlands] Identification of species, areas and methods to be used to avoid inappropriate afforestation as referred to in Article 6(a) of Delegated Regulation No 807/2014, including the description of the environmental and climatic conditions of the areas in which afforestation is foreseen as referred to in Article 6(b) of that Regulation

Not applicable.

[Afforestation and creation of woodlands] Definition of the minimum environmental requirements referred to in Article 6 of Delegated Regulation No 807/2014

Not applicable.

[Establishment of agro-forestry systems] Specification of minimum and maximum number of trees to be planted and, when mature, to be retained, per hectare and forest species to be used as referred to in Article 23(2) of Regulation (EU) No 1305/2013

Not applicable.

[Establishment of agro-forestry systems] Indication of environmental benefits of the supported systems

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] Where relevant, list of species of organisms harmful to plants which may cause a disaster

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] Identification of forest areas classified as being at medium to high risk of forest fire according to the relevant forest protection plan

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] In case of preventive actions concerning pests and diseases, description of a relevant disaster occurrence, supported by scientific evidence, including, where relevant, recommendations on dealing with pests and diseases made by scientific organisations

Not applicable.

[Investments improving the resilience and environmental value of forest ecosystems] Definition of types of eligible investment and their expected environmental outcome and/or public amenity value

Not applicable.

8.2.8.3.5. O_05: Marketing of timber and non-timber forest products

Sub-measure:

- 8.6 - support for investments in forestry technologies and in processing, mobilising and marketing of forest products

8.2.8.3.5.1. Description of the type of operation

Due to the unsatisfactory level of utilisation of numerous timber and non-timber forest products, there is a need for systematic marketing. The operation is aimed especially at the use of wood biomass as a renewable source of energy because its potentials remain unexploited and information and specific knowledge about it is unavailable to a wide group of users, especially those in rural areas. Informing the public about the possibilities, advantages and positive effects of using these products will bring long-term improvements to the development of rural areas, proportional to the investments in the development and utilisation of this resource.

The beneficial effects of using non-timber forest products (fruit, medicinal herbs, fungi and other plant material) in nutrition are not sufficiently known. That can be changed only through investments in marketing which would systematically target a general population of potential users, but also of potential producers in rural areas.

The operation contributes to Focus Area 6A through the promotion and market placement of timber and non-timber forest products.

It will also contribute to Focus Area 5C concerning the use of wood biomass.

8.2.8.3.5.2. Type of support

Type of support: Grants

Support shall be awarded as grants.

8.2.8.3.5.3. Links to other legislation

- Forest Act (OG 140/05, 82/06, 129/08, 80/10, 124/10, 25/12, 68/12, 148/13, 94/14);
- Public Procurement Act (OG 90/11, 83/13).

8.2.8.3.5.4. Beneficiaries

The eligible beneficiaries for this operation are:

- Private forest holders;
- Private forest holder associations;
- Micro, small and medium-sized enterprises;
- Local government and self-government units and their associations.

8.2.8.3.5.5. Eligible costs

The following costs and investments are eligible within the framework of this operation:

- Investment costs for the marketing of timber and non-timber (fungi, forest fruit, etc.) forest products (e.g. packaging and labelling machinery, show-rooms and equipment, display units etc.);
- Services of consultants and other general costs required for project preparation and implementation (e.g. marketing studies, CBA analyses, business plans, pre-feasibility studies), for a maximum of 10 %.

8.2.8.3.5.6. Eligibility conditions

Beneficiaries must meet the following conditions for investments within the framework of this operation:

- Private forest holders must be registered in the Register of Private Forest Holders at the Ministry of Agriculture;
- Forest holder associations must be registered in accordance with national legislation.

8.2.8.3.5.7. Principles with regards to the setting of selection criteria

Operations will be selected for co-financing on the basis of a public call of proposal. The selection criteria for eligible projects are defined in coherence with the strategy embodied in the RDP and the national priorities will be laid down in the Ordinance, based on the following principles:

- implementation of the project in more than one county in Croatia in terms of the target marketing activity;
- projects relating to marketing of timber and non-timber forest products from certified forests.

Only operations reaching a minimal threshold score shall be funded.

8.2.8.3.5.8. (Applicable) amounts and support rates

Intensity of the support for investments is 50 % of total eligible costs.

Level of support:

- The minimum value of support per project shall be EUR 5.000;

- The maximum value of support per project shall be EUR 30.000.

8.2.8.3.5.9. Verifiability and controllability of the measures and/or types of operations

8.2.8.3.5.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.8.3.5.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.8.3.5.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.8.3.5.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.8.3.5.11. Information specific to the operation

Definition and justification of the holding size above which support will be conditional on the submission of a forest management plan or equivalent instrument

Not applicable.

Definition of an "equivalent instrument"

In the request for support the beneficiary must submit Draft of Investments called " Idejni plan" in which must give justification of reasons of investments and description of the final objectives to be achieved by investing.

[Afforestation and creation of woodlands] Identification of species, areas and methods to be used to avoid inappropriate afforestation as referred to in Article 6(a) of Delegated Regulation No 807/2014, including the description of the environmental and climatic conditions of the areas in which afforestation is foreseen as referred to in Article 6(b) of that Regulation

Not applicable.

[Afforestation and creation of woodlands] Definition of the minimum environmental requirements referred to in Article 6 of Delegated Regulation No 807/2014

Not applicable.

[Establishment of agro-forestry systems] Specification of minimum and maximum number of trees to be planted and, when mature, to be retained, per hectare and forest species to be used as referred to in Article 23(2) of Regulation (EU) No 1305/2013

Not applicable.

[Establishment of agro-forestry systems] Indication of environmental benefits of the supported systems

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] Where relevant, list of species of organisms harmful to plants which may cause a disaster

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] Identification of forest areas classified as being at medium to high risk of forest fire according to the relevant forest protection plan

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] In case of preventive actions concerning pests and diseases, description of a relevant disaster occurrence, supported by scientific evidence, including, where relevant, recommendations on dealing with pests and diseases made by scientific organisations

Not applicable.

[Investments improving the resilience and environmental value of forest ecosystems] Definition of types of eligible investment and their expected environmental outcome and/or public amenity value

Not applicable.

8.2.8.4. Verifiability and controllability of the measures and/or types of operations

8.2.8.4.1. Risk(s) in the implementation of the measures

- Establishment of the management and control system by the Paying Agency to carry out forestry measures, due to the fact that Paying Agency has no experience in implementation of either national or pre-accession forestry measures;
- Approved operations are not in accordance with FMPs or other relevant management plans or strategies.

8.2.8.4.2. Mitigating actions

- Preconditions and technical requirements for set up of management and control system to carry out forestry measures but additional actions are needed to ensure smooth implementation. Update of LPIS (ARKOD) with forestry related date is needed as well as staff training. Use of technical service could be envisaged if needed;
- All interventions carried out in forests in accordance with the relative Forest Management Plan (FMP) are supervised and confirmed by certified forestry engineers (a regulated profession) in Acceptance Records annexed to the FMP and which are also available in electronic form in the MoA, which also controls the implementation of the FMP. Administrative access to these records would provide a further control that could be performed by the Paying Agency. In the case of private forests without FMPs, interventions must be carried out within the context of the specific Elaborate of Silivicultural Works for Private Forests and sample checks shall be carried out in these cases.

8.2.8.4.3. Overall assessment of the measure

In view of the above mitigating actions, this measure is controllable and verifiable.

8.2.8.5. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.8.6. Information specific to the measure

Definition and justification of the holding size above which support will be conditional on the submission of a forest management plan or equivalent instrument

Regardless of the forest holding size, support will be conditional on the submission of Forest Management Plan or the specific Elaborate of Silvicultural Works for Private Forests issued by Advisory Service for those private forests without a forest management plan.

Definition of an "equivalent instrument"

The “equivalent instrument” to FMPs is the Elaborate of Silvicultural Works for Private Forests issued by the Advisory Service.

[Afforestation and creation of woodlands] Identification of species, areas and methods to be used to avoid inappropriate afforestation as referred to in Article 6(a) of Delegated Regulation No 807/2014, including the description of the environmental and climatic conditions of the areas in which afforestation is foreseen as referred to in Article 6(b) of that Regulation

Not applicable.

[Afforestation and creation of woodlands] Definition of the minimum environmental requirements referred to in Article 6 of Delegated Regulation No 807/2014

Not applicable.

[Establishment of agro-forestry systems] Specification of minimum and maximum number of trees to be planted and, when mature, to be retained, per hectare and forest species to be used as referred to in Article 23(2) of Regulation (EU) No 1305/2013

Not applicable.

[Establishment of agro-forestry systems] Indication of environmental benefits of the supported systems

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] Where relevant, list of species of organisms harmful to plants which may cause a disaster

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] Identification of forest areas classified as being at medium to high risk of forest fire according to the relevant forest protection plan

Not applicable.

[Prevention and restoration of damage from forest fires and natural disasters and catastrophic events] In case of preventive actions concerning pests and diseases, description of a relevant disaster occurrence, supported by scientific evidence, including, where relevant, recommendations on dealing with pests and diseases made by scientific organisations

Not applicable.

[Investments improving the resilience and environmental value of forest ecosystems] Definition of types of eligible investment and their expected environmental outcome and/or public amenity value

This is detailed at the level of type of operation.

8.2.8.7. Other important remarks relevant to understand and implement the measure

Forest management plans (FMPs) are defined by the national legislation in the field of forestry (Forest Act and relevant Ordinances).

The following list illustrates the relevant FMPs for beneficiaries of the RDP 2014-2020:

- Forest Management Unit Plan - for state-owned forests in the continental area managed by the public company;
- Karst Forest Management Unit Plan - for state-owned forests on karst area managed by the public company;
- Special Purpose Forests Management Plan - for state-owned forests managed by other public administration bodies and legal persons established by the Republic of Croatia;
- Private Forest Management Plan - for privately-owned forests.

FMPs are adopted for a period of 10 years, orientational for the next 10 and further 20 years. They are made by experts, based on the measurements and state of forests and forest land, and approved by the Ministry competent for forestry, and based on the conclusions of an expert commission (whose members are forestry experts, and for forests in protected areas also nature protection experts).

FMPs are in compliance with the County's Spatial Plans, and in addition to the data on current forest management, they include the following:

- Forest fire protection plan;
- Special conditions of environment/nature protection;

- Prescription of time and amount of cutting;
- Forestry and silvicultural works;
- Determination of value of forest ecosystem services for the stated period;
- Plan of construction of forest infrastructure (forest roads and skid roads);
- Forest pests protection plan.

The performance of the works prescribed by FMPs is mandatory for each public and private forest holder managing the forests, and the execution of the prescribed works is controlled by the Forestry Inspection Service at the Ministry of Agriculture. The supervision and confirmation of the completed works are performed by the certified forestry engineers (regulated profession), and the neatness (accuracy) of the completed works is confirmed by the acceptance records.

FMPs are made in two legal copies - one stored at the legal entity that manages the forest, and the other stored at the competent Ministry (Ministry of Agriculture) that approved the FMP. Based on the stated acceptance records, the legal entity that manages the forest records the performed works and discharges them in the FMP in paper and electronic form. Thus all the data on performed works in forests and forest land are available, monitored and controlled.

8.2.9. M09 - Setting-up of producer groups and organisations (art 27)

8.2.9.1. Legal basis

Article 27 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions.

Commission Implementing Regulation (EU) No 808/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

8.2.9.2. General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objectives

Despite favourable climate conditions, the production of fruits and vegetables in Croatia is poorly represented. Representation of fruits and vegetables in the total value of output of crop production for fruit is only 7,5 % and 5,9 % for vegetables which is insufficient compared to the needs of the population. Agricultural land used for fruit production declined compared to 2012 to 2454 ha (7,9 %) and in comparison with 2009 by 22,6 % while the land used for the production of vegetables decreased compared to 2009 by 43,1 %. Investments in the fruit and vegetable and livestock sectors will be prioritised for support as defined in the Partnership Agreement and recognised by the SWOT analysis.

Due to the lack of information and experience in associations, different levels of professional experience, lack of understanding of common goals and principles of operation farmers have low interest for associating. Producer organisations ensure producers have the ability to use common resources, administrative, bookkeeping and accounting services, as well as equipment for improving and maintaining product quality to facilities for the storage, sorting and packaging of products. In this way better production planning will be achieved that is adjusted to the market needs, price stabilization and ultimately reducing the production costs.

The objective of this measure is associating agricultural producers with lower production into producer groups and organisations which will ensure them easier entrance to the market and competitiveness on the market.

Contribution to focus areas

Measure contributes to Priority 3: Promoting food chain organisations, including processing and marketing of agricultural products, animal welfare and risk management in agriculture:

Focus Area 3A Improving competitiveness of primary producers by better integrating them into the agri-

food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups and organisations and inter-branch organisations.

Measure will encourage establishment and operation of producer groups and organisations, which will lead to a concentration of production and an adjustment of production (supply) with market requirements (demand), thus increasing added value in agriculture.

Contribution to cross-cutting objectives

This measure contributes to the realisation of cross-cutting objectives related to climate changes, environmental protection and innovations.

Climate change - Encouraging establishment and operation of producer groups and organisations will achieve the centralization of supply, development of short supply chains and local markets, which will result in reduction of logistics, storing and transportation costs, and thereby reducing carbon dioxide emissions.

Environmental protection - Participating in operation of a producer group or organisation will increase awareness of the importance of environmental protection and the associated production will impact it directly.

Innovation - Availability and the use of common resources, equipment and new processes will enable the development and application of innovations.

8.2.9.3. Scope, level of support, eligible beneficiaries, and where relevant, methodology for calculation of the amount or support rate broken down by sub-measure and/or type of operation where necessary. For each type of operation specification of eligible costs, eligibility conditions, applicable amounts and support rates and principles with regard to the setting of selection criteria

8.2.9.3.1. O_01: Setting - up of producer groups and organisations

Sub-measure:

- 9.1 - setting up of producer groups and organisations in the agriculture and forestry sectors

8.2.9.3.1.1. Description of the type of operation

Establishment and operation of producer groups and organisations in the agriculture sector will enable adapting the production to market requirements, better product placement and its competitiveness on the market as well as the reduction of intermediary sales. Jointly placing goods on the market will provide that all members of the producer group or organisation easier sell products. Participation in the producer group or organisation will enable usage of new technologies and the organisation and facilitation of the innovation processes. Producer group and organisation receive support based on a business plan which must be verified by the Ministry responsible for agriculture and forestry, which has recognised a producer group or organisation.

The operation contributes to the Focus Area 3A. Associating agricultural producers into producer groups

and organisations will ensure them easier entrance to the market, better quality of products and competitiveness on the market.

8.2.9.3.1.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

Support shall be paid as flat rate aid in annual instalments for no more than 5 years following the date of recognition and approval business plan.

8.2.9.3.1.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Act on the Common Market Organization and Specific Measures and Rules Related to Markets of Agricultural Products (OG 82/13, 14/14)

8.2.9.3.1.4. Beneficiaries

Producer groups or organisations from agriculture sector under the definition of small and medium enterprises and officially recognised or in the process of recognition by the competent national authority - Ministry responsible for agriculture and forestry in the period from 1st January 2014 to 31st December 2020.

8.2.9.3.1.5. Eligible costs

Eligible expenditure shall be in accordance with the business plan of the producer group or organisation.

8.2.9.3.1.6. Eligibility conditions

The following conditions are applicable:

- A producer group or organisation must have at least five members;
- A producer group or organisation must submit a business plan for a five-year period, stating the clear objectives of the producer group or organisation, which shall detail the planned activities for at least one of the following:
    - adapting the production and output of products to market requirements;
    - jointly placing goods on the market, including preparation for sale, centralization of sales and supply to bulk buyers;
    - common rules on production information, with particular regard to harvesting and

availability;
- development of business and marketing skills and the organisation and facilitation of innovation processes.

8.2.9.3.1.7. Principles with regards to the setting of selection criteria

Projects will be selected for co-financing on the basis of a call for proposals.

The selection criteria for the eligible projects, will be laid down in the Ordinance based on the following principles:

- the number of associated producers;
- number of producers of products with quality designations;
- annual marketed production;
- producer groups/organisations in priority sectors according to the SWOT analysis;
- producer groups/organisations in areas facing natural and other specific constraints;
- the location of the investment according to the Regional Development Index or the location in more than one county.

Only projects reaching a minimal threshold score shall be funded.

8.2.9.3.1.8. (Applicable) amounts and support rates

During the programming period a producer group or organisation and their members may receive this type of support only once.

Support is limited to a maximum of 10 % of value of annual marketed production and cannot exceed EUR 100.000 per year regardless of the actual calculation of possible support.

The support is calculated based on the groups or organisations annual marketed production and amounts as follows:

- in the 1st year 10 % of marketed production;
- in the 2nd year 9 % of marketed production;
- in the 3rd year 8 % of marketed production;
- in the 4th year 7 % of marketed production;
- in the 5th year 6 % of marketed production.

The payment of the last instalment will be made after having verified the correct implementation of the business plan.

8.2.9.3.1.9. Verifiability and controllability of the measures and/or types of operations

8.2.9.3.1.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.9.3.1.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.9.3.1.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.9.3.1.10. Methodology for calculation of the amount or support rate, where relevant

In the case of producer groups and organisations in the agriculture sector, support shall be calculated on the basis of the average annual value of the marketed production of its members over the three years before they entered the group or organisation.

In case that the objectives from the business plan for the previous year were not met, the payment of the following instalment is possible under the condition that it is approved by the Competent authority which has recognised the producer group or organisation.

The basis for the calculation of the level of support for the next four years will be an annual value of marketed production of the producer group or organisation.

8.2.9.3.1.11. Information specific to the operation

Description of the official procedure for recognising the groups and organisations

The Ministry of Agriculture will recognise the group or organisation based on the following principles:

- producer group or organisation must submit a business plan;
- producer group or organisation shall have available staff, infrastructure and equipment;
- producer group or organisation needs to ensure the functioning of producer group/organisation, particularly regards to:
    - knowledge and collection of data on the production of their members;
    - collecting, sorting, storing and packaging the production of their members;
    - commercial and budgetary management;
    - centralized bookkeeping and invoicing system.

8.2.9.4. Verifiability and controllability of the measures and/or types of operations

8.2.9.4.1. Risk(s) in the implementation of the measures

- The administrative system does not include adequate checks of beneficiaries' payment requests; or the administrative procedure was not recorded well enough to ensure that all checks had been made;
- The invoices provided by the beneficiary do not enable costs to be checked for reasonableness, as they were not specific enough;
- The beneficiary started a set up of producer group or organisation before submitting an application;
- Risk of unrealistic and unclear business plan based on unreliable data;
- National regulations for recognition of producer group or organisations by competent authority are not adopted by the time of RDP programming;
- Members of a producer group or organisation would be crossing from one producer group or organisation to another within the same sector, recognized for the same type of product in order to use the support several times;
- Risk related to sustainability of producer groups or organisations (especially after 5-year period of support);
- Incorrect implementation of the business plan by beneficiary;
- Improper calculation of the average annual value of the marketed production of producer group or organisation' members over the three years;
- Approval of support to non-eligible beneficiaries which do not falling under the definition of SMEs;
- Real costs are difficult to verify and to demonstrate;
- Payment of non-eligible VAT or other ineligible expenditure.

8.2.9.4.2. Mitigating actions

- All needed checks of beneficiaries' payment requests has to be prescribed in written procedures of Paying Agency and each official responsible for authorisation shall have at his disposal a detailed checklist of the verifications he is required to undertake. It includes the supporting documents of the claim and sufficiently detailed audit trail that those checks have been performed. That attestation may be made by electronic means or paper based. Additionally, there shall be evidence of review of the work by other staff member if related to authorisation of payment. This review can be performed on sample base and on only critical eligibility checks depending of nature of related specific risk identified in control system set-up;
- Paying Agency has to ensure that appropriate control systems to check reasonableness of prices of eligible expenditure on the basis of real costs, but also simplified cost option as flat rate financing, standard scales of unit costs and lump sums might be envisaged for particular types of costs if appropriate;
- As preventive action Managing Authority will periodically conduct informative campaign about implementation of this measure for potential applicants. However, Paying Agency has to ensure that costs are eligibly only after submission of an application;
- Paying Agency should perform check of business plans as part of regular administrative control. Control should include to verify of calculation of the average annual value of the marketed

production. All administrative checks on business plan implementation have to be conducted before final payment;

- Ministry of Agriculture has to adopt national legislation before first Call for applicants;
- Paying Agency shall develop register which will include data of producer group/organisations members. Data will be cross-checked by the time of project approval and payment claim approval;
- Sustainability of selected project can be empowered by developing and applying proper selection criteria;
- Implementation of the business plan will be set as legal condition in the project approval decision issued by Paying Agency. Payment claims by beneficiary could be executed only after all checks related to implementation of business plan are conducted and verified. As a preventive action, education and training of potential beneficiaries is envisaged, as well as on-going guidance during implementation of business plan;
- Calculation of the average annual value of the marketed production of producer group or organisation' members over the three years will be cross-checked by special PA's service for economic analysis prior execution of payment. Those checks have to be prescribed by written procedures and can be considered as part of claim authorisation;
- Model of self-assessment declaration that individual companies may complete themselves when applying to this SME support scheme only in order to establish their SME status will be used. PA will conduct additional checks if needed;
- Evaluation of reasonableness of real costs either through use of reference costs, the comparison of different offers or using an evaluation committee, depending on the typology of cost is envisaged by special PA's service for technical analysis. Database of reference cost is set up and will be updated according to reference costs on disposal;
- Eligibility of VAT and other costs is part of standard checks conducted by Paying Agency included in detailed check-list for authorisation of payments.

8.2.9.4.3. Overall assessment of the measure

Based on the above mitigating actions, this measure is verifiable and controllable.

8.2.9.5. Methodology for calculation of the amount or support rate, where relevant

This is specified at the level of operation.

8.2.9.6. Information specific to the measure

Description of the official procedure for recognising the groups and organisations

This is specified at the level of operation.

8.2.9.7. Other important remarks relevant to understand and implement the measure

A clear demarcation is established between operations under this measure and Measure M04.

8.2.10. M10 - Agri-environment-climate (art 28)

8.2.10.1. Legal basis

Article 28 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions.

Commission Implementing Regulation (EU) No 808/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

8.2.10.2. General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objectives

In past decades we witnessed the changes in agriculture production methods, with uprising trend towards more intensive and industrialised agriculture. Highly specialized production is mainly focused on monoculture, aiming to produce the largest possible yield per unit area, which requires large amounts of synthetic fertilizers and pesticides. Manure is seldom applied, and with no return of organic matter into the soil, humus layer decreases leading to reduced soil fertility.

Modern machinery requires large arable parcels, hedges and woods were cleared, meadows were ploughed and wetlands were reclaimed changing traditional landscape features and significantly affecting biodiversity.

After the SWOT analysis was conducted, the needs were identified, and the following shall be addressed through this measure:

Need 14. Soil erosion prevention and increasing of soil fertility and soil organic matter;

Need 15. Maintenance of water, soil and air quality;

Need 16. Conservation of landscape and biodiversity.

The aim of the measure is to encourage farming practices that are beneficial to the environment, mitigate the negative effects of agriculture and increase biodiversity, as well as to preserve genetic resources related to agriculture.

In particular, special attention is given to:

- Loss of soil and of soil fertility;
- Lack of education and awareness among farmers of the importance and benefits of ecosystems sustainable management;

- Introduction and continuation of sustainable cultivation methods in order to reduce pressure on agricultural land;
- Preservation of the traditional plant and animal species which have been adapted to local conditions and are in danger of being lost.

This measure will also address Natura 2000 area, because the specific measure pursuant Article 30 of Regulation (EU) No 1305/2013 has not been envisaged due to the absence of the regulatory framework.Through implementing decisions of the Commission on December 2014 on the adoption of the eight updated list of the areas that are valuable for the Alpine, Continental, and Mediterranean biogeographical Community regions, the list of Sites of Community Importance (SCI) has been adopted. The conservation measures necessary for SCIs will be defined and set-up as soon as possible but not later than six years, as defined in Article 4(4) of Directive 92/43/EEC.

Until then, a few operations within M10 have been prepared especially having in mind the Natura 2000 area: preservation of high nature value grasslands, the pilot measure for the protection of corncrake (*Crex crex*) and the pilot measure for the protection of butterflies.

Contribution to focus areas

Priority 4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry, with a focus on the following areas:

Focus Area 4A: Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints, and high nature value farming, as well as the state of European landscapes;

Focus Area 4B: Improving water management, including fertilisers and pesticides management;

Focus Area 4C: Preventing soil erosion and improving soil management.

Priority 5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors, with a focus on the following areas:

Focus Area 5A: Increasing efficiency in water use by agriculture;

Focus Area 5D: Reducing greenhouse gas and ammonia emissions from agriculture;

Focus Area 5E: Fostering carbon conservation and CO2 sequestration in agriculture and forestry.

Contribution to cross-cutting objectives

This measure contributes to achievement of cross-cutting objectives related to climate change, and environment protection.

Operations with commitments where the use of fertilizers and pesticides is reduced or prohibited will help to diminish pressure on environment, having positive impact on soil, water and air quality.

Operations that introduce or support the continuation of agricultural practices where water retention and carbon storage are improved will help to reduce emission of GHG and enhance sustainable use of water

resources.

Operations encouraging the maintenance of traditional landscapes such as extensive orchards, extensive olive groves and high nature value grasslands provide habitats for numerous plant and animal species.

Rearing native and protected endangered breeds will contribute to preserving genetic material which is important for sufficient and sustainable agriculture production in light of future climate changes.

The measure Agri-environment-climate consists of 2 sub-measures:

- M10.1. Payment for agri-environment- climate commitments;
- M10.2. Support to conservation of genetic resources in agriculture.

M10.1. Payment for agri-environment-climate commitments comprises 11 types of operations:

- O_01: Tilling and sowing on the terrain with slope for arable annual plants;
- O_02: Grassing of permanent crops;
- O_03: Preservation of high nature value grasslands;
- O_04: Pilot measure for the protection of corncrake (*Crex crex*);
- O_05: Pilot measure for the protection of butterflies;
- O_06: Establishment of field strips;
- O_07: Maintaining extensive orchards;
- O_08: Maintaining extensive olive groves;
- O_09: Preservation of endangered native and protected breeds of domestic animals;
- O_10: Preservation of dry stone walls;
- O_11: Preservation of hedges.

M10.2. Support to conservation of genetic resources in agriculture comprises 1 type of operation:

- O_12: Preservation, sustainable use and development of genetic resources in agriculture.

Participation in the measure is voluntary and the duration of the commitment period is five years, with a possibility to extend the commitment period for a maximum of two additional years. The number of initial hectares to which a commitment applies may be increased or reduced for 10% each year during the commitment period pursuant paragraph 1, Article 47 of Regulation (EU) 1305/2013.

Support is in the form of a grant as annual payments per hectare or livestock unit. The payment is compensation to the beneficiary for loss of income and additional costs resulting from compliance with the special conditions that go beyond the minimum prescribed requirements.

Beneficiaries must comply with the cross-compliance provisions as defined in Regulation (EU) No 1306/2013 (Chapter I of Title VI), minimum activity as defined in Regulation (EU) No 1307/2013 (article 4(1), point (c)(ii)), minimum requirements for fertilizers including codes of good agricultural practice pursuant Directive 91/676/EEC, minimal requirements for pesticides including integrated pest management pursuant Directive 2009/128/EC and other relevant mandatory standards.

In case of amendments to the relevant mandatory standards, if the scopes of the new obligations or requirements go beyond those specified in the measure description, the beneficiary can withdraw

participation in the measure without reimbursement for the period in which the obligation was in force.

Eligible beneficiaries are farmers and groups of farmers as defined in national Agriculture Act, registered in the Register of Agricultural Holdings, use the land registered in LPIS, keep domestic animals registered in the Unique registry of domestic animals (URDE).

Combination with M11 Organic farming is possible according table of combinations.

The application can be submitted if the farm agricultural area is at least 0,5 ha while the minimum area of an LPIS parcel must be 0,05 ha, with exception of the type of operation O_06: Establishment of field strips where the LPIS parcel must be at least 1 ha, and farm agricultural area at least 1,0 ha.

Support was calculated for each of the type of operation separately.

8.2.10.3. Scope, level of support, eligible beneficiaries, and where relevant, methodology for calculation of the amount or support rate broken down by sub-measure and/or type of operation where necessary. For each type of operation specification of eligible costs, eligibility conditions, applicable amounts and support rates and principles with regard to the setting of selection criteria

8.2.10.3.1. O_01: Tilling and sowing on the terrain with slope for arable annual plants

Sub-measure:

- 10.1 - payment for agri-environment-climate commitments

8.2.10.3.1.1. Description of the type of operation

Improper management of agricultural land on slope, such as ploughing down the slope and leaving the soil without the cover for a long time, increase the processes of erosion. Recent studies confirmed that erosion occurs if slope is equal or bigger than 9%. Due to soil particles removal, soil fertility and productivity are reduced, causing damage on crops and eventually the yield decreases.

In order to reduce the negative effects of erosion or prevent erosion entirely, it is necessary to ensure coverage with vegetation during the year, so the root system can keep the humus layer and thus reduce the influence of intense rainfall. Another important activity for reducing erosion on arable land is to cultivate across to the slope.

The support is granted to beneficiaries who conduct all agro-technical measures on arable land across the slope, thus minimize erosion process and contribute to the protection of the most valuable soil layer - the humus.

The commitments the beneficiary must fulfil in this type of operation are:

- C1-O_01 Finishing at least 18 hours of training related to the agri-environment-climate measure within 18 months after approval of the Application. Each following year a minimum of 6 hours of training, individual advice and/or attendance in a demonstration activity is required;
- C2-O_01 Keeping records about the implemented activities related to the commitments of this operation;

- C3-O_01 Development and implementation of a five-year crop rotation plan with at least five crops;
- C4-O_01 Tilling and sowing arable land with slope 9-15 % should be done across the slope;
- C5-O_01 Establishment of at least one 3 m wide furrow in the middle of the parcel in order to reduce water runoff. The established furrow is not an Ecological focus area.

This type of operation contributes to Focus Area 4C, with a secondary contribution to Focus Areas 4B and 5A.

8.2.10.3.1.2. Type of support

Type of support: Grants

Support is in the form of annual grant per hectare, as compensation to beneficiary for loss of income and additional costs as a result of compliance with the special conditions that go beyond the minimum prescribed requirements and usual farming practice.

8.2.10.3.1.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy;
- Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy.

8.2.10.3.1.4. Beneficiaries

Eligible beneficiaries are farmers or groups of farmers as defined in national Agriculture Act registered in the Register of Agricultural Holdings and use the land registered in LPIS.

8.2.10.3.1.5. Eligible costs

The beneficiary will get compensation for extra costs and the losses in revenues resulting from tilling and sowing on arable land with slope, compared to tilling and sowing on arable land without slope.

This support is given to compensate those commitments going beyond the relevant mandatory standards established under Chapter I of Title VI of Regulation (EU) No 1306/2013 (cross-compliance), the relevant criteria and minimum activities as established under points (c) (ii) of Article 4(1) of Regulation (EU) No 1307/2013, relevant minimum requirements for fertilisers and plant protection products use, and relevant mandatory requirements established by national law.

8.2.10.3.1.6. Eligibility conditions

Arable LPIS parcel with an average slope of 9-15 %. Eligible farm agricultural area is at least 0,5 ha while the minimum area of an LPIS parcel must be 0,05 ha.

8.2.10.3.1.7. Principles with regards to the setting of selection criteria

In case of higher interest for implementation of this type of operation than the available financial resources, the following selection principles may be applied:

- Implementation on Natura 2000 area;
- Contribution to biodiversity by implementing one of these types of operation: Preservation of high nature value grasslands, Pilot measure for the protection of corncrake (*Crex crex*) or Pilot measure for the protection of butterflies;
- Implementation on area with constraints as designated in M13.

8.2.10.3.1.8. (Applicable) amounts and support rates

Support amount is EUR 141/ha.

8.2.10.3.1.9. Verifiability and controllability of the measures and/or types of operations

8.2.10.3.1.9.1. Risk(s) in the implementation of the measures

Compliance with the crop rotation plan and other commitments.

8.2.10.3.1.9.2. Mitigating actions

At the moment of submitting the Application, the beneficiary must have prepared a crop rotation plan for the contracted period. When on-the-spot control is conducted, it will be easy to control whether plans are respected. Remote sensing control is also envisaged. To understand the meaning of commitments and the implication on the environment if not complied with, proper training and clear instructions will be provided for the beneficiary.

8.2.10.3.1.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.10.3.1.9.4. Agri-environment-climate commitments

8.2.10.3.1.9.4.1. C1-O_01

8.2.10.3.1.9.4.1.1. Verification methods of commitments

100 % administratively: the beneficiary submits a certificate of participation in training, individual advice, demonstration activity to the Paying Agency. Cross check will be possible with the training, individual advice or demonstration activity providers.

8.2.10.3.1.9.4.2. C2-O_01

8.2.10.3.1.9.4.2.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.1.9.4.3. C3-O_01

8.2.10.3.1.9.4.3.1. Verification methods of commitments

The beneficiary must provide a crop rotation plan for all five years when submitting the application, it can be administratively cross checked with IACS. Visual check during on-the-spot control, the PA will have access to the farm record book; remote sensing control is also possible.

8.2.10.3.1.9.4.4. C4-O_01

8.2.10.3.1.9.4.4.1. Verification methods of commitments

The slope is controllable through LPIS. Tilling and sowing with on-the-spot control and remote sensing.

8.2.10.3.1.9.4.5. C5-O_01

8.2.10.3.1.9.4.5.1. Verification methods of commitments

On the spot control and remote sensing

8.2.10.3.1.10. Information specific to the operation

Identification and definition of the relevant baseline elements; this shall include the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the relevant criteria and minimum activities established pursuant to Article

4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, the relevant minimum requirements for fertilisers and plant protection products use, and other relevant mandatory requirements established by national law

- the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council is established in national legislation: Ordinance on cross-compliance;
- the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council;
- the relevant minimum requirements for fertilisers and plant protection products use: Action Programme for Water Protection Against the Pollution Caused by Nitrates of Agricultural Origin and Act on sustainable use of pesticides and Ordinance on the sustainable use of pesticides.

The minimum requirements for fertilisers must include, inter alia, the Codes of Good Practice introduced under Directive 91/676/EEC for farms outside Nitrate Vulnerable Zones, and requirements concerning phosphorous pollution; the minimum requirements for plant protection products use must include, inter alia, general principles for integrated pest management introduced by Directive 2009/128/EC of the European Parliament and of the Council, requirements to have a licence to use the products and meet training obligations, requirements on safe storage, the checking of application machinery and rules on pesticide use close to water and other sensitive sites, as established by national legislation

The minimum requirements for fertilisers and pesticides include keeping records of applied fertilizers and/or pesticides. The minimum requirements are not applicable for this operation since there are no commitments related to application of fertilizers and/or pesticides.

List of local breeds in danger of being lost to farming and of plant genetic resources under threat of genetic erosion

Not applicable.

Description of the methodology and of the agronomic assumptions and parameters including the description of the baseline requirements as referred to in Article 29(2) of Regulation (EU) No 1305/2013, which are relevant for each particular type of commitment used as reference for the calculations justifying additional costs, income foregone resulting from the commitment made and level of the transaction costs; where relevant, that methodology shall take into account aid granted under Regulation (EU) No 1307/2013, including payment for agricultural practices beneficial for the climate and the environment, in order to exclude double funding; where appropriate, the conversion method used for other units in accordance with Article 9 of this Regulation

Calculation was done comparing average GM on a farm with 3 crops (corn, wheat and clover-grass mixture) in the plain and a farm with 3 crops on slope.

Additional cost: 20 % higher mechanization costs on slope, cultivating two more crops, crop rotation plan.

Income forgone: yield is lower considering 3 % crop area reduction (furrow without crop).

The first and the second commitments were not calculated as cost.

Double funding will be excluded in the case of practices under Article 43 of Regulation (EU) No 1307/2013, also on the basis of the information which is contained in the delegated acts which has been produced in accordance with Article 83 of Regulation (EU) No 1305/2013.

8.2.10.3.1.10.1. Agri-environment-climate commitments

8.2.10.3.1.10.1.1. C1-O_01

8.2.10.3.1.10.1.1.1. Baseline

Relevant GAEC and/or SMR

Not prescribed

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.1.10.1.1.2. Relevant usual farming practices

Not usual farming practice

8.2.10.3.1.10.1.2. C2-O_01

8.2.10.3.1.10.1.2.1. Baseline

Relevant GAEC and/or SMR

Not prescribed

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers and pesticides include keeping records of applied fertilizers and/or pesticides. The minimum requirements are not applicable for this operation since there are no commitments related to application of fertilizers and/or pesticides.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.1.10.1.2.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.1.10.1.3. C3-O_01

8.2.10.3.1.10.1.3.1. Baseline

Relevant GAEC and/or SMR

Not prescribed

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

1307/13 Art. 44 Crop diversification: at least 3 different crops on arable land

8.2.10.3.1.10.1.3.2. Relevant usual farming practices

Usual farming practice is 2 crops rotation.

8.2.10.3.1.10.1.4. C4-O_01

8.2.10.3.1.10.1.4.1. Baseline

Relevant GAEC and/or SMR

GAEC 5: On agricultural land with a slope of 15 % or more, ploughing is performed only across the slope.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Ordinance on cross compliance GAEC 5: On agricultural land with a slope of 15 % or more, ploughing is performed only across the slope.

Minimum activities

Not applicable.

8.2.10.3.1.10.1.4.2. Relevant usual farming practices

Tilling and sowing on arable land with slope lower 15 % is not performed across the slope.

8.2.10.3.1.10.1.5. C5-O_01

8.2.10.3.1.10.1.5.1. Baseline

Relevant GAEC and/or SMR

Not prescribed

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.1.10.1.5.2. Relevant usual farming practices

Not usual farming practice

8.2.10.3.2. O_02: Grassing of permanent crops

Sub-measure:

- 10.1 - payment for agri-environment-climate commitments

8.2.10.3.2.1. Description of the type of operation

Intensive agricultural production affects negatively the content of organic matter in the soil and increases greenhouse gas emissions. Sustainable land management and use of appropriate agricultural techniques will reduce the loss of organic matter from the soil and prevent the outflow of greenhouse gases.

The support shall be granted to beneficiaries who apply prescribed agricultural practices to reduce greenhouse gas emissions, prevent erosion and retain the humus layer, which increases soil fertility and biodiversity.

The commitments the beneficiary must fulfil in this type of operation are:

- C1-O_02 Finishing at least 18 hours of training related to the agri-environment-climate measure within 18 months after approval of the Application. Each following year a minimum of 6 hours of training, individual advice and/or attendance in a demonstration activity is required;
- C2-O_02 Keeping records about the implemented activities related to the commitments of this operation;
- C3-O_02 Development and implementation of five-year fertilization plan where the maximum amount of nitrogen is adjusted respecting the content of nitrogen residue from clover-grass or grass-clover mixture;
- C4-O_02 Keeping the area between the rows covered with clover-grass or grass-clover mixture. Inter rows with clover-grass or grass-clover mixture areas are not an Ecological focus area.

This type of operation contributes to Focus Area 5D, with a secondary contribution to Focus Areas 4B, 4C, 5A and 5E.

8.2.10.3.2.2. Type of support

Type of support: Grants

Support is in the form of annual grant per hectare, as compensation paid to the beneficiary for loss of income and additional costs as a result of compliance with the special conditions that go beyond the minimum prescribed requirements and usual farming practice.

8.2.10.3.2.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy;

- Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy.

8.2.10.3.2.4. Beneficiaries

Eligible beneficiaries are farmers or groups of farmers as defined in national Agriculture Act, registered in the Register of Agricultural Holdings and use the land registered in LPIS.

8.2.10.3.2.5. Eligible costs

The beneficiary will get compensation for extra costs resulting from sowing clover-grass mixtures or grass-clover mixtures between the rows, comparing to conventional agriculture with no grass between the rows.

This support is given to compensate those commitments going beyond the relevant mandatory standards established under Chapter I of Title VI of Regulation (EU) No 1306/2013 (cross-compliance), the relevant criteria and minimum activities as established under points (c) (ii) of Article 4(1) of Regulation (EU) No 1307/2013, relevant minimum requirements for fertilisers and plant protection products use, and relevant mandatory requirements established by national law.

8.2.10.3.2.6. Eligibility conditions

LPIS parcel registered as orchard, olive orchard or vineyard with an average slope of 9-15 %. Eligible farm agricultural area is at least 0,5 ha while the minimum area of an LPIS parcel must be 0,05 ha.

8.2.10.3.2.7. Principles with regards to the setting of selection criteria

In case of higher interest for implementation of this type of operation than available financial resources, the following selection principles may be applied:

- Implementation on Natura 2000 area;
- Contribution to biodiversity by implementing one of these types of operation: Preservation of high nature value grasslands, Pilot measure for the protection of corncrake (*Crex crex*) or Pilot measure for the protection of butterflies;
- Implementation on area with constraint as designated in M13.

8.2.10.3.2.8. (Applicable) amounts and support rates

Support amount is EUR 331/ha.

8.2.10.3.2.9. Verifiability and controllability of the measures and/or types of operations

8.2.10.3.2.9.1. Risk(s) in the implementation of the measures

Compliance with the fertilization plan and other commitments.

8.2.10.3.2.9.2. Mitigating actions

At the moment of submitting the Application, the beneficiary must have prepared a fertilization plan for the contracted period. When on-the-spot control is conducted, it will be easy to additionally control whether the plan is respected. Remote sensing control is also envisaged.

To understand the meaning of commitments and the implication on the environment if not complied with, proper training and clear instructions will be provided for the beneficiary.

8.2.10.3.2.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.10.3.2.9.4. Agri-environment-climate commitments

8.2.10.3.2.9.4.1. C1-O_02

8.2.10.3.2.9.4.1.1. Verification methods of commitments

100% administratively: beneficiary submits a certificate of participation in training, individual advice, demonstration activity to the Paying agency. Cross check will be possible with the training, individual advice or demonstration activity providers.

8.2.10.3.2.9.4.2. C2-O_02

8.2.10.3.2.9.4.2.1. Verification methods of commitments

During on-the-spot control PA will have access to farm record book.

8.2.10.3.2.9.4.3. C3-O_02

8.2.10.3.2.9.4.3.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.2.9.4.4. C4-O_02

8.2.10.3.2.9.4.4.1. Verification methods of commitments

On the spot control and remote sensing.

8.2.10.3.2.10. Information specific to the operation

Identification and definition of the relevant baseline elements; this shall include the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, the relevant minimum requirements for fertilisers and plant protection products use, and other relevant mandatory requirements established by national law

- the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council is established in national legislation: Ordinance on cross-compliance;
- the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council;
- the relevant minimum requirements for fertilisers and plant protection products use: Action Programme for Water Protection Against the Pollution Caused by Nitrates of Agricultural Origin and Act on sustainable use of pesticides.

The minimum requirements for fertilisers must include, inter alia, the Codes of Good Practice introduced under Directive 91/676/EEC for farms outside Nitrate Vulnerable Zones, and requirements concerning phosphorous pollution; the minimum requirements for plant protection products use must include, inter alia, general principles for integrated pest management introduced by Directive 2009/128/EC of the European Parliament and of the Council, requirements to have a licence to use the products and meet training obligations, requirements on safe storage, the checking of application machinery and rules on pesticide use close to water and other sensitive sites, as established by national legislation

- The minimum requirements for fertilisers include keeping records of applied fertilizers (type, quantity, date, parcel ID) and applying up to 170 kg/ha nitrogen from manure.

List of local breeds in danger of being lost to farming and of plant genetic resources under threat of genetic erosion

Not applicable.

Description of the methodology and of the agronomic assumptions and parameters including the description of the baseline requirements as referred to in Article 29(2) of Regulation (EU) No 1305/2013, which are relevant for each particular type of commitment used as reference for the calculations justifying additional costs, income foregone resulting from the commitment made and level of the transaction costs; where relevant, that methodology shall take into account aid granted under Regulation (EU) No 1307/2013, including payment for agricultural practices beneficial for the climate and the environment, in order to exclude double funding; where appropriate, the conversion method used for other units in accordance with Article 9 of this Regulation

The calculation was based on costs for establishing a permanent crop covered with clover-grass or grass-clover mixture, compared to a crop without inter-row cover crop.

Additional cost: inter-row sowing, mulching and cost of fertilization plan.

The first and the second commitments were not calculated as cost.

Double funding will be excluded in the case of practices under Article 43 of Regulation (EU) No 1307/2013, also on the basis of the information which are contained in the delegated acts which has been produced in accordance with Article 83 of Regulation (EU) No 1305/2013.

8.2.10.3.2.10.1. Agri-environment-climate commitments

8.2.10.3.2.10.1.1. C1-O_02

8.2.10.3.2.10.1.1.1. Baseline

Relevant GAEC and/or SMR

Not perscribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.2.10.1.1.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.2.10.1.2. C2-O_02

8.2.10.3.2.10.1.2.1. Baseline

Relevant GAEC and/or SMR

Not perscribed.

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers and pesticides include keeping records of applied fertilizers and/or pesticides. The minimum requirements for pesticides are not applicable for this operation since there are no commitments related to application of pesticides.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.2.10.1.2.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.2.10.1.3. C3-O_02

8.2.10.3.2.10.1.3.1. Baseline

Relevant GAEC and/or SMR

SMR 1 - During one calendar year agricultural holdings can fertilize agriculture land with manure up to:
- 210 kg / ha of nitrogen (N), allowed application period from 1 July 2013 until 1 July 2017,
- 170 kg / ha of nitrogen (N), allowed application period from 1 July 2017 onwards.

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers include keeping records of applied fertilizers (type, quantity, date, parcel ID) and applying up to 170 kg/ha nitrogen from manure.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.2.10.1.3.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.2.10.1.4. C4-O_02

8.2.10.3.2.10.1.4.1. Baseline

Relevant GAEC and/or SMR

GAEC 4 In order to reduce soil erosion, during the vegetative period all the arable agricultural land shall be covered with crops or crop residues from the harvest (plant with roots) or by crop residues (mulch).
The first sentence does not apply in the case of preparation of agricultural land for the next sowing and before germination or winter furrow.
During the winter, from November 15th to February 15th in order to collect moisture and prevent erosion, agricultural land shall be covered with the main crop or one of the following measures shall be applied:
- rough plowing on the winter ridge;
- stubble plowing;
- leaving stubble on agricultural land;
- Covering of the arable land with harvest residues (mulch)

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Ordinance on Cross compliance, GAEC 4: In order to reduce soil erosion, during the vegetative period all the arable agricultural land shall be covered with crops or crop residues from the harvest (plant with roots) or by crop residues (mulch).
The first sentence does not apply in the case of preparation of agricultural land for the next sowing and before germination or winter furrow.
During the winter, from November 15th to February 15th in order to collect moisture and prevent erosion, agricultural land shall be covered with the main crop or one of the following measures shall be applied:
- rough plowing on the winter ridge;
- stubble plowing;
- leaving stubble on agricultural land;
- Covering of the arable land with harvest residues (mulch).

Minimum activities

Not applicable.

8.2.10.3.2.10.1.4.2. Relevant usual farming practices

Ground cover in perennial crops is maintained mechanically or by the use of herbicides, grassing is not common practice.

8.2.10.3.3. O_03: Preservation of high nature value grasslands

Sub-measure:

- 10.1 - payment for agri-environment-climate commitments

8.2.10.3.3.1. Description of the type of operation

Numerous habitats and protected species whose survival depends primarily on agricultural activities are found in agricultural areas. Nearly all grassland areas in Croatia were formed as a result of human activity. Forest areas were cleared, and the grasslands were maintained by mowing or grazing, with widespread extensive livestock breeding.

At the end of the last century due to the abandonment of this type of livestock farming, a natural process of succession occurred. Long-term depopulation has led to changes in the local economy, the landscape characteristics of the area and the disappearance of open landscape important for migratory birds. The problem is particularly pronounced in the grasslands of high nature value, especially in karst mountainous areas where bushes suppress valuable grassland species adapted to survival in the soil or in holes between rocks with very little water.

The support shall be granted to beneficiaries who maintain HNV grasslands and contribute to the conservation of biodiversity and prevent further loss of habitat.

High nature value grasslands on which the type of operation can be implemented are divided into three regions:

1. Continental lowland region

Up to 200 meters above sea level.

This region covers the entire lowland of continental Croatia up to 200 meters above sea level.

2. Hill and mountain region

Above 200 meters above sea level.

The region includes the entire hill and mountain area of the continental Croatia situated above 200 meters above sea level, and in the vegetation sense, all the areas above the flood forests zone.

3. Mediterranean region

This region includes the Mediterranean area of Croatia up to 200 meters above sea level, and all the islands.

Definition of the High nature value grasslands

For the determination of these areas the definition of agricultural land with high natural values was developed, and accepted by the European Environment Agency (EEA). According to this definition, the agricultural land with high natural value consists of those areas in Europe where agriculture is the main mode (usually the dominant) of land use and where that agriculture supports, or is associated with, great

diversity of species and habitats and the presence of species that are of special interest for conservation in Europe, or both (Andersen et al, 2003). Three main types of agricultural land were identified of great natural value and high nature value grasslands belong to the type 1 - agricultural land with a large proportion of semi-natural or natural vegetation.

Habitat types of the High nature value grasslands

Grassland areas with high natural values are defined on the LAU2 level, corresponding to a "jedinica lokalne samouprave" (JLS) in Croatia. Croatia comprises 556 self-government JLS units, subdivided in 429 municipalities and 127 towns. HNV grasslands are presented on the map and as a list. These grasslands will include the following habitat types:

- 6170 – Mountain and perymountain calcareous grasslands;
- 6220 - Eumediterranean grasslands *Thero-brachipodetalia*;
- 62A0 - Eastern sub-Mediterranean dry grasslands (*Scorzoneratalia villosae*);
- 6510 - Lowland hay meadows (*Alopecurus pratensis, Sanguisorba officinalis*);
- PAL CLASS 37.2 - Nitrophilic wet grasslands and pastures;
- 6210 - Dry continental grasslands (*Festuca-Brometalia*);
- 6230 - Lawn of *Nardus* rich species and;
- 6540 - Sub-Mediterranean grasslands of the *Molinio-Hordeion secalini*.

The commitments the beneficiary must fulfil in this type of operation are:

- C1-O_03 Finishing at least 18 hours of training related to the agri-environment-climate measure within 18 months after approval of the Application. Each following year a minimum of 6 hours of training, individual advice and/or attendance in demonstration activity is required;
- C2-O_03 Keeping records about the implemented activities related to the commitments of this operation;
- C3-O_03 Application of mineral fertilisers and livestock manure is prohibited;
- C4-O_03 Application of plant protection products is prohibited;
- C5-O_03 Only manually mowing or using a finger-bar mower is allowed;
- C6-O_03 Mowing on dates and frequency determined according to regions. The last day of mowing is 15th September;
- C7-O_03 If the grassland is used for grazing, maximum 1,0 LU/ha of sheep, goats, cattle and equidae are allowed. Minimum grazing pressure is 0,3 LU/ha;
- C8-O_03 Individual plants not suitable for grazing (e.g. toxic and invasive species, shrubbery and trees) should be removed manually;
- C9-O_03 Hydro-melioration activities are prohibited.

This type of operation contributes to Focus Area 4A, with a secondary contribution to Focus Area 5E.

Mowing schedule			
Start of mowing	**Region**	**Number of swaths**	**Grazing**
1 August	Continental lowland	One	Not mandatory; Early spring and autumn
20 July	Hill and mountain	One to two	Not mandatory; Early spring and autumn
15 July	Mediterranean	One	Not mandatory; Early spring and autumn

M10_01

8.2.10.3.3.2. Type of support

Type of support: Grants

Support is in the form of annual grant per hectare, as compensation paid to the beneficiary for loss of income and additional costs as a result of compliance with the special conditions that go beyond the minimum prescribed requirements and usual farming practice.

8.2.10.3.3.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Nature Protection Act (OG 80/13);
- Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy;
- Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy.

8.2.10.3.3.4. Beneficiaries

Eligible beneficiaries are farmers or groups of farmers as defined in national Agriculture Act registered in the Register of Agricultural Holdings and use the land registered in LPIS.

8.2.10.3.3.5. Eligible costs

The beneficiary will get compensation for extra costs and the losses in revenues resulting from maintaining the grassland pursuant to prescribed commitments that go beyond the usual practice. This support is given to compensate those commitments going beyond the relevant mandatory standards established under Chapter I of Title VI of Regulation (EU) No 1306/2013 (cross-compliance), the relevant criteria and minimum activities as established under points 4 (1) (c) (ii) of Article 4(1) of Regulation (EU) No 1307/2013, relevant minimum requirements for fertilisers and plant protection products use, and relevant mandatory

requirements established by national law.

8.2.10.3.3.6. Eligibility conditions

LPIS parcel registered as high nature value grassland. Eligible farm agricultural area is at least 0,5 ha while the minimum area of an LPIS parcel must be 0,05 ha.

8.2.10.3.3.7. Principles with regards to the setting of selection criteria

In case of higher interest for the implementation of this type of operation than available financial resources, the following selection principles may be applied:

- Implementation on Natura 2000 area;
- Contribution to biodiversity by implementing one of these types of operation: Preservation of high nature value grasslands, Pilot measure for the protection of corncrake (*Crex crex*) or Pilot measure for the protection of butterflies;
- Implementation on area with constraint as designated in M13.

8.2.10.3.3.8. (Applicable) amounts and support rates

Support for continental lowland region is EUR 183/ha, hill and mountain region EUR 147/ha and Mediterranean region is EUR 102/ha.

8.2.10.3.3.9. Verifiability and controllability of the measures and/or types of operations

8.2.10.3.3.9.1. Risk(s) in the implementation of the measures

Compliance with commitments related to mowing, grazing, not using fertilizers or plant protection products, removal of cut grass and other.

8.2.10.3.3.9.2. Mitigating actions

Record keeping will help where on-the-spot control is conducted. On-the-spot checks for beneficiaries, who should meet the commitment to mow at a specified period of time, will be organized after the mowing period is terminated. Additionally, the CwRS method with VHR aerial images (one from May and other from June in current year) will be used to control the compliance with the prohibition of mowing before the specified date. To understand the meaning of commitments and the implication on the environment if not complied with, proper training and clear instructions will be provided for the beneficiary.

For potential beneficiaries of this operation, additional training related to the operation specific

commitments will be prepared and financed through the Natura 2000 Integration Project.

8.2.10.3.3.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.10.3.3.9.4. Agri-environment-climate commitments

8.2.10.3.3.9.4.1. C1-O_03

8.2.10.3.3.9.4.1.1. Verification methods of commitments

100% administratively: beneficiary submits a certificate of participation in training, individual advice, demonstration activity to the Paying agency. Cross check will be possible with the training, individual advice or demonstration activity providers.

8.2.10.3.3.9.4.2. C2-O_03

8.2.10.3.3.9.4.2.1. Verification methods of commitments

During on-the-spot control PA will have access to farm record book.

8.2.10.3.3.9.4.3. C3-O_03

8.2.10.3.3.9.4.3.1. Verification methods of commitments

Visual check during on-the-spot control, PA will have access to farm record book.

8.2.10.3.3.9.4.4. C4-O_03

8.2.10.3.3.9.4.4.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.3.9.4.5. C5-O_03

8.2.10.3.3.9.4.5.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book, also control with

remote sensing.

8.2.10.3.3.9.4.6. C6-O_03

8.2.10.3.3.9.4.6.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.3.9.4.7. C7-O_03

8.2.10.3.3.9.4.7.1. Verification methods of commitments

Visual check during on-the-spot control,the PA will have access tothe farm record book.

8.2.10.3.3.9.4.8. C8-O_03

8.2.10.3.3.9.4.8.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.3.9.4.9. C9-O_03

8.2.10.3.3.9.4.9.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.3.10. Information specific to the operation

Identification and definition of the relevant baseline elements; this shall include the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, the relevant minimum requirements for fertilisers and plant protection products use, and other relevant mandatory requirements established by national law

- the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council is established in national legislation: Ordinance on cross-compliance;
- the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council;

- the relevant minimum requirements for fertilisers and plant protection products use: Action Programme for Water Protection Against the Pollution Caused by Nitrates of Agricultural Origin and Act on sustainable use of pesticides.

The minimum requirements for fertilisers must include, inter alia, the Codes of Good Practice introduced under Directive 91/676/EEC for farms outside Nitrate Vulnerable Zones, and requirements concerning phosphorous pollution; the minimum requirements for plant protection products use must include, inter alia, general principles for integrated pest management introduced by Directive 2009/128/EC of the European Parliament and of the Council, requirements to have a licence to use the products and meet training obligations, requirements on safe storage, the checking of application machinery and rules on pesticide use close to water and other sensitive sites, as established by national legislation

The minimum requirements for fertilisers include keeping records of applied fertilizers (type, quantity, date, parcel ID) and applying up to 170 kg/ha nitrogen from manure.

The minimum requirements for plant protection products use include: keeping records of applied pesticides, having a licence to use the products, finishing proper training, and requirements on safe storage.

The minimum requirements are not applicable for this operation since the commitments forbbid application of fertilizers, hence the commitments go beyond minimum requirments.

List of local breeds in danger of being lost to farming and of plant genetic resources under threat of genetic erosion

Not applicable.

Description of the methodology and of the agronomic assumptions and parameters including the description of the baseline requirements as referred to in Article 29(2) of Regulation (EU) No 1305/2013, which are relevant for each particular type of commitment used as reference for the calculations justifying additional costs, income foregone resulting from the commitment made and level of the transaction costs; where relevant, that methodology shall take into account aid granted under Regulation (EU) No 1307/2013, including payment for agricultural practices beneficial for the climate and the environment, in order to exclude double funding; where appropriate, the conversion method used for other units in accordance with Article 9 of this Regulation

The payment was calculated comparing average GM for usual farming practice in each region where beginning of mowing is on 1st June and average amounts of fertilizers were applied, as opposed to a later mowing date and prohibition to use fertilizers and plant protection products, leading to loss of hay quality and hay yield.

Income comprises spring pasturage yield, spring pasturage energy content, hay yield, hay energy content.

Costs: comprise fertilizers and machinery.

Income forgone: mowing date is delayed which decreases yield and energy content, with additional yield decrease due to prohibition to apply fertilizers.

Savings: related to commitments - not using fertilizers and fertilization machinery.

The first and the second commitments were not calculated as cost. The allowed number of LU/ha was not relevant for calculation.

Double funding will be excluded in the case of practices under Article 43 of Regulation (EU) No 1307/2013, also on the basis of the information which are contained in the delegated acts which has been produced in accordance with Article 83 of Regulation (EU) No 1305/2013.

8.2.10.3.3.10.1. Agri-environment-climate commitments

8.2.10.3.3.10.1.1. C1-O_03

8.2.10.3.3.10.1.1.1. Baseline

Relevant GAEC and/or SMR

Not perscribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.3.10.1.1.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.3.10.1.2. C2-O_03

8.2.10.3.3.10.1.2.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers and pesticides include keeping records of applied fertilizers and/or pesticides. The minimum requirements are not applicable for this operation since the commitments forbbid application of fertilizers/pesticides, hence the commitment go beyond minimum requirements.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.3.10.1.2.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.3.10.1.3. C3-O_03

8.2.10.3.3.10.1.3.1. Baseline

Relevant GAEC and/or SMR

SMR 1
GAEC 1 fertilisers application is forbbiden:
• within 3 m from the edge of watercourses wider than 5 m
• within 20 m from the edge of lakes and ponds
• within 10 m from the edge of watercourses on terrain with slopes >10%

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers include keeping records of applied fertilizers (type, quantity, date, parcel ID) and applying up to 170 kg/ha nitrogen from manure.

The minimum requirements are not applicable for this operation since the commitment forbbids application of fertilizers, hence the commitment goes beyond minimum requirments.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.3.10.1.3.2. Relevant usual farming practices

Farmers commonly apply mineral fertilizers, less often livestock manure (slurry or farmyard manure).

8.2.10.3.3.10.1.4. C4-O_03

8.2.10.3.3.10.1.4.1. Baseline

Relevant GAEC and/or SMR

SMR 10 Plant protection products have to be used according to the instructions, warnings, notices and restrictions specified on the product label. It is necessary log and keep records of plant protection products use for at least 3 years. The records should contain at least the following data: the plant protection products trade name of the, the date and time of beginning and completion of treatment, the amount of used plant protection products (dosage, concentration), surface area and treated crops or plant product, object, area, some other use.

Minimum requirements for fertilisers and pesticides

The minimum requirements for plant protection products use include: keeping records of applied pesticides, having a licence to use the products, finishing proper training, and requirements on safe storage.

The minimum requirements are not applicable for this operation since the commitment forbbids application of PPP, hence the commitment goes beyond minimum requirments.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.3.10.1.4.2. Relevant usual farming practices

Application of PPP is not prohibited.

8.2.10.3.3.10.1.5. C5-O_03

8.2.10.3.3.10.1.5.1. Baseline

Relevant GAEC and/or SMR

Not prescribed

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Regulation (EU) No. 1307/2013, Art 4 c(ii): Permanent grasslands in the continental part are mantained by mowing at least once a year or by grazing; permanent karst pastures in the coastal and mountain region are maintained by grazing with at least 0.1 LU/ha, or by mowing.

8.2.10.3.3.10.1.5.2. Relevant usual farming practices

Mowing is usually done using drum, disc or horizontal rotary mowers mounted on a tractor.

8.2.10.3.3.10.1.6. C6-O_03

8.2.10.3.3.10.1.6.1. Baseline

Relevant GAEC and/or SMR

Not applicable.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Regulation (EU) No. 1307/2013, Art 4 c(ii): Permanent grasslands in the continental part are mantained by mowing at least once a year or by grazing; permanent karst pastures in the coastal and mountain region are maintained by grazing with at least 0.1 LU/ha or by mowing.

8.2.10.3.3.10.1.6.2. Relevant usual farming practices

Mowing dates are not prescribed. In most regions, grass is cut three times a year with the first cut being done in spring, as soon as the grass is sufficiently developed.

8.2.10.3.3.10.1.7. C7-O_03

8.2.10.3.3.10.1.7.1. Baseline

Relevant GAEC and/or SMR

SMR1 - During one calendar year agricultural holdings can fertilize agriculture land with manure up to:

- 210 kg / ha of nitrogen (N), allowed application period from 1 July 2013 until 1 July 2017,
- 170 kg / ha of nitrogen (N), allowed application period from 1 July 2017 onwards.

Minimum requirements for fertilisers and pesticides

Not relevant.

Other relevant national/regional requirements

Not applicable.

Minimum activities

1307/13 Art 4 (c) (ii): Permanent grasslands in the continental part are mantained by mowing at least once a year or by grazing; permanent karst pastures in the coastal and mountain region are maintained by grazing with at least 0,1 LU/ha.

8.2.10.3.3.10.1.7.2. Relevant usual farming practices

Average stocking rate is 0,62 LU/ha.

8.2.10.3.3.10.1.8. C8-O_03

8.2.10.3.3.10.1.8.1. Baseline

Relevant GAEC and/or SMR

GAEC 7

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Ordinance on Cross compliance GAEC 7: Agricultural area should be kept free of common ragweed (*Ambrosia artemisiifolia L.*) and velvetleaf (*Abutilon theophrasti Med.*). These plants are to be removed mechanically or by applying herbicides.

Minimum activities

Not applicable.

8.2.10.3.3.10.1.8.2. Relevant usual farming practices

Plants not suitable for grazing are removed using plant protection products (herbicides). Often, less productive grassland is left to overgrow with unwanted vegetation which is not suitable for grazing.

8.2.10.3.3.10.1.9. C9-O_03

8.2.10.3.3.10.1.9.1. Baseline

Relevant GAEC and/or SMR

Not prescribed

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.3.10.1.9.2. Relevant usual farming practices

Not usual farming practice. If needed, farmers are allowed to perform hydro-melioration activites.

8.2.10.3.4. O_04: Pilot measure for the protection of corncrake (Crexcrex)

Sub-measure:

- 10.1 - payment for agri-environment-climate commitments

8.2.10.3.4.1. Description of the type of operation

As a result of the intensification and/or abandonment of agricultural land in Croatia, as well as in other parts of Europe, the number of Corncrakes over the last 20 years has been drastically reduced.

Many of the wetland grasslands were drained and turned into arable land. In many fields, instead of hay, silage is produced so such meadows are mowed early. Because of that the birds remain without shelter and nests and eggs are destroyed. Also, because grass areas are being neglected and overgrown, birds remain without nesting areas.

Improper mowing causes losses of those birds that are nesting and living among the meadow vegetation. Most hay meadows today are mowed with fast mowers that cause high mortality of birds that live among meadow vegetation. Birds at risk rarely opt to escape but try to hide in the grass waiting for the danger to be gone.

Young birds that cannot fly fail to escape the fast-mowers, while mowing at the time when the birds are sitting on eggs is also making extensive damage.

High natural value grassland areas within SPAs, where is Corncrake territory are defined at LAU2 level and are shown on the map and as a list.

Corncrake (*Crex crex*) in Croatia is a strictly protected bird that lives in wet meadows, and is listed on Appendix I of the EU Birds Directive. The number of the Corncrake in Croatia is estimated at 500-1.100 individuals. The areas with the highest number of these birds are flood and wet meadows and swampy meadows along the river Sava (including Turopolje, Lonjsko and Mokro polje), Drava and Danube and the area along the river Kupa.

On agricultural land in SPA declared by Regulation on the Ecological Network (OG 124/13): NP Plitvička jezera, Velebit, Cetina, Donja Posavina, Gorski kotar i sjeverna Lika, Lička krška polja, Papuk, Turopolje, Učka i Ćićarija te Pokupski bazen, mowing must be finished by 15th September.

The support shall be granted to beneficiaries who maintain mowing in a specific period, thus contributing to the protection of the corncrake which inhabits moist habitats, and is listed in the Council Directive 79/409/EEC; 2009/147/EC, Annex I.

The commitments beneficiary must fulfil in this type of operation are:

- C1-O_04 Finishing at least 18 hours of training related to the agri-environment-climate measure within 18 months after approval of the Application. Each following year a minimum of 6 hours of training, individual advice and/or attendance in demonstration activity is required;
- C2-O_04 Keeping records about the implemented activities related to the commitments of this operation;
- C3-O_04 Application of mineral fertilisers and livestock manure is prohibited;

- C4-O_04 Application of plant protection products is prohibited;
- C5-O_04 Only manually mowing or using finger-bar mower is allowed, at the height of minimum 10 cm above the ground;
- C6-O_04 First mowing should be done after 15th August, at least one and maximum two times a year. The last day of mowing is 15th September;
- C7-O_04 On parcels larger than 1 ha, an uncut strip (5 % of the area) should be left along the edge and mowing should be done from the middle of the parcel in circles towards the outside, or from one side of the parcel to the other;
- C8-O_04 If the grassland is used for grazing, it can be grazed only in autumn (at the earliest from mowing until the end of the current year); maximum 1,0 LU/ha of sheep, goats, cattle and equidae are allowed. Minimum grazing pressure is 0,3 LU/ha;
- C9-O_04 Individual plants that are not suitable for grazing (e.g. toxic and invasive species, shrubbery and trees) should be removed manually;
- C10-O_04 Hydro-melioration activities are prohibited.

This type of operation contributes to Focus Area 4A, with a secondary contribution to Focus Area 5E.

8.2.10.3.4.2. Type of support

Type of support: Grants

Support is in the form of annual grant per hectare, as compensation paid to the beneficiary for loss of income and additional costs as a result of compliance with the special conditions that go beyond the minimum prescribed requirements and usual farming practice.

8.2.10.3.4.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Nature Protection Act (OG 80/13);
- Act on the sustainable use of pesticides (OG 14/14);
- Regulation on the Ecological Network (OG 124/13);
- Ordinance on conservation objectives and conservation measures for birds in Special Protection Areas (OG 15/14);
- Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy;
- Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy.

8.2.10.3.4.4. Beneficiaries

Eligible beneficiaries are farmers or groups of farmers as defined in national Agriculture Act, registered in

the Register of Agricultural Holdings and use the land registered in LPIS.

8.2.10.3.4.5. Eligible costs

The beneficiary will get compensation for extra costs and the losses in revenues resulting from maintaining the grassland pursuant to prescribed commitments that go beyond the usual practice.

This support is given to compensate those commitments going beyond the relevant mandatory standards established under Chapter I of Title VI of Regulation (EU) No 1306/2013 (cross-compliance), the relevant criteria and minimum activities as established under points (c) (ii) of Article 4(1) of Regulation (EU) No 1307/2013, relevant minimum requirements for fertilisers and plant protection products use, and relevant mandatory requirements established by national law.

8.2.10.3.4.6. Eligibility conditions

LPIS parcel registered as grassland and habitat of corncrake (*Crex crex*). Eligible farm agricultural area is at least 0,5 ha while the minimum area of an LPIS parcel must be 0,05 ha.

8.2.10.3.4.7. Principles with regards to the setting of selection criteria

In case of higher interest for the implementation of this type of operation than available financial resources, the following selection principles may be applied:

- Implementation on Natura 2000 area;
- Contribution to biodiversity by implementing one of these types of operation: Preservation of high nature value grasslands, Pilot measure for the protection of corncrake (*Crex crex*) or Pilot measure for the protection of butterflies;
- Implementation on area with constraint as designated in M13.

8.2.10.3.4.8. (Applicable) amounts and support rates

Support amount is EUR 244/ha.

8.2.10.3.4.9. Verifiability and controllability of the measures and/or types of operations

8.2.10.3.4.9.1. Risk(s) in the implementation of the measures

Compliance with commitments related to mowing, grazing, not using fertilizers or plant protection products, removal of cut grass and other.

8.2.10.3.4.9.2. Mitigating actions

Record keeping will help where on-the-spot control is conducted. On-the-spot checks for beneficiaries, who should meet the commitment to mow at specified period of time, will be organized after the mowing period is terminated. Additionally, the CwRS method with VHR aerial images (one from May and other from June in current year) will be used to control the compliance with prohibition of mowing before specified date. To understand meaning of commitments and implication on environment if not complied with, proper training and clear instructions will be provided for the beneficiary.

For potential beneficiaries of this operation additional training related to the operation specific commitments will be prepared and financed through Natura 2000 Integration Project.

8.2.10.3.4.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.10.3.4.9.4. Agri-environment-climate commitments

8.2.10.3.4.9.4.1. C1-O_04

8.2.10.3.4.9.4.1.1. Verification methods of commitments

100% administratively: beneficiary submits a certificate of participation in training, individual advice, demonstration activity to the Paying agency. Cross check will be possible with the training, individual advice or demonstration activity providers.

8.2.10.3.4.9.4.2. C10-O_04

8.2.10.3.4.9.4.2.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.4.9.4.3. C2-O_04

8.2.10.3.4.9.4.3.1. Verification methods of commitments

During on-the-spot control PA will have access to farm record book.

8.2.10.3.4.9.4.4. C3-O_04

8.2.10.3.4.9.4.4.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.4.9.4.5. C4-O_04

8.2.10.3.4.9.4.5.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.4.9.4.6. C5-O_04

8.2.10.3.4.9.4.6.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.4.9.4.7. C6-O_04

8.2.10.3.4.9.4.7.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.4.9.4.8. C7-O_04

8.2.10.3.4.9.4.8.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.4.9.4.9. C8-O_04

8.2.10.3.4.9.4.9.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.4.9.4.10. C9-O_04

8.2.10.3.4.9.4.10.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.4.10. Information specific to the operation

Identification and definition of the relevant baseline elements; this shall include the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, the relevant minimum requirements for fertilisers and plant protection products use, and other relevant mandatory requirements established by national law

- the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council is established in national legislation: Ordinance on cross-compliance;
- the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council;
- the relevant minimum requirements for fertilisers and plant protection products use: Action Programme for Water Protection Against the Pollution Caused by Nitrates of Agricultural Origin and Act on sustainable use of pesticides.

The minimum requirements for fertilisers must include, inter alia, the Codes of Good Practice introduced under Directive 91/676/EEC for farms outside Nitrate Vulnerable Zones, and requirements concerning phosphorous pollution; the minimum requirements for plant protection products use must include, inter alia, general principles for integrated pest management introduced by Directive 2009/128/EC of the European Parliament and of the Council, requirements to have a licence to use the products and meet training obligations, requirements on safe storage, the checking of application machinery and rules on pesticide use close to water and other sensitive sites, as established by national legislation

The minimum requirements for fertilisers include keeping records of applied fertilizers (type, quantity, date, parcel ID) and applying up to 170 kg/ha nitrogen from manure.

The minimum requirements for plant protection products use include: keeping records of applied pesticides, having a licence to use the products, finishing proper training, and requirements on safe storage.

The minimum requirements are not applicable for this operation since the commitments forbbid application of fertilizers, hence the commitments go beyond minimum requirments.

List of local breeds in danger of being lost to farming and of plant genetic resources under threat of genetic erosion

Not applicable.

Description of the methodology and of the agronomic assumptions and parameters including the description of the baseline requirements as referred to in Article 29(2) of Regulation (EU) No 1305/2013, which are relevant for each particular type of commitment used as reference for the calculations justifying additional costs, income foregone resulting from the commitment made and level of the transaction costs; where relevant, that methodology shall take into account aid granted under Regulation (EU) No 1307/2013, including payment for agricultural practices beneficial for the climate and the environment, in order to exclude double funding; where appropriate, the conversion method used for other units in accordance with Article 9 of this Regulation

The payment was calculated comparing average GM for usual farming practice where beginning of mowing is on 1st June and average amounts of fertilizers were applied, as opposed to later mowing date, cutting at increased height and prohibition to use fertilizers and plant protection products, leading to loss of hay quality and hay yield.

Income: comprises spring pasturage yield, spring pasturage energy content, hay yield, hay energy content.

Costs: comprise fertilizers and machinery.

Income forgone: mowing date is delayed which decreases yield and energy content, with additional yield decrease due to prohibition to apply fertilizers and increased mowing height; spring grazing is omitted.

Savings: related to commitments - not using fertilizers and fertilization machinery.

The first and the second commitments were not calculated as cost. The allowed number of LU/ha was not relevant for calculation.

The double funding will be excluded in the case of practices under Article 43 of Regulation (EU) No 1307/2013, also on the basis of the information which are contained in the delegated acts which has been produced in accordance with Article 83 of Regulation (EU) No 1305/2013.

8.2.10.3.4.10.1. Agri-environment-climate commitments

8.2.10.3.4.10.1.1. C1-O_04

8.2.10.3.4.10.1.1.1. Baseline

Relevant GAEC and/or SMR

Not perscribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.4.10.1.1.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.4.10.1.2. C10-O_04

8.2.10.3.4.10.1.2.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.4.10.1.2.2. Relevant usual farming practices

Not usual farming practice. If needed, farmers are allowed to perform hydro-melioration activites.

8.2.10.3.4.10.1.3. C2-O_04

8.2.10.3.4.10.1.3.1. Baseline

Relevant GAEC and/or SMR

Not perscribed.

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers and pesticides include keeping records of applied fertilizers and/or pesticides. The minimum requirements are not applicable for this operation since the commitments forbbid application of PPP and fertilizers, hence the commitments go beyond minimum requirements.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.4.10.1.3.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.4.10.1.4. C3-O_04

8.2.10.3.4.10.1.4.1. Baseline

Relevant GAEC and/or SMR

SMR1
GAEC 1 application of fertilisers is forbbiden:
• within 3 m from the edge of watercourses wider than 5 m

• within 20 m from the edge of lakes and ponds
• within 10 m from the edge of watercourses on terrain with slopes >10%

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers include keeping records of applied fertilizers (type, quantity, date, parcel ID) and applying up to 170 kg/ha nitrogen from manure.

The minimum requirements are not applicable for this operation since the commitment forbbids application of fertilizers, hence the commitment goes beyond minimum requirments.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.4.10.1.4.2. Relevant usual farming practices

Farmers commonly apply mineral fertilizers, less often livestock manure (slurry or farmyard manure).

8.2.10.3.4.10.1.5. C4-O_04

8.2.10.3.4.10.1.5.1. Baseline

Relevant GAEC and/or SMR

SMR 10

Plant protection products have to be used according to the instructions, warnings, notices and restrictions specified on the product label. It is necessary log and keep records of plant protection products use for at least 3 years. The records should contain at least the following data: the plant protection products trade name of the, the date and time of beginning and completion of treatment, the amount of used plant protection products (dosage, concentration), surface area and treated crops or plant product, object, area, some other use.

Minimum requirements for fertilisers and pesticides

The minimum requirements for plant protection products use include: keeping records of applied pesticides, having a licence to use the products, finishing proper training, and requirements on safe storage.

The minimum requirements are not applicable for this operation since the commitment forbbids application of PPP, hence the commitment goes beyond minimum requirments.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.4.10.1.5.2. Relevant usual farming practices

Application of PPP is not prohibited.

8.2.10.3.4.10.1.6. C5-O_04

8.2.10.3.4.10.1.6.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

1307/13 Art 4 (c) (ii): Permanent grasslands in the continental part are mantained by mowing at least once a year or by grazing; permanent karst pastures in the coastal and mountain region are maintained by grazing

with at least 0,1 LU/ha.

8.2.10.3.4.10.1.6.2. Relevant usual farming practices

Mowing is done using drum, disc or horizontal rotary mowers mounted on a tractor. Usual mowing height is 7 cm.

8.2.10.3.4.10.1.7. C6-O_04

8.2.10.3.4.10.1.7.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

1307/13 Art 4 (c) (ii): Permanent grasslands in the continental part are mantained by mowing at least once a year or by grazing; permanent karst pastures in the coastal and mountain region are maintained by grazing with at least 0,1 LU/ha.

8.2.10.3.4.10.1.7.2. Relevant usual farming practices

Mowing dates are not prescribed. In most regions, grass is cut three times a year with the first cut being done in spring, as soon as the grass is sufficiently developed.

8.2.10.3.4.10.1.8. C7-O_04

8.2.10.3.4.10.1.8.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.4.10.1.8.2. Relevant usual farming practices

The entire grassland area is mowed and no uncut strips are left along the edges.

8.2.10.3.4.10.1.9. C8-O_04

8.2.10.3.4.10.1.9.1. Baseline

Relevant GAEC and/or SMR

SMR1

- During one calendar year agricultural holdings can fertilize agriculture land with manure up to:
- 210 kg / ha of nitrogen (N), allowed application period from 1 July 2013 until 1 July 2017,
- 170 kg / ha of nitrogen (N), allowed application period from 1 July 2017 onwards.

Minimum requirements for fertilisers and pesticides

Not relevant.

Other relevant national/regional requirements

Not applicable.

Minimum activities

1307/13 Art 4 (c) (ii): Permanent grasslands in the continental part are mantained by mowing at least once a year or by grazing; permanent karst pastures in the coastal and mountain region are maintained by grazing with at least 0,1 LU/ha.

8.2.10.3.4.10.1.9.2. Relevant usual farming practices

Average stocking rate is 0,62 LU/ha.

8.2.10.3.4.10.1.10. C9-O_04

8.2.10.3.4.10.1.10.1. Baseline

Relevant GAEC and/or SMR

GAEC 7: Agricultural area should be kept free of common ragweed (*Ambrosia artemisiifolia L.*) and velvetleaf (*Abutilon theophrasti Med.*). These plants are to be removed mechanically or by applying herbicides.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.4.10.1.10.2. Relevant usual farming practices

Plants not suitable for grazing are removed using plant protection products (herbicides). Often, less productive grassland is left to overgrow with unwanted vegetation which is not suitable for grazing.

8.2.10.3.5. O_05: Pilot measure for the protection of butterflies

Sub-measure:

- 10.1 - payment for agri-environment-climate commitments

8.2.10.3.5.1. Description of the type of operation

This operation aims to protect four species of endangered and strictly protected species of butterflies: the Scarce Large Blue (*Phengaris teleius*), Dusky Large Blue (*Phengaris nausithous*), Alcon Blue (*Phengaris alcon alcon*) and False Ringlet (*Coenonympha oedippus*) who dwell on extensively used grasslands. Due to the abandonment of traditional livestock production and ceasing of grazing or abandonment of meadow-mowing, meadows and pastures become overgrown (succession).

Butterflies of genus Phengaris are exceptional for their extremely complex and sensitive life cycle. Some butterfly species lay eggs only on certain plants (ovoposition plants). For the Scarce Large Blue and Dusky Large Blue, that plant is the great burnet (*Sanguisorba officinalis*), which blooms in the summer on lowland hay meadows. These hay meadows are an endangered habitat type on a national and international level. For *Phengaris alcon alcon*, the ovoposition plant is the marsh gentian (*Gentiana pneumonanthe*) which occurs in Molinia meadows (*Molinion caeruleae*).

The Alcon Blue was noted in only few locations in Croatia, for example in the area of Plitvice Lakes National Park and Papuk, and for the Scarce and Dusky Large Blue the most important sites are in Međimurje and Drava. An outstanding feature of butterfly's life cycle of the genus *Phengaris* represents a symbiosis with ants of the genus *Myrmica* in the caterpillar stage (Myrmecophily).

For False Ringlet, ovoposition plants are sedges and certain grasses. Swamp meadows of northern Istria are now the only known site of False Ringlet in Croatia.

The support shall be granted to beneficiaries who maintain an adapted way of mowing grasslands during a specific period, thus contributing to the protection of habitats where butterflies live.

The commitments beneficiary must fulfil in this type of operation are:

- C1-O_05 Finishing at least 18 hours of training related to the agri-environment-climate measure within 18 months after approval of the Application. Each following year aminimum of 6 hours of training, individual advice and/or attendance in demonstration activity is required;
- C2-O_05 Keeping records about the implemented activities related to the commitments of this operation;
- C3-O_05 Application of mineral fertilisers and livestock manure is prohibited;
- C4-O_05 Application of plant protection products is prohibited;
- C5-O_05 Only manually mowing or using finger-bar mower is allowed;
- C6-O_05 Mowing on dates and in a mode determined for each type of butterfly. The last day of mowing is 1st October;
- C7-O_05 If the grassland is used for grazing, it can be grazed only in autumn (at the earliest from mowing date 15th September until the end of the current year); maximum 1,0 LU/ha of sheep, goats, cattle and equidae are allowed. Minimum grazing pressure is 0,3 LU/ha;
- C8-O_05 Individual plants that are not suitable for grazing (e.g. toxic and invasive species,

shrubbery and trees) should be removed manually;
- C9-O_05 Hydro-melioration activities are prohibited.

This type of operation contributes to Focus Area 4A, with a secondary contribution to Focus Area 5E.

Mowing schedule

Type	Area name	Date and mode of mowing
Phengaris alcon alcon	Meadows along the Injatica creek, Zvečevo, NP The Plitvice Lakes, meadows along Bednja II	mowing after 15th September every second year
Coenonympha oedippus	Humid meadows along the Malinska creek, wider area around the river Mirna and Butoniga, humid meadows around Marušić, humid meadows along Jugovski creek, humid meadows along the Bračana (Žonti) creek, Pregon	mowing after 15th September on 1/3 of the area every year.
Phengaris nausithous	Zovje, Međimurje, Donje Međimurje	mowing up to 15th June or after 15th September every second year
Phengaris teleius	Peteranec, Zovje, Međimurje, Donje Međimurje, Livade uz Bednju II	mowing up to 15th June or after 15th September every second year

M10_02

8.2.10.3.5.2. Type of support

Type of support: Grants

Support is in the form of annual grant per hectare, as compensation paid to the beneficiary for loss of income and additional costs as a result of compliance with the special conditions that go beyond the minimum prescribed requirements and usual farming practice.

8.2.10.3.5.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Nature Protection Act (OG 80/13);
- Regulation on the Ecological Network (OG 124/13);
- Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy;
- Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules

for direct payments to farmers under support schemes within the framework of the common agricultural policy.

8.2.10.3.5.4. Beneficiaries

Eligible beneficiaries are farmers or groups of farmers as defined in national Agriculture Act, registered in the Register of Agricultural Holdings and use the land registered in LPIS.

8.2.10.3.5.5. Eligible costs

The beneficiary will get compensation for extra costs and the losses in revenues resulting from maintaining the grassland pursuant to prescribed commitments that go beyond the usual practice.

This support is given to compensate those commitments going beyond the relevant mandatory standards established under Chapter I of Title VI of Regulation (EU) No 1306/2013 (cross-compliance), the relevant criteria and minimum activities as established under points (c) (ii) of Article 4(1) of Regulation (EU) No 1307/2013, relevant minimum requirements for fertilisers and plant protection products use, and relevant mandatory requirements established by national law.

8.2.10.3.5.6. Eligibility conditions

LPIS parcel registered as grassland and located at the sites listed in the table Mowing schedule. Eligible farm agricultural area is at least 0,5 ha while the minimum area of an LPIS parcel must be 0,05 ha.

8.2.10.3.5.7. Principles with regards to the setting of selection criteria

In case of higher interest for implementation of this type of operation than available financial resources, the following selection principles may be applied:

- Implementation on Natura 2000 area;
- Contribution to biodiversity by implementing one of these types of operation: Preservation of high nature value grasslands, Pilot measure for the protection of corncrake (*Crex crex*) or Pilot measure for the protection of butterflies;
- Implementation on area with constraint as designated in M13.

8.2.10.3.5.8. (Applicable) amounts and support rates

Support rate:

- *Coenonympha oedippus* - EUR 326/ha;

- *Phengaris alcon alcon, Phengaris nausithous, Phengaris teleius* – EUR 274/ha.

8.2.10.3.5.9. Verifiability and controllability of the measures and/or types of operations

8.2.10.3.5.9.1. Risk(s) in the implementation of the measures

Compliance with commitments related to mowing, grazing, not using fertilizers or plant protection products, removal of cut grass and other.

8.2.10.3.5.9.2. Mitigating actions

Record keeping will help where on-the-spot control is conducted. On-the-spot checks for beneficiaries, who should meet the commitment to mow at specified period of time, will be organized after the mowing period is terminated. Additionally, CwRS method with VHR aerial images (one from May and other from June in current year) will be used to control the compliance with prohibition of mowing before specified date. To understand the meaning of commitments and the implication on the environment if not complied with, proper training and clear instructions will be provided for the beneficiary.

For beneficiaries of this operation additional training related to the operation specific commitments will be prepared and financed through the Natura 2000 Integration Project.

8.2.10.3.5.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.10.3.5.9.4. Agri-environment-climate commitments

8.2.10.3.5.9.4.1. C1-O_05

8.2.10.3.5.9.4.1.1. Verification methods of commitments

100% administratively: beneficiary submits a certificate of participation in training, individual advice, demonstration activity to the Paying agency. Cross check will be possible with the training, individual advice or demonstration activity providers.

8.2.10.3.5.9.4.2. C2-O_05

8.2.10.3.5.9.4.2.1. Verification methods of commitments

During on-the-spot control PA will have access to farm record book.

8.2.10.3.5.9.4.3. C3-O_05

8.2.10.3.5.9.4.3.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.5.9.4.4. C4-O_05

8.2.10.3.5.9.4.4.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.5.9.4.5. C5-O_05

8.2.10.3.5.9.4.5.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.5.9.4.6. C6-O_05

8.2.10.3.5.9.4.6.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.5.9.4.7. C7-O_05

8.2.10.3.5.9.4.7.1. Verification methods of commitments

During on-the-spot control PA will have access to farm record book.

8.2.10.3.5.9.4.8. C8-O_05

8.2.10.3.5.9.4.8.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.5.9.4.9. C9-O_05

8.2.10.3.5.9.4.9.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.5.10. Information specific to the operation

Identification and definition of the relevant baseline elements; this shall include the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, the relevant minimum requirements for fertilisers and plant protection products use, and other relevant mandatory requirements established by national law

- the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council is established in national legislation: Ordinance on cross-compliance;
- the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council;
- the relevant minimum requirements for fertilisers and plant protection products use: Action Programme for Water Protection Against the Pollution Caused by Nitrates of Agricultural Origin and Act on sustainable use of pesticides.

The minimum requirements for fertilisers must include, inter alia, the Codes of Good Practice introduced under Directive 91/676/EEC for farms outside Nitrate Vulnerable Zones, and requirements concerning phosphorous pollution; the minimum requirements for plant protection products use must include, inter alia, general principles for integrated pest management introduced by Directive 2009/128/EC of the European Parliament and of the Council, requirements to have a licence to use the products and meet training obligations, requirements on safe storage, the checking of application machinery and rules on pesticide use close to water and other sensitive sites, as established by national legislation

The minimum requirements for fertilisers include keeping records of applied fertilizers (type, quantity, date, parcel ID) and applying up to 170 kg/ha nitrogen from manure.

The minimum requirements for plant protection products use include: keeping records of applied pesticides, having a licence to use the products, finishing proper training, and requirements on safe storage.

The minimum requirements are not applicable for this operation since the commitments forbbid application

of fertilizers, hence the commitments go beyond minimum requirments.

List of local breeds in danger of being lost to farming and of plant genetic resources under threat of genetic erosion

Not applicable.

Description of the methodology and of the agronomic assumptions and parameters including the description of the baseline requirements as referred to in Article 29(2) of Regulation (EU) No 1305/2013, which are relevant for each particular type of commitment used as reference for the calculations justifying additional costs, income foregone resulting from the commitment made and level of the transaction costs; where relevant, that methodology shall take into account aid granted under Regulation (EU) No 1307/2013, including payment for agricultural practices beneficial for the climate and the environment, in order to exclude double funding; where appropriate, the conversion method used for other units in accordance with Article 9 of this Regulation

The payment was calculated comparing average GM for usual farming practice where beginning of mowing is on 1st June and average amounts of fertilizers were applied, as opposed to a later mowing date, prohibition to use fertilizers and plant protection products, temporary set-aside part of grassland, leading to loss of hay quality and hay yield.

Income comprises spring pasturage yield, spring pasturage energy content, hay yield, hay energy content.

Costs:comprise fertilizers and machinery.

Income forgone: mowing date is delayed which decreases yield and energy content, with additional yield decrease due to prohibition to apply fertilizers and temporary set-aside part of grassland; spring grazing is omitted.

Savings: related to commitments - fertilizers and fertilization machinery costs.

The first and the second commitments were not calculated as cost. The allowed number of LU/ha was not relevant for calculation.

The double funding will be excluded in the case of practices under Article 43 of Regulation (EU) No 1307/2013, also on the basis of the information which are contained in the delegated acts which has been produced in accordance with Article 83 of Regulation (EU) No 1305/2013.

8.2.10.3.5.10.1. Agri-environment-climate commitments

8.2.10.3.5.10.1.1. C1-O_05

8.2.10.3.5.10.1.1.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.5.10.1.1.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.5.10.1.2. C2-O_05

8.2.10.3.5.10.1.2.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers and pesticides include keeping records of applied fertilizers and/or pesticides. The minimum requirements are not applicable for this operation since the commitments forbbid application of PPP and fertilizers, hence the commitments go beyond minimum requirements.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.5.10.1.2.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.5.10.1.3. C3-O_05

8.2.10.3.5.10.1.3.1. Baseline

Relevant GAEC and/or SMR

SMR1

GAEC 1

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers include keeping records of applied fertilizers (type, quantity, date, parcel ID) and applying up to 170 kg/ha nitrogen from manure.

The minimum requirements are not applicable for this operation since the commitment forbbids application of fertilizers, hence the commitment goes beyond minimum requirments.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.5.10.1.3.2. Relevant usual farming practices

Farmers commonly apply mineral fertilizers, less often livestock manure (slurry or farmyard manure).

8.2.10.3.5.10.1.4. C4-O_05

8.2.10.3.5.10.1.4.1. Baseline

Relevant GAEC and/or SMR

SMR 10

Plant protection products have to be used according to the instructions, warnings, notices and restrictions specified on the product label. It is necessary log and keep records of plant protection products use for at least 3 years. The records should contain at least the following data: the plant protection products trade name of the, the date and time of beginning and completion of treatment, the amount of used plant protection products (dosage, concentration), surface area and treated crops or plant product, object, area, some other use.

Minimum requirements for fertilisers and pesticides

The minimum requirements for plant protection products use include: keeping records of applied pesticides, having a licence to use the products, finishing proper training, and requirements on safe storage.

The minimum requirements are not applicable for this operation since the commitment forbbids application of PPP, hence the commitment goes beyond minimum requirments.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.5.10.1.4.2. Relevant usual farming practices

Application of PPP is not prohibited.

8.2.10.3.5.10.1.5. C5-O_05

8.2.10.3.5.10.1.5.1. Baseline

Relevant GAEC and/or SMR

Not applicable.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Regulation (EU) No. 1307/2013, Art 4 c(ii): permanent grassland in the continental part are mantained by mowing at least once a year or by grazing; permanent karst pastures in the coastal and mountain region are maintained by grazing with at least 0,1 LU/ha, or by mowing.

8.2.10.3.5.10.1.5.2. Relevant usual farming practices

Mowing is done using drum, disc or horizontal rotary mowers mounted on a tractor.

8.2.10.3.5.10.1.6. C6-O_05

8.2.10.3.5.10.1.6.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

1307/13 Art 4 (c) (ii): Permanent grasslands in the continental part are mantained by mowing at least once a year or by grazing; permanent karst pastures in the coastal and mountain region are maintained by grazing with at least 0,1 LU/ha.

8.2.10.3.5.10.1.6.2. Relevant usual farming practices

Mowing dates are not prescribed. In most regions, grass is cut three times a year with the first cut being done in spring, as soon as the grass is sufficiently developed.

8.2.10.3.5.10.1.7. C7-O_05

8.2.10.3.5.10.1.7.1. Baseline

Relevant GAEC and/or SMR

SMR 1

During one calendar year agricultural holdings can fertilize agricultural area with manure up to:
- 210 kg / ha of nitrogen (N), allowed the application in the period from 1 July 2013 until 1 July 2017,
- 170 kg / ha of nitrogen (N), allowed the application from 1 July 2017 onwards.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

1307/13 Art 4 (c) (ii): Permanent grasslands in the continental part are mantained by mowing at least once a year or by grazing; permanent karst pastures in the coastal and mountain region are maintained by grazing with at least 0,1 LU/ha.

8.2.10.3.5.10.1.7.2. Relevant usual farming practices

Grassland is grazed as soon as weather conditions permit this and grass is sufficiently well developed.

8.2.10.3.5.10.1.8. C8-O_05

8.2.10.3.5.10.1.8.1. Baseline

Relevant GAEC and/or SMR

GAEC 7

Agricultural area should be kept free of common ragweed (Ambrosia artemisiifolia L.) and velvetleaf (Abutilon theophrasti Med.). These plants are to be removed mechanically or by applying herbicides.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Ordinance on Cross compliance GAEC 7: Agricultural area should be kept free of common ragweed (*Ambrosia artemisiifolia L.*) and velvetleaf (*Abutilon theophrasti Med*.). These plants are to be removed mechanically or by applying herbicides.

Minimum activities

Not applicable.

8.2.10.3.5.10.1.8.2. Relevant usual farming practices

Plants not suitable for grazing are removed using plant protection products (herbicides). Often, less productive grassland is left to overgrow with unwanted vegetation which is not suitable for grazing.

8.2.10.3.5.10.1.9. C9-O_05

8.2.10.3.5.10.1.9.1. Baseline

Relevant GAEC and/or SMR

Not prescribed

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.5.10.1.9.2. Relevant usual farming practices

Not usual farming practice. If needed, farmers are allowed to perform hydro-melioration activites.

8.2.10.3.6. O_06: Establishment of field strips

Sub-measure:

- 10.1 - payment for agri-environment-climate commitments

8.2.10.3.6.1. Description of the type of operation

Intensive agricultural production results in biodiversity decline but the establishment of field strips very satisfactorily provides shelter and food for insects, including beneficial ones like crop pollinators or those that control crop pests. They also provide habitat and nesting places for farmland birds.

The support shall be granted to beneficiaries who contribute to biodiversity by the protection of plant and animal species in order to improve landscape quality and increase overall biodiversity.

Support is provided for two types of field strips:

- Flower strips, whose primary function is to provide habitat for pollinators and to provide pollen and nectar during spring and summer,
- Grass strips, whose primary function is to provide habitat for certain species of birds such as Corn Bunting (*Emberiza calandra*), Grey Partridge (*Perdix perdix*) and Yellowhammer (*Emberiza citrinella*).

This type of operation is applicable if the arable area is at least 1 ha. Grass strips or flower strips are not an Ecological focus area.

The commitments the beneficiary must fulfil in this type of operation are:

- C1-O_06 Finish at least 18 hours of training related to the agri-environment-climate measure within 18 months after approval of the Application. Each following year a minimum of 6 hours of training, individual advice and/or attendance in demonstration activity is required;
- C2-O_06 Keep records about the implemented activities related to the commitments of this operation;
- C3-O_06 If flower strips are opted for: flower strips should be sown along the edge or within the parcel and are not to be used as a path or passage, width at least 3 m, maximum 15 m; length at least 200 m per hectare; distance between strips at least 50 m;
- C4-O_06 Flower strips should contain at least five flower species (species to be prescribed) that bloom alternately throughout the growing period. Strips must be left to bloom and can be ploughed at earliest on 1st October. The position of the strips can be changed every year;
- C5-O_06 If grass strips are opted for: grass strips should be sown along the edge of the parcel and are not to be used as a path or passage, width at least 2 m, maximum 3 m; length at least 200 m per hectare; distance between strips at least 50 m;
- C6-O_06 Grass strips should contain at least five grass types (types to be prescribed). In the first year, strips could be mowed 2-3 times to prevent weed growth and encourage tillering. In the third year strips should be mowed, but not later than 1st October.

This type of operation contributes to Focus Area 4A, with a secondary contribution to Focus Areas 5D, 5E.

8.2.10.3.6.2. Type of support

Type of support: Grants

Support is in the form of annual grant per hectare, as compensation paid to the beneficiary for loss of income and additional costs as a result of compliance with the special conditions that go beyond the minimum prescribed requirements and usual farming practice.

8.2.10.3.6.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy;
- Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy.

8.2.10.3.6.4. Beneficiaries

Eligible beneficiaries are farmers or groups of farmers as defined in national Agriculture Act, registered in the Register of Agricultural Holdings and use the land registered in LPIS.

8.2.10.3.6.5. Eligible costs

The beneficiary will get compensation for extra costs and losses in revenue resulting from establishing the field strips.

This support is given to compensate those commitments going beyond the relevant mandatory standards established under Chapter I of Title VI of Regulation (EU) No 1306/2013 (cross-compliance), the relevant criteria and minimum activities as established under points c (ii) of Article 4(1) of Regulation (EU) No 1307/2013, relevant minimum requirements for fertilisers and plant protection products use, and relevant mandatory requirements established by national law.

8.2.10.3.6.6. Eligibility conditions

LPIS parcel registered as arable land, surface area must be at least 1 ha. Eligible farm agricultural area is at least 1 ha while the minimum area of an LPIS parcel must be 1 ha.

8.2.10.3.6.7. Principles with regards to the setting of selection criteria

In case of higher interest for implementation of this type of operation than available financial resources, the following selection principles may be applied:

- Implementation on Natura 2000 area;
- Contribution to biodiversity by implementing one of these types of operation: Preservation of high nature value grasslands, Pilot measure for the protection of corncrake (*Crex crex*) or Pilot measure for the protection of butterflies;
- Implementation on area with constraint as designated in M13.

8.2.10.3.6.8. (Applicable) amounts and support rates

Support amount for establishment of flower strips is EUR 346/ha of established strip, for grass strips is EUR 169/ha of established strip.

8.2.10.3.6.9. Verifiability and controllability of the measures and/or types of operations

8.2.10.3.6.9.1. Risk(s) in the implementation of the measures

Compliance with commitments regarding the forming and maintenance of field strips.

8.2.10.3.6.9.2. Mitigating actions

Record keeping will help where on-the-spot control is conducted, remote sensing control is also envisaged.

To understand the meaning of commitments and the implication on the environment if not complied with, proper training and clear instructions will be provided for the beneficiary.

For potential beneficiaries of this operation additional training related to the operation specific commitments will be prepared and financed through the Natura 2000 Integration Project.

8.2.10.3.6.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.10.3.6.9.4. Agri-environment-climate commitments

8.2.10.3.6.9.4.1. C1-O_06

8.2.10.3.6.9.4.1.1. Verification methods of commitments

100% administratively: beneficiary submits a certificate of participation in training, individual advice, demonstration activity to the Paying agency. Cross check will be possible with the training, individual advice or demonstration activity providers.

8.2.10.3.6.9.4.2. C2-O_06

8.2.10.3.6.9.4.2.1. Verification methods of commitments

During on-the-spot control PA will have access to farm record book.

8.2.10.3.6.9.4.3. C3-O_06

8.2.10.3.6.9.4.3.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book, remote sensing.

8.2.10.3.6.9.4.4. C4-O_06

8.2.10.3.6.9.4.4.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book and invoices; remote sensing.

8.2.10.3.6.9.4.5. C5-O_06

8.2.10.3.6.9.4.5.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book; remote sensing.

8.2.10.3.6.9.4.6. C6-O_06

8.2.10.3.6.9.4.6.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book and invoices.

8.2.10.3.6.10. Information specific to the operation

Identification and definition of the relevant baseline elements; this shall include the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, the relevant minimum requirements for fertilisers and plant protection products use, and other relevant mandatory requirements established by national law

- the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council is established in national legislation: Ordinance on cross-compliance;
- the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council;
- the relevant minimum requirements for fertilisers and plant protection products use: Action Programme for Water Protection Against the Pollution Caused by Nitrates of Agricultural Origin and Act on sustainable use of pesticides.

The minimum requirements for fertilisers must include, inter alia, the Codes of Good Practice introduced under Directive 91/676/EEC for farms outside Nitrate Vulnerable Zones, and requirements concerning phosphorous pollution; the minimum requirements for plant protection products use must include, inter alia, general principles for integrated pest management introduced by Directive 2009/128/EC of the European Parliament and of the Council, requirements to have a licence to use the products and meet training obligations, requirements on safe storage, the checking of application machinery and rules on pesticide use close to water and other sensitive sites, as established by national legislation

The minimum requirements for fertilisers and pesticides include keeping records of applied fertilizers and/or pesticides.

The minimum requirements are not applicable for this operation since there are no commitments related to application of fertilizers and/or pesticides.

List of local breeds in danger of being lost to farming and of plant genetic resources under threat of genetic erosion

Not applicable.

Description of the methodology and of the agronomic assumptions and parameters including the description of the baseline requirements as referred to in Article 29(2) of Regulation (EU) No 1305/2013, which are relevant for each particular type of commitment used as reference for the calculations justifying additional costs, income foregone resulting from the commitment made and level of the transaction costs; where relevant, that methodology shall take into account aid granted under Regulation (EU) No 1307/2013, including payment for agricultural practices beneficial for the climate and the environment, in order to exclude double funding; where appropriate, the conversion method used for other units in accordance with Article 9 of this Regulation

The payment was calculated based on additional costs on arable land with established field strips, compared to average GM on arable land without field strips.

Costs: sowing grass or flower strips (ploughing, harrowing, seedbed preparation, drilling and cost of seeds). The cost for flower strips is repeated every year within five year period; the cost for grass strips is divided by five years.

Income forgone: part of arable land left without crop results in lower yield per ha.

The first and the second commitments were not calculated as cost.

The double funding will be excluded in the case of practices under Article 43 of Regulation (EU) No 1307/2013, also on the basis of the information which are contained in the delegated acts which has been produced in accordance with Article 83 of Regulation (EU) No 1305/2013.

8.2.10.3.6.10.1. Agri-environment-climate commitments

8.2.10.3.6.10.1.1. C1-O_06

8.2.10.3.6.10.1.1.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.6.10.1.1.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.6.10.1.2. C2-O_06

8.2.10.3.6.10.1.2.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers and pesticides include keeping records of applied fertilizers and/or pesticides. The minimum requirements are not applicable for this operation since there are no commitments related to application of fertilizers and/or pesticides.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.6.10.1.2.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.6.10.1.3. C3-O_06

8.2.10.3.6.10.1.3.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.6.10.1.3.2. Relevant usual farming practices

Establishment of flower strips on arable plots is not a usual practice. Farmers use the entire arable land area for arable crop production.

8.2.10.3.6.10.1.4. C4-O_06

8.2.10.3.6.10.1.4.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.6.10.1.4.2. Relevant usual farming practices

Establishment of flower strips on arable plots is not a usual practice. Farmers use the entire arable land area for arable crop production.

8.2.10.3.6.10.1.5. C5-O_06

8.2.10.3.6.10.1.5.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not relevant.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.6.10.1.5.2. Relevant usual farming practices

Establishment of grass strips on arable plots is not a usual practice. Farmers use the entire arable land area for arable crop production.

8.2.10.3.6.10.1.6. C6-O_06

8.2.10.3.6.10.1.6.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not relevant.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.6.10.1.6.2. Relevant usual farming practices

Establishment of grass strips on arable plots is not a usual practice. Farmers use the entire arable land area for arable crop production.

8.2.10.3.7. O_07: Maintaining extensive orchards

Sub-measure:

- 10.1 - payment for agri-environment-climate commitments

8.2.10.3.7.1. Description of the type of operation

Compared to conventional orchards, extensive ones are characterized by high trees, low density, large interspaces and a surface covered with grass that is maintained by mowing or/and grazing. Conventional orchards are a CO2 source mainly because of the emissions related to tillage operations, burning of fossil fuels for the machinery and burning of pruning residues. Extensive orchards remove carbon dioxide from the atmospheric system locking it into the growing biomass of trees, with grass organic residues helping to increase the soil carbon sink.

The importance of extensive orchards for environment is diverse not only from the carbon sequestration point of view, but also from the viewpoint of biodiversity and landscape value.

Extensive orchards produce less fruit that is not priced well on the market, which explains the current trend of converting extensive, traditional orchard to intensive production practice.

The commitments beneficiary must fulfil in this type of operation are:

- C1-O_07 Finish at least 18 hours of training related to the agri-environment-climate measure within 18 months after approval of the Application. Each following year a minimum of 6 hours of training, individual advice and/or attendance in demonstration activity is required;
- C2-O_07 Keep records about the implemented activities related to the commitments of this operation;
- C3-O_07 Application of mineral fertilisers is forbidden, only solid manure application under the tree crown is allowed;
- C4-O_07 Only plant protection products and methods approved for organic production are permitted;
- C5-O_07 The surface of orchard (including the surface under trees) is maintained by grazing (goats, sheep, cattle or poultry, maximum 1,0 LU/ha), or mowing at least once a year but not later than 1st October;
- C6-O_07 Dead trees need to be replaced with appropriate seedlings, permitted varieties to be prescribed.

This type of operation contributes to Focus Area 5E, with a secondary contribution to Focus Areas 4A and 5D.

8.2.10.3.7.2. Type of support

Type of support: Grants

Support is in the form of annual grant per hectare, as compensation paid to the beneficiary for loss of income and additional costs as a result of compliance with the special conditions that go beyond the

minimum prescribed requirements and usual farming practice.

8.2.10.3.7.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Nature Protection Act (OG 80/13);
- Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy;
- Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy.

8.2.10.3.7.4. Beneficiaries

Eligible beneficiaries are farmers or groups of farmers as defined in national Agriculture Act, registered in the Register of Agricultural Holdings and use the land registered in LPIS.

8.2.10.3.7.5. Eligible costs

The beneficiary will get compensation for extra costs and losses in revenue resulting from management practice that is more sustainable and environmentally friendly than conventional practice.

This support is given to compensate those commitments going beyond the relevant mandatory standards established under Chapter I of Title VI of Regulation (EU) No 1306/2013 (cross-compliance), the relevant criteria and minimum activities as established under points c(ii) of Article 4(1) of Regulation (EU) No 1307/2013, relevant minimum requirements for fertilisers and plant protection products use, and relevant mandatory requirements established by national law.

8.2.10.3.7.6. Eligibility conditions

LPIS parcel registered as extensive orchard with at least 50 to maximum 200 trees/ha. Eligible farm agricultural area is at least 0,5 ha while the minimum area of an LPIS parcel must be 0,05 ha.

8.2.10.3.7.7. Principles with regards to the setting of selection criteria

In case of higher interest for implementation of this type of operation than available financial resources, the following selection principles may be applied:

- Implementation on Natura 2000 area;
- Contribution to biodiversity by implementing one of these types of operation: Preservation of

high nature value grasslands, Pilot measure for the protection of corncrake (*Crex crex*) or Pilot measure for the protection of butterflies;
- Implementation on area with constraint as designated in M13.

8.2.10.3.7.8. (Applicable) amounts and support rates

Support amount is EUR 385/ha.

8.2.10.3.7.9. Verifiability and controllability of the measures and/or types of operations

8.2.10.3.7.9.1. Risk(s) in the implementation of the measures

Compliance with commitments related to orchard maintenance.

8.2.10.3.7.9.2. Mitigating actions

Record keeping will helpwhere on-the-spot control is conducted, remote sensing control is also envisaged.

To understand the meaning of commitments and the implication on the environment if not complied with, proper training and clear instructions will be provided for the beneficiary.

For potential beneficiaries of this operation additional training related to the operation specific commitments will be prepared and financed through the Natura 2000 Integration Project.

8.2.10.3.7.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.10.3.7.9.4. Agri-environment-climate commitments

8.2.10.3.7.9.4.1. C1-O_07

8.2.10.3.7.9.4.1.1. Verification methods of commitments

100% administratively: beneficiary submits a certificate of participation in training, individual advice, demonstration activity to the Paying agency. Cross check will be possible with the training, individual advice or demonstration activity providers.

8.2.10.3.7.9.4.2. C2-O_07

8.2.10.3.7.9.4.2.1. Verification methods of commitments

During on-the-spot control PA will have access to farm record book.

8.2.10.3.7.9.4.3. C3-O_07

8.2.10.3.7.9.4.3.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.7.9.4.4. C4-O_07

8.2.10.3.7.9.4.4.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book and invoices.

8.2.10.3.7.9.4.5. C5-O_07

8.2.10.3.7.9.4.5.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book. Automatic cross check with the Unique register of domestic animals and LPIS.

8.2.10.3.7.9.4.6. C6-O_07

8.2.10.3.7.9.4.6.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book and invoices.

8.2.10.3.7.10. Information specific to the operation

Identification and definition of the relevant baseline elements; this shall include the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, the relevant minimum requirements for fertilisers and plant protection products use, and other relevant mandatory requirements established by national law

- the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU)

No 1306/2013 of the European Parliament and of the Council is established in national legislation: Ordinance on cross-compliance;

- the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council;
- the relevant minimum requirements for fertilisers and plant protection products use: Action Programme for Water Protection Against the Pollution Caused by Nitrates of Agricultural Origin and Act on sustainable use of pesticides.

The minimum requirements for fertilisers must include, inter alia, the Codes of Good Practice introduced under Directive 91/676/EEC for farms outside Nitrate Vulnerable Zones, and requirements concerning phosphorous pollution; the minimum requirements for plant protection products use must include, inter alia, general principles for integrated pest management introduced by Directive 2009/128/EC of the European Parliament and of the Council, requirements to have a licence to use the products and meet training obligations, requirements on safe storage, the checking of application machinery and rules on pesticide use close to water and other sensitive sites, as established by national legislation

- The minimum requirements for fertilisers include keeping records of applied fertilizers (type, quantity, date, parcel ID) and applying up to 170 kg/ha nitrogen from manure. It is forbidden to apply manure on flooded, snow-covered or frozen ground, on steepy groud up to 10 m from watercourses if slope is more than 10%.

- The minimum requirements for plant protection products use include: keeping records of applied pesticides, having a licence to use the products, finishing proper training, requirements on safe storage.

List of local breeds in danger of being lost to farming and of plant genetic resources under threat of genetic erosion

Not applicable.

Description of the methodology and of the agronomic assumptions and parameters including the description of the baseline requirements as referred to in Article 29(2) of Regulation (EU) No 1305/2013, which are relevant for each particular type of commitment used as reference for the calculations justifying additional costs, income foregone resulting from the commitment made and level of the transaction costs; where relevant, that methodology shall take into account aid granted under Regulation (EU) No 1307/2013, including payment for agricultural practices beneficial for the climate and the environment, in order to exclude double funding; where appropriate, the conversion method used for other units in accordance with Article 9 of this Regulation

In order to avoid increasingly present intensification of traditional grassland orchards that are less productive and with very little economic value, an opportunity cost approach was used.

The calculation is based on GM between a grassland orchard with reduced number of trees and restriction in

using fertilizers and plant protection products, compared to a conventional apple orchard.

Income: crop yield

Costs: maintenance of extensive orchard.

The first and the second commitments and replacing dead trees were not calculated as cost. The allowed number of LU/ha was not relevant for calculation.

Double funding will be excluded in the case of practices under Article 43 of Regulation (EU) No 1307/2013, also on the basis of the information which are contained in the delegated acts which has been produced in accordance with Article 83 of Regulation (EU) No 1305/2013.

8.2.10.3.7.10.1. Agri-environment-climate commitments

8.2.10.3.7.10.1.1. C1-O_07

8.2.10.3.7.10.1.1.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.7.10.1.1.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.7.10.1.2. C2-O_07

8.2.10.3.7.10.1.2.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers and pesticides include keeping records of applied fertilizers and/or pesticides.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.7.10.1.2.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.7.10.1.3. C3-O_07

8.2.10.3.7.10.1.3.1. Baseline

Relevant GAEC and/or SMR

SMR 1
GAEC 1

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers include keeping records of applied fertilizers (type, quantity, date, parcel ID) and applying up to 170 kg/ha nitrogen from manure. It is forbidden to apply manure on flooded, snow-covered or frozen ground, on steepy groud up to 10 m from watercourses if slope is more than 10%.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.7.10.1.3.2. Relevant usual farming practices

Farmers commonly apply mineral fertilizers, less often livestock manure (slurry or farmyard manure).

8.2.10.3.7.10.1.4. C4-O_07

8.2.10.3.7.10.1.4.1. Baseline

Relevant GAEC and/or SMR

SMR 10

Plant protection products have to be used according to the instructions, warnings, notices and restrictions specified on the product label. It is necessary to keep records of plant protection products use for at least 3 years. The records should contain at least the following data: the plant protection products trade name, the date and time of beginning and completion of treatment, the amount of used plant protection products (quantity, concentration), surface area and treated crops or plant product, object, area, some other use.

Minimum requirements for fertilisers and pesticides

The minimum requirements for plant protection products use include: keeping records of applied pesticides, having a licence to use the products, finishing proper training, requirements on safe storage.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.7.10.1.4.2. Relevant usual farming practices

To use organic PPP is not obligatory for common farming practice, sythetic PPP are applied.

8.2.10.3.7.10.1.5. C5-O_07

8.2.10.3.7.10.1.5.1. Baseline

Relevant GAEC and/or SMR

SMR1

During one calendar year agricultural holdings can fertilize agricultural area with manure until the following limit values:
- 210 kg / ha of nitrogen (N), allowed the application in the period from 1 July 2013 until 1 July 2017,
- 170 kg / ha of nitrogen (N), allowed the application from 1 July 2017 onwards.

Minimum requirements for fertilisers and pesticides

Not relevant.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Agricultural area must be kept in condition suitable for grazing or cultivation and without forest vegetation, common ragweed (Ambrosia artemisiifolia L.), velvetleaf (Abutilon theophrasti Med.) and perennial weeds.

8.2.10.3.7.10.1.5.2. Relevant usual farming practices

Ground cover is maintained mechanically or by the use of herbicides.

8.2.10.3.7.10.1.6. C6-O_07

8.2.10.3.7.10.1.6.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.7.10.1.6.2. Relevant usual farming practices

Usual farming practice is to use any variety to replace dead trees.

8.2.10.3.8. O_08: Maintaining extensive olive groves

Sub-measure:

- 10.1 - payment for agri-environment-climate commitments

8.2.10.3.8.1. Description of the type of operation

Extensive olive groves represent an important overwintering habitat for many migratory bird species, providing them with shelter and food, and therefore create a high nature value biodiversity and landscape.

Wide spacing of trees, very low productivity and variable yield from one year to another make them of very little interest for modern olive oil production. If the very limited possibility to use modern mechanization is added to these characteristics, it is obvious why many of the extensive olive groves are abandoned and even more, planted out and replaced.

Support will be provided to beneficiaries who contribute to the protection of extensive olive groves, thus preventing their overgrowth, degradation and reduction or change of traditional landscape distinctive elements.

The commitments the beneficiary must fulfil in this type of operation are:

- C1-O_08 Finishing at least 18 hours of training related to the agri-environment-climate measure within 18 months after approval of the Application. Each following year a minimum of 6 hours of training, individual advice and/or attendance in demonstration activity is required;
- C2-O_08 Keeping records about the implemented activities related to the commitments of this operation;
- C3-O_08 Application of mineral fertilisers is forbidden, only solid manure application under the tree crown is allowed;
- C4-O_08 Only plant protection products and methods approved for organic production are permitted;
- C5-O_08 The surface is maintained by mechanical cultivation, or grass mowing, or retaining of all thin twigs under the tree crown after pruning, or keeping livestock in olive groves (sheep and goats).

This type of operation contributes to Focus Area 4A, with a secondary contribution to Focus Areas 5D and 5E.

8.2.10.3.8.2. Type of support

Type of support: Grants

Support is in the form of annual grant per hectare, as compensation paid to the beneficiary for loss of income and additional costs as a result of compliance with the special conditions that go beyond the minimum prescribed requirements and usual farming practice.

8.2.10.3.8.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Regulation No 1306/2013 of the financing, management and monitoring of the common agricultural policy;
- Regulation No 1307/2013 of the establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy.

8.2.10.3.8.4. Beneficiaries

Eligible beneficiaries are farmers or groups of farmers as defined in national Agriculture Act registered in the Register of Agricultural Holdings and use the land registered in LPIS.

8.2.10.3.8.5. Eligible costs

The beneficiary will get compensation for extra costs and the losses in revenues resulting from managing the extensive groves in more sustainable way than in usual farming practices.

This support is given to compensate those commitments going beyond the relevant mandatory standards established under Chapter I of Title VI of Regulation (EU) No 1306/2013 (cross-compliance), the relevant criteria and minimum activities as established under points 4 (1) (c) (ii) of Article 4(1) of Regulation (EU) No 1307/2013, relevant minimum requirements for fertilisers and plant protection products use, and relevant mandatory requirements established by national law.

8.2.10.3.8.6. Eligibility conditions

LPIS parcel registered as an extensive olive plantation with at least 25 and maximum 150 trees per hectare. Eligible farm agricultural area is at least 0,5 ha while the minimum area of an LPIS parcel must be 0,05 ha.

8.2.10.3.8.7. Principles with regards to the setting of selection criteria

In case of higher interest for implementation of this type of operation than available financial resources, the following selection principles may be applied:

- Implementation on Natura 2000 area;
- Contribution to biodiversity by implementing one of these types of operation: Preservation of high nature value grasslands, Pilot measure for the protection of corncrake (*Crex crex*) or Pilot measure for the protection of butterflies;
- Implementation on area with constraint as designated in M13.

8.2.10.3.8.8. (Applicable) amounts and support rates

Support amount is EUR 804/ha.

8.2.10.3.8.9. Verifiability and controllability of the measures and/or types of operations

8.2.10.3.8.9.1. Risk(s) in the implementation of the measures

Compliance with commitments: using plant protection products and methods approved for organic production, surface maintenance, maintenance of trees, and other.

8.2.10.3.8.9.2. Mitigating actions

Record keeping will help where on-the-spot control is conducted, remote sensing control is also envisaged.

To understand the meaning of commitments and the implication on the environment if not complied with, proper training and clear instructions will be provided for the beneficiary.

For potential beneficiaries of this operation additional training related to the operation specific commitments will be prepared and financed through the Natura 2000 Integration Project.

8.2.10.3.8.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.10.3.8.9.4. Agri-environment-climate commitments

8.2.10.3.8.9.4.1. C1-O_08

8.2.10.3.8.9.4.1.1. Verification methods of commitments

100% administratively: beneficiary submits a certificate of participation in training, individual advice, demonstration activity to the Paying agency. Cross check will be possible with the training, individual advice or demonstration activity providers.

8.2.10.3.8.9.4.2. C2-O_08

8.2.10.3.8.9.4.2.1. Verification methods of commitments

During on-the-spot control PA will have access to farm record book.

8.2.10.3.8.9.4.3. C3-O_08

8.2.10.3.8.9.4.3.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.8.9.4.4. C4-O_08

8.2.10.3.8.9.4.4.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.8.9.4.5. C5-O_08

8.2.10.3.8.9.4.5.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.8.10. Information specific to the operation

Identification and definition of the relevant baseline elements; this shall include the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, the relevant minimum requirements for fertilisers and plant protection products use, and other relevant mandatory requirements established by national law

- the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council is established in national legislation: Ordinance on cross-compliance;
- the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council;
- the relevant minimum requirements for fertilisers and plant protection products use: Action Programme for Water Protection Against the Pollution Caused by Nitrates of Agricultural Origin

and Act on sustainable use of pesticides.

The minimum requirements for fertilisers must include, inter alia, the Codes of Good Practice introduced under Directive 91/676/EEC for farms outside Nitrate Vulnerable Zones, and requirements concerning phosphorous pollution; the minimum requirements for plant protection products use must include, inter alia, general principles for integrated pest management introduced by Directive 2009/128/EC of the European Parliament and of the Council, requirements to have a licence to use the products and meet training obligations, requirements on safe storage, the checking of application machinery and rules on pesticide use close to water and other sensitive sites, as established by national legislation

- The minimum requirements for fertilisers include keeping records of applied fertilizers (type, quantity, date, parcel ID) and applying up to 170 kg/ha nitrogen from manure. It is forbidden to apply manure on flooded, snow-covered or frozen ground, on steepy groud up to 10 m from watercourses if slope is more than 10%.
- The minimum requirements for plant protection products use include: keeping records of applied pesticides, having a licence to use the products, finishing proper training, requirements on safe storage.

List of local breeds in danger of being lost to farming and of plant genetic resources under threat of genetic erosion

Not applicable.

Description of the methodology and of the agronomic assumptions and parameters including the description of the baseline requirements as referred to in Article 29(2) of Regulation (EU) No 1305/2013, which are relevant for each particular type of commitment used as reference for the calculations justifying additional costs, income foregone resulting from the commitment made and level of the transaction costs; where relevant, that methodology shall take into account aid granted under Regulation (EU) No 1307/2013, including payment for agricultural practices beneficial for the climate and the environment, in order to exclude double funding; where appropriate, the conversion method used for other units in accordance with Article 9 of this Regulation

In order to avoid the increasingly present intensification of traditional olive groves that are less productive and with very little economic value, an opportunity cost approach was used.

The calculation is based on GM between an olive grove with reduced number of trees and restriction in using fertilizers and plant protection products, compared to a conventional olive grove.

Income: crop yield.

Costs: maintenance of extensive olive grove.

The first and the second commitments were not calculated as cost. The allowed number of LU/ha was not relevant for calculation.

Double funding will be excluded in the case of practices under Article 43 of Regulation (EU) No 1307/2013, also on the basis of the information which are contained in the delegated acts which has been produced in accordance with Article 83 of Regulation (EU) No 1305/2013.

8.2.10.3.8.10.1. Agri-environment-climate commitments

8.2.10.3.8.10.1.1. C1-O_08

8.2.10.3.8.10.1.1.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.8.10.1.1.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.8.10.1.2. C2-O_08

8.2.10.3.8.10.1.2.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers and pesticides include keeping records of applied fertilizers and/or pesticides.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.8.10.1.2.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.8.10.1.3. C3-O_08

8.2.10.3.8.10.1.3.1. Baseline

Relevant GAEC and/or SMR

SMR 1

GAEC 1

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers include keeping records of applied fertilizers (type, quantity, date, parcel ID) and applying up to 170 kg/ha nitrogen from manure. It is forbidden to apply manure on flooded, snow-covered or frozen ground, on steepy groud up to 10 m from watercourses if slope is more than 10%.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.8.10.1.3.2. Relevant usual farming practices

Farmers commonly apply mineral fertilizers, less often livestock manure (slurry or farmyard manure).

8.2.10.3.8.10.1.4. C4-O_08

8.2.10.3.8.10.1.4.1. Baseline

Relevant GAEC and/or SMR

SMR 10

Plant protection products have to be used according to the instructions, warnings, notices and restrictions specified on the product label. It is necessary log and keep records of plant protection products use for at least 3 years. The records should contain at least the following data: the plant protection products trade name of the, the date and time of beginning and completion of treatment, the amount of used plant protection products (dosage, concentration), surface area and treated crops or plant product, object, area, some other use.

Minimum requirements for fertilisers and pesticides

The minimum requirements for plant protection products use include: keeping records of applied pesticides, having a licence to use the products, finishing proper training, requirements on safe storage.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.8.10.1.4.2. Relevant usual farming practices

To use organic PPP is not obligatory for common farming practice, sythetic PPP are applied.

8.2.10.3.8.10.1.5. C5-O_08

8.2.10.3.8.10.1.5.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Agricultural area must be kept in condition suitable for grazing or cultivation and without forest vegetation, common ragweed (Ambrosia artemisiifolia L.), velvetleaf (Abutilon theophrasti Med.) and perennial weeds.

8.2.10.3.8.10.1.5.2. Relevant usual farming practices

Ground cover is maintained mechanically or by the use of herbicides.

8.2.10.3.9. O_09: Preservation of endangered autochthonous and protected breeds of domestic animals

Sub-measure:

- 10.1 - payment for agri-environment-climate commitments

8.2.10.3.9.1. Description of the type of operation

Animal production intensification, with the aim of higher income, has a negative impact on the state of native and protected breeds of domestic animals. The genetic potential in Croatia is very valuable, especially from the biodiversity standpoint and the need to adapt agriculture to climate change. The priority is to preserve the traditional animal species adapted to the local environment. They present the base for creating new and improved features of the existing domestic animal breeds.

Croatia is a signatory of the Convention on biological diversity which is used as a base for the Strategy and Action plan for the protection of biological and landscape diversity. In accordance with those guidelines, the National programme for the conservation of native breeds of domestic animals in Croatia has been adopted as well as the National programme for conservation and sustainable use of genetic plant resources for food and agriculture.

The main objectives of the National programme for conservation of native breeds of domestic animals in Croatia are:

- Supporting the transparency and definition of competence in native breeds protection activities (governmental institutions, non-governmental organizations, institutions, private sector);
- developing and monitoring of the conservation in situ and ex situ native breeds protection program implementation;
- developing native breeds protection model in sustainable usage systems;
- developing native breeds protection model under natural habitats management/conservation framework;
- developing cooperation at the national, regional and global level.

The sustainability strategy for native and protected breeds of domestic animals in Croatia is in line with the guidelines of the strategic priorities of the Global action plan for native and protected breeds conservation, which was adopted in Interlaken 2007.

Native (autochthonous, indigenous) breeds can be considered as a specific group of animals, bred in a country long enough to be genetically adapted to traditional production systems and the environment (FAO, 1999). The Livestock Act in Croatia, defines native breeds as: ”domestic animals breeds developed on the Croatian territory". The List of native and endangered breeds and strains of domestic animals developed on Croatian territory was published in the OG. With the purpose to maintain and preserve domestic animal breeds in Croatia, breeders formed associations and federations. The establishment of such organizations is regulated by the Livestock Act and Ordinance on the requirements that breeding organizations must fulfil in order to engage in the rearing of breeding animals, and on the content of the Register of breeding organizations.

In accordance with the provisions of the Ordinance, breeding organizations must be approved by the Ministry of Agriculture for breeding of pure-bred breeding animals. After the approval the breeding

association is registered in Register of breeding associations.

When applying to the Ministry of Agriculture for recognition, the breeding association shall provide:

- A Breeding programme;
- Minutes of the founding meeting of the breeding association;
- A list of the members and the person responsible for representing the breeding association with information on the envisaged activities;
- Statute;
- Proof of the sufficient number and proper expertise of personnel responsible for breeding;
- Proof of having appropriate facilities, technical and technological conditions for conducting breeding pure-bred breeding animals;
- Statement on a sufficient number of animals for conducting breeding programme for genetic improvement of species and/or breed,
- Statement showing the association members have sufficient number of animals for preservation.

The List of professional currently approved bodies, organizations and associations:

BOVINES

- Association of Istrian Cattle Breeders "S.U.I.G.";
- Association of Slavonian Syrmian Podolac Breeders;
- Association of Buša Cattle Breeder;

SHEEP AND GOATS

- Sheep Breeders Association "Škraparica" Rab;
- Croatian Association of Sheep and Goats Breeders;

HORSES

MEĐIMURJE HORSE:

- Association of Međimurje Horse Breeders;

LIPIZZANER:

- Horse Breeding Association Prigorje Glavničica (KU Prigorje);
- Horse Breeding Association "Otok";
- Horse Breeding Association“"Pleternica";
- Horse Breeding Association "Srijemac" (KU "Srijemac");
- Horse Breeding Association "Gundinci";
- Lipizzaner Horse Breeding Association "Đakovština", Đakovo;
- Horse Breeding Association "Stari graničar";
- Horse Breeding Association "Sikirevci";
- Horse Breeding Association "Čepin";
- Horse Breeding Association Babina greda;

- Horse Breeding Association "Slavonija";
- State Stud Farm Đakovo;
- State Stud Farm Lipik;

CROATIAN COLDBLOOD:

- Association of Breeders of Croatian Coldblood "Slavonac", Slavonski Brod;
- Horse Breeding Association "VALLIS AUREA", Požega;
- Horse Breeding Association Istra, Association of Posavina Horse and Cold-Blooded Horse Breeders;
- Horse Breeding Association Bilogora;
- Association of Slavonian Cold-Blooded Horse Breeders;
- County Horse Breeders Association "Krapina";
- Horse Breeding Association "Vrbovec";
- Horse Breeding Association "Moslavina";
- Zagorje Horse Breeders Association;
- Horse Breeding Association of Croatian Coldblood "Primorac";
- Central Association of Breeders o" Croatian Coldblood;
- Horse Breeding Association " SOKOL";
- Central Association of Breeders of Croatian Coldblood;

CROATIAN POSAVAC HORSE

- Central Association of Croatian Posavac Horse;
- Horse Breeders Association of Croatian Posavina Horse Kloštar Ivanić;
- Horse Breeding Association Istra, Association of Breeders of Posavina Horse and Cold-Blooded Horse;

PIGS

- Central Alliance of Croatian Pig Breeders Associations;
- Noble Turopolje County;
- Association of Black Slavonian Pig Breeders of Osijek-Baranja County;

POULTRY

CROATIAN HEN:

- Croatian Hen Association of Virovitica-Podravina County;
- Croatian Hen Association of Split-Dalmatia County;
- Croatian Association of Croatian Hen Breeders;
- Association of Croatian hen Breeders of Varaždin County.

ZAGORJE TURKEY (ZAGORSKI PURAN):

- Association of Zagorje Turkey Breeders of Varaždin County;
- Association of Zagorje Turkey Breeders of Krapina-Zagorje County.

The recognition threshold for endangerment according to EC 1974/2006 is the number of female breeding animals. The Croatian Agriculture Agency published an "Annual report on the native and protected breeds of domestic animals", where the number of female breeding animals for year 2013 was recorded:

Cattle (the threshold is 7.500 female breeding animals)

- Buša cattle – 461;
- Istrian cattle – 721;
- Slavonian Syrmian podolian cattle – 171.

Pigs (the threshold is 15.000 female breeding animals)

- Black Slavonian pig – 839;
- Turopolje pig – 124.

Sheep (the threshold is 10.000 female breeding animals)

- Istrian sheep – 2.222;
- Cres island sheep – 833;
- Krk island sheep – 342;
- Pag island sheep – 4.152;
- Ruda (Dubrovnik) sheep – 626;
- Lika "pramenka" sheep – 7.346;
- Dalmatian "pramenka" sheep – 8.509;
- Tzigai sheep – 1.365;
- Rab island sheep – 673.

Goats (the threshold is 10.000 female breeding animals)

- Croatian spotted goat – 463;
- Croatian white goat – 72;
- Istrian goat – 18.

Poultry (the threshold is 25.000 female breeding animals)

- Turkey from Zagorje – 2.305;
- Croatian hen – 2.160.

Horses (the threshold is 5.000 female breeding animals)

- Croatian coldblood – 3.617;
- Croatian Posavac horse – 2.622;
- Međimurje horse – 37;
- Lipizzaner – 903.

Donkeys (the threshold is 5.000 female breeding animals)

- Istrian donkey, Littoral Dinarc donkey and Nort Adriatic donkey – 1.715.

All the breeds mentioned above are recognized as endangered native and protected domestic animals breeds. Support for their preservation will be provided with the aim to reduce the risk of their extinction. Only valid breeding endangered native and protected domestic animals breeds are acceptable, if registered in the Unique Register of Domestic Animals. Beneficiary must keep the animals in the period from the Application for support submission date until the 31. December of the current year.

The commitments the beneficiary must fulfil in this type of operation are:

- C1-O_09 Finishing at least 18 hours of training related to the agri-environment-climate measure within 18 months after approval of the Application. Each following year a minimum of 6 hours of training, individual advice and/or attendance in demonstration activity is required;
- C2-O_09 Keeping records about the implemented activities related to the commitments of this operation;
- C3-O_09 Breeding endangered native and protected breeds;
- C4-O_09 Implementing the breeding programme and achieving the breeding objectives set out in the programme;
- C5-O_09 Keeping at least the initial number of LU stated in Application for 5 years; the required minimum on farm is 0,15 LU.

This type of operation contributes to Focus Area 4A.

8.2.10.3.9.2. Type of support

Type of support: Grants

Support is in the form of annual grant per livestock unit as compensation paid to beneficiary for loss of income and additional costs who keep and breed native and protected endangered breeds thus preventing their extinction.

8.2.10.3.9.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Ordinance on Cross Compliance (OG 27/14);
- Regulation (EU) No 1306/2013 of the financing, management and monitoring of the common agricultural policy;
- Regulation (EU) No 1307/2013 of the establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy.

8.2.10.3.9.4. Beneficiaries

Eligible beneficiaries of this measure are farmers or groups of farmers as defined in national Agriculture Act, registered in the Register of Agricultural Holdings and keep domestic animals registered in the Unique registry of domestic animals (URDE).

8.2.10.3.9.5. Eligible costs

This support is given to compensate those commitments going beyond the relevant mandatory standards established under Chapter I of Title VI of Regulation (EU) No 1306/2013 (cross-compliance), the relevant criteria and minimum activities as established under points (c) (ii) of Article 4(1) of Regulation (EU) No 1307/2013, relevant minimum requirements for fertilisers and plant protection products use, and relevant mandatory requirements established by national law.

8.2.10.3.9.6. Eligibility conditions

Eligible for support are only endangered native and protected species of domestic animals, certified by a professional body, organization or association.

8.2.10.3.9.7. Principles with regards to the setting of selection criteria

In case of higher interest for implementation of this type of operation than available financial resources, the following selection principles may be applied:

- Implementation on Natura 2000 area;
- Contribution to biodiversity by implementing one of these types of operation: Preservation of high nature value grasslands, Pilot measure for the protection of corncrake (*Crex crex*) or Pilot measure for the protection of butterflies;
- Implementation on area with constraint as designated in M13.

8.2.10.3.9.8. (Applicable) amounts and support rates

The applicable amounts per breed are:

- Buša cattle – EUR 300/LU;
- Istrian cattle – EUR 300/LU;
- Slavonian Syrmian podolian cattle – EUR 300/LU;
- Black Slavonian pig – EUR 200/LU;
- Turopolje pig – EUR 200/LU;
- Istrian sheep – EUR 152,10/LU;
- Cres island sheep – EUR 207,93/LU;
- Krk island sheep – EUR 212,72/LU;
- Pag island sheep – EUR 160,22/LU;
- Ruda (Dubrovnik) sheep – EUR 205,31/LU;
- Lika “pramenka” sheep – EUR 198,36/LU;
- Dalmatian “pramenka” sheep – EUR 208,07/LU;
- Tzigai sheep – EUR 191,16/LU;

- Rab island sheep – EUR 224,49/LU;
- Croatian spotted goat – EUR 205,48/LU;
- Croatian white goat – EUR 199,63/LU;
- Istrian goat – EUR 204,96/LU;
- Turkey from Zagorje – EUR 200/LU;
- Croatian hen – EUR 200/LU;
- Croatian coldblood – EUR 200/LU;
- Croatian Posavac horse – EUR 200/LU;
- Međimurje horse – EUR 200/LU;
- Lipizzaner – EUR 200/LU;
- Istrian donkey – EUR 200/LU;
- Littoral Dinarc donkey – EUR 200/LU;
- Nort Adriatic donkey – EUR 200/LU.

Payments for cattle and some sheep breeds are higher than threshold due to the specific breeding and farming conditions.

The native cattle breeds have low milk production and all is suckled by calves. The calves are not sold on market, but kept for replacement. On average they spend 185 days on pasture (during the night they are in barns) and water must be transported every third day, during the summer even more often. The rest of the time they are kept in barns. Since in Croatia the conventional cattle production (dairy cows) is dominant, native and endangered breeds do not have sufficient grazing areas, and they are kept only on small surfaces with the poor pasture quality and quantity. To maintain healthy animals and in good reproductive condition, cattle must be additionally fed with hey and composted feed, especially during summer when pasture is reduced and insufficient. While staying in barn additional cost is barn bedding (in conventional cattle /dairy cows production animals are kept on slatted/rubber floors). All this costs are much higher than proposed EUR 300, but this amount is a minimum to ensure that farmers will continue with effort to preserve native and endangered cattle. Otherwise, if high expenses of keeping and rearing are not compensated the existence of these specific breeds would be threatened. It would be impossible to renew genetic potential within breed and breed might be lost forever even if only few of the breeders give up since that those breeds are kept by asmall number of farmers. They exist on small, very specific and fragmented habitats. Populations have low genetic diversity. Any reduction of the number of farmers who keep those breeds would lead to further loss of genetic diversity and thus, it would be impossible to achieve the proper genetic vigour. Further, conservation programme requirements could not be met and objectives achieved. That means as there would be only few genetically differentiated animals within the breed, inbreed would rise and higher rate of inbreeding depression would occur.

Endangered and native island breeds of sheep are kept on island of their origin. Cost for keeping and breeding those animals are higher considering there are no pastures and water supply is reduced. They must be additionally fed with concentrated feed and hay. There is no hay on islands and it must be brought and transported from continental part of Croatia, causing very high costs.

8.2.10.3.9.9. Verifiability and controllability of the measures and/or types of operations

8.2.10.3.9.9.1. Risk(s) in the implementation of the measures

This operation has been implemented for several years with same commitments as a national measure. The

risks in implementation are very unlikely.

8.2.10.3.9.9.2. Mitigating actions

To understand the meaning of commitments and the implication on the environment if not complied with, proper training and clear instructions will be provided for the beneficiary.

8.2.10.3.9.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.10.3.9.9.4. Agri-environment-climate commitments

8.2.10.3.9.9.4.1. C1-O_09

8.2.10.3.9.9.4.1.1. Verification methods of commitments

100% administratively: beneficiary submits a certificate of participation in training, individual advice, demonstration activity to the Paying agency. Cross check will be possible with the training, individual advice or demonstration activity providers.

8.2.10.3.9.9.4.2. C2-O_09

8.2.10.3.9.9.4.2.1. Verification methods of commitments

During on-the-spot control PA will have access to farm record book.

8.2.10.3.9.9.4.3. C3-O_09

8.2.10.3.9.9.4.3.1. Verification methods of commitments

Administratively automatic cross check with the Unique register of domestic animals and on-the-spot control.

8.2.10.3.9.9.4.4. C4-O_09

8.2.10.3.9.9.4.4.1. Verification methods of commitments

Administratively, the breeding associtaion will annually certify the implementation of the breeding programme, and on-the-spot control.

8.2.10.3.9.9.4.5. C5-O_09

8.2.10.3.9.9.4.5.1. Verification methods of commitments

Administratively automatic cross check with the Unique register of domestic animals and on-the-spot control.

8.2.10.3.9.10. Information specific to the operation

Identification and definition of the relevant baseline elements; this shall include the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, the relevant minimum requirements for fertilisers and plant protection products use, and other relevant mandatory requirements established by national law

- the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council is established in national legislation: Ordinance on cross-compliance;
- the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council;
- the relevant minimum requirements for fertilisers and plant protection products use: Action Programme for Water Protection Against the Pollution Caused by Nitrates of Agricultural Origin and Act on sustainable use of pesticides.

The minimum requirements for fertilisers must include, inter alia, the Codes of Good Practice introduced under Directive 91/676/EEC for farms outside Nitrate Vulnerable Zones, and requirements concerning phosphorous pollution; the minimum requirements for plant protection products use must include, inter alia, general principles for integrated pest management introduced by Directive 2009/128/EC of the European Parliament and of the Council, requirements to have a licence to use the products and meet training obligations, requirements on safe storage, the checking of application machinery and rules on pesticide use close to water and other sensitive sites, as established by national legislation

The minimum requirements for fertilisers and pesticides include keeping records of applied fertilizers and/or pesticides.

The minimum requirements are not applicable for this operation since there are no commitments related to

application of fertilizers and/or pesticides.

List of local breeds in danger of being lost to farming and of plant genetic resources under threat of genetic erosion

Cattle: Busa cattle, Istiran cattle, Slavonian Syrmian podolian cattle;

Pigs: Black Slavonian pig, Turopolje pig;

Sheep: Istrian sheep, Cres island sheep, Krk island sheep, Pag island sheep, Ruda (Dubrovnik) sheep, Lika "pramenka" sheep, Dalmatian "pramenka" sheep, Tzigai sheep, Rab island sheep;

Goats: Croatian spotted goat, Croatian white goat, Istrian goat;

Poultry: Zagorje turkey, Croatian hen;

Horses: Croatian coldblood, Croatian Posavac, Međimurje horse, Lipizzaner;

Donkeys: Istrian donkey, Littoral Dinaric donkey, North Adriatic donkey.

Description of the methodology and of the agronomic assumptions and parameters including the description of the baseline requirements as referred to in Article 29(2) of Regulation (EU) No 1305/2013, which are relevant for each particular type of commitment used as reference for the calculations justifying additional costs, income foregone resulting from the commitment made and level of the transaction costs; where relevant, that methodology shall take into account aid granted under Regulation (EU) No 1307/2013, including payment for agricultural practices beneficial for the climate and the environment, in order to exclude double funding; where appropriate, the conversion method used for other units in accordance with Article 9 of this Regulation

The opportunity-cost approach was used to calculate the payment rate. Croatia has no standard GMs for some livestock types, such as turkeys, donkeys and horses. It is therefore impossible to make a fair comparison using GMs of the economic performance of conventional breeds of turkeys, donkeys and horses with native and endangered breeds. In the case of Croatia, this means that for 8 out of the total 26 native and endangered breeds (nearly one third), it is not possible to calculate compensation rates by employing GM comparisons. A simple and straightforward approach has thus been used whereby compensation rates are defined as the difference between output and variable costs (which in the case of all native and endangered breeds transpires to be a negative value; i.e. costs are higher than the output).

Double funding will be excluded in the case of practices under Article 43 of Regulation (EU) No 1307/2013, also on the basis of the information which are contained in the delegated acts which has been produced in accordance with Article 83 of Regulation (EU) No 1305/2013.

8.2.10.3.9.10.1. Agri-environment-climate commitments

8.2.10.3.9.10.1.1. C1-O_09

8.2.10.3.9.10.1.1.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.9.10.1.1.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.9.10.1.2. C2-O_09

8.2.10.3.9.10.1.2.1. Baseline

Relevant GAEC and/or SMR

Not prescribed

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers and pesticides include keeping records of applied fertilizers and/or pesticides. The minimum requirements are not applicable for this operation since there are no commitments related to application of fertilizers and/or pesticides.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.9.10.1.2.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.9.10.1.3. C3-O_09

8.2.10.3.9.10.1.3.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

List of native and endangered species and breeds of domestic animals occurred on Croatian territory was published in (OG 127/98, OG 73/03, OG 39/06, OG 126/07, 70/09 and 80/13).

Minimum activities

Not applicable.

8.2.10.3.9.10.1.3.2. Relevant usual farming practices

Farmers are allowed to keep all breeds.

8.2.10.3.9.10.1.4. C4-O_09

8.2.10.3.9.10.1.4.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Ordinance on the conditions to be met by breeding organizations to engage in breeding pure-bred breeding animals, and the content of the register of breeding organizations (OG 164/04).

Minimum activities

Not applicable.

8.2.10.3.9.10.1.4.2. Relevant usual farming practices

Implementing breeding programme is not mandatory.

8.2.10.3.9.10.1.5. C5-O_09

8.2.10.3.9.10.1.5.1. Baseline

Relevant GAEC and/or SMR

Not relevant.

Minimum requirements for fertilisers and pesticides

Not relevant.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.9.10.1.5.2. Relevant usual farming practices

Farmers are allowed to change number of LU.

8.2.10.3.10. O_10: Preservation of dry stone walls

Sub-measure:

- 10.1 - payment for agri-environment-climate commitments

8.2.10.3.10.1. Description of the type of operation

Dry stone walls are part of the rich Croatian cultural heritage and recognizable feature of the landscape, especially in coastal areas and on islands. Traditional stone walls are built using a unique technique of laying stone without mortar and cement, making them integral part of the surrounding landscape.

Although they were primarily established to serve as a boundary between the agricultural parcels or with purpose to clean stony ground and prepare it for agricultural production, limiting the movement of livestock as well, dry stone walls are much more than that. Owing to the specific microclimate, stone walls provide survival conditions for various, especially thermophilic species, thus forming many habitats.

The stone walls surface is covered with moss and lichens, with specific plant communities of wild fauna growing in the wall cracks; at the same time they are important habitat for insects, reptiles and amphibians, as well as some bird species. Due to their linear structure, stone walls are a significant feature of the ecological network in the agricultural landscape serving as corridors for different animal species movement.

Cross compliance rules prohibit the removal or damaging the landscape features, but do not prescribe preservation and maintenance. Preservation of dry stone walls in the traditional way, in addition to significant time consumption, requires special skill that was passed from one generation to another, and it is almost forgotten. Since this represents significat cost, in recent times stone walls are often removed, stone is crushed and used as an attractive building material. Of course, some of the stone walls are maintained but using mortar to bind them - their distinctive landscape and tradition features as well as environmental value are lost.

In addition to the impact that humans could have on the condition and appearance of stone walls, normal natural processes can also lead to their destruction. Over time, smaller plants, or even shrubs and trees, invade the space between stacked stones, destroying the structure of stone wall, leading to its collapse. The disappearance of traditional stone walls is not only a loss of cultural heritage, but also a loss of biodiversity as habitats for specific plants and animals disappear.

This operation supports activities that prevent unwanted stone wall vegetation overgrowth, restoring stone walls using traditional materials and methods. These activities go beyond cross-compliance rules and common agricultural practices and contribute to the conservation of wild species, biodiversity and traditional mosaic structure of the landscape.

The commitments the beneficiary must fulfil in this type of operation are:

- C1-O_10 Finishing at least 18 hours of training related to the agri-environment-climate measure within 18 months after approval of the Application. Each following year a minimum of 6 hours of training, individual advice and/or attendance in a demonstration activity is required;
- C2-O_10 Keeping records about the implemented activities related to the commitments of this

operation;
- C3-O_10 Stone walls must be checked at least two times a year, not later than 1 October of the current year;
- C4-O_10 Maintain the stonewall using traditional materials and workmanship, which means stacking stones without mortar;
- C5-O_10 To prevent vegetation overgrowth, unwanted vegetation must be removed manually, without using herbicides.

This type of operation contributes to Focus Area 4A, with a secondary contribution to Focus Areas 4C.

8.2.10.3.10.2. Type of support

Type of support: Grants

Support is in the form of annual grant per meter, as compensation to beneficiary for loss of income and additional costs as a result of compliance with the special conditions that go beyond the minimum prescribed requirements and usual farming practice.

8.2.10.3.10.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy;
- Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy.

8.2.10.3.10.4. Beneficiaries

Eligible beneficiaries are farmers or groups of farmers as defined in national Agriculture Act registered in the Register of Agricultural Holdings and use the land registered in LPIS.

8.2.10.3.10.5. Eligible costs

The beneficiary will get compensation for extra costs and the losses in revenues resulting from the maintenance of stone walls in accordance with regulatory obligations that go beyond usual farming practice.

This support is given to compensate those commitments going beyond the relevant mandatory standards established under Chapter I of Title VI of Regulation (EU) No 1306/2013 (cross-compliance), the relevant criteria and minimum activities as established under points (c) (ii) of Article 4(1) of Regulation (EU) No 1307/2013, relevant minimum requirements for fertilisers and plant protection products use, and relevant

mandatory requirements established by national law.

8.2.10.3.10.6. Eligibility conditions

LPIS parcel on which minimum 30 meters of stone walls are registred.

Eligible farm agricultural area is at least 0,5 ha while the minimum area of an LPIS parcel must be 0,05 ha.

8.2.10.3.10.7. Principles with regards to the setting of selection criteria

In case of higher interest for implementation of this type of operation than the available financial resources, the following selection principles may be applied:

- Implementation on Natura 2000 area;
- Contribution to biodiversity by implementing one of these types of operation: Preservation of high nature value grasslands, Pilot measure for the protection of corncrake (*Crex crex*) or Pilot measure for the protection of butterflies;
- Implementation on area with constraints as designated in M13.

8.2.10.3.10.8. (Applicable) amounts and support rates

Support rate is 0,74 EUR/m.

8.2.10.3.10.9. Verifiability and controllability of the measures and/or types of operations

8.2.10.3.10.9.1. Risk(s) in the implementation of the measures

Compliance with the obligations related to the maintenance of stone walls in the traditional way, preventing stone walls overgrowing with unwanted vegetation, without the use of herbicides.

8.2.10.3.10.9.2. Mitigating actions

Beneficiary must keeping records about the implemented activities commitments that will complement with visual control on-the-spot. It is possible to use the CwRS method with VHR aerial images.

To understand the meaning of commitments and the implication on the environment if not complied with, proper training and clear instructions will be provided for the beneficiary.

8.2.10.3.10.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.10.3.10.9.4. Agri-environment-climate commitments

8.2.10.3.10.9.4.1. C1-O_10

8.2.10.3.10.9.4.1.1. Verification methods of commitments

100 % administratively: the beneficiary submits a certificate of participation in training, individual advice, demonstration activity to the Paying Agency. Cross check will be possible with the training, individual advice or demonstration activity providers.

8.2.10.3.10.9.4.2. C2-O_10

8.2.10.3.10.9.4.2.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.10.9.4.3. C3-O_10

8.2.10.3.10.9.4.3.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book, remote sensing.

8.2.10.3.10.9.4.4. C4-O_10

8.2.10.3.10.9.4.4.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book, remote sensing.

8.2.10.3.10.9.4.5. C5-O_10

8.2.10.3.10.9.4.5.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.10.10. Information specific to the operation

Identification and definition of the relevant baseline elements; this shall include the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, the relevant minimum requirements for fertilisers and plant protection products use, and other relevant mandatory requirements established by national law

- the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council is established in national legislation: Ordinance on cross-compliance;
- the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council;
- the relevant minimum requirements for fertilisers and plant protection products use: Action Programme for Water Protection Against the Pollution Caused by Nitrates of Agricultural Origin and Act on sustainable use of pesticides and Ordinance on the sustainable use of pesticides.

The minimum requirements for fertilisers must include, inter alia, the Codes of Good Practice introduced under Directive 91/676/EEC for farms outside Nitrate Vulnerable Zones, and requirements concerning phosphorous pollution; the minimum requirements for plant protection products use must include, inter alia, general principles for integrated pest management introduced by Directive 2009/128/EC of the European Parliament and of the Council, requirements to have a licence to use the products and meet training obligations, requirements on safe storage, the checking of application machinery and rules on pesticide use close to water and other sensitive sites, as established by national legislation

- The minimum requirements for fertilisers include keeping records of applied fertilizers (type, quantity, date, parcel ID) and applying up to 170 kg/ha nitrogen from manure.
- The minimum requirements for plant protection products use include: keeping records of applied pesticides, having a licence to use the products, finishing proper training, and requirements on safe storage.
- The minimum requirements are not applicable for this operation since the commitments forbbid application of fertilizers. The use of herbicides is prohibited and other pesticides are not used. In this way, the obligations go beyond the minimum requirements.

List of local breeds in danger of being lost to farming and of plant genetic resources under threat of genetic erosion

Not applicable.

Description of the methodology and of the agronomic assumptions and parameters including the description of the baseline requirements as referred to in Article 29(2) of Regulation (EU) No 1305/2013, which are relevant for each particular type of commitment used as reference for the calculations justifying additional costs, income foregone resulting from the commitment made and level of the transaction costs; where relevant, that methodology shall take into account aid granted under Regulation (EU) No 1307/2013,

including payment for agricultural practices beneficial for the climate and the environment, in order to exclude double funding; where appropriate, the conversion method used for other units in accordance with Article 9 of this Regulation

Calculation was done on the basis of additional spent time needed for maintenance of stone walls in the traditional way.

Additional cost: stone walls site visit, removal of unwanted vegetation from the stone wall, stones stacking in the traditional way.

The first and the second commitments were not calculated as cost.

There is no risk of double funding, although the traditional stone walls can be used as an Ecologically focus area (EFA)

The beneficiary gets support for the implementation of activities during the five-year mandatory period that contribute to the conservation and prevent deterioration of the stone walls that are not identical with the EFA obligation.

8.2.10.3.10.10.1. Agri-environment-climate commitments

8.2.10.3.10.10.1.1. C1-O_10

8.2.10.3.10.10.1.1.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.10.10.1.1.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.10.10.1.2. C2-O_10

8.2.10.3.10.10.1.2.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers and pesticides include keeping records of applied fertilizers and/or pesticides. The minimum requirements are not applicable since there are no commitments related to application of fertilizers and commitment forbids application of herbicides, while other pesticides are not used. Hence, the commitment goes beyond minimum requirments.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.10.10.1.2.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.10.10.1.3. C3-O_10

8.2.10.3.10.10.1.3.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.10.10.1.3.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.10.10.1.4. C4-O_10

8.2.10.3.10.10.1.4.1. Baseline

Relevant GAEC and/or SMR

GAEC 7: Landscape features on agricultural land shall not be removed or damaged. Landscape features are: hedges, ponds, ditches, tree lines, solitary trees, groves, stone walls.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.10.10.1.4.2. Relevant usual farming practices

Not usual farming practice, stonewalls are seldom maintined using traditional materials and workmanship because it is time-consuming and costly.

8.2.10.3.10.10.1.5. C5-O_10

8.2.10.3.10.10.1.5.1. Baseline

Relevant GAEC and/or SMR

SMR 10 Plant protection products have to be used according to the instructions, warnings, notices and restrictions specified on the product label. It is necessary log and keep records of plant protection products use for at least 3 years. The records should contain at least the following data: the plant protection products trade name of the, the date and time of beginning and completion of treatment, the amount of used plant protection products (dosage, concentration), surface area and treated crops or plant product, object, area, some other use.

Minimum requirements for fertilisers and pesticides

The minimum requirements for plant protection products use include: keeping records of applied pesticides, having a licence to use the products, finishing proper training, and requirements on safe storage.

The minimum requirements are not applicable since the commitment forbids application of herbicides. Hence, the commitment goes beyond minimum requirments.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.10.10.1.5.2. Relevant usual farming practices

Application of PPP is not prohibited.

8.2.10.3.11. O_11: Preservation of hedges

Sub-measure:

- 10.1 - payment for agri-environment-climate commitments

8.2.10.3.11.1. Description of the type of operation

An important element of a mosaic landscape in lowland and mountain areas of Croatia are hedges formed with autochtonus and domestic species of shrubs and trees. The importance of the hedge surpasses their traditional practical role of labeling boundary or fencing an agricultural parcel.

Hedges contribute to the preservation and enhancement of biodiversity in agricultural landscapes monotonous dominated arable land with few cultures. At the same time, they contribute landscape diversity, provide excellent wind protection, reduce soil erosion and prevent, to some extent, the pollution of water bodies with fertilizers and pesticides.

Throughout the year, hedges providing a rich source of food for wild species, especially insects, birds and small mammals. During flowering, hedges provide nectar and pollen for insects, thus contributing to a better pollination of crops. They provide a place for nesting of a large number of bird species, where the best protection provides thorny bushes, such as hawthorn. Hedge base providee good shelter for small mammals, mice, hedgehogs while some hedges shelter badgers and foxes.

Top hedges consist of several kinds of shrubs and trees and ground cover that is covered with rich weed flora. The most appropriate types are autochtonus or domesticated deciduous shrubs and trees (hawthorn, hazel, pomegranate and elderberry).

Like the stone walls, hedges serve as corridors for wild species. These corridors connect habitats which would otherwise be disjointed and fragmented. United habitats increase biodiversity, population size and increase the type and quantity of food available to animals.

As a result of the intensification of agriculture in recent decades there has been a contraction of the hedge which reduced biodiversity and traditional view of the area. In contrast, the abandonment of agricultural production in some areas has resulted in a lack of hedges maintenance that are overgrown with the thickets and woods.

The support in this operation is realized for activities to maintain hedge pruning and replanting of autochtonus or domesticated species of shrubs and trees. These activities go beyond cross-compliance rules and common agricultural practices, and contribute to the conservation of wild species, biodiversity and traditional mosaic structure of landscapes in lowland and mountain areas of Croatian.

The commitments the beneficiary must fulfil in this type of operation are:

- C1-O_11 Finishing at least 18 hours of training related to the agri-environment-climate measure within 18 months after approval of the Application. Each following year a minimum of 6 hours of training, individual advice and/or attendance in a demonstration activity is required;
- C2-O_11 Keeping records about the implemented activities related to the commitments of this operation;
- C3-O_11 Control the appearance and condition of the hedge at least once a year, not later than 1

October of the current year

- C4-O_11 Maintain hedges by prunning once every two years in order to maintain the shape. Pruning hedges is not allowed in the period from 01 March to 31 August.
- C5-O_11 Missing hedge parts are replaced with autochthonous or domesticated species of shrubs and trees.
- C6-O_11 The ground alongside the hedge, up to a width of a minimum 1 m, must be covered with natural vegetation. PPP and fertilizers application is forbiden on this area.

This type of operation contributes to Focus Area 4A, with a secondary contribution to Focus Areas 4C.

8.2.10.3.11.2. Type of support

Type of support: Grants

Support is in the form of annual grant per meter, as compensation paid to the beneficiary for loss of income and additional costs as a result of compliance with the special conditions that go beyond the minimum prescribed requirements and usual farming practice.

8.2.10.3.11.3. Links to other legislation

- Agriculture Act (OG 30/15);
- Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy;
- Regulation (EU) No 1307/2013 of the European Parliament and of the Council establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy.

8.2.10.3.11.4. Beneficiaries

Eligible beneficiaries are farmers or groups of farmers as defined in national Agriculture Act, registered in the Register of Agricultural Holdings and use the land registered in LPIS.

8.2.10.3.11.5. Eligible costs

The beneficiary will get compensation for extra costs resulting from maintenance of hedges in accordance with regulatory obligations that go beyond usual farming practice.

This support is given to compensate those commitments going beyond the relevant mandatory standards established under Chapter I of Title VI of Regulation (EU) No 1306/2013 (cross-compliance), the relevant criteria and minimum activities as established under points (c) (ii) of Article 4(1) of Regulation (EU) No 1307/2013, relevant minimum requirements for fertilisers and plant protection products use, and relevant

mandatory requirements established by national law.

8.2.10.3.11.6. Eligibility conditions

LPIS parcel on which minimum 60 meters of hedges are registered.

Eligible farm agricultural area is at least 0,5 ha while the minimum area of an LPIS parcel must be 0,05 ha.

Eligible are only those hedges that have preserved structure, with the total length of the empty spaces should not exceed 10% of the length of the hedges.

8.2.10.3.11.7. Principles with regards to the setting of selection criteria

In case of higher interest for implementation of this type of operation than available financial resources, the following selection principles may be applied:

- Implementation on Natura 2000 area;
- Contribution to biodiversity by implementing one of these types of operation: Preservation of high nature value grasslands, Pilot measure for the protection of corncrake (*Crex crex*) or Pilot measure for the protection of butterflies;
- Implementation on area with constraint as designated in M13.

8.2.10.3.11.8. (Applicable) amounts and support rates

Support amount is EUR 0,36 EUR/m.

8.2.10.3.11.9. Verifiability and controllability of the measures and/or types of operations

8.2.10.3.11.9.1. Risk(s) in the implementation of the measures

Obligations compliance related to the maintenance of a hedge by replanting autohtonic or domestic species of shrubs and trees, soil coverage of natural vegetation.

8.2.10.3.11.9.2. Mitigating actions

Beneficiary must keeping records about the implemented activities commitments that will complement with visual control on-the-spot. It is possible to use the CwRS method with VHR aerial images.

To understand the meaning of commitments and the implication on the environment if not complied with, proper training and clear instructions will be provided for the beneficiary.

8.2.10.3.11.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.10.3.11.9.4. Agri-environment-climate commitments

8.2.10.3.11.9.4.1. C1-O_11

8.2.10.3.11.9.4.1.1. Verification methods of commitments

100% administratively: beneficiary submits a certificate of participation in training, individual advice, demonstration activity to the Paying agency. Cross check will be possible with the training, individual advice or demonstration activity providers.

8.2.10.3.11.9.4.2. C2-O_11

8.2.10.3.11.9.4.2.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to farm record book.

8.2.10.3.11.9.4.3. C3-O_11

8.2.10.3.11.9.4.3.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.11.9.4.4. C4-O_11

8.2.10.3.11.9.4.4.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book, remote sensing.

8.2.10.3.11.9.4.5. C5-O_11

8.2.10.3.11.9.4.5.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.11.9.4.6. C6-O_11

8.2.10.3.11.9.4.6.1. Verification methods of commitments

Visual check during on-the-spot control, the PA will have access to the farm record book.

8.2.10.3.11.10. Information specific to the operation

Identification and definition of the relevant baseline elements; this shall include the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, the relevant minimum requirements for fertilisers and plant protection products use, and other relevant mandatory requirements established by national law

- the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council is established in national legislation: Ordinance on cross-compliance;
- the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council;
- the relevant minimum requirements for fertilisers and plant protection products use: Action Programme for Water Protection Against the Pollution Caused by Nitrates of Agricultural Origin and Act on sustainable use of pesticides.

The minimum requirements for fertilisers must include, inter alia, the Codes of Good Practice introduced under Directive 91/676/EEC for farms outside Nitrate Vulnerable Zones, and requirements concerning phosphorous pollution; the minimum requirements for plant protection products use must include, inter alia, general principles for integrated pest management introduced by Directive 2009/128/EC of the European Parliament and of the Council, requirements to have a licence to use the products and meet training obligations, requirements on safe storage, the checking of application machinery and rules on pesticide use close to water and other sensitive sites, as established by national legislation

- The minimum requirements for fertilisers include keeping records of applied fertilizers (type, quantity, date, parcel ID) and applying up to 170 kg/ha nitrogen from manure.
- The minimum requirements for plant protection products use include: keeping records of applied pesticides, having a licence to use the products, finishing proper training, and requirements on safe storage.
- The minimum requirements are not applicable for this operation since the commitments forbid application of fertilizers. The use of herbicides is prohibited and other pesticides are not used. In this way, the obligations go beyond the minimum requirements.

List of local breeds in danger of being lost to farming and of plant genetic resources under threat of genetic erosion

Not applicable.

Description of the methodology and of the agronomic assumptions and parameters including the description of the baseline requirements as referred to in Article 29(2) of Regulation (EU) No 1305/2013, which are relevant for each particular type of commitment used as reference for the calculations justifying additional costs, income foregone resulting from the commitment made and level of the transaction costs; where relevant, that methodology shall take into account aid granted under Regulation (EU) No 1307/2013, including payment for agricultural practices beneficial for the climate and the environment, in order to exclude double funding; where appropriate, the conversion method used for other units in accordance with Article 9 of this Regulation

Calculation is made on the basis of spent time and additional cost required for hedge maintenance.

Additional cost: Costs of spent time and chainsaws to remove unwanted vegetation from hedges twice during obligations five-year period.

The first and the second commitments were not calculated as cost. Purchase of autochthonous or domesticated species of shrubs and trees needed for replacement was not calculated as cost.

There is no risk of double funding, although the hedges can be used as an Ecologically focus area (EFA)

The beneficiary get support for the implementation of activities during the five-year obligations period that contribute to the conservation and prevent deterioration hedges that are not identical with the EFA obligation.

8.2.10.3.11.10.1. Agri-environment-climate commitments

8.2.10.3.11.10.1.1. C1-O_11

8.2.10.3.11.10.1.1.1. Baseline

Relevant GAEC and/or SMR

Not perscribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.11.10.1.1.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.11.10.1.2. C2-O_11

8.2.10.3.11.10.1.2.1. Baseline

Relevant GAEC and/or SMR

Not perscribed.

Minimum requirements for fertilisers and pesticides

The minimum requirements for fertilisers and pesticides include keeping records of applied fertilizers and/or pesticides.

The minimum requirements are not applicable since commitments forbid application of PPP and fertilizers. Hence, the commitmets go beyond minimum requirements.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.11.10.1.2.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.11.10.1.3. C3-O_11

8.2.10.3.11.10.1.3.1. Baseline

Relevant GAEC and/or SMR

Not perscribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.11.10.1.3.2. Relevant usual farming practices

Not usual farming practice.

8.2.10.3.11.10.1.4. C4-O_11

8.2.10.3.11.10.1.4.1. Baseline

Relevant GAEC and/or SMR

GAEC 7 Landscape features on agricultural land shall not be removed or damaged. Landscape features are: hedges, ponds, ditches, tree lines, solitary trees, groves, stone walls.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.11.10.1.4.2. Relevant usual farming practices

Hedges could be pruned less or more frequently than once every two years.

8.2.10.3.11.10.1.5. C5-O_11

8.2.10.3.11.10.1.5.1. Baseline

Relevant GAEC and/or SMR

Not prescribed.

Minimum requirements for fertilisers and pesticides

Not applicable.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.11.10.1.5.2. Relevant usual farming practices

Missing hedge parts could be replaced with any species of shrubs or trees.

8.2.10.3.11.10.1.6. C6-O_11

8.2.10.3.11.10.1.6.1. Baseline

Relevant GAEC and/or SMR

SMR 10 Plant protection products have to be used according to the instructions, warnings, notices and restrictions specified on the product label. It is necessary log and keep records of plant protection products use for at least 3 years. The records should contain at least the following data: the plant protection products trade name of the, the date and time of beginning and completion of treatment, the amount of used plant protection products (dosage, concentration), surface area and treated crops or plant product, object, area, some other use.

SMR 1

GAEC 1 fertilisers application is forbbiden:

• within 3 metres from the edge of watercourses wider than 5 m

• within 20 m from the edge of lakes and ponds

• within 10m from the edge of watercourses on terrain with slopes >10%

Minimum requirements for fertilisers and pesticides

The minimum requirements for plant protection products use include: keeping records of applied pesticides, having a licence to use the products, finishing proper training, and requirements on safe storage.

The minimum requirements for fertilisers include keeping records of applied fertilizers (type, quantity, date, parcel ID) and applying up to 170 kg/ha nitrogen from manure.

The minimum requirements are not applicable since the commitment forbids application PPP and fertilizers. Hence, the commitment goes beyond minimum requirements.

Other relevant national/regional requirements

Not applicable.

Minimum activities

Not applicable.

8.2.10.3.11.10.1.6.2. Relevant usual farming practices

Tilling, PPP and fertilizers application on ground alongside the hedge is common practice.

8.2.10.3.12. O_12: Preservation, sustainable use and development of genetic resources in agriculture

Sub-measure:

- 10.2 - support for conservation and sustainable use and development of genetic resources in agriculture

8.2.10.3.12.1. Description of the type of operation

Croatia has high value genetic resources, where total number of known species and subspecies is 40.000, with the assumption that there exists up to three times more species.
The genetic potential in Croatia is very valuable, especially from the biodiversity view and the need of agriculture to adapt to obvious climate change conditions. The priority is not only to preserve the traditional plant and animal species adapted to local conditions but all those varieties and breeds that, although they have no economic value, could be used as the basis for creating new or improving the performance of existing varieties of agricultural plants and domestic animal breeds.

Support will be provided to beneficiaries who prevent the erosion of plant and animal genetic resources and contribute to the improvement of their sustainable use, development and conservation aiming to achieve global food safety, sustainable agriculture and biodiversity conservation.

This type of operation contributes to Focus Area 4A.

8.2.10.3.12.2. Type of support

Type of support: Grants

The support is in the form of a grant.

8.2.10.3.12.3. Links to other legislation

- Regulation (EU) No 1306/2013 of the financing, management and monitoring of the common agricultural policy;
- Regulation (EU) No 1307/2013 of the establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy.

8.2.10.3.12.4. Beneficiaries

Public entities.

8.2.10.3.12.5. Eligible costs

For the purpose of preventing the erosion of plant genetic resources, thereby contributing to sustainable agriculture and biodiversity conservation, the following costs are eligible:

- collection and/or acquisition biological and/or genetic material;
- processing and storage of biological and/or genetic material (eg. cleaning, drying, packaging, storage);
- processing and categorization of biological and / or genetic material (eg. taxonomic analysis, exterior characterization, genetic profiles, phenotypic characteristics, determining the share of empty or infected seeds);
- storage of biological and/or genetic material methodology appropriate to the sample;
- testing the viability of the biological and/or genetic material;
- regeneration of the biological and/or genetic material;
- establishment of a database, record keeping as part of the database, document and information management;
- purchase of equipment for sampling, transport, preparation and storage of biological and/or genetic material;
- purchases of laboratory equipment for genetic typing of biological and / or genetic material at the molecular level (DNA), and the identification and validation of the parental origin of individuals at the molecular level (paternity testing).

For the purpose of preventing the erosion of animal genetic resources, thereby contributing to sustainable agriculture and biodiversity conservation the following costs are eligible:

- collecting and/or buying of biological and genetic material;
- storage of biological and/or genetic material using methodology appropriate to the sample;
- manipulation and storage of biological and / or genetic material (eg. cleaning, drying, packaging, storage);
- characterization, typing and inventory of the animal population on the basis of phenotype and genotype characteristics, and systematization of farming based on pedigree data and preparation of the registers;
- processing and analysis of biological and/or genetic material;
- purchase of equipment for sampling, transport, preparation and storage of biological and/or genetic material;
- purchases of laboratory equipment for genetic typing of biological and / or genetic material at the molecular level (DNA), and the identification and validation of the parental origin of individuals at the molecular level (paternity testing);
- service uptake and packaging of animal genetic materials (breeding: semen, ova and embryos) of individuals are important for the improvement and maintenance of the population of domestic animals, and compensation to the holder for the transfer of individuals;
- establishment of a central information system and purchases of computer programs to analyze and monitor storage of biological and / or genetic material, analysis pedigree data and planned management of breeding, and documentation and information management;
- record keeping as part of the database, document and information management.

8.2.10.3.12.6. Eligibility conditions

The beneficiary for plant genetic resources must:

- Have a working plan with detailed activities that contribute to the preservation of genetic material;
- Have an Annual plan describing activities to be carried out in the current year;
- Have human resources trained for collecting genetic material, have access to the CPGRD database.

The beneficiary for animal genetic resources must:

- Own evidence of registration for the activity of conservation of animal genetic material issued by the competent ministry;
- Have a working plan with detailed activities that contribute to the preservation of genetic material;
- Have an Annual plan describing activities to be carried out in the current year;
- Have human resources trained for collecting genetic material, have access to database of all domestic animals and farmers at national level.

8.2.10.3.12.7. Principles with regards to the setting of selection criteria

The selection criteria shall be approved by the Monitoring Committee based on the following principles:

- method of conservation (insitu conservation programme prioritised);
- number of different types of samples in case of native and endangered plants/native and endangered breeds under conservation (higher number prioritised);
- number of different types of samples registered in applicable databases at the time of the application (higher number prioritised).

Only projects reaching the minimal threshold score shall be funded.

8.2.10.3.12.8. (Applicable) amounts and support rates

The pay-out is based on the activity performed according to the Annual plan up to EUR 30.000.

8.2.10.3.12.9. Verifiability and controllability of the measures and/or types of operations

8.2.10.3.12.9.1. Risk(s) in the implementation of the measures

There is the possibility of overlap with national funding.

8.2.10.3.12.9.2. Mitigating actions

The public entities are obliged to deliver the Programme where the method of financing and the description

of the activities for which support has been requested is described. Also, beneficiary must provide the statement on received funds from other sources for the current and previous year.

8.2.10.3.12.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.10.3.12.10. Information specific to the operation

Identification and definition of the relevant baseline elements; this shall include the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, the relevant minimum requirements for fertilisers and plant protection products use, and other relevant mandatory requirements established by national law

Not applicable.

The minimum requirements for fertilisers must include, inter alia, the Codes of Good Practice introduced under Directive 91/676/EEC for farms outside Nitrate Vulnerable Zones, and requirements concerning phosphorous pollution; the minimum requirements for plant protection products use must include, inter alia, general principles for integrated pest management introduced by Directive 2009/128/EC of the European Parliament and of the Council, requirements to have a licence to use the products and meet training obligations, requirements on safe storage, the checking of application machinery and rules on pesticide use close to water and other sensitive sites, as established by national legislation

Not applicable.

List of local breeds in danger of being lost to farming and of plant genetic resources under threat of genetic erosion

Not applicable.

Description of the methodology and of the agronomic assumptions and parameters including the description of the baseline requirements as referred to in Article 29(2) of Regulation (EU) No 1305/2013, which are relevant for each particular type of commitment used as reference for the calculations justifying additional costs, income foregone resulting from the commitment made and level of the transaction costs; where relevant, that methodology shall take into account aid granted under Regulation (EU) No 1307/2013, including payment for agricultural practices beneficial for the climate and the environment, in order to exclude double funding; where appropriate, the conversion method used for other units in accordance with Article 9 of this Regulation

Not applicable.

8.2.10.4. Verifiability and controllability of the measures and/or types of operations

8.2.10.4.1. Risk(s) in the implementation of the measures

- Farmers are not fully aware of undertaken commitments or the beneficiaries forget to fulfil a commitment which had to be implemented at a specific moment in time which can lead to higher error rate;
- Risk of double funding for the commitments of a similar nature;
- The system of reduction of support in cases of non-compliance with agri-environmental commitments is not proportionate;
- Beneficiaries are not timely informed and do not take into account the changes caused by the update of the Land Parcel Information System (LPIS) or other legal changes;
- Lack of exchange of information between authorities involved in implementing the measure;
- Beneficiaries provide incorrect area declarations or the size of the eligible area is changed between the date the application was submitted and the start of the commitment period;
- Beneficiaries do not keep the documentation required under the commitments (e.g. logbook on the agricultural practices applied);
- Weather conditions did not allow the beneficiary to implement the commitment.

8.2.10.4.2. Mitigating actions

- Each beneficiary is obliged to attend compulsory education regarding AEM as programmed under measure M01 within 18 months from submitting an application. the Beneficiary will have to prove this requirement by a copy of attendance certificate. The Paying Agency will have a specific cross-check on this requirement;
- All double funding will be excluded by IACS as part of regular cross-checks prior to verification of payments;
- The Paying Agency has developed a system of reduction of support prior to verification of payment which has to be upgraded with requirements related to the implementation of AEM;
- Timely and correct administration and update of LPIS by Paying Agency is prescribed as a general condition in order to ensure proper IACS functioning. All cross-checks should be conducted on relevant data in LPIS while the beneficiary will be formally informed on any changes caused by the update of the Land Parcel Information System (LPIS) or other legal changes;
- All exchange of information between authorities involved in implementing the measure are covered with protocols/agreements on the content and timeline of information exchange;
- Area eligibility is a regular IACS cross-check on LPIS. The related cross-check will take into account the start of the commitment period in state of application submission date;
- The beneficiary must keep records of production and activities taken to ensure compliance with the rules set by AEM. Those records should be presented to PA’s on-the-spot controller on demand;

- Force-majeure procedure will define exemptions of commitments which can be taken in case of nature related issues.

8.2.10.4.3. Overall assessment of the measure

This measure is verifiable and controllable.

8.2.10.5. Information specific to the measure

Identification and definition of the relevant baseline elements; this shall include the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, the relevant minimum requirements for fertilisers and plant protection products use, and other relevant mandatory requirements established by national law

- The relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council is established in national legislation: Ordinance on cross-compliance;
- The relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council;
- The relevant minimum requirements for fertilisers and plant protection products use: Action Programme for Water Protection Against the Pollution Caused by Nitrates of Agricultural and Act on sustainable use of pesticides and Ordinance on the sustainable use of pesticides.

The minimum requirements for fertilisers must include, inter alia, the Codes of Good Practice introduced under Directive 91/676/EEC for farms outside Nitrate Vulnerable Zones, and requirements concerning phosphorous pollution; the minimum requirements for plant protection products use must include, inter alia, general principles for integrated pest management introduced by Directive 2009/128/EC of the European Parliament and of the Council, requirements to have a licence to use the products and meet training obligations, requirements on safe storage, the checking of application machinery and rules on pesticide use close to water and other sensitive sites, as established by national legislation

Described on operation level.

List of local breeds in danger of being lost to farming and of plant genetic resources under threat of genetic erosion

This is listed at the level of type of operation.

Description of the methodology and of the agronomic assumptions and parameters including the description of the baseline requirements as referred to in Article 29(2) of Regulation (EU) No 1305/2013, which are relevant for each particular type of commitment used as reference for the calculations justifying additional costs, income foregone resulting from the commitment made and level of the transaction costs; where relevant, that methodology shall take into account aid granted under Regulation (EU) No 1307/2013, including payment for agricultural practices beneficial for the climate and the environment, in order to exclude double funding; where appropriate, the conversion method used for other units in accordance with Article 9 of this Regulation

Payment rates were calculated by the Department of Management and Rural Entrepreneurship from Faculty of Agriculture, University of Zagreb; Cardno Emerging Markets (UK) Ltd; OKl, Avalon and Ecologica consortium. All institutions are independent of the Ministry of Agriculture.

Data source for calculations: standard GM Calculation from Faculty of Agriculture and Agricultural Advisory Service, Central Bureau of Statistics, Market Information System in Agriculture, scientific literature, questionnaire data.

Methodology: baseline requirements were identified for each operation taking into account relevant mandatory standards and requirements of both EU and national legislation. Also, usual, mostly by common practice was considered for each of the operations.

In most cases the calculation was based on the difference between average production and production with certain AE commitments, defining income losses and additional costs, including counteractive savings where applicable (for example price premiums or the saving of fertilizes or machinery).

Calculation data sources:

- Croatian Bureau of Statistics (www.dzs.hr) 2010-2012;
- Market Information System in Agriculture (www.tisup.mps.hr) 2010-2012;
- Croatian FADN (www.fadn.hr);
- Gross Margin Calculations produced by Croatian Agricultural Advisory Service (www.pss.hr) 2009-2012;
- Internal database of Department of management and rural entrepreneurship.

Double funding will be excluded in the case of practices under Article 43 of Regulation (EU) No 1307/2013, also on the basis of the information which are contained in the delegated acts which has been produced in accordance with Article 83 of Regulation (EU) No 1305/2013. The training, individual advice and/or attendance in demonstration activity were not considered in the calculations because costs for those commitments are compensated through M01 and M02. Also, keeping records is not reimbursed.

8.2.10.6. Other important remarks relevant to understand and implement the measure

Combination with M11 Organic farming and combinations of TO withnin M10 is possible according table of combinations.

OPERATION 10.1.1. Tilling and sowing on the terrain with slope for arable annual plants	OPERATION 10.1.2. Grassing of permanent crops
OPERATION 10.1.3. Preservation of high nature value grasslands	OPERATION 10.1.4. Pilot measure for the protection of corncrake (Crex crex)
OPERATION 10.1.5. Pilot measure for the protection of butterflies	OPERATION 10.1.6. Establishment of field strips
OPERATION 10.1.8. Maintaining extensive olive groves	OPERATION 10.1.7. Maintaining extensive orchards
OPERATION 10.1.10. Preservation of Stone walls	OPERATION 10.1.11. Preservation of hedges
SUB-MEASURE 11.1. Organic farming - vegetables	SUB-MEASURE 11.1. Organic farming - Arable crops
SUB-MEASURE 11.1. Organic farming - permanent grasslands	SUB-MEASURE 11.1. Organic farming - Permanent crops
SUB-MEASURE 11.2. Organic farming - vegetables	SUB-MEASURE 11.2. Organic farming - Arable crops
SUB-MEASURE 11.2. Organic farming - permanent grasslands	SUB-MEASURE 11.2. Organic farming - Permanent crops

Type of operation or sub-measure

OPERATION	OPERATION 10.1.1	OPERATION 10.1.2.	OPERATION 10.1.3.	OPERATION 10.1.4.	OPERATION 10.1.5.	OPERATION 10.1.6.	OPERATION 10.1.7	OPERATION 10.1.8.	OPERATION 10.1.10.	OPERATION 10.1.11.	SUB-MEASURE 11.1. Arable crops	SUB-MEASURE 11.1. Vegetables	SUB-MEASURE 11.1. Permanent crops	SUB-MEASURE 11.1. Permanent grasslands	SUB-MEASURE 11.2. Arable crops	SUB-MEASURE 11.2. Vegetables	SUB-MEASURE 11.2. Permanent crops	SUB-MEASURE 11.2. Permanent grasslands
OPERATION 10.1.1.						1			2	3	4	6			5	7		
OPERATION 10.1.2.									10	11			8				9	
OPERATION 10.1.3.									14	15				12				13
OPERATION 10.1.4.									16	17				18				19
OPERATION 10.1.5.									20	21				22				23
OPERATION 10.1.6.											24	26			25	27		
OPERATION 10.1.7.									28	29								
OPERATION 10.1.8.									30	31								
OPERATION 10.1.10.											32	34	36	38	33	35	37	39
OPERATION 10.1.11.											40	42	44	46	41	43	45	47

Table of possible combinations

Combination No. 1 141,00 €/ha + 211,00 €/flower strip 141,00 €/ha + 34,00 €/ha grass strip	Combination No. 2 141,00 €/ha + 0,74 €/m	Combination No. 3 141,00 €/ha + 0,36 €/m
Combination No. 4 141,00 €/ha + 347,78 €/ha + 48,00 €/ha = 536,78 €/ha	Combination No. 5 141,00 €/ha + 289,98 €/ha + 48,00 €/ha = 478,98 €/ha	Combination No. 6 141,00 €/ha + 576,94 €/ha + 48,00 €/ha = 765,94 €/ha
Combination No. 7 141,00 €/ha + 480,78 €/ha + 48,00 €/ha = 669,78 €/ha	Combination No. 8 331,00 €/ha + 868,18 € /ha = 1.199,18 €/ha	Combination No. 9 331,00 €/ha + 723,48 €/ha = 1.054,48 €/ha
Combination No. 10 331,00 €/ha + 0,74 €/ha	Combination No. 11 331,00 €/ha + 0,36 €/m	Combination No. 12 Continental lowland region 183,00 €/ha + 136,00€/ha = 319,00 €/ha Hill and mountain region 147,00 €/ha + 115,00 €/ha = 262,00 €/ha Mediterranean region 102,00 €/ha + 67,00 € /ha = 169,00 €/ha
Combination No. 13 Continental lowland region 183,00 €/ha + 113,00 €/ha = 296,00 €/ha Hill and mountain region 147,00 €/ha + 96,00 €/ha = 243,00 €/ha Mediterranean region 102,00 €/ha + 56,00 €/ha = 158,00 €/ha	Combination No. 14 Continental lowland region 183,00 €/ha + 0,74 €/m Hill and mountain region 147,00 €/ha + 0,74 €/m Mediterranean region 102,00 €/ha + 0,74€/m	Combination No. 15 Continental lowland region 183,00 €/ha + 0,36 €/m Hill and mountain region 147,00 €/ha + 0,36 €/m Mediterranean region 102,00 €/ha + 0,36 €/m
Combination No. 16 244,00 €/ha + 0,74 €/m	Combination No. 17 244,00 €/ha + 0,36 €/m	Combination No. 18 244,00 €/ha + 131,00 €/ha = 375,00 €/ha
Combination No. 19 244,00 €/ha + 109,00 €/ha = 353,00 €/ha	Combination No. 20 Scarce Large Blue 326,00 €/ha + 0,74 €/m Dusky Large Blue, Alcon Blue and False Ringlet 274,00 €/ha + 0,74 €/m	Combination No. 21 Scarce Large Blue 326,00 €/ha + 0,36 €/m Dusky Large Blue, Alcon Blue and False Ringlet 274,00 €/ha + 0,36 €/m
Combination No. 22 Scarce Large Blue 326,00 €/ha + 138,00 €/ha = 464,00 €/ha Dusky Large Blue, Alcon Blue and False Ringlet 274,00 €/ha + 130,00 €/ha = 404,00 €/ha	Combination No. 23 Scarce Large Blue 326,00 €/ha + 115,00 €/ha = 441,00 €/ha Dusky Large Blue, Alcon Blue and False Ringlet 274,00 €/ha + 108,00 €/ha = 382,00 €/ha	Combination No. 24 Flower strips 211,00 €/ha + 347,78 €/ha Grass strips 34,00 €/ha + 347,78 €/ha
Combination No. 25 Flower strips 211,00 €/ha + 289,92 €/ha Grass strips 34,00 €/ha + 289,92 €/ha	Combination No. 26 Flower strips 211,00 €/ha + 576,94 €/ha Grass strips 34,00 €/ha + 576,94 €/ha	Combination No. 27 480,78 €/ha +211,00 €/ha flower strips 480,78 €/ha + 34,00 €/ha grass strips
Combination No. 28 0,74 €/m + € 385/ha	Combination No. 29 0,36 €/m + € 385/ha	Combination No. 30 0,74 €/m + € 804/ha
Combination No. 31 0,36 €/m + € 804/ha	Combination No. 32 0,74€/m +347,78 €/ha	Combination No. 33 0,74€/m + 289,92 €/ha
Combination No. 34 0,74€/m + 576,94 €/ha	Combination No. 35 0,74 €/m + 480,78 €/ha	Combination No. 36 0,74€/m + 868,18 €/ha
Combination No. 37 0,74 €/m + 723,48 €/ha	Combination No. 38 0,74 €/M + 309,94 €/ha	Combination No. 39 0,74 €/m + 258,28 €/ha
Combination No. 40 0,36 €/m + 347,78 €/ha	Combination No. 41 0,36 €/m + 289,92 €/ha	Combination No. 42 0,36 €/m + 576,94 €/ha
Combination No. 43 0,36 €/m + 480,78 €/ha	Combination No. 44 0,36 €/m + 868,18 €/ha	Combination No. 45 0,36 €/m + 723,48 €/ha
Combination No. 46 0,36 €/m + 309,94 €/ha	Combination No. 47 0,36 €/m + 258,28 €/ha	

Table of payments for combinations

8.2.11. M11 - Organic farming (art 29)

8.2.11.1. Legal basis

Article 29 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing conversional provisions.

Commission Implementing Regulation (EU) No 808/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

8.2.11.2. General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objectives

Organic farming is a response to the obvious negative effects of conventional farming on the environment and natural resources, and thus on human health. Growing interest of consumers for healthy, organic food and growing interest of producers indicate the need for this measure.

The aim of the measure is to encourage organic farming practices that are beneficial to the environment – from the standpoint of air, soil, water and biodiversity; thereby mitigating the negative effects of conventional agriculture on the environment. The actions in the measure aiming to preserve the quality of water, air and soil and to increase soil fertility contribute to human and animal health by producing healthy, chemically untreated food. It is a sustainable agricultural production, which is in harmony with nature and natural laws contributing to the preservation of biological diversity, including Natura 2000 areas and areas of high natural value. In a broader context, it contributes to the development of specific rural areas and the preservation of cultural heritage and of typical Croatian landscape.

The organic farming system was introduced in Croatia in 2001. The official statistical data recording started in 2003, showing that organic production has increased since then several times. In 2003, 130 organic farmers were registered, while ten years late that number increased to 1609. In terms of area, in 2003 it was 3.124,06 ha (0,37 % of agricultural land) while in 2013 the area increased to 40.640,65 or 3,12 % of utilized agricultural land.

The Action Plan for Development of Organic Agriculture in the Republic of Croatia for the period from 2011 to 2016 was adopted in February 2011. The aim is to increase the share of organic farming in total agricultural land in Croatia to 8 % by 2016. Furthermore, the following strategic objectives were set:

- to develop a stable and well-informed national market, including tourism, for certified organic agricultural and food products, and to facilitate access of Croatian organic products on the EU market and other export markets by improving the safety and quality of certified products and to increase quantity of products;

- to promote sustainable rural development through the diversification of agricultural activities, increasing productivity, increasing rural employment and income and reducing rural depopulation;
- to preserve and enhance natural resources used in agriculture with aim to reduce pollution by nitrates, phosphates and pesticides, as well as to preserve biodiversity and ecosystems.

The organic production in Croatia is carried out in accordance with Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products, Council Regulation (EC) No. 889/2008 of 5 September 2008 laying down detailed rules for the implementation of Council Regulation (EC) No 834/2007 on organic production and labelling of organic products with regard to organic production, labelling and control (OJ L 250, 18.9.2008), and Ordinance on organic production (OG No 86/13).

A farmer entering the organic farming system must request the first control which is carried out by the Control Bodies authorized by the Ministry of Agriculture. The beneficiary delivers to PAAFRD the first expert control report that is submitted with the application for registration in the Register of organic producers. The PAAFRD issues a decision on registration in the Register of organic producers.

The Control Body, based on the expert inspection, validates a certificate indicating the product status (organic production or product in the conversion period). The control by authorized control bodies must be conducted at least once a year. The farmer can use the label “organic production” only after the conversion period has expired, which is a minimum of two years for arable land, meadows and pastures, and three years for perennials. Products in the conversion period must be marked as „product of the conversion period".

Since organic farming is far more demanding system of agricultural production, support in the measure is given to encourage new farmers to take those obligations that go beyond the requirements of cross-compliance and prescribed management requirements, and to encourage farmers who have already accepted these commitments to continue with organic farming.

The following needs shall be addressed through this Measure:

Need 14. Soil erosion prevention and increasing of soil fertility and soil organic matter;

Need 15. Maintenance of water, soil and air quality;

Need 16. Conservation of landscape and biodiversity.

Contribution to focus areas

The operations in this measure contribute to Priority 4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry, with a focus on the following areas:

Focus Area 4A: Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints, and high nature value farming, as well as the state of European landscapes;

Focus Area 4B: Improving water management, including fertilisers and pesticides management;

Focus Area 4C: Preventing soil erosion and improving soil management.

Prescribed agricultural practices reduce erosion and increase soil fertility. As synthetic fertilizers and pesticides are not used, organic agriculture has no negative impact on environment. At the same time, it contributes to conservation, restoration and enhancement of biodiversity.

Operations shall also contribute to Priority 5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors, with a focus on the following areas:

Focus Area 5D: Reducing greenhouse gas and ammonia emissions from agriculture

Focus Area 5E: Fostering carbon conservation and CO2 sequestration in agriculture and forestry

Prescribed agricultural practices not only enable ecosystems to better adjust to the effects of climate change but also offer a major potential to reduce the emissions of agricultural greenhouse gases, while imposing sustainable soil management practices has a positive impact on CO2 conservation and sequestration.

Contribution to cross-cutting objectives

The measure contributes to the cross-cutting objectives related to climate changes and environment – not using synthetic fertilizers and synthetic pesticides contributes to the preservation of water, air and soil and encourage biodiversity. The requirements defined in the measure contribute to the effective use of water resources and increase the CO2 storage as well.

The measure consists of 2 sub-measures:

M11.1. Payment to convert organic farming practices and methods

M11.2. Payment to maintain organic agricultural practices and methods

Participation in the measure is voluntary and the duration of commitment period is five years, with possibility of an annual extension of the commitment period.

The number of initial hectares to which a commitment applies may be increased or reduced for 10% each year during the commitment period pursuant paragraph 1, Article 47 of Regulation (EU) 1305/2013.

The mandatory conversion period to organic crop production takes two years for arable land, and three years for perennials plantations with the possibility of shortening the conversional period in accordance with the Ordinance on organic production (OG No 86/13) and Commission Regulation (EC) No 889/2008 of 5 September 2008 laying down detailed rules for the implementation of Council Regulation (EC) No 834/2007 on organic production and labelling of organic products with regard to organic production, labelling and control.

Support is in the form of a grant as an annual payment per hectare. The payment is compensation to the beneficiary for loss of income and additional costs as a result of compliance with the special conditions that go beyond the minimum prescribed requirements.

Beneficiaries must comply with the cross-compliance provisions as defined in Regulation (EU)

No 1306/2013 (Chapter I of Title VI), minimum activity as defined in Regulation (EU) No 1307/2013 (Article 4(1), point (c)(ii)), minimum requirements for fertilizers an plant protection products use and other relevant mandatory requirements as established by national law.

In case of amendments to the relevant mandatory standards, if the scopes of the new obligations or requirements go beyond those specified in the measure description, the beneficiary can withdraw participation in the measure without reimbursement for the period in which the obligation was in force.

Eligible beneficiaries are farmers or groups of farmers as defined in national Agriculture Act, registered in the Register of Agricultural Holdings, use the land registered in LPIS, and are in conversion to organic production or maintain organic production in accordance with the Council Regulation (EC) No 834/2007.

Beneficiaries must comply with a definition of an active farmer in accordance with the meaning of Article 9 of the Regulation (EU) No 1307/2013. The application can be submitted if the farm agricultural area is at least 0,5 ha while the minimum area of an LPIS parcel must be 0,05 ha.

Combination with M10 Agri-environment-climate is possible according table of combinations.

8.2.11.3. Scope, level of support, eligible beneficiaries, and where relevant, methodology for calculation of the amount or support rate broken down by sub-measure and/or type of operation where necessary. For each type of operation specification of eligible costs, eligibility conditions, applicable amounts and support rates and principles with regard to the setting of selection criteria

8.2.11.3.1. O_01: Payment to convert to organic farming practices and methods

Sub-measure:

- 11.1 - payment to convert to organic farming practices and methods

8.2.11.3.1.1. Description of the type of operation

The type of operation aims to encourage farmers who are engaged in agricultural production based on the conventional methods to convert to organic farming, giving them a support for the conversion to much more demanding, but environmentally much friendlier methods of organic farming.

The commitments the beneficiary must fulfill in this type of operation are:

- Finishing at least 18 hours of training related to the organic farming measure within 18 months after approval of the Application. Each following year the minimum of 6 hours of training, individual advice and/or attendance in demonstration activity is required;
- Keeping records about the implemented activities related to the commitments of this operation;
- Must be registered in the Register of organic producers;
- Use only fertilizers approved for organic production according to Regulation EC 889/2008, Annex 1;
- Use only PPP approved for organic production according to Regulation EC 889/2008, Annex 2;
- Must conduct agro-technology according to Regulation EC 889/2008;
- To receive support for permanent grassland, the beneficiray must keep at least 0,5 LU/ha, or at

least 0,3 LU/ha on karst pastures.The applicable animals (cattle, equidae, sheep and goats) have to be kept according to Council Regulation (EC) No 834/2007 and Commission Regulation (EC) No 889/2008).
- The payment can be made only for an area corresponding to the mandatory number of livestock units.

This type of operation contributes to Focus Area 4A, with a secondary contribution to Focus Area 4B, 4C, 5D, 5E.

8.2.11.3.1.2. Type of support

Type of support: Grants

Support is in the form of annual grant per hectare as compensation paid to the beneficiary for loss of income and additional costs resulting from commitments that go beyond the minimum prescribed requirements. The support compensates all income forgone and additional costs.

8.2.11.3.1.3. Links to other legislation

- Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products;
- Council Regulation (EC) No 889/2008 of 5 September 2008 laying down detailed rules for the implementation of Council Regulation (EC) No 834/2007 on organic production and labelling of organic products with regard to organic production, labelling and control;
- Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009;
- Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008;
- Act on implementation of Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products (OG No 80/13, 14/14);
- Ordinance on organic production (OG No 86/13).

8.2.11.3.1.4. Beneficiaries

Eligible beneficiaries of this measure are farmers or groups of farmers as defined in national Agriculture Act.

The beneficiary must: be registered in the Register of Agricultural Holdings, use the land registered in ARKOD, and be in conversion from conventional to organic agriculture production in accordance with the

Council Regulation (EC) No 834/2007.

Beneficiaries must comply with a definition of an active farmer in accordance with the meaning of Article 9 of the Regulation (EU) No 1307/2013.

8.2.11.3.1.5. Eligible costs

The beneficiary will get compensation for extra costs and the losses in revenues resulting from requirements that go beyond the minimum prescribed requirements for conventional production and commitments pursuant Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products.

8.2.11.3.1.6. Eligibility conditions

The beneficiary is registered in the Register of organic producers.

8.2.11.3.1.7. Principles with regards to the setting of selection criteria

Not applicable.

8.2.11.3.1.8. (Applicable) amounts and support rates

Support has been increased by 20 % compared to sub-measure 11.2 considering that the yield during the conversion from conventional to organic farming is reduced, and the beneficiary cannot sell his/her products with organic label during the conversion period.

- Arable crops: EUR 289,82 + 20 % = EUR 347,78 /ha;
- Permanent crops: EUR 723,48 + 20 % = EUR 868,18 /ha;
- Vegetables: EUR 480,78 + 20 % = EUR 576,94 /ha;
- Permanent grasslands: EUR 258,28 + 20 % = EUR 309,94 /ha.

8.2.11.3.1.9. Verifiability and controllability of the measures and/or types of operations

8.2.11.3.1.9.1. Risk(s) in the implementation of the measures

Farmers may over declare the area in conversion to organic production, especially those farmers which only convert part of the farm to organic agriculture while the rest of the farm is still under conventional production.

Farmers may declare an area already under organic agriculture as an area in conversion to organic

production due to 20 % higher annual payments.

8.2.11.3.1.9.2. Mitigating actions

All areas in conversion to organic production have to be declared as such to LPIS by the farmer prior to the submission of the application. Only an area which is recognized as an area in conversion to organic production is eligible for this type of support.

Farmers who maintain both conventional and organic production in the same holding will be considered as having a higher risk factor which shall be included in the sampling methodology adopted by the PAAFRD.

Administrative cross-checks will be made with land parcels already registered as organic production in order to prevent any claims for conversion. Furthermore, IACS should include cross-checks on the maximum time that an area can be declared as an area in conversion to organic production.

8.2.11.3.1.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.11.3.1.10. Information specific to the operation

Identification and definition of the relevant baseline elements; this shall include the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, the relevant minimum requirements for fertilisers and plant protection products use, and other relevant mandatory requirements established by national law

- the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council is established in national legislation: Ordinance on cross-compliance;
- the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council.

The minimum requirements for fertilisers include reqirements prescribed in Regulation EC 889/2008.

The minimum requirements for plant protection products use include reqirements prescribed in Regulation EC 889/2008.

Baseline elements are shown in table "Baseline and Verification OF" on the measure level.

Description of the methodology and of the agronomic assumptions and parameters including the description of the baseline requirements as referred to in Article 29(2) of Regulation (EU) No 1305/2013, which are

relevant for each particular type of commitment used as reference for the calculations justifying additional costs, income foregone resulting from the commitment made and level of the transaction costs; where relevant, that methodology shall take into account aid granted under Regulation (EU) No 1307/2013, including payment for agricultural practices beneficial for the climate and the environment, in order to exclude double funding; where appropriate, the conversion method used for other units in accordance with Article 9 of this Regulation

Calculation of the level of support is based on the principle of income forgone and additional costs compared to conventional agriculture. According to Article 62(2) of Regulation (EU) No 1305/2013, calculations were performed by the independent institution.

Level of support is calculated as the difference between conventional GM and GM derived from organic production for the same type of crops. This difference is adjusted for transaction costs associated with organic production (certification and inspection), resulting as the final payment expressed as an annual value in EUR per hectare.

GM was calculated for each type of crop in organic farming for which GM was available for conventional production. Support for conversion period is 20 % higher due to reduced yield and lack of possibility to sell products with organic label.

8.2.11.3.2. O_02: Payment to maintain organic agricultural practices and methods

Sub-measure:

- 11.2 - payment to maintain organic farming practices and methods

8.2.11.3.2.1. Description of the type of operation

This type of operation aims to support those farmers already engaged in organic farming to continue applying environmentally friendly methods of organic farming.

The commitments the beneficiary must fulfill in this type of operation are:

- Finishing each year a minimum of 6 hours of training, individual advice and/or attendance in a demonstration activity;
- Keeping records of the implemented activities related to the commitments of this operation;
- Must be registered in the Register of organic producers;
- Use only fertilizers approved for organic production according to Regulation EC 889/2008, Annex 1;
- Use only PPP approved for organic production according to Regulation EC 889/2008, Annex 2;
- Must conduct agro-technology according to Regulation EC 889/2008;
- To receive support for permanent grassland, the beneficiray must keep at least 0,5 LU/ha, or at least 0,3 LU/ha on karst pastures.The applicable animals (cattle, equidae, sheep and goats) have to be kept according to Council Regulation (EC) No 834/2007 and Commission Regulation (EC) No 889/2008).
- The payment can be made only for an area corresponding to the mandatory number of livestock units.

This type of operation contributes to Focus Area 4A, with a secondary contribution to Focus Area 4B, 4C, 5D, 5E.

8.2.11.3.2.2. Type of support

Type of support: Grants

Support is in the form of annual grant per hectare, as compensation paid to the beneficiary for loss of income and additional costs resulting from commitments that go beyond the minimum prescribed requirements. The support compensates all income forgone and additional costs.

8.2.11.3.2.3. Links to other legislation

- Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products;
- Council Regulation (EC) No. 889/2008 of 5 September 2008 laying down detailed rules for the implementation of Council Regulation (EC) No 834/2007 on organic production and labelling of

organic products with regard to organic production, labelling and control;

- Regulation (EU) No 1307/2013 of the European Parliament and of the Council of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009;
- Regulation (EU) No 1306/2013 of the European Parliament and of the Council on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008;
- Act on the Implementation of Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products (OG No 80/13, 14/14);
- Ordinance on organic production (OG No 86/13).

8.2.11.3.2.4. Beneficiaries

Eligible beneficiaries of this measure are farmers or group of farmers as defined in national Agriculture Act.

The beneficiary must: be registered in the Register of Agricultural Holdings, use the land registered in LPIS, and maintain organic agriculture production in accordance with the Act on the Implementation of Council Regulation (EC) No 834/2007 on Organic Production and Labelling of Organic Products (OG 80/13, 14/14) and Ordinance on organic production (OG No 86/13).

Beneficiaries must comply with a definition of an active farmer in accordance with the meaning of Article 9 of the Regulation (EU) No 1307/2013.

8.2.11.3.2.5. Eligible costs

The beneficiary will get compensation for extra costs and the losses in revenues resulting from requirements that go beyond the minimum prescribed requirements for conventional production and commitments pursuant Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products.

8.2.11.3.2.6. Eligibility conditions

The beneficiary is registered in the Register of organic producers.

8.2.11.3.2.7. Principles with regards to the setting of selection criteria

Not applicable.

8.2.11.3.2.8. (Applicable) amounts and support rates

The applicable amounts are:

- Arable crops: EUR 289,82 /ha;
- Permanent crops: EUR 723,48 /ha;
- Vegetables: EUR 480,78 /ha;
- Permanent grasslands: EUR 258,28 /ha.

8.2.11.3.2.9. Verifiability and controllability of the measures and/or types of operations

8.2.11.3.2.9.1. Risk(s) in the implementation of the measures

Farmers may over declare the area in organic production, in the case farmers which only maintain part of farm to organic agriculture while the rest of farm is still under conventional production.

8.2.11.3.2.9.2. Mitigating actions

All areas in organic production are registered as such in LPIS prior to submission of application for support. Only areas recognized as under organic production are eligible for this type of support.

Farmers who maintain conventional and organic production in the same agricultural holding will be considered as having a higher risk factor which shall be included in the sampling methodology adopted by the PAAFRD.

8.2.11.3.2.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.11.3.2.10. Information specific to the operation

Identification and definition of the relevant baseline elements; this shall include the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, the relevant minimum requirements for fertilisers and plant protection products use, and other relevant mandatory requirements established by national law

- the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council is established in national legislation: Ordinance on cross-compliance;
- the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) of

Regulation (EU) No 1307/2013 of the European Parliament and of the Council;

The minimum requirements for fertilisers include reqirements prescribed in Regulation EC 889/2008.

The minimum requirements for plant protection products use include reqirements prescribed in Regulation EC 889/2008.

Baseline elements are shown in table "Baseline and Verification OF" on the measure level.

Description of the methodology and of the agronomic assumptions and parameters including the description of the baseline requirements as referred to in Article 29(2) of Regulation (EU) No 1305/2013, which are relevant for each particular type of commitment used as reference for the calculations justifying additional costs, income foregone resulting from the commitment made and level of the transaction costs; where relevant, that methodology shall take into account aid granted under Regulation (EU) No 1307/2013, including payment for agricultural practices beneficial for the climate and the environment, in order to exclude double funding; where appropriate, the conversion method used for other units in accordance with Article 9 of this Regulation

Calculation of the level of support is based on the principle of income forgone and additional costs compared to conventional agriculture. According to Article 62(2) of Regulation (EU) No 1305/2013, calculations were performed by the independent institution.

Level of support is calculated as the difference between conventional GM and GM derived from organic production for the same type of crops. This difference is adjusted for transaction costs associated with organic production (certification and inspection), resulting as the final payment expressed as an annual value in EUR per hectare. GM is calculated for each type of crop in organic farming for which GM was available for conventional production.

8.2.11.4. Verifiability and controllability of the measures and/or types of operations

8.2.11.4.1. Risk(s) in the implementation of the measures

- Annual payments are allocated to farmers which do not respect prescribed requirements of Organic farming;
- Risk of double funding for the commitments are of a similar nature as the greening practices but not used for the purpose of equivalence or the commitment concerns organic farming;
- Beneficiaries provide incorrect area declarations or the size of the eligible area is changed between the date the application was submitted and the start of the commitment period;
- Activities related to conversion/ maintain of organic production conducted by farmer cannot be proven ex-post;
- Beneficiaries of the measure do not comply with the definition of active farmers based on Article 9 of Regulation (EU) No 1307/2013 (DPR);
- The criteria and minimum agricultural activities from article 4(1)c of DPR (Regulation (EU) No 1307/2013) are not respected by beneficiary;

- Commitments taken by beneficiaries are not fully respected according to the RDP defined baseline including the SMR and GAEC.

8.2.11.4.2. Mitigating actions

- All farmers in conversion to organic production in accordance with the Council Regulation (EC) No 834/2007 are subject of control by authorized control bodies for organic agriculture. This control is mandatory for all producers involved in organic production system at least once a year. Results of those controls are used in administrative control and verification of payment as part of IACS cross-checks done by paying agency. Additional on-the-spot controls on sample basis are envisaged by paying agency as standard practise;
- All double funding will be excluded by IACS as part of regular cross-checks prior to verification of payments;
- Timely and correct administration and update of LPIS by Paying Agency is prescribed as general condition in order to ensure proper IACS functioning. All cross-checks should be conducted on relevant data in LPIS while beneficiary will be formally informed on any changes caused by the update of the Land Parcel Information System (LPIS) or other legal changes;
- The beneficiary must keep records of production and activities taken to ensure compliance with the rules of organic production. Those records should be presented to PA's on-the-spot controller on demand;
- Compliance of beneficiary with the definition of active farmers should be regular IACS cross-check;
- Compliance of beneficiary with minimum agricultural activities should be regular IACS cross-check;
- Commitments taken by beneficiaries should be checked by measure-specific IACS cross-check as part of administrative control and by on-the-spot control on sample basis. Compliance with SMR and GAEC are integral part of standard on-the-spot control.

8.2.11.4.3. Overall assessment of the measure

Due to relevant experience in implementation of this measure as national support according to Council Regulation (EC) No 834/2007 of 28 June 2007 on organic production and labelling of organic products, Council Regulation (EC) No 889/2008 of 5 September 2008 laying down detailed rules for the implementation of Council Regulation (EC) No 834/2007 on organic production and labelling of organic products with regard to organic production, labelling and control (OJ L 250, 18.9.2008), no major problems are envisaged.

The measure is verifiable and controllable.

8.2.11.5. Information specific to the measure

Identification and definition of the relevant baseline elements; this shall include the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council, the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) and (iii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council, the relevant minimum requirements for fertilisers and plant protection products use, and other relevant mandatory requirements established by national law

- the relevant mandatory standards established pursuant to Chapter I of Title VI of Regulation (EU) No 1306/2013 of the European Parliament and of the Council is established in national legislation: Ordinance on cross-compliance;
- the relevant criteria and minimum activities established pursuant to Article 4(1) (c)(ii) of Regulation (EU) No 1307/2013 of the European Parliament and of the Council.

The minimum requirements for fertilisers include reqirements prescribed in Regulation EC 889/2008.

The minimum requirements for plant protection products use include reqirements prescribed in Regulation EC 889/2008.

Description of the methodology and of the agronomic assumptions and parameters including the description of the baseline requirements as referred to in Article 29(2) of Regulation (EU) No 1305/2013, which are relevant for each particular type of commitment used as reference for the calculations justifying additional costs, income foregone resulting from the commitment made and level of the transaction costs; where relevant, that methodology shall take into account aid granted under Regulation (EU) No 1307/2013, including payment for agricultural practices beneficial for the climate and the environment, in order to exclude double funding; where appropriate, the conversion method used for other units in accordance with Article 9 of this Regulation

The compensation rates for organic farming (OF) were calculated as the difference between conventional production GM and GM for organic production. All calculations are based on the annual average figures (prices, yields, costs, etc.) for the period 2010-2012. All agricultural product and input prices used in the calculation of revenues and variable costs are inclusive of VAT.

GM calculation for OF followed the same calculation methodology as applied by the Faculty of Agronomy of the University of Zagreb and the Agricultural Advisory Service for the calculation of conventional GMs in the period 2010-2012. This enables a fair GM comparison between conventional and organic production methods.

This difference was corrected for the transaction costs associated with OF, resulting in the final compensation rates, expressed as annual values per hectare in EUR. The support compensates all income forgone and additional costs.

Average compensation rates were determined for the four major production types: arable crops, fruits, vegetables and permanent grassland. GM was calculated for number of individual crops within crop type for organic production, but only if a counter-GM was available for conventional production.

The average compensation rates for the four major production types were calculated as a weighted

(portioned) average of payment calculations for individual crops. A weighted GM average was calculated for each of the four crop types by multiplying the GMs of individual crops belonging to that crop category by the number of hectares under their production.

E.g. in the case of arable crops, the number of hectares under each individual crop (wheat, barley, oats, rye, maize, sunflower, potatoes, etc.) was multiplied by its respective GM, resulting in an aggregated (overall) GM for all arable crops. The difference in the weighted GM averages between conventional and OF and resulted in aggregated GMs for organic arable crops, fruits, vegetables and permanent grassland.

Only transaction costs for activities directly linked to the supported commitments were taken into account. These include: fees related to registration, inspection and certification.

The training, individual advice and/or attendance in demonstration activity were not considered in calculations because costs for those commitments are compensated through M01 and M02. Also, keeping records is not reimbursed.

The data required to perform the compensation rate calculations were acquired through:

- The surveys for organic farmers
- Consultations with experts from:
    - Universities;
    - The Agricultural Advisory Service;
    - The Croatian Agricultural Agency;
    - The Ministry of Agriculture;
    - Other institutions.
- Consultations with farmers:
    - Representatives of the relevant producer associations;
    - Selected individual farmers.

The compensation rate calculations were performed by an independent contractor, a UK consultancy group Cardno Emerging Markets (UK) Ltd, within the framework of an EU project titled: “Support for preparing rural development programme 2014-2020 FWC BENEFICIARIES 2009, LOT 1: Rural development EuropeAid/127054/C/SER/multi“.

The calculations were revised afterwards by the Institute of Management and Rural Entrepreneurship of the Faculty of Agriculture, University of Zagreb confirming compliance with Article 62 of Regulation (EU) No 1305/2013. Organic farming as the indivisible system does not overlap with greening practices which are a set of separate agronomic practices thus double funding with support under Pillar I of the CAP is avoided.

8.2.11.6. Other important remarks relevant to understand and implement the measure

The commitment related to training can also be fulfillled by attending any other EU recognized training for organic farmers. The total number of hours prescribed in the commitment must be respected.

Link to other measures

M01 – Transfer of knowledge and information activities;

M02 – Advisory services, farm management and farm relief services;

M04 – Investments in physical assets, submeasure 4.1 - support for investments in agricultural holdings, where the intensity of the support can be increased by an additional 20 %;

Combination with M10 Agri-environment-climate is possible according table of combinations presented in 8.2.10.6. Other important remarks relevant to understand and implement the measure - chapter 8.2.10 M10 Agri-environment-climate.

8.2.12. M13 - Payments to areas facing natural or other specific constraints (art 31)

8.2.12.1. Legal basis

Article 31. and 32. of Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions.

Commission Implementing Regulation (EU) No 808/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

8.2.12.2. General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objectives

Certain parts of Croatia (usually very remote from large settlements) are attributed as areas suffering from climate or soil disadvantage, where the depopulation problem is particularly present and where residents have to put much more effort to maintain the agricultural production. Very often, agriculture is the only source of income, but due to unfavourable conditions, yields are below average and lately, very much affected by climate change.

Over the years, farmers have reduced agricultural activity in these areas or even abandoned it entirely, leaving not only the land but also the traditional way of life and migrating to larger settlements. The negative effects of land abandonment have been reflected in the loss of biodiversity, increased soil erosion and neglected surfaces, thus increasing the risk of forest fires in some regions.

Lately land abandonment has been influenced by the financial crisis as well. For the rural community and for development itself, it is vital that farmers remain in this territory. They will contribute to the development, sustainability and future life of new generations.

In order to slow down the trend of land abandonment, Croatian authorities have given support to farmers in areas with constraints since 2010 according to national legislation. From 2015, the national Less favourite area scheme will be replaced with the Areas of natural constraints scheme which is in accordance with Regulation (EU) No 1305/2013.

The three types of constraint areas are identified and defined on LAU2 level:

- mountain area – covers 1.175.786 ha (20,78 % of territory), with 32.034 ha of agriculture area;
- areas with significant natural constraints – covers 2.424.155 ha (42,83 % of territory), with 355.027 ha of agriculture area;
- area with specific constraints – covers 449.860 ha (7,95 % of territory), with 37.652 ha of

agriculture area.

About 60 % of agricultural area and approximately 70 % of agricultural holdings are designated as ANC; a significant part of them are situated in Natura 2000 or HNV areas.

For the delimitation of areas with significant natural constraints, a set of biophysical criteria pursuant Annex III of Regulation (EU) No 1305/2013 was used, followed by a fine tuning exercise in order to exclude those areas where constraints have been overcome in such a way, that profitable agricultural production is possible. Because of a lack of data relevant for the fine-tuning process, only standard output was used. LAU 2 with average standard output higher than 80 % of average EU standard output were excluded from natural constraints area.

After the SWOT analysis was conducted, the needs were identified, and the following shall be addressed through this measure:

Need 17. Maintenance of continuity of agricultural production in areas with natural and specific limitations for agriculture;

Need 14. Soil erosion prevention and increasing of soil fertility and soil organic matter;

Need 16. Conservation of landscape and biodiversity.

The measure contributes to the establishment, preservation and enrichment of biodiversity, including Natura 2000 areas and areas of high natural value, enabling the continuation of agricultural production in areas where usual farming practices, due to aggravating natural conditions, do not provide average yields.

The objective of the measure is to compensate additional production costs and reduced income (due to reduced yields) resulting from unfavourable natural conditions.

Contribution to focus areas

All the operations under this measure will correspond to Priority 4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry, with focus on the following areas:

Focus Area 4A: Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints, and high nature value farming, as well as the state of European landscapes;

Maintaining agricultural activities ensures the preservation of agricultural biodiversity and high value landscapes formed through interaction between nature and man.

Contribution to cross-cutting objectives

This measure contributes to the realisation of cross-cutting objectives related to climate changes and environment. Continuation of agricultural production is beneficial for areas where sudden cessation of agricultural activities could increase soil erosion or spread of wildfires and, over a longer period of time, a loss of biodiversity as well.

Eligible beneficiaries are farmers as defined in national Agriculture Act, registered in the Register of Agricultural Holdings, use the land registered in LPIS, and conduct agricultural activity in the area of

local government unit (LAU2) defined as constraint area according to Article 31 and 32 of Regulation (EU) No 1305/2013.

Beneficiaries must comply with a definition of an active farmer in accordance with the meaning of Article 9 of the Regulation (EU) No 1307/2013.

The application can be submitted if the farm agricultural area is at least 0,5 ha while the minimum area of an LPIS parcel must be 0,05 ha.

8.2.12.3. Scope, level of support, eligible beneficiaries, and where relevant, methodology for calculation of the amount or support rate broken down by sub-measure and/or type of operation where necessary. For each type of operation specification of eligible costs, eligibility conditions, applicable amounts and support rates and principles with regard to the setting of selection criteria

8.2.12.3.1. O_01: Compensation payment in mountain areas (MA)

Sub-measure:

- 13.1 - compensation payment in mountain areas

8.2.12.3.1.1. Description of the type of operation

This type of operation contributes to continuation of agricultural activities in mountain areas, which are defined pursuant the “Study on the designating areas facing natural and other specific constraints in agriculture with calculations".

Due to severe conditions in mountain parts of Croatia, a lot of land was abandoned over last decades. The uncultivated land becomes overgrown within very short time, first by bushes and then by forest, changing significantly the landscape and subsequently reducing the biodiversity.

Unfavourable conditions for agricultural production result in lower yields, and because agriculture is dominant source of income for mountain population, number of inhabitants in rural communities is decreasing. Land abandonment and depopulation are two closely connected problems, leading to devastation of natural resources and potentials.

The support given to active farmers will encourage them to continue with agriculture, at the same time keeping the landscape and biodiversity in best possible state and keeping rural communities viable.

This type of operation contributes to Focus Area 4A, with secondary contribution to Focus Area 4B and 4C.

8.2.12.3.1.2. Type of support

Type of support: Grants

Support is in the form of an annual grant per hectare, as compensation paid to the beneficiary for loss of

income and additional costs resulting from the natural constraint.

8.2.12.3.1.3. Links to other legislation

Beneficiaries must comply with the cross-compliance provisions as defined in Regulation (EU) No 1306/2013 (Chapter I of Title VI), minimum activity as defined in Regulation (EU) No 1307/2013 (article 4(1), point (c)(ii)), minimum requirements for fertilizers including codes of good agricultural practice pursuant Directive 91/676/EEC, minimal requirements for pesticides including integrated pest management pursuant Directive 2009/128/EC and other relevant mandatory standards.

Payment pursuant article 48 of Regulation (EU) No 1307/2013 will not apply in Croatia.

8.2.12.3.1.4. Beneficiaries

Eligible beneficiaries are farmers as defined in national Agriculture Act, registered in the Register of Agricultural Holdings, use the land registered in LPIS, and conduct agricultural activity in the area of local government unit defined as mountain area.

Beneficiaries must comply with a definition of an active farmer in accordance with the meaning of Article 9 of the Regulation (EU) No 1307/2013.

8.2.12.3.1.5. Eligible costs

Not applicable.

8.2.12.3.1.6. Eligibility conditions

Any LPIS parcel, if at least 50 % of its surface is situated in a LAU2 defined as mountain area.

8.2.12.3.1.7. Principles with regards to the setting of selection criteria

Not applicable.

8.2.12.3.1.8. (Applicable) amounts and support rates

EUR 226/ha.

8.2.12.3.1.9. Verifiability and controllability of the measures and/or types of operations

8.2.12.3.1.9.1. Risk(s) in the implementation of the measures

The risks are identified on measure level.

8.2.12.3.1.9.2. Mitigating actions

The mitigating actions are defined on measure level.

8.2.12.3.1.9.3. Overall assessment of the measure

Based on the appropriate mitigating actions indicated above, the measure is controllable and verifiable.

8.2.12.3.1.10. Methodology for calculation of the amount or support rate, where relevant

The methodology for mountain area support payment is based on comparison of the lower income and/or additional costs of agricultural production with income and costs in non mountain areas. According to Article 62(2) of Regulation (EU) No 1305/2013, calculations were performed by the independent institution.

Payment = Income on base/structural ha – Income on MA/structural ha

Income = Revenues (Yield x Farm gate price) – Costs

Revenue components:

- Yield - agricultural statistics corrected by expert opinion per production;
- Price - 3 years average (agricultural statistics) corrected by expert opinion where necessary;
- Costs - necessary and typical costs for agricultural production were defined on the basis of standard and predominating technologies.

Calculation data sources:

- Croatian Bureau of Statistics (www.dzs.hr) 2010-2012;
- Market Information System in Agriculture (www.tisup.mps.hr) 2010-2012 ;
- Croatian FADN and (www.fadn.hr);
- Gross Margin Calculations produced by Croatian Agricultural Advisory Service (www.pss.hr) 2009-2012;
- Internal database of Department of management and rural entrepreneurship, case studies and semi-structured interviews with stakeholders (farmers, advisory agents, policy makers) in mountain area.

The average income of agricultural production on the territory of Croatia outside the MA was calculated

as the base. Compared to base area, the following changes were introduced in MA:

- Reduction in yield up to 30 %;
- Reduction of the mechanization cost in the production of forage between 15 - 35 % due to the smaller number of swaths compared to area outside MA;
- Increase of the mechanization cost by 20 % in areas with a slope exceeding 15 %.

The base structural hectare included crops represented in the production structure according to the LPIS 2012 record: corn, wheat, soybean, sugar beet, grassland, pastures, sunflower, barley, alfalfa, oat. The mountain structural hectare included crops represented in LPIS 2012 record: corn, wheat, grassland, pastures, sunflower, barley, alfalfa, oat, poato, clover grass and grass mixture. Also, the suggestions of experts from Faculty of Agriculture and representatives of the Advisory Service were taken into account, as well and the current analysis of case studies from farms situated in mentioned area.

The average income on the surface of 1 ha is determined as a weighted average according to the share of different crops in the production structure and the average income of each individual crop production. The support is defined as the difference between financial profit from agricultural production from outside and within the mountain area. According to Article 62(2) of Regulation (EU) No 1305/2013, calculations were performed by the independent institution.

8.2.12.3.1.11. Information specific to the operation

Definition of the threshold level of area per holding on the basis of which the Member State calculates degressivity of payments

Support is in the full amount for area up to 20 ha, from 20-50 ha reduced by 20 %, from 50-100 ha reduced by 30 % and for areas larger than 100 ha reduced by 50 %.

[Designation of areas facing natural and other specific constraints] Description of the local unit-level applied for the designation of the areas.

The Mountain area is defined on the LAU2 level. Croatia comprises 556 self-government units, subdivided in 429 municipalities and 127 towns. LAU2 are defined according to Act on local and regional self-government units.

[Designation of areas facing natural and other specific constraints] Description of the application of the method including the criteria referred to in Article 32 of Regulation (EU) No 1305/2013 for the delimitation of the three categories of areas referred to in that Article including the description and results of the fine-tuning exercise for areas facing natural and other specific constraints other than mountain areas.

The main criteria for the determination of the mountain area are average altitude and slope, calculated using DEM (digital elevation model) with a horizontal resolution of 25*25:

- Areas 700 m above sea level;

- Areas within the zone of 500-700 meters above sea level with the slope bigger than 15 %;
- Areas within the zone of 400-500 meters above sea level with the slope bigger than 15 % and more than 500 m vertical relief dissection, that are adjacent to areas defined according to the above mentioned criteria.

The LAU2 is defined as mountain area if any of the above-mentioned criteria is present on more than 50 % of its territory.

8.2.12.3.2. O_02: Compensation payment for other areas facing significant natural constraints (NC)

Sub-measure:

- 13.2 - compensation payment for other areas facing significant natural constraints

8.2.12.3.2.1. Description of the type of operation

This type of operation contributes to continuation of agricultural activities in areas facing significant natural constraints which are defined pursuant the “Study on the designating areas facing natural and other specific constraints in agriculture with calculations".

Natural restrictions are related to unfavourable features of climate (low temperature, dryness) and soil (slope, limited drainage, excessive soil moisture, unfavourable soil texture and stoniness, shallow rooting depth, sodicity, salinity and alkalinity). These constraints have impact on growth and development of plants resulting in significant losses of crop yield, and at the same time, they enlarge production costs.

Both factors are crucial for land abandonment and depopulation, having far-reaching effects on biodiversity and landscape of rural community.

The support is given as compensation to active farmers for maintaining agriculture in spite of unfavourable production conditions.

This type of operation contributes to Focus Area 4A, with secondary contribution to Focus Area 4B and 4C.

8.2.12.3.2.2. Type of support

Type of support: Grants

Support is in the form of an annual grant per hectare, as compensation paid to the beneficiary for loss of income and additional costs resulting from the natural constraint.

8.2.12.3.2.3. Links to other legislation

Beneficiaries must comply with the cross-compliance provisions as defined in Regulation (EU) No1306/2013 (Chapter I of Title VI), minimum activity as defined in Regulation (EU) No1307/2013 (article 4(1), point (c)(ii)), minimum requirements for fertilizers including codes of good agricultural practice pursuant Directive 91/676/EEC, minimal requirements for pesticides including integrated pest management pursuant Directive 2009/128/EC and other relevant mandatory standards.

Payment pursuant article 48 of Regulation (EU) No 1307/2013 will not apply in Croatia.

8.2.12.3.2.4. Beneficiaries

Eligible beneficiaries are farmers as defined in national Agriculture Act, registered in the Register of Agricultural Holdings, use the land registered in LPIS, and conduct agricultural activity in the area of local government unit defined as natural constraint area.

Beneficiaries must comply with a definition of active farmer in accordance with the meaning of Article 9 of the Regulation (EU) No 1307/2013.

8.2.12.3.2.5. Eligible costs

Not applicable.

8.2.12.3.2.6. Eligibility conditions

Any LPIS parcel if at least 50 % of its surface is situated in a LAU2 defined as area affected by natural constraints.

8.2.12.3.2.7. Principles with regards to the setting of selection criteria

Not applicable.

8.2.12.3.2.8. (Applicable) amounts and support rates

EUR 119,85/ha.

8.2.12.3.2.9. Verifiability and controllability of the measures and/or types of operations

8.2.12.3.2.9.1. Risk(s) in the implementation of the measures

The risks are defined on measure level.

8.2.12.3.2.9.2. Mitigating actions

The mitigating actions are defined on measure level.

8.2.12.3.2.9.3. Overall assessment of the measure

Based on the appropriate mitigating actions indicated above, the measure is controllable and verifiable.

8.2.12.3.2.10. Methodology for calculation of the amount or support rate, where relevant

Constraints related to soil: the average income of agricultural production on the entire territory of Croatia was calculated as the base. The structural hectare included those crop production represented 5 percent or more in the production structure according to the LPIS records.

Calculations were done taking into account estimated yield reduction (expert assumption) compared to base. The average income on the surface of 1 ha is determined as a weighted average according to the share of different crops in the production structure and the average income of each individual production.

Slope: for that area the average income of agricultural production on the entire territory of Croatia were calculated as the base. Cost for mechanization were 20 % higher than it the plain area. The average income on the surface of 1 ha is determined as a weighted average according to the share of different crops in the production structure and the average income of each individual production.

Dryness: the average income of agricultural production on the territory with occurrence of dryness was calculated as the base. The structural hectare included crop typical for designated area (olives, vineyards, pastures). The average yield achieved without irrigation was reduced according to data of the yield in dry year (probability of precipitation is on the level of 75 % of average year) - 40 % for olives, 10 % for vineyards. For pastures weighted yield compared intensive and extensive production.

Final calculation was made taking into account calculation for each criteria, its percentage on defined surface which ultimately resulted in weighted support amount.

According to Article 62(2) of Regulation (EU) No 1305/2013, calculations were performed by the independent institution.

8.2.12.3.2.11. Information specific to the operation

Definition of the threshold level of area per holding on the basis of which the Member State calculates degressivity of payments

Support is in the full amount for area up to 20 ha, from 20-50 ha reduced by 20 %, from 50-100 ha reduced by 30 % and for areas larger than 100 ha reduced by 50 %.

[Designation of areas facing natural and other specific constraints] Description of the local unit-level applied for the designation of the areas.

Natural constraint area is defined on the LAU2 level. Croatia comprises 556 self-government units, subdivided in 429 municipalities and 127 towns. LAU2 are defined according to Act on local and regional self-government units.

[Designation of areas facing natural and other specific constraints] Description of the application of the method including the criteria referred to in Article 32 of Regulation (EU) No 1305/2013 for the delimitation of the three categories of areas referred to in that Article including the description and results of the fine-tuning exercise for areas facing natural and other specific constraints other than mountain areas.

Areas affected by natural constraints in agriculture are defined pursuant the “Study on the designating areas facing natural and other specific constraints in agriculture with calculations" according to the following criteria:

- Low temperature - the length of the growing period;
- Dryness - the ratio of annual precipitation (GP) to the annual potential evapotranspiration (PET);
- Limited soil drainage - areas that are saturated with water throughout a significant part of a year;
- Unfavourable texture and stoniness - the relative abundance of clay, silt, sand, organic matter and coarse fractions;
- Shallow rooting depth - the depth from the soil surface to coherent hard rock or hard pan;
- Poor chemical properties - the presence of salts, exchangeable sodium, excessive acidity;
- Slope – change of elevation with respect to planimetric distance.

In order to exclude those LAU2 which have overcome their natural constraint by investment or economic activity the Fine tuning exercise followed after the natural constraint area was designated.

The LAU2 is defined as an area with natural constraints if any of the mentioned criteria is present on more than 60 % of its territory.

8.2.12.3.3. O_03: Compensation payment to other areas affected by specific constraints (SC)

Sub-measure:

- 13.3 - compensation payment to other areas affected by specific constraints

8.2.12.3.3.1. Description of the type of operation

This type of operation contributes to continuation of agricultural activities in areas affected by specific constraints which are defined pursuant the “Study on the designating areas facing natural and other specific constraints in agriculture with calculations".

The specific constraint area in Croatia is the Karst region, defined as unique landscape in terms of geomorphology, geology, soil science and hydrology, with abundance of features such as sinkholes, caves, karst valleys, underground streams, lakes, springheads etc. It is known as the area with the greatest biodiversity in Europe.

The karst in Croatia occupies about half of Croatia or 25.789 km² and is especially prominent in the Dinaric Alps, as well as throughout the coastal areas and the islands. However, karst area determined as specific constraint covers only about 3,5 % of Croatian territory.

According to available data, arable land covers 10 % of the area, orchards about 0,8 %, vineyards 1 %, meadows 7 %, karst pastures 39 %, forests 37 % and unfertile and swampy ground about 5 %.

Agricultural production was, and still is, the backbone of existence and development of the communities in these areas. Through history, the population in karst area survived thanks to hard work and development of specific agricultural production, which is a result of specific conditions (species and breeds adapted to the arid conditions, lack of water for irrigation, small holdings, low production viability with no possibility to use modern mechanization tools on areas with slope and shallow soil).

People formed small land parcels for growing crops by cleaning rocks from surface, constructing terraces and stonewalls to keep accumulated soil in place and to protect it from erosion. Another part of agricultural production is organized in much larger karst fields that are in winter mainly flooded due to the abundance of rainfall, and during the summer they suffer drought.

Heavy rainfall occurs quite often generating floods that completely expose surface leading to water erosion, while at the same time occurrence of strong northerly winds leads to wind erosion. Without agriculture activities, land will be exposed to erosion resulting in loss of topsoil, reduced plant coverage and finally diminished biodiversity.

Significant amounts of winter rainfall sink into the soil, part of underground water flows into the sea, while larger part is used for water supply of the coast and islands.

The diversification of agricultural activities and the creation of added value through tourism, various events where traditional crafts, products, local gastronomy and way of life are presented, through development and creation of new jobs prevent depopulation and the abandonment of land in karst area.

This type of operation contributes to Focus Area 4A, with secondary contribution to Focus Area 4B and 4C.

8.2.12.3.3.2. Type of support

Type of support: Grants

Support is in the form of an annual grant per hectare, as compensation paid to the beneficiary for loss of income and additional costs resulting from the specific constraint.

8.2.12.3.3.3. Links to other legislation

Beneficiaries must comply with the cross-compliance provisions as defined in Regulation (EU) No 1306/2013 (Chapter I of Title VI), minimum activity as defined in Regulation (EU) No 1307/2013 (article 4(1), point (c)(ii)), minimum requirements for fertilizers including codes of good agricultural practice pursuant Directive 91/676/EEC, minimal requirements for pesticides including integrated pest management pursuant Directive 2009/128/EC and other relevant mandatory standards.

Payment pursuant article 48 of Regulation (EU) No 1307/2013 will not apply in Croatia.

8.2.12.3.3.4. Beneficiaries

Eligible beneficiaries are farmers as defined in national Agriculture Act, registered in the Register of Agricultural Holdings, use the land registered in LPIS, and conduct agricultural activity in the area of local government unit defined as specific constraint area.

Beneficiaries must comply with a definition of active farmer in accordance with the meaning of Article 9 of the Regulation (EU) No 1307/2013.

8.2.12.3.3.5. Eligible costs

Not applicable.

8.2.12.3.3.6. Eligibility conditions

Each LPIS parcel if at least 50 % of its surface is situated in a LAU2 defined as area affected by specific constraints.

8.2.12.3.3.7. Principles with regards to the setting of selection criteria

Not applicable.

8.2.12.3.3.8. (Applicable) amounts and support rates

82 EUR/ha.

8.2.12.3.3.9. Verifiability and controllability of the measures and/or types of operations

8.2.12.3.3.9.1. Risk(s) in the implementation of the measures

The risks are identified on measure level.

8.2.12.3.3.9.2. Mitigating actions

The mitigating actions are defined on measure level.

8.2.12.3.3.9.3. Overall assessment of the measure

Based on the appropriate mitigating actions indicated above, the measure is controllable and verifiable.

8.2.12.3.3.10. Methodology for calculation of the amount or support rate, where relevant

Karst: the average income of agricultural production on the karst constraints area was calculated as the base. The structural hectare included those crop production represented 5 percent or more in the surface structure according to the LPIS records. The costs were estimated to be 25 % higher than average. Weighting payments on karst area respecting share of crops were calculated.

According to Article 62(2) of Regulation (EU) No 1305/2013, calculations were performed by the independent institution.

8.2.12.3.3.11. Information specific to the operation

Definition of the threshold level of area per holding on the basis of which the Member State calculates degressivity of payments

Support is in the full amount for area up to 20 ha, from 20-50 ha reduced by 20 %, from 50-100 ha reduced by 30 % and for areas larger than 100 ha reduced by 50 %.

[Designation of areas facing natural and other specific constraints] Description of the local unit-level applied for the designation of the areas.

Natural constraint area is defined on the LAU2 level. Croatia comprises 556 self-government units, subdivided in 429 municipalities and 127 towns. LAU2 are defined according to Act on local and regional self-government units (OG 33/01, 60/01, 129/05, 109/07, 125/08, 36/09, 150/11, 144/12, 19/13).

[Designation of areas facing natural and other specific constraints] Description of the application of the method including the criteria referred to in Article 32 of Regulation (EU) No 1305/2013 for the delimitation of the three categories of areas referred to in that Article including the description and results of the fine-tuning exercise for areas facing natural and other specific constraints other than mountain areas.

Area affected by specific constraint in agriculture is defined pursuant the “Study on the designating areas facing natural and other specific constraints in agriculture with calculations". Territory with karst features (9,69 % of total territory) is defined as specific constraint in Croatia.

The LAU2 is defined as an area with specific constraints if karst is present on more than 50 % of its territory.

8.2.12.4. Verifiability and controllability of the measures and/or types of operations

8.2.12.4.1. Risk(s) in the implementation of the measures

- LPIS is not timely and correctly updated with all relevant data regarding areas facing natural and other specific constraints;
- IACS cross-checks could not be performed due to missing data in LPIS;
- Beneficiaries provide incorrect area declarations or the size of the eligible area is changed between the date the application was submitted and the payment claim authorisation;
- Double declaration of same area by two or more farmers;
- Beneficiaries of the measure do not comply with the definition of active farmers based on Article 9 of Regulation (EU) No 1307/2013;
- The criteria and minimum agricultural activities from article 4(1)c of Regulation (EU) No 1307/2013 are not respected by beneficiary.

8.2.12.4.2. Mitigating actions

- Paying agency has well established and stabile LPIS which is constantly updated with relevant data. Upon final Designation of areas facing natural and other specific constraints this data will be updated. Designation will be done at the level of local administrative units ("LAU 2" level) so no major obstacles in that process are envisaged;
- All relevant data needed for performing cross-checks will be ensured by LPIS prior to campaign for year 2015;
- There is minimum risk that farmer declares ineligible area due to fact that farmer cannot declare any area which is not attributed in LPIS as such. However, in duly exceptional case an update of LPIS can slightly change size of the eligible area. Such practise is not envisaged in period

between submitting single applications and approval of payments. All cross-checks should be conducted on relevant data in LPIS while beneficiary will be formally informed on any changes caused by the update of the Land Parcel Information System (LPIS) or other legal changes;
- All applications are electronically submitted with predefined checks on area eligibility. However, farmer can transfer land to other farmer after submission of claim and in this case double declaration can be made but IACS has standard cross-check on double declaration so double payments for some area is not possible as general rule for all area based payments;
- Compliance of beneficiary with the definition of active farmers shall be regular IACS cross-check;
- Compliance of beneficiary with minimum agricultural activities shall be regular IACS cross-check.

8.2.12.4.3. Overall assessment of the measure

Parts of the control system for implementation of this measure are still in development but these shall be ready before submission of claims in 2015. A key step is the LPIS update after final designation of areas facing natural or other specific constraints. When those preconditions for implementation of this measure will be set up, this measure will be controllable and verifiable.here are still missing parts of control system for implementation of this measure but this can be ready before submission of claims for year 2015. Key step is LPIS update after final designation of areas facing natural or other specific constrains as well as fine-tuning exercise. When those preconditions for implementation of this measure will be set up, this measure will be controllable and verifiable.

8.2.12.5. Methodology for calculation of the amount or support rate, where relevant

In order to determine compensation payments in areas with limited conditions for agricultural production two types of calculations were created:

- Base calculations - showing the economic effects of agricultural production under conditions where there are no natural constraints and
- ANC calculations - showing the economic effects of agricultural production under natural constraints.

ANC calculations differ from base calculations in estimated and quantified value of limiting factors (lower yields, higher costs of human labour and machine work, etc.).

Data sources

The following sources were used as basis for calculations:

- Model calculation of coverage of variable costs of agricultural production for 2012, 2010, 2009, Agricultural Advisory Service;
- Croatian Market Information System in Agriculture (TISUP) - data on prices 2010-2012;
- Central Bureau of Statistics of the Republic of Croatia - data on yields and prices 2010-2012;

- Farm Accountancy Data Network (FADN);
- Internal data of the Institute of Management and Rural Entrepreneurship of the Faculty of Agriculture, University of Zagreb;
- Literature from the field of management in agriculture and theories of calculations and costs in agriculture.

Based on these sources calculations were made, checked and corrected in accordance with the recommendations of the consultants (assessments of experts). Calculation of realized profit for pastures was made on the basis of expected profit in livestock production which can be organised on respective pastures. The economic impacts of cattle and sheep production on area of 1 ha were taken into consideration.

The calculations for ANC were performed pursuant Article 62 of Regulation (EU) No 1305/2013, by the Institute of Management and Rural Entrepreneurship of the Faculty of Agriculture, University of Zagreb.

8.2.12.6. Information specific to the measure

Definition of the threshold level of area per holding on the basis of which the Member State calculates degressivity of payments

Support is in the full amount for area up to 20 ha, from 20-50 ha reduced by 20 %, from 50-100 ha reduced by 30 % and for areas larger than 100 ha reduced by 50 %.

56.25 % of agricultural holdings cultivate 10% of the total agricultural area with land size from 0-3 ha,

39.14 % of agricultural holdings cultivate 39% of the total agricultural area with land size from 3-20 ha.

The rest of agricultural holdings cultivate 51% of the total agricultural area with land size more than 20 ha.

Those who have more than 100 ha cultivate 26% of the total agricultural area.

The threshold level was set on 20 ha having in mind that, although it covers a significant number of holdings, natural constraints deminish with increased area of the agricultural holding. Farmers up to 20 hectares have only 49 % of UAA and one third of them have farms with less than 3 ha. Considering that only active farmers could be beneficiaries of this measure, the aim is to encourage especially small farmers to actively participate in agriculture, thus contributing to preservation of landscape, biodiversity and rural community.

[Designation of areas facing natural and other specific constraints] Description of the local unit-level applied for the designation of the areas.

Areas facing natural and other specific constraints in agriculture are defined pursuant the "Study on areas with natural or other specific constraints in agriculture with calculations" on the LAU2 level, corresponding to a “jedinica lokalne samouprave” in Croatia. The Republic of Croatia comprises 556 self-government

LAU2 units, subdivided in 429 municipalities and 127 towns. LAU2 are defined according to Act on local and regional self-government units.

[Designation of areas facing natural and other specific constraints] Description of the application of the method including the criteria referred to in Article 32 of Regulation (EU) No 1305/2013 for the delimitation of the three categories of areas referred to in that Article including the description and results of the fine-tuning exercise for areas facing natural and other specific constraints other than mountain areas.

Areas affected by natural and specific constraints in agriculture are designated pursuant the “Study on the designating areas facing natural and other specific constraints in agriculture with calculations" as defined the article 31 and 32 of Regulation (EU) No 1305/2013.

The methodology for the designation of areas facing natural and specific constraints is presented in Annex VII.

The list of LAU2 designated by Art 32 of Regulation (EU) No 1305/2013 is presented in Annex VII.

The map of areas facing natural and specific constraints is presented in Annex VII.

8.2.12.7. Other important remarks relevant to understand and implement the measure

M04 – Investments in physical assets, submeasure 4.1 - support for investments in agricultural holdings, where the maximum rates shall be increased by an additional 20 percentage points for investments in areas facing natural and other specific constraints.

8.2.13. M16 - Co-operation (art 35)

8.2.13.1. Legal basis

Article 35 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions.

Commission Implementing Regulation (EU) No 808/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

8.2.13.2. General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objectives

Dynamic changes in the global market, increasing competition and business changes are creating new challenges for family farms and small and medium enterprises.

The unfavourable structure of agricultural holdings in the Republic of Croatia is the result of the heritage from the previous system whereby a small number of large industrial agricultural conglomerates operated that no longer exists. The current small number of cooperatives (499) and operational clusters (12) indicates the poor level of cooperation between agricultural producers. Out of 499 cooperatives, 137 are in the fruit and vegetable sector and 91 in the livestock sector. Data shows that the fruit and vegetable sectors and livestock sector are the most prone to cooperation. On the other hand, farmers are producing and processing products in a traditional way that has been inherited over decades. Limited contacts between farmers, research sector and food-processing sector results in a lack of awareness of the development and implementation of innovative projects. Joint cooperation between geographically concentrated (local or regional) economic entities and research institutions will result in better exchange of information, knowledge and goods for the production or processing of joint products in agriculture as well as the food-processing sector. An added value of the cooperation measure in Croatia is that it will support entities to work together, thereby addressing several of the key challenges and needs for the rural economy, given the dimension of agricultural holdings, dependence on intermediaries for the food and food-processing sectors and the low propensity and high cost barriers to innovation for individual holdings.

The knowledge of and access to innovation, including innovative processes, is very low in the agricultural and food-processing sector in Croatia.

The setting-up and operation of Operational groups within the European Innovation Partnerships will reduce the gap between agricultural practices and research by promoting innovative solutions and innovations in practice.

The objective of the measure is to encourage cooperation and the exchange of information on existing and

new processes, procedures and technologies in the production and processing of agricultural products, which will achieve improving the economic performance and increasing participation of products with added value on the market.

Contribution to focus areas

The measure is cross-cutting and may contribute to all the priorities and focus areas, depending on the specific investments. The principal Focus Areas it will contribute to are:

Priority 2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forest

Focus Area 2A: Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increase market participation and enhance market orientation as well as agricultural diversification.

The measure will contribute to the optimization of the production potential of farms, development, testing and introduction of modern technologies and methods in production and processing, and increasing of productivity.

Priority 3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture

Focus Area 3A: Improving competitiveness of primary producers better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups and organisations, and inter-branch organisations;

The measure will contribute to the increased competitiveness of primary producers by creating local markets and reducing the number of intermediaries between producers and consumers and by creating added value products.

Contribution to cross-cutting objectives

This measure contributes to the realisation of cross-cutting objectives related to climate changes, environment and innovation.

Climate changes - Activities under this measure will be aimed at adaptation to climate change and its mitigation through sustainable management in agriculture

Environmental protection - Innovation, pilot projects and the development of new technologies in agriculture will directly contribute to the protection of the environment, natural resources and biodiversity, protection of water and potential impacts of agriculture on the environment.

Innovation - Investing in operational groups operating within the EIP will contribute to the development of innovations in agriculture.

8.2.13.3. Scope, level of support, eligible beneficiaries, and where relevant, methodology for calculation of the amount or support rate broken down by sub-measure and/or type of operation where necessary. For

each type of operation specification of eligible costs, eligibility conditions, applicable amounts and support rates and principles with regard to the setting of selection criteria

8.2.13.3.1. O_01: Support for the setting-up operational groups

Sub-measure:

- 16.1 - support for the establishment and operation of operational groups of the EIP for agricultural productivity and sustainability

8.2.13.3.1.1. Description of the type of operation

Support for the setting up of Operational Groups is envisaged to develop a project idea for the operation of an operational group in the Republic in Croatia. The application made by at least two eligible entities shall present a Concept Note with the project idea outline and its relevance for practice in the targeted context and area as well as the indication of the targeted partner combination for the composition of the operational group, as detailed in the Ordinance.

The project idea shall relate to (at least one of) these specific topics:

- Developing new or adapted production methods/management practices and multidisciplinary innovations in the agri-food sector to foster Carbon conservation and mitigate Climate Change;
- Promotion of Energy Efficiency and resource Efficiency including by-products in all sectors and use of RES;
- Reducing negative environmental impacts and improving environmental performance, including the protection of soil and water degradation, water efficiency, on-farm waste disposal and recycling, air pollution mitigation, innovative products and measures to promote reduction of fossil fuel based polluters, the sustainable management of ecosystems, including environmentally sensitive cultivation methods;
- Developing techniques, processes, services or equipment (modification) to reduce pesticide use;
- Development and improvement of manure storage and usage methods;
- Reducing risk in production and processing through innovation, including development of products, machinery or equipment for mitigation of negative abiotic and biotic factors;
- Developing new products and/or promoting multidisciplinary collaboration from agricultural holdings with greater added values;
- Improvement and introduction of innovations in animal health and welfare related activities;
- Establishment and development of short supply chains and local markets.

Other themes may be added, on condition that they fulfil the priorities chosen in the RDP strategy and fit the aims of the EIP as listed under Article 55 of Regulation (EU) No 1305/2013.

The concept note for specific topics falling under O_02 must be presented by a legal entity who is an eligible partner of an Operational Group.

The concept note for establishement and development of short supply chains and local markets (O_04) must be presented by natural or legal entity who is an eligible partner of an Operational Group.

This operation contributes to the Focus Area 2A.

The type of operation also contributes to Focus Area 1A, 1B, 3A, 4A, 4B, 4C, 5A, 5B, 5C, 5D and 5E.

8.2.13.3.1.2. Type of support

Type of support: Grants

Support shall be awarded as a lump sum grant.

8.2.13.3.1.3. Links to other legislation

- Agriculture Act (OG 30/15)

8.2.13.3.1.4. Beneficiaries

Operational Groups that involves following entities: natural and legal entities registered in the Register of Agricultural Holdings and established in the Republic of Croatia, producer groups/organisations in the agriculture and food-processing sectors, natural and legal entities established in the Republic of Croatia and engaged in the scope of the proposed topics, excluding LAG's.

8.2.13.3.1.5. Eligible costs

Lump-sum grant for all costs incurred in the development of the project idea and establishment of the partnership.

8.2.13.3.1.6. Eligibility conditions

At least two entities have to apply together for support for setting up an operational group at least one of whom is a natural person registered in the Register of Agricultural Holdings.

The lump sum support shall be paid out subject to the entities being included in a partnership submitting an eligible application for support for the type of operation O_02: Operational Groups or O_04: Short supply chains and local markets on the proposed project concept. Support is not conditional upon selection of the application.

Setting-up support can be paid out only once for each eligible application.

8.2.13.3.1.7. Principles with regards to the setting of selection criteria

Selection will be conducted on the basis of a call for proposals, based on the following principles:

- project idea targeted to one of prescribed topics in the type of operation;
- number of natural persons registered in the Register of Agricultural Holdings;
- quality of the proposal;
- range of targeted partners.

Only applications reaching a minimal threshold score shall be funded.

8.2.13.3.1.8. (Applicable) amounts and support rates

The lump-sum grant is EUR 5.000.

8.2.13.3.1.9. Verifiability and controllability of the measures and/or types of operations

8.2.13.3.1.9.1. Risk(s) in the implementation of the measures

A project is not presented for support as an Operational Group under the type of operation O_02 or O_04 .

8.2.13.3.1.9.2. Mitigating actions

The submission of eligible application under the type of operation O_02 or O_04 is a condition for payment of the lump sum.

8.2.13.3.1.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.13.3.1.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.13.3.1.11. Information specific to the operation

Specification of the characteristics of pilot projects, clusters, networks, short supply chains and local markets

This is defined at measure level.

8.2.13.3.2. O_02: Operational groups

Sub-measure:

- 16.1 - support for the establishment and operation of operational groups of the EIP for agricultural productivity and sustainability

8.2.13.3.2.1. Description of the type of operation

Operational groups will implement projects for interactive innovation through co-creation where building blocks for innovations come from science, practice and intermediaries in a bottom-up, participatory process to deliver solutions that are well-adapted to circumstances. These groups will be of central importance for the promotion of innovation in a number of areas, and their purpose is to tackle a particular practical problem or opportunity which may lead to an innovation, and to connect farmers, researchers, advisors, entrepreneurs and other actors in order to initiate and develop new approaches in different areas of the agricultural and food-processing sector. Innovation may be based on the new but also on traditional practices in a new geographical or environmental context. After the completion of the project, the project result has to be verified and disseminated as soon as possible. In this manner, obtained knowledge will be freely available for the use of all.

This operation contributes to the Focus Area 2A. Operational groups within the European Innovation Partnership will ensure the improvement of the economic results of farms and food processors through the exchange of expert knowledge and good practice and the establishment of dialogue between the farmers, rural communities, businesses, NGO's, advisory services and scientific community and easier participation of all actors in the knowledge exchange process. It will also help benefit food, feed and biomaterials supply, preservation of the environment and adaptation to and mitigation of climate change.

The type of operation also contributes to Focus Area 1A, 1B, 3A, 4A, 4B, 4C, 5A, 5B, 5C, 5D and 5E.

8.2.13.3.2.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.13.3.2.3. Links to other legislation

- Agriculture Act (OG 30/15)

8.2.13.3.2.4. Beneficiaries

Operational Groups in the agriculture and food-processing sectors. LAG's are not eligible entities in Operational Groups.

The partners in the proposed operational group can be natural and legal entities registered in the Register of Agricultural Holdings and established in the Republic of Croatia, producer groups/organisations in the agriculture and food-processing sectors, natural and legal entities established in the Republic of Croatia and engaged in the scope of the proposed topics, excluding LAG's. The proposed Operational Group shall be represented by a legal entity from among the partners. The partnership shall be attested by a notarised cooperation agreement identifying the partner who will submit the application on behalf of the partnership.

8.2.13.3.2.5. Eligible costs

Eligible expenditures within this operation are:

- running costs for the operation of operational groups during the lifetime of the project;
- direct costs of implementing the project, including costs of researchers cooperating in the Operational Group project as applicable based on the detailed business plan.

Any costs related to the ordinary activities of any of the actors in the operational groups are ineligible. On-going projects are excluded from the support. Stand-alone research, even if it is applied research, is ineligible.

Support is limited to a maximum period of five years and the project result has to be disseminated before the final payment.

8.2.13.3.2.6. Eligibility conditions

The eligibility conditions are:

- co-operation must refer to the operation of operational groups within the EIP;
- at least two entities must be involved in order to make their co-operation eligible, one of them needs to be a natural person registered in the Register of Agricultural Holdings;
- the operational group must establish internal procedures and management of the tasks to ensure transparency in their operation and decision-making, and avoid conflicts of interest;
- actors in an operational group must have a notarised agreement attributing liability among the members of the project;
- the operational group must submit a business plan with a description of the project to be developed, tested, adapted or implemented and the description of the expected results, its relevance and contribution to the EIP objective of enhancing productivity and sustainable resource management;
- the project must have a direct link to at least one of the priorities in the Rural Development Programme and the aims of the EIP as stated in Article 55 of Regulation (EU) No 1305/2013;
- the operational group must disseminate the results of their project through the common format (“practice abstract”), and in particular through the EIP network.

Regarding the quite slow uptake of innovation and new knowledge in Croatia, especially in the agricultural sector, it will be beneficial in the sense of addressing and contributing to all six rural development priorities, that the EIP operational groups will try to find innovative solutions/opportunities

to specific problems, and will propose their projects that will follow plans based on (at least one of) these specific topics:

- Developing new or adapted production methods/management practices and multidisciplinary innovations in the agri-food sector to foster Carbon conservation and mitigate Climate Change;
- Promotion of Energy Efficiency and resource Efficiency including by-products in all sectors and use of RES;
- Reducing negative environmental impacts and improving environmental performance, including the protection of soil and water degradation, water efficiency, on-farm waste disposal and recycling, air pollution mitigation, innovative products and measures to promote reduction of fossil fuel based polluters, the sustainable management of ecosystems, including environmentally sensitive cultivation methods;
- Developing techniques, processes, services or equipment (modification) to reduce pesticide use;
- Development and improvement of manure storage and usage methods;
- Reducing risk in production and processing through innovation, including development of products, machinery or equipment for mitigation of negative abiotic and biotic factors;
- Developing new products and/or promoting multidisciplinary collaboration from agricultural holdings with greater added values;
- Improvement and introduction of innovations in animal health and welfare related activities.

Other themes may be added, on condition that they fulfil the priorities chosen in the RDP strategy and fit the aims of the EIP as listed under Article 55 of Regulation (EU) No 1305/2013.

8.2.13.3.2.7. Principles with regards to the setting of selection criteria

Projects will be selected for co-financing on the basis of a call for proposals, respecting their potential to be put into practice and to be sustainable.

Knowledge exchange between actors, the quality of the organisation of activities, the added value expected, and expected effect of the planned dissemination of project results shall be reviewed and compared as well.

The selection criteria for the eligible projects will be laid down in the Ordinance based on the following principles:

- professional qualification and/or previous experience of participating entities;
- multi-actors with targeted composition (range of entities within the operational group);
- introduction of new innovative technologies, processes and products in priority sectors according to SWOT analysis from RDP;
- the location of the projects according to the Regional Development Index;
- contribution to environmental protection;
- significant involvement of farmers/food-processors in terms of their role in the project.

Only projects reaching a minimal threshold score shall be funded.

8.2.13.3.2.8. (Applicable) amounts and support rates

Intensity of the support amounts to 100 % of eligible expenditures.

The minimum value of public support per projects is EUR 30.000.

The maximum value of public support per projects is EUR 200.000.

8.2.13.3.2.9. Verifiability and controllability of the measures and/or types of operations

8.2.13.3.2.9.1. Risk(s) in the implementation of the measures

Subjective evaluation of the projects.

8.2.13.3.2.9.2. Mitigating actions

The Selection Committee that evaluates projects will be composed of representatives from MA and external professionals.

8.2.13.3.2.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.13.3.2.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable

8.2.13.3.2.11. Information specific to the operation

Specification of the characteristics of pilot projects, clusters, networks, short supply chains and local markets

This is defined at measure level.

8.2.13.3.3. O_04: Short supply chains and local markets

Sub-measure:

- 16.1 - support for the establishment and operation of operational groups of the EIP for agricultural productivity and sustainability
- 16.4 - support for horizontal and vertical co-operation among supply chain actors for the establishment and development of short supply chains and local markets, and for promotion activities in a local context relating to the development of short supply chains and local markets

8.2.13.3.3.1. Description of the type of operation

It is necessary to provide agricultural producers with opportunities for an easier placement of products to final consumers. Besides selling their products to wholesale retailers, it is necessary to enable sales at the local market to deliver the final product to the consumer as soon as possible; this involves reducing the number of intermediaries. The shorter the supply chain is, the easier it is to keep and promote authenticity and origin of foodstuffs in relation to their cultural identity, traditional ways of production and origin of ingredients. The development of more intensive and direct communication between producers and consumers will create added value to a product and develop a long term tendency to purchase exactly that product.

The objective of this operation is to provide consumers with quality products and reduce the number of intermediaries between producers and consumers. This operation contributes to the Focus Area 3A. Better integration of primary producers in the agri-food chain will ensure improving competitiveness of primary producers in the local market and provide consumers products with added value.

The type of operation also contributes to Focus Area 1A, 1B and 2A.

8.2.13.3.3.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.13.3.3.3. Links to other legislation

- Food Act (OG 81/13, 14/14).

8.2.13.3.3.4. Beneficiaries

Operational Groups that involves following entities: natural and legal entities registered in the Register of Agricultural Holdings and established in the Republic of Croatia, producer groups/organisations in the agriculture and food-processing sectors, natural and legal entities established in the Republic of Croatia,

excluding LAG's.

8.2.13.3.3.5. Eligible costs

Eligible expenditures within this operation are:

- running costs for co-operation;
- promotional activities.

Any costs related to the ordinary activities of any of the entities in the cooperation project are ineligible. On-going projects are excluded from the support.

Support is limited to a maximum period of three years.

8.2.13.3.3.6. Eligibility conditions

The eligibility conditions are:

- co-operation refers to horizontal and/or vertical co-operation among supply chain entities for the establishment and development of new/innovative short supply chains and local markets;
- beneficiary submits a business plan with a description of the project;
- at least two entities must be involved in order to make their co-operation eligible;
- the short supply chain can't involve more than one intermediary between farmer and consumer;
- for local markets, location of production or processing of the product must not be more than 50 kilometers away from final consumers;
- the operational group must disseminate the results of their project through the common format ("practice abstract") and in particular through the EIP network.

8.2.13.3.3.7. Principles with regards to the setting of selection criteria

Projects will be selected for co-financing on the basis of a call for proposals.

The selection criteria for the eligible projects, will be laid down in the Ordinance based on the following principles:

- number of producers and/or producers that are producing products with quality designations;
- targeted composition of the group (complementarity of entities within the group);
- co-operation in areas with natural and other specific constraints;
- the location of the projects according to the Regional Development Index;
- contribution to bio-based economy and environmental protection;
- projects related to the priority sectors according to the SWOT analysis from RDP.

Only projects reaching a minimal threshold score shall be funded.

8.2.13.3.3.8. (Applicable) amounts and support rates

Intensity of the support amounts to 100 % of eligible costs.

The minimum value of public support per project is EUR 10.000.

The maximum value of public support per project is EUR 50.000.

8.2.13.3.3.9. Verifiability and controllability of the measures and/or types of operations

8.2.13.3.3.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.13.3.3.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.13.3.3.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.13.3.3.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable

8.2.13.3.3.11. Information specific to the operation

Specification of the characteristics of pilot projects, clusters, networks, short supply chains and local markets

This is defined at measure level.

8.2.13.4. Verifiability and controllability of the measures and/or types of operations

8.2.13.4.1. Risk(s) in the implementation of the measures

The risks are:

- The administrative system does not include adequate checks of beneficiaries' payment requests; or the administrative procedure was not recorded well enough to ensure that all checks had been made;
- The administrative system does not include adequate checks of project results' verification and dissemination;
- The invoices provided by the beneficiary do not enable costs to be checked for reasonableness, as they were not specific enough;
- The beneficiary started operation's activities before submitting an application;
- Risk of unrealistic and unclear business plan based on unreliable data;
- Real costs are difficult to verify and to demonstrate;
- Limited interest for implementation of programmed measure;
- Inappropriate distinction between "productive" and "non-productive" investment in order to apply "Durability of operations" rule;
- Risks related to support for investments not covered by Annex I to the Treaty;
- Co-operation measure can support wide range of types of activity that can lead to risk of improper selection of operations;
- Risk of double funding.

8.2.13.4.2. Mitigating actions

- The Paying Agency has to ensure that appropriate control systems to check reasonableness of prices of eligible expenditure on the basis of real costs, but also simplified cost option as flat rate financing, standard scales of unit costs and lump sums might be envisaged for particular types of costs if appropriate;
- Procedure for control of project results' verification and dissemination shall be introduced by the Paying Agency;
- The minimum information to be provided on invoices or other relevant documents as evidence of investment costs has to be prescribed in implementation Ordinance;
- As preventive action the Managing Authority will periodically conduct informative campaign about implementation of this measure for potential applicants;
- The Paying Agency should perform assessment of business plans as part of regular administrative control. All administrative checks on business plan implementation have to be conducted before final payment;
- Evaluation of reasonableness of real costs either through use of reference costs, the comparison of different offers or using an evaluation committee, depending on the typology of cost is envisaged by special PA's service for technical analysis. Database of reference cost is set up and will be updated according to reference costs on disposal;
- The Managing Authority will set criteria for deciding whether a given investment is "productive" or not within ordinance for implementation of Co-operation measure. The Paying Agency will apply "Durability of operations" rule;

- The Managing Authority and Paying Agency will set up system according to "Guidelines for State Aid in the Agriculture and Forestry Sector and in Rural Areas, 2014-2020";
- Selection criteria will be developed in consultation with the Monitoring Committee and should be followed in project selection;
- The Paying Agency has to ensure that the relevant maximum aid intensities / amounts of other measures are applied to the direct costs of the project (Art 35 (5) (d) and (e)), where the project is of a type covered by another rural development measure.

8.2.13.4.3. Overall assessment of the measure

Due to the complexity and broad range of activities that can be implement under this measure there are risks that should be properly mitigated. However, the appropriate mitigating actions have been identified and the measure can be implemented as soon as the Paying Agency sets up the control system for implementation of this measure according to the accreditation criteria.

8.2.13.5. Methodology for calculation of the amount or support rate, where relevant

Not applicable to this measure.

8.2.13.6. Information specific to the measure

Specification of the characteristics of pilot projects, clusters, networks, short supply chains and local markets

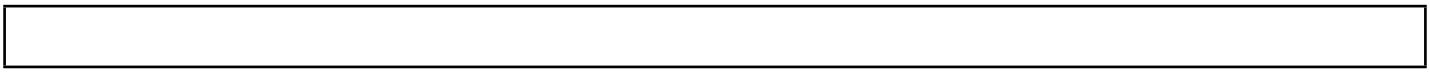
Pilot projects are intended as projects where a particular technique or approach is being tested for its suitability in the specific area or its feasibility in terms of the market, e.g. whether a farming technique implemented in one geographical area can be implemented in other areas.

Short Supply chains are supply chains involving no more than one intermediary between farmer and consumer.

The local market is the market in the radius of 50 kilometers from the farm of origin of the product, within which the activities of processing take place and sale to the final consumer.

8.2.13.7. Other important remarks relevant to understand and implement the measure

For the purpose of disseminating the results, NRN will be providing the website on the national level, and on the EU level it will be provided through interactive EIP-AGRI website. (Technical assistance under Article 51 of the Regulation (EU) No 1305/2013 will be used to co-finance such networking activities).



8.2.14. M17 - Risk management (art 36)

8.2.14.1. Legal basis

Articles 36 and 37 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions.

Commission Implementing Regulation (EU) No 808/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD).

8.2.14.2. General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objectives

The scope of insurance support within this measure is to assist farmers to improve their risk management strategy through a financial contribution to premiums for crop, animal and plant insurance against economic losses to farmers caused by adverse climatic events, animal or plant diseases, pest infestation, or an environmental incident.

Contribution to focus areas and cross-cutting objectives

The measure contributes to Priority 3, Focus Area 3B.

Priority 3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture.

Focus Area 3B: Supporting farm risk prevention and management.

The measure indirectly contributes to focus area 5A, 5B, 5C, 5D and 5E.

Contribution to cross-cutting objectives

This measure contributes to the realisation of cross-cutting objectives related to climate changes and environment by the mitigation of the risk related to climate change and dependence of agriculture production on weather conditions.

8.2.14.3. Scope, level of support, eligible beneficiaries, and where relevant, methodology for calculation of the amount or support rate broken down by sub-measure and/or type of operation where necessary. For

each type of operation specification of eligible costs, eligibility conditions, applicable amounts and support rates and principles with regard to the setting of selection criteria

8.2.14.3.1. O_01: Crop, animal and plant insurance

Sub-measure:

- 17.1 - Crop, animal and plant insurance premium

8.2.14.3.1.1. Description of the type of operation

The objective of this operation is to encourage active farmers to insure their production against possible damage.

Support within this operation is a financial contribution towards the insurance premium for crops, animals and plants against economic losses caused by adverse climate change and animal and plants diseases, pest infestation and environmental incidents or a measure adopted in accordance with Directive 2000/29/EC to eradicate or contain a plant disease, or pest which destroys more than 30 % of the average annual production of the farmer. Premia support will be paid directly to eligible farmers and intermediaries are not envisaged.

The grant is to be paid to the owner of the farm to the account logged in the Register of Agricultural holdings according to Article 11 of Regulation (EU) No 1306/2013.

8.2.14.3.1.2. Type of support

Type of support: Grants

Support shall be provided in the form of a grant.

8.2.14.3.1.3. Links to other legislation

- Act on Protection from Natural Disasters (OG 73/97);
- Methodology for Damage Assessment from Natural Disasters (OG 96/98).

8.2.14.3.1.4. Beneficiaries

Natural or legal persons, or groups of natural or legal persons defined as farmers registered in Register of Agricultural Holdings and complying with the definition of an active farmer according to Article 9 of Regulation (EU) No 1307/2013.

Furthermore, groups of farmers, consortia or farmers' associations stipulating collective insurance contracts can be beneficiaries of risk management support.

Beneficiaries that receive support for harvest insurance falling under 1st pillar are not eligible for support

under this measure. No support shall be granted to mutual funds (Art. 38 Regulation (EU) No 1305/2013).

No support shall be granted through intermediaries.

8.2.14.3.1.5. Eligible costs

The eligible cost is the cost of the valid insurance premium.

8.2.14.3.1.6. Eligibility conditions

The following eligibility conditions apply:

- a valid insurance contract has been concluded for the applicable year;
- the insurance contract concluded covers losses caused by adverse climatic events, animal or plant disease, pest infestation, or ecological incident where losses are more than 30% of the average annual production or the contract covers the costs of measures to eradicate or contain a plant pest implemented in accordance with Council Directive 2000/29/EC;
- The occurrence of an adverse climatic event or the outbreak of an animal or plant disease or pest infestation or an environmental incident has to be formally recognised as such by the competent authority;
- "Animal diseases" means diseases mentioned in the list of animal diseases established by the World Organisation for Animal Health or in the Annex to Council Decision 2009/470/EC.

8.2.14.3.1.7. Principles with regards to the setting of selection criteria

Not applicable.

8.2.14.3.1.8. (Applicable) amounts and support rates

Maximum aid amount is EUR 75.000 per beneficiary annually.

Single aid support rate is set at 65 %.

8.2.14.3.1.9. Verifiability and controllability of the measures and/or types of operations

8.2.14.3.1.9.1. Risk(s) in the implementation of the measures

- Risk of overcompensation resulting from the combination of this type of operation with other national instruments of support, Union instruments of support or private insurance schemes;
- Insurance contracts do not include a description of which particular risks the beneficiary is insured against and which economic losses are covered and/or cover other losses beside those arising from

the categories of crisis events listed in Art 37(1) or losses not related to production;
- Unreasonable costs of insurance premiums.

8.2.14.3.1.9.2. Mitigating actions

- In order to avoid problems in the implementation of this type of operation, the possibility of overlapping with national instruments of support, Union instruments of support and private insurance schemes should be absolutely excluded. The Beneficiary will be asked to provide a sworn statement that no other instrument of support regarding this type of risk has been provided and administrative checks carried out by the Paying Agency;
- The Managing Authority will draw up a predefined template for insurance contracts. The template will be part of the national implementation ordinance and will describe the risks and cover only eligible economic losses;
- Comparison of insurance contracts of a similar nature issued by same or different insurance companies will be assessed in order to check the reasonableness of premium costs.

8.2.14.3.1.9.3. Overall assessment of the measure

Thanks to the experience from a nationally implemented measure and already set up application for controlling and verification of claims for public contribution to beneficiaries' insurance premiums, no major obstacles for implementation of this type of operation is envisaged.

8.2.14.3.1.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable

8.2.14.3.1.11. Information specific to the operation

Description of mechanisms to ensure that no overcompensation takes place

In order to avoid problems in the implementation of this type of operation, the possibility of overlapping with national instruments of support, Union instruments of support and private insurance schemes should be absolutely excluded. The Beneficiary will be asked to provide a sworn statement that no other instrument of support regarding this type of risk has been provided and necessary administrative checks will be carried out by the Paying Agency, the single body resposnible for all relevant payments, which will cross-check all payments claims regarding 1st and 2nd pillar schemes in order to ensure that no overcompensation takes place.

[Crop, animal, and plant insurance] Description of conditions for insurance contracts to be eligible for support, to include at least: (a) particular risks insured against (b)particular economic losses covered

The Insurance contract can only cover economic losses caused by:

- an adverse climatic event;
- an animal or plant disease;
- a pest infestation;
- an environmental incident;
- a measure adopted in accordance with directive 2000/29/EC.

In the insurance contract, it has to be clearly stipulated that:

- the crisis event shall destroy more than 30 % of the average annual production of the farmer calculated per type of production according to the Methodology for Damage Assessment from Natural Disasters ;
- the crisis event has to be formally recognized as such by the competent authority.

Furthermore, insurance contract conditions should include particular risks insured against and particular economic losses covered.

Insurance payments shall compensate for not more than the total of the cost of replacing the losses and shall not require or specify the type or quantity of future production.

[Crop, animal, and plant insurance] Rules to be used for establishing the calculation of the proportion of the average annual production of a farmer which has been destroyed

The average annual production of the farmer is calculated per type of production according to the Methodology for Damage Assessment from Natural Disasters that uses average yield and other relevant offical data published annually by Croatian Bureau of Statistics. The average annual production of the farmer is calculated as an average production in the preceding three-year period. Biological or weather indexes will not be used for the calculation of the annual production of the farmer.

[Mutual funds for adverse climatic events, animal and plant diseases, pest infestations and environmental incidents] Principles for funding arrangements, constitution and management of the mutual funds to include in particular (see list in Annex 1 of Implementing Regulation (EU) No 808/2014)

Not applicable

[Mutual funds for adverse climatic events, animal and plant diseases, pest infestations and environmental incidents] Where the source of the financial compensation to be paid by the mutual fund is a commercial loan, minimum and maximum duration of the commercial loan

Not applicable

[Income stabilisation tool] Principles for funding arrangements, constitution and management of the mutual funds (for granting of compensation payments to farmers), to include in particular (see list in Annex 1 of Implementing Regulation (EU) No 808/2014)

Not applicable

[Income stabilisation tool] Where the source of the financial compensation to be paid by the mutual fund is a commercial loan, minimum and maximum duration of the commercial loan

Not applicable

8.2.14.4. Verifiability and controllability of the measures and/or types of operations

8.2.14.4.1. Risk(s) in the implementation of the measures

Described at the level of type of operation.

8.2.14.4.2. Mitigating actions

Described at the level of type of operation.

8.2.14.4.3. Overall assessment of the measure

Since there is no any other risk management tools beside Crop, animal and plant insurance premium scheme, overall assessment of the measure is done at the level of the type of operation.

8.2.14.5. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.14.6. Information specific to the measure

Description of mechanisms to ensure that no overcompensation takes place

- Described at the level of type of operation.

[Crop, animal, and plant insurance] Description of conditions for insurance contracts to be eligible for support, to include at least: (a) particular risks insured against (b)particular economic losses covered

- Described at the level of type of operation.

[Crop, animal, and plant insurance] Rules to be used for establishing the calculation of the proportion of the average annual production of a farmer which has been destroyed

- Described at the level of type of operation.

[Mutual funds for adverse climatic events, animal and plant diseases, pest infestations and environmental incidents] Principles for funding arrangements, constitution and management of the mutual funds to include in particular (see list in Annex 1 of Implementing Regulation (EU) No 808/2014)

Not applicable.

[Mutual funds for adverse climatic events, animal and plant diseases, pest infestations and environmental incidents] Where the source of the financial compensation to be paid by the mutual fund is a commercial loan, minimum and maximum duration of the commercial loan

Not applicable.

[Income stabilisation tool] Principles for funding arrangements, constitution and management of the mutual funds (for granting of compensation payments to farmers), to include in particular (see list in Annex 1 of Implementing Regulation (EU) No 808/2014)

Not applicable.

[Income stabilisation tool] Where the source of the financial compensation to be paid by the mutual fund is a commercial loan, minimum and maximum duration of the commercial loan

Not applicable.

8.2.14.7. Other important remarks relevant to understand and implement the measure

The implementation of the Risk management measure starts with implementation of the Crop, animal and plant insurance premium scheme. In case this scheme does not achieve the milestones set out in performance framework or based on results of on-going evaluations, the introduction of other instruments

like mutual funds could be envisaged in later phase of programme implementation by the amendment of the Rural Development Programme in accordance with Article 11 of Regulation (EU) No 1305/2013.

8.2.15. M18 - Financing of complementary national direct payments for Croatia (art 40)

8.2.15.1. Legal basis

Article 40 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

8.2.15.2. General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objectives

Financing of complementary national direct payments contributes to Focus Area 2A.

8.2.15.3. Scope, level of support, eligible beneficiaries, and where relevant, methodology for calculation of the amount or support rate broken down by sub-measure and/or type of operation where necessary. For each type of operation specification of eligible costs, eligibility conditions, applicable amounts and support rates and principles with regard to the setting of selection criteria

8.2.15.3.1. O_01: Financing of complementary national direct payments

Sub-measure:

- 18 - Financing of complementary national direct payments for Croatia

8.2.15.3.1.1. Description of the type of operation

Taking into account the levels of direct payments to farmers in Croatia in the framework of the application of the phasing-in mechanism financing of complementary national direct payments is programmed under Rural Development Programme for 2014, 2015 and 2016.

8.2.15.3.1.2. Type of support

Type of support: Grants

Comple-mentary national direct payments.

8.2.15.3.1.3. Links to other legislation

REGULATION (EU) No 1307/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and

Council Regulation (EC) No 73/2009.

8.2.15.3.1.4. Beneficiaries

Farmers eligible for complementary national direct payments under Article 19 of Regulation (EU) No 1307/2013.

8.2.15.3.1.5. Eligible costs

Not applicable.

8.2.15.3.1.6. Eligibility conditions

The total amount of complementary national direct payments granted shall not be higher than the ceiling set out in point B of Annex VI for a corresponding calendar year.

8.2.15.3.1.7. Principles with regards to the setting of selection criteria

Not applicable.

8.2.15.3.1.8. (Applicable) amounts and support rates

The total amount for the complements to direct payments from including 20% of national co-financing is established as follows:

- in 2014 - EUR 69.937.500;
- in 2015 - EUR 46.625.000;
- in 2016 - EUR 23.312.500;
- In total 2014-2016 - EUR 139.875.000.

The EAFRD contribution rate for the complements to direct payments is 80 %.

Year	Community contribution	National co-financing	Total
2014	55.950.000	13.987.500	69.937.500
2015	37.300.000	9.325.000	46.625.000
2016	18.650.000	4.662.500	23.312.500
Total	**111.900.000**	**27.975.000**	**139.875.000**

M18_01

8.2.15.3.1.9. Verifiability and controllability of the measures and/or types of operations

8.2.15.3.1.9.1. Risk(s) in the implementation of the measures

Not applicable.

8.2.15.3.1.9.2. Mitigating actions

Not applicable.

8.2.15.3.1.9.3. Overall assessment of the measure

Not applicable.

8.2.15.3.1.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.15.3.1.11. Information specific to the operation

8.2.15.4. Verifiability and controllability of the measures and/or types of operations

8.2.15.4.1. Risk(s) in the implementation of the measures

Not applicable.

8.2.15.4.2. Mitigating actions

Not applicable.

8.2.15.4.3. Overall assessment of the measure

Not applicable.

8.2.15.5. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.15.6. Information specific to the measure

8.2.15.7. Other important remarks relevant to understand and implement the measure

Complementary national direct payments for Croatia are only financially programmed under the Rural Development Programme. A specific Call for application under the Rural Development Programme is not foreseen. Implementation of this measure is part of direct payments authorisation using the financial allocation set by this measure as complements to direct payments only.

8.2.16. M19 - Support for LEADER local development (CLLD – community-led local development) (art 35 Regulation (EU) No 1303/2013)

8.2.16.1. Legal basis

Article 35 of Regulation (EU) No 1303/2013 of the European Parliament and of the Council.

Articles 42-44 of Regulation (EU) No 1305/2013 of the European Parliament and of the Council.

Commission Delegated Regulation (EU) No 807/2014.

Commission Implementing Regulation (EU) No 808/2014.

8.2.16.2. General description of the measure including its intervention logic and contribution to focus areas and cross-cutting objectives

The implementation of the LEADER approach in the Republic of Croatia in the period from 2014-2020 will contribute to rural areas' development by means of implementation of local development strategies (hereinafter referred to as: LDS). By including the local population in the drawing up and implementation of LDS in accordance with bottom up principles, conditions are created for the implementation of sustainable development policy in rural areas. In Croatia, rural development led by local stakeholders will strengthen local communities, improve living conditions, quality of life and the environment of the rural population and improve the active participation of the rural population in the process of making decisions and thus increase rural competitiveness and the overall growth of rural areas, thereby contributing to reverse the trend to rural depopulation.

The implementation of the LEADER will contribute to the achievement of all six Union priorities for the period 2014-2020.

A Local Action Group (LAG) is a partnership of public, economic and civil sector at local level which is established for the purpose of drawing-up and implementing the LDS of that area. The LAG area represents a rural area with more than 10.000 and less than 150.000 inhabitants. The LAG is a clearly defined and geographically continuous area.

The objectives from the implementation of LEADER approach in Croatia in the period 2014-2020, resulting from the SWOT analysis, are as follows:

- support rural development by means of local initiatives and partnerships;
- improve and promote rural development policy;
- raise awareness on the bottom up approach and the importance of defining a local development strategy;
- increase education and information level of rural population;
- improve rural living and working conditions, including welfare;
- create new, sustainable income earning opportunities;
- maintain and create new jobs;

- diversification of economic activities.

Illustratively, the SWOT analysis has indicated some opportunities which could be successfully exploited through the LEADER approach with multiple effects, such as the *Increased interest in areas of high landscape and cultural values of rural areas as part of a demand for green/rural tourism in the EU, strongly linked to nature, local products, and cultural traditions*.

More specific objectives:

- encourage and develop rural population activities so that they act jointly by means of cooperation projects;
- develop integrated local development strategies and prepare their implementation;
- promote local initiatives and partnership through involvement of local communities as well as representatives of business and local government;
- transfer of achievements, experiences and expertise, and availability of information and conclusions.

The operational objectives are as follows:

- strengthening capacities among rural population and partnerships;
- development, organization and management of LAGs;
- preparation and implementation of LDSs;
- cooperation among areas and groups.

Contribution to focus areas

Priority 6: Promoting social inclusion, poverty reduction and economic development in rural areas

Focus Area 6B: Fostering local development in rural areas

The LEADER approach directly contributes to Focus Area 6B – local development in rural areas. Indirectly, the measure, respectively the implementation of LDS LAGs, contributes to other focus areas.

Contribution to cross-cutting objectives

This measure contributes to the realisation of cross-cutting objectives related to climate change, environment and innovation.

Climate change – when implementing measures from the LDS it is necessary to ensure that these measures contribute to the adaptation and mitigation of negative consequences of climate change (particularly directed at sustainable sources of energy and use of “green" energy) as appropriate.

Environment – the LDS must raise awareness on environment protection, and it must contain practical measures to reduce harmful consequences to the environment and measures which will contribute to its protection.

Innovation – each LAG in its LDS should describe the possibilities for the identification of integrated and innovative local solutions to local problems. Within the implementation of the LDS it is appropriate to support innovative projects which will contribute to solving problems which were not adequately tackled

by other rural development measures.

8.2.16.3. Scope, level of support, eligible beneficiaries, and where relevant, methodology for calculation of the amount or support rate broken down by sub-measure and/or type of operation where necessary. For each type of operation specification of eligible costs, eligibility conditions, applicable amounts and support rates and principles with regard to the setting of selection criteria

8.2.16.3.1. O_01: Preparatory support

Sub-measure:

- 19.1 - Preparatory support

8.2.16.3.1.1. Description of the type of operation

The LAG is responsible for organising and coordinating the drawing-up of the LDS for 2014-2020. In order to draw the maximum advantage from the bottom-up approach, each LAG needs to build appropriate capacities, organise trainings, and carry out awareness-raising actions for the population in a particular area, as well as preparing studies and similar activities for the LDS. It is extremely important that both existing LAGs and newly-formed LAGs receive adequate preparatory support for designing a quality local development strategy.

Support for the LEADER start□up kit for LAGs shall not be available.

Considering the fact that the LEADER start-up kit for LAGs shall not be available, special attention will be paid to the selection criteria that should provide an equal opportunity for all LAGs under sub-measure 19.1, and must include objective and transparent criteria for selection.

After the approval of the application for support under sub-measure 19.1 each LAG has an obligation to draw up its LDS within six months from the date of selection within the sub-measure 19.1. The submission of the LDS to the Call for proposals under sub-measure 19.2 is not obligatory for funding under sub-measure 19.1.

Support under sub-measure 19.1 is possible up to the selection or rejection of LAGs under sub-measure 19.2.

Only one call for proposals for sub-measure 19.1 in the programming period 2014-2020 will be published.

8.2.16.3.1.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.16.3.1.3. Links to other legislation

- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund;
- Associations Act (OG 74/14) and all subordinate legislation.

8.2.16.3.1.4. Beneficiaries

Beneficiaries are local action groups (LAGs) as registered in accordance with the Law on Associations.

8.2.16.3.1.5. Eligible costs

The following typologies of costs are eligible:

- capacity building for employees, volunteers and LAG members for the purpose of designing and implementing LDS such as seminars, workshops, study visits etc.;
- networking for the purpose of designing and implementing LDS such as meetings etc.;
- trainings for local stakeholders for the purpose of designing and implementing LDS;
- studies for the LAG area (including feasibility studies for some of the projects which will be described in LDS);
- drawing up of LDS (including consultancy costs and costs for actions related to consultations of stakeholders in view of better preparation of the LDS);
- administrative costs (operating and personnel costs) for LAGs that did not receive support for administrative costs in the period from 2007–2013 under IPARD.

In the case of LAGs that received funding under IPARD, administrative costs (operating and personnel costs) will only be eligible once the IPARD funding has finished.

8.2.16.3.1.6. Eligibility conditions

Eligibility conditions shall be based on the minimum requirements which LAGs need to fulfil, namely:

- minimum and maximum number of inhabitants, respectively 10.000 – 150.000 inhabitants;
- cover a clearly defined geographically continuous area;
- minimum 5 of local self-government units;
- at least 50 % of the Managing Board come from the private and civil sector;
- neither public authorities, as defined in accordance with national rules, nor any single interest group shall represent more than 49 % of the voting rights, in compliance with Art 32 of Regulation (EU) No 1303/2013.

8.2.16.3.1.7. Principles with regards to the setting of selection criteria

Selection criteria and allocation of funds per LAG shall be detailed in the Ordinance and shall be based on the following principles:

- number of inhabitants;
- number of local self-government units above the minimum required;
- share and representativeness of private and civil sector in Managing Board above the minimum required.

Only projects reaching a minimal threshold score shall be funded.

8.2.16.3.1.8. (Applicable) amounts and support rates

Intensity of the support amounts to 100 % up to a maximum of EUR 100.000.

8.2.16.3.1.9. Verifiability and controllability of the measures and/or types of operations

8.2.16.3.1.9.1. Risk(s) in the implementation of the measures

The risks are:

- Error rates in claiming costs;
- Potential overlaps for LAGs funded under IPARD for administrative costs.

8.2.16.3.1.9.2. Mitigating actions

The mitigating actions are:

- Guidance provided on cost calculations and cross-checks by the Paying Agency;
- Internal administrative cross-checks by the Paying Agency on LAGs funded under IPARD;
- Appropriate cross-checks shall be made by the Paying Agency to ensure that administrative and running costs are not double financed.

8.2.16.3.1.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.16.3.1.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.16.3.1.11. Information specific to the operation

Description of the obligatory community-led local development (hereafter "CLLD") elements of which the LEADER measure is composed: preparatory support, implementation of operations under the CLLD strategy, preparation and implementation of co-operation activities of the local action group (hereafter "LAG"), running costs and animation, referred to in Article 35(1) of Regulation (EU) No 1303/2013

This is described at measure level.

Description of the use of the LEADER start-up-kit referred to in Article 43 of Regulation (EU) No 1305/2013 as specific type of preparatory support if relevant

Not applicable.

Description of the system for ongoing application for LEADER co-operation projects referred to in Article 44(3) of Regulation (EU) No 1305/2013

LAGs shall select cooperation projects according to the procedure described in their LDS.

The procedure and timetable to select the local development strategies

This is described at measure level.

Justification for selection of geographical areas for local development strategy implementation whose population falls outside the limits laid down in Article 33(6) of Regulation (EU) No 1303/2013

Not applicable.

Co-ordination with the other European Structural and Investment (hereafter "ESI") Funds as regards CLLD, including possible solution applied with regard to the use of the lead fund option, and any global complementarities between the ESI Funds in financing the preparatory support

This is described at measure level.

Possibility or not of paying advances

This is specified at measure level.

Definition of the tasks of the Managing Authority, the paying agency and the LAGs under LEADER, in particular with regard to a non-discriminatory and transparent selection procedure and objective criteria for the selection of operations referred to in Article 34(3)(b) of Regulation (EU) No 1303/2013

This is defined at measure level.

Description of co-ordination mechanisms foreseen and complementarities ensured with operations supported under other rural development measures especially as regards: investments in non-agricultural activities and business start-up aid under Article 19 of Regulation (EU) No 1305/2013; investments under Article 20 of Regulation (EU) No 1305/2013; and co-operation under Article 35 of Regulation (EU) No 1305/2013, in particular implementation of local development strategies by public-private partnerships

This is described at measure level.

8.2.16.3.2. O_02: Support for implementation of operations under the CLLD strategy

Sub-measure:

- 19.2 - Support for implementation of operations under the community-led local development strategy

8.2.16.3.2.1. Description of the type of operation

This operation provides support for implementation of operations under the CLLD strategy, following the selection of the LAGs.

In accordance with the LDS and in coherence with the strategy expressed in the programme, following approval for the allocation of funds from the RDP, LAGs will be able to select projects for beneficiaries from the LAG area up to the level of allocated funds.

After the LAG has selected a project, the Paying Agency shall perform necessary controls and disbursement of funds to project holders.

No commitments or expenditures shall be eligible under the type of operation Preparatory Support once the LAG has been selected or rejected for this type of operation.

The LDS must contain at least the following elements:

- description of the area covered by the strategy (including size of the area, number of local self-government units and towns, number of inhabitants);
- an analysis of the development needs and potential of the area, including SWOT analysis;
- description of the objectives of LDS and integrated and innovative character of LDS including clear and measurable targets for outputs or results;
- description of local stakeholders' involvement in the development of LDS;
- an action plan of the implementation of LDS;
- monitoring and evaluation of LDS;
- description of the capacity to implement LDS;
- financial plan.

8.2.16.3.2.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.16.3.2.3. Links to other legislation

- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the

European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund;

- National implementing legislation in relation to the implementation of the LEADER approach.

8.2.16.3.2.4. Beneficiaries

Beneficiaries are local actors (including LAG members) in the LAG area who submitted the application to LAG for the selection and co-financing of their project, as well as selected LAGs themselves.

8.2.16.3.2.5. Eligible costs

Projects which will be co-financed by means of this type of operation are small scale projects, projects of innovative-experimental character which are carried out in the LAG area. Projects must be in accordance with the LDS of the LAG and the RDP 2014-2020.

Eligible costs are defined under the specific type of operation, sub-measure or measure in the RDP and they depend on the selected type of the project. Eligible costs include construction costs, purchase of equipment, acquisition or development of computer software and acquisition of patents, licences, copyrights, trademarks and other non-material investments related to material investments, general costs etc.

8.2.16.3.2.6. Eligibility conditions

Local actors must have permanent residence in the LAG area, and the project must be carried out in the LAG area. Specific selection criteria shall be elaborated by the LAG in its LDS. Local actors/LAGs will have to fulfil all the eligibility conditions laid down for specific measures from RDP 2014-2020 for which they submit their project.

A LAG can be a beneficiary under sub-measures 7.4 in which case the eligibility conditions described under these sub-measures apply.

Furthermore, the LAG has to be selected under sub-measure 19.2, to be eligible as a beneficiary in sub-measures 7.4.

At the decision making level neither public authorities, as defined in accordance with national rules, nor any single interest group shall represent more than 49 % of the voting rights.

8.2.16.3.2.7. Principles with regards to the setting of selection criteria

Selection criteria according to which the LAG will select projects for co-financing shall be elaborated in the LDS and must be coherent with its objectives.

Project selection at LAG level should be in line with the following principles:

- a quorum of at least 51 % of the Managing Board must approve project selection;
- objective, transparent and measurable criteria shall be established at LAG level for project selection;
- when voting on project selection, conflict of interest has to be avoided through specific procedures;
- the procedure of project evaluation and selection has to be transparent and the principles for this procedure have to be described in the LDS (documented evidence of this procedure shall be made public).

Only projects reaching a minimal threshold score shall be funded.

8.2.16.3.2.8. (Applicable) amounts and support rates

Intensity and maximum level of support per project shall depend on the type of project, limitations laid out in RDP 2014-2020, and it shall be further elaborated in implementing acts/calls for proposals.

Projects selected by a LAG can have a higher aid intensity in relation to the aid intensity set out in the RDP 2014-2020. When deciding on the aid intensity for a specific project, the LAG shall consider some of the following criteria: common interest, common beneficiaries, public access to results of the project, the innovative character of a project on a local level and available allocation of funds, etc.

A LAG can award a maximum 20 % higher support rate than prescribed for specific projects in the RDP up to a maximum defined in Annex II of Regulation (EU) No 1305/2013 of the European Parliament and of the Council or where applicable the state aid rules.

The maximum allocation per LAG for projects under this type of operation for the period 2014-2020 amounts up to EUR 3.000.000.

8.2.16.3.2.9. Verifiability and controllability of the measures and/or types of operations

8.2.16.3.2.9.1. Risk(s) in the implementation of the measures

The risks are defined on measure level.

8.2.16.3.2.9.2. Mitigating actions

The mitigating actions are defined on measure level.

8.2.16.3.2.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.16.3.2.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.16.3.2.11. Information specific to the operation

Description of the obligatory community-led local development (hereafter "CLLD") elements of which the LEADER measure is composed: preparatory support, implementation of operations under the CLLD strategy, preparation and implementation of co-operation activities of the local action group (hereafter "LAG"), running costs and animation, referred to in Article 35(1) of Regulation (EU) No 1303/2013

This is described at measure level.

Description of the use of the LEADER start-up-kit referred to in Article 43 of Regulation (EU) No 1305/2013 as specific type of preparatory support if relevant

This is described at measure level.

Description of the system for ongoing application for LEADER co-operation projects referred to in Article 44(3) of Regulation (EU) No 1305/2013

LAGs shall select cooperation projects according to the procedure described in their LDS.

The procedure and timetable to select the local development strategies

This is described at measure level.

Justification for selection of geographical areas for local development strategy implementation whose population falls outside the limits laid down in Article 33(6) of Regulation (EU) No 1303/2013

Not applicable.

Co-ordination with the other European Structural and Investment (hereafter "ESI") Funds as regards CLLD, including possible solution applied with regard to the use of the lead fund option, and any global complementarities between the ESI Funds in financing the preparatory support

This is described at measure level.

Possibility or not of paying advances

This is described at measure level.

Definition of the tasks of the Managing Authority, the paying agency and the LAGs under LEADER, in particular with regard to a non-discriminatory and transparent selection procedure and objective criteria for the selection of operations referred to in Article 34(3)(b) of Regulation (EU) No 1303/2013

This is described at measure level.

Description of co-ordination mechanisms foreseen and complementarities ensured with operations supported under other rural development measures especially as regards: investments in non-agricultural activities and business start-up aid under Article 19 of Regulation (EU) No 1305/2013; investments under Article 20 of Regulation (EU) No 1305/2013; and co-operation under Article 35 of Regulation (EU) No 1305/2013, in particular implementation of local development strategies by public-private partnerships

This is described at measure level.

8.2.16.3.3. O_03: Preparation of cooperation activities of the LAG

Sub-measure:

- 19.3 - Preparation and implementation of cooperation activities of the local action

8.2.16.3.3.1. Description of the type of operation

Following the selection under sub-measure 19.2, LAGs may apply for support for the preparation of cooperation activities. The objectives of cooperation are exchanging peer experiences and good practices, transferring know-how, the enhancement of capacity building of the LAG partnership, the promotion of innovation and creation of networks.

The intended thematic focus of the cooperation projects should be described in the LDS.

The LDS shall specify the needs and objectives for both national and trans-national cooperation and these shall be directly linked to achieving or maximising the goals established in the strategy.

8.2.16.3.3.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.16.3.3.3. Links to other legislation

- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund;
- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal;
- National implementing legislation in relation to the implementation of the LEADER approach.

8.2.16.3.3.4. Beneficiaries

Beneficiaries are selected LAGs under sub-measure 19.2 and local actors from the LAG area which the LAG has selected.

8.2.16.3.3.5. Eligible costs

Eligible costs must be directly linked to the technical preparation of inter-territorial (within Croatia) and transnational (between several Member States or with third countries) cooperation projects, subject to the identification of minimum goals and character/type of the planned cooperation project in its LDS, such as:

- travel and accommodation costs for partner search;
- costs of translation, interpretation and meeting organisation etc.;
- specific expertise related to the scope of the intended cooperation project.

8.2.16.3.3.6. Eligibility conditions

Costs are eligible if presented by a selected LAG, in coherence with the goals,type and thematic focus of the planned cooperation projects in the approved LDS.

Costs are eligible from the date of selection of the LAG under sub-measure 19.2 until the presentation of the cooperation project, or within 18 months from the start of preparation of cooperation activities.

All costs must be directly linked to the preparation of the cooperation activities.

8.2.16.3.3.7. Principles with regards to the setting of selection criteria

No specific selection is envisaged apart from the criteria relating to the cooperation projects.

Only cooperation projects reaching a minimal threshold score shall be funded.

8.2.16.3.3.8. (Applicable) amounts and support rates

Intensity of the support amounts to 100 % up to the maximum eligible for preparatory costs. Up to 20 % of total allocation for sub-measure 19.3 may be used for the preparation of cooperation projects.

8.2.16.3.3.9. Verifiability and controllability of the measures and/or types of operations

8.2.16.3.3.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.16.3.3.9.2. Mitigating actions

The mitigating actions are defined on measure level.

8.2.16.3.3.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.16.3.3.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.16.3.3.11. Information specific to the operation

Description of the obligatory community-led local development (hereafter "CLLD") elements of which the LEADER measure is composed: preparatory support, implementation of operations under the CLLD strategy, preparation and implementation of co-operation activities of the local action group (hereafter "LAG"), running costs and animation, referred to in Article 35(1) of Regulation (EU) No 1303/2013

This is described at measure level.

Description of the use of the LEADER start-up-kit referred to in Article 43 of Regulation (EU) No 1305/2013 as specific type of preparatory support if relevant

Not applicable.

Description of the system for ongoing application for LEADER co-operation projects referred to in Article 44(3) of Regulation (EU) No 1305/2013

LAGs shall select cooperation projects according to procedure described in their LDS.

The procedure and timetable to select the local development strategies

This is described at measure level.

Justification for selection of geographical areas for local development strategy implementation whose population falls outside the limits laid down in Article 33(6) of Regulation (EU) No 1303/2013

Not applicable.

Co-ordination with the other European Structural and Investment (hereafter "ESI") Funds as regards CLLD, including possible solution applied with regard to the use of the lead fund option, and any global complementarities between the ESI Funds in financing the preparatory support

This is described at measure level.

Possibility or not of paying advances

This is described at measure level.

Definition of the tasks of the Managing Authority, the paying agency and the LAGs under LEADER, in particular with regard to a non-discriminatory and transparent selection procedure and objective criteria for the selection of operations referred to in Article 34(3)(b) of Regulation (EU) No 1303/2013

This is described at measure level.

Description of co-ordination mechanisms foreseen and complementarities ensured with operations supported under other rural development measures especially as regards: investments in non-agricultural activities and business start-up aid under Article 19 of Regulation (EU) No 1305/2013; investments under Article 20 of Regulation (EU) No 1305/2013; and co-operation under Article 35 of Regulation (EU) No 1305/2013, in particular implementation of local development strategies by public-private partnerships

This is described at measure level.

8.2.16.3.4. O_04: Implementation of cooperation activities of the LAG

Sub-measure:

- 19.3 - Preparation and implementation of cooperation activities of the local action

8.2.16.3.4.1. Description of the type of operation

Following the selection of LAGs under sub-measure 19.2, LAGs may apply for support for the implementation of cooperation activities. The cooperation between areas is often the best source of innovations for a LAG, and by implementation of the common project ideas, experiences and knowledge are exchanged among project stakeholders through inter-territorial cooperation projects. Cooperation and sharing of experience in transnational cooperation is an efficient way to access new ideas, innovative approaches and new skills.

Cooperation projects may also be focused on capacity building and transfer of experience on local development.

The objectives for national, but also for trans-national cooperation, are exchanging peer experiences and good practices, transferring know-how, the enhancement of capacity building of the LAG partnership, the promotion of innovation and creation of networks.

Two types of cooperation projects are envisaged:

- Inter-territorial cooperation projects within the borders of Croatia;
- Transnational cooperation projects are carried out among Member States or in cooperation with third countries.

The goals and thematic focus of the planned cooperation projects should be described in the LDS.

8.2.16.3.4.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.16.3.4.3. Links to other legislation

- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund;
- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the

European territorial cooperation goal;
- National implementing legislation in relation to the implementation of the LEADER approach.

8.2.16.3.4.4. Beneficiaries

Beneficiaries are selected LAGs under sub-measure 19.2 and local actors from LAG area which LAG has selected to take part in a cooperation project.

8.2.16.3.4.5. Eligible costs

Eligible expenditures shall be made within following activities:

- Costs for the implementation of inter-territorial cooperation projects (within Croatia);
- Costs for the implementation of transnational cooperation projects (between Member States or with third countries).

8.2.16.3.4.6. Eligibility conditions

Specific eligibility conditions are:

- The involvement of at least 2 eligible territories;
- The coherence with the LDS and the strategy in the RDP.

Partners of the LAGs in cooperation projects may be:

- other LAGs;
- local public and private partnerships in rural or urban areas implementing some form of LDS, within or outside the EU as referred to in Article 44, paragraph 2 of the Regulation (EU) 1305/2013.

8.2.16.3.4.7. Principles with regards to the setting of selection criteria

The selection criteria for cooperation projects to be funded by the LAG shall be defined in the LDS.

To ease the cooperation process and to ensure consistency of approach the Managing Authority will work with prospective LAGs to develop a common set of criteria that all can share.

Only cooperation projects reaching a minimal threshold score shall be funded.

8.2.16.3.4.8. (Applicable) amounts and support rates

Intensity of the support amounts up to 100 % depending on the limitations laid out in the RDP 2014-2020. When deciding on the aid intensity for a specific cooperation project, the LAG shall consider some of the following criteria: common interest, common beneficiaries, public access to results of the project, contribution to the LDS objectives, available allocation of funds, etc.

Maximum level of public support per LAG for sub-measure 19.3 for the period 2014-2020 amounts to EUR 100.000.

Only the quota of costs sustained by the LAG within the budget of the project will be eligible.

8.2.16.3.4.9. Verifiability and controllability of the measures and/or types of operations

8.2.16.3.4.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.16.3.4.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.16.3.4.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.16.3.4.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.16.3.4.11. Information specific to the operation

Description of the obligatory community-led local development (hereafter "CLLD") elements of which the LEADER measure is composed: preparatory support, implementation of operations under the CLLD strategy, preparation and implementation of co-operation activities of the local action group (hereafter "LAG"), running costs and animation, referred to in Article 35(1) of Regulation (EU) No 1303/2013

This is described at measure level.

Description of the use of the LEADER start-up-kit referred to in Article 43 of Regulation (EU) No 1305/2013 as specific type of preparatory support if relevant

Not applicable

Description of the system for ongoing application for LEADER co-operation projects referred to in Article 44(3) of Regulation (EU) No 1305/2013

LAGs shall select cooperation projects according to the procedure described in their LDS.

The procedure and timetable to select the local development strategies

This is described at measure level.

Justification for selection of geographical areas for local development strategy implementation whose population falls outside the limits laid down in Article 33(6) of Regulation (EU) No 1303/2013

Not applicable.

Co-ordination with the other European Structural and Investment (hereafter "ESI") Funds as regards CLLD, including possible solution applied with regard to the use of the lead fund option, and any global complementarities between the ESI Funds in financing the preparatory support

This is described at measure level.

Possibility or not of paying advances

This is defined at measure level.

Definition of the tasks of the Managing Authority, the paying agency and the LAGs under LEADER, in particular with regard to a non-discriminatory and transparent selection procedure and objective criteria for the selection of operations referred to in Article 34(3)(b) of Regulation (EU) No 1303/2013

This is described at measure level.

Description of co-ordination mechanisms foreseen and complementarities ensured with operations supported under other rural development measures especially as regards: investments in non-agricultural activities and business start-up aid under Article 19 of Regulation (EU) No 1305/2013; investments under

Article 20 of Regulation (EU) No 1305/2013; and co-operation under Article 35 of Regulation (EU) No 1305/2013, in particular implementation of local development strategies by public-private partnerships

This is described at measure level.

8.2.16.3.5. O_05: Running costs and animation

Sub-measure:

- 19.4 - Support for running costs and animation

8.2.16.3.5.1. Description of the type of operation

Selected LAGs under sub-measure 19.2 will receive support for running and animation costs related to personnel costs, office, equipment, public relations, monitoring and evaluation of LDS, exchange of experience, assistance for preparation of the project and similar activities from the allocated amount of funds.

For the above mentioned activities a LAG will be able to use up to 25 % of the amount of allocated public expenses incurred within the LDS.

Expenditures relating to running costs and animation are eligible after the selection of the LAG under sub-measure 19.2.

8.2.16.3.5.2. Type of support

Type of support: Grants

Support shall be awarded as a grant.

8.2.16.3.5.3. Links to other legislation

- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund;
- National implementing legislation in relation to the implementation of the LEADER approach.

8.2.16.3.5.4. Beneficiaries

Beneficiaries are selected LAGs under sub-measure 19.2.

8.2.16.3.5.5. Eligible costs

Eligible activities/costs within running costs:

- staffing and administration costs of the selected LAGs such as operating costs (rental fees, utilities, office supplies, etc.), personnel costs (wages, travel costs etc.), office equipment etc.;
- training costs for LAG staff and members (trainings for project promoters must not to be financed within the running costs) such as cost of experts, rental of training spaces, food and drink, travel costs, per diems etc.;
- costs linked to public relations such as promotional material, web pages, promotional events etc.;
- financial costs such as bank and postal fees, etc.;
- networking costs such as participation of LAG staff and LAG members in meetings, including meetings of the Rural development network and European network for rural development, national or European LAG network;
- monitoring and evaluation costs of the LDS (on LAG level) such as cost of experts, etc.

Eligible activities/costs within animation:

- exchange of knowledge between stakeholders such as travel and accommodation costs, participation fees etc.;
- information and promotion of LDS such as cost of public meetings, leaflets, publications, web pages, etc.;
- helping potential beneficiaries to develop projects and prepare applications such as travel costs, office supplies etc.;
- operative costs incurred for animation needs such as rental fees, utilities, office supplies, office equipment etc.;
- personnel costs involved in animation such as wages, travel costs etc.;
- costs incurred in the implementation of animation such as office material, costs for experts etc.

8.2.16.3.5.6. Eligibility conditions

Costs are eligible if presented by a selected LAG under sub-measure 19.2, in coherence with the approved LDS.

8.2.16.3.5.7. Principles with regards to the setting of selection criteria

Not applicable for this operation.

8.2.16.3.5.8. (Applicable) amounts and support rates

The intensity of the support amounts to 100 %.

Maximum level of support for running costs and animation per beneficiary in the period 2014 – 2020 shall

not exceed 25 % of the total public expenditure incurred within the LDS.

LAGs can request payment of advances for costs relating to operation running cost and animation. The amount of the advance cannot be more than 50 % of the public support related to the costs of the operation running costs and animation.

8.2.16.3.5.9. Verifiability and controllability of the measures and/or types of operations

8.2.16.3.5.9.1. Risk(s) in the implementation of the measures

The risks are defined at measure level.

8.2.16.3.5.9.2. Mitigating actions

The mitigating actions are defined at measure level.

8.2.16.3.5.9.3. Overall assessment of the measure

This type of operation is verifiable and controllable.

8.2.16.3.5.10. Methodology for calculation of the amount or support rate, where relevant

Not applicable

8.2.16.3.5.11. Information specific to the operation

Description of the obligatory community-led local development (hereafter "CLLD") elements of which the LEADER measure is composed: preparatory support, implementation of operations under the CLLD strategy, preparation and implementation of co-operation activities of the local action group (hereafter "LAG"), running costs and animation, referred to in Article 35(1) of Regulation (EU) No 1303/2013

This is described at measure level.

Description of the use of the LEADER start-up-kit referred to in Article 43 of Regulation (EU) No 1305/2013 as specific type of preparatory support if relevant

Not applicable

Description of the system for ongoing application for LEADER co-operation projects referred to in Article 44(3) of Regulation (EU) No 1305/2013

LAGs shall select cooperation projects according to procedure described in their LDS.

The procedure and timetable to select the local development strategies

This is described at measure level.

Justification for selection of geographical areas for local development strategy implementation whose population falls outside the limits laid down in Article 33(6) of Regulation (EU) No 1303/2013

Not applicable.

Co-ordination with the other European Structural and Investment (hereafter "ESI") Funds as regards CLLD, including possible solution applied with regard to the use of the lead fund option, and any global complementarities between the ESI Funds in financing the preparatory support

This is described at measure level.

Possibility or not of paying advances

This is described at measure level.

Definition of the tasks of the Managing Authority, the paying agency and the LAGs under LEADER, in particular with regard to a non-discriminatory and transparent selection procedure and objective criteria for the selection of operations referred to in Article 34(3)(b) of Regulation (EU) No 1303/2013

This is described at measure level.

Description of co-ordination mechanisms foreseen and complementarities ensured with operations supported under other rural development measures especially as regards: investments in non-agricultural activities and business start-up aid under Article 19 of Regulation (EU) No 1305/2013; investments under Article 20 of Regulation (EU) No 1305/2013; and co-operation under Article 35 of Regulation (EU) No 1305/2013, in particular implementation of local development strategies by public-private partnerships

This is described at measure level.

8.2.16.4. Verifiability and controllability of the measures and/or types of operations

8.2.16.4.1. Risk(s) in the implementation of the measures

Comparing other measures and methods of financing the rural development, the LEADER approach includes a higher level of risk due to delegation of control over a part of the European budget to LAG.

The LEADER approach was implemented during IPARD where the possibility to select and implement projects under LDS did not exist; the LAGs therefore have no experience in this. In general, the following risks were identified in the implementation of the measure:

- low level of awareness and information of local population about LEADER approach and its implementation;
- insufficient personnel capacities for the implementation of activities and LAG management;
- poor cash-flow of LAGs and the impossibility to ensure funds for pre-financing;
- dominant influence of local government on LAG work/overdependence of LAGS on the units of local self-government.

8.2.16.4.2. Mitigating actions

In view of reducing negative influence on the implementation of the LEADER measure, the following activities shall be implemented:

- promotion of LEADER approach directed towards the inhabitants of rural areas;
- training, guidance and capacity-building of LAGs;
- involving other stakeholders in solving of pre-financing (units of regional self-government, banking sector, National trust for civil society development);
- introduction of obligation of equal decision making for representatives of all three sectors in the LAG work into implementing acts on implementation of LEADER approach.

8.2.16.4.3. Overall assessment of the measure

Although LEADER approach started with implementation for the first time during the IPARD programme in Croatia (and only from 2013), certain experience and indicators show that the implementation of LEADER approach in the period 2014-2020 will be successful and thus contribute to the development of rural areas.

8.2.16.5. Methodology for calculation of the amount or support rate, where relevant

Not applicable.

8.2.16.6. Information specific to the measure

Description of the obligatory community-led local development (hereafter "CLLD") elements of which the LEADER measure is composed: preparatory support, implementation of operations under the CLLD strategy, preparation and implementation of co-operation activities of the local action group (hereafter "LAG"), running costs and animation, referred to in Article 35(1) of Regulation (EU) No 1303/2013

Obligatory elements contained in the LEADER measure are laid down in Article 35, paragraph 1 of the Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund. They include preparatory support for the development and implementation of LDS, implementation of LDS, preparation and implementation of cooperation projects and running costs and animation, and they are described in relevant Chapters of this measure.

Description of the use of the LEADER start-up-kit referred to in Article 43 of Regulation (EU) No 1305/2013 as specific type of preparatory support if relevant

Not applicable.

Description of the system for ongoing application for LEADER co-operation projects referred to in Article 44(3) of Regulation (EU) No 1305/2013

LAGs shall select cooperation projects according to the procedure described in their LDS.

The procedure and timetable to select the local development strategies

The procedure for the selection of community-led local development strategies shall include the following main steps:

- call for proposals for LAGs to submit their applications for the allocation of funds under Measure M19;
- verification of administrative compliance and eligibility of applications;
- assessment of the strategies.

One call for intake of the strategies shall be published and by 30 October 2016 LAGs to be supported shall be selected. From this date no cost will be eligible for the selected LAGs from IPARD or from sub-measure 19.1. Obligations from the programming period 2007-2013 have to be concluded by 31 December 2016 in the case of LAGs not selected under sub-measure 19.2.

The selection and allocation of funds shall be conducted in accordance with the following criteria:

- quality of local development strategy;

- number of inhabitants with priority to settlements with less than 25.000 inhabitants;
- number of local self-government units above the minimum required;
- share of private and civil sector in Managing Board above the minimum required.

Details regarding those selection criteria will be elaborated in implementing acts.

An Evaluation Committee appointed by the Managing Authority shall evaluate the quality of submitted LDSs based on objective and transparent criteria which will be the involvement of local stakeholders in LDS drafting, the quality of partnership, the capacity for LDS implementation, the logic and consistency of the needs arising from SWOT, the identification of measurable targets, the identification of integrated and innovative local approaches, the contribution to environment protection, climate change mitigation and adaptation, compliance with superior strategic documents, creation of new jobs etc. Details regarding the criteria for the LDS evaluation will be elaborated in implementing acts. The Evaluation Committee shall include representatives of public authorities, the Ministry of Agriculture, the managing authorities of the operational programmes of the European Regional Development Fund, the European Social Fund and the European Maritime and Fisheries Fund, independent external evaluators etc.

The LDSs shall also indicate the distribution of funds between running costs and animation subject to the 25 % limit of the total public expenditure incurred within the LDS. LAGs should justify the balance between the use of these two types of funding in the LDSs. The LDSs shall indicate the goals and thematic focus of the planned cooperation projects.

Justification for selection of geographical areas for local development strategy implementation whose population falls outside the limits laid down in Article 33(6) of Regulation (EU) No 1303/2013

Not applicable.

Co-ordination with the other European Structural and Investment (hereafter "ESI") Funds as regards CLLD, including possible solution applied with regard to the use of the lead fund option, and any global complementarities between the ESI Funds in financing the preparatory support

According to the Partnership agreement, Croatia will use a mono-fund CLLD approach (i.e. one local development strategy for one fund) but it will not be an obstacle to connect the local development initiatives in fisheries with local development initiatives in rural development. Previous experience in the LEADER approach during IPARD programme will be an additional support in establishing FLAGs, because in pre accession period there were no established FLAGs. Furthermore, the intention is to use existing model of management and delivery from rural LAG’s adapted to fisheries areas The Ministry of Agriculture intends to encourage future FLAGs to use the experience and logistics from existing rural LAGs where this could be achieved, bearing in mind territorial and sectorial delimitations, but this shall not affect the financing of preparatory support in terms of developing the local development strategies.

Possibility or not of paying advances

The possibility of advance payments is described in the chapter 8.1 General conditions.

Definition of the tasks of the Managing Authority, the paying agency and the LAGs under LEADER, in particular with regard to a non-discriminatory and transparent selection procedure and objective criteria for the selection of operations referred to in Article 34(3)(b) of Regulation (EU) No 1303/2013

The Managing Authority:

- lays down legal framework;
- proposes criteria for LAG selection;
- lays down minimum content for LDS;
- education on LEADER approach of all stakeholders included in the implementation of LEADER approach;
- establishes Evaluation Committee for the evaluation of LDSs;
- monitoring and evaluation of the implementation of the measure;
- promotion and information of local population and local stakeholders on LEADER approach.

The Paying Agency:

- drawing up calls for proposals/tender for LAG selection;
- administrative processing of LAGs applications;
- selection of LAGs;
- control of LAGs and projects in the field;
- payment of funds to the selected LAGs.

The LAG – Local Action Group:

- elaboration of LDS;
- managing the LAG and other activities in relation to the scope of work of a LAG;
- selection of projects from the LAG area;
- drawing up of transparent, non-discriminatory selection procedures and criteria for the selection of operations which avoid conflict of interest;
- building the capacity of local stakeholders to develop and implement operations, and encouraging their capability to manage projects;
- monitoring and evaluation of the implementation of the LDS at the LAG level.

Description of co-ordination mechanisms foreseen and complementarities ensured with operations supported under other rural development measures especially as regards: investments in non-agricultural activities and business start-up aid under Article 19 of Regulation (EU) No 1305/2013; investments under Article 20 of Regulation (EU) No 1305/2013; and co-operation under Article 35 of Regulation (EU) No 1305/2013, in particular implementation of local development strategies by public-private partnerships

LEADER indirectly contributes also to other focus areas of the RDP 2014-2020 since there are no restrictions in selecting the type of project that a LAG will implement. Depending on the identified needs in LDS, LAG will make the selection of projects which it will implement.

For implementation of the one and the same project, a beneficiary cannot receive support under sub-measure

19.2 and under other measures of RDP 2014-2020.

8.2.16.7. Other important remarks relevant to understand and implement the measure

The following table summarises the eligibility of costs under sub-measures 19.1. and 19.4.

Type of LAG	Type of expenditures under sub-measure 19.1	Eligibility of costs	
		Start	End
„new" LAG	Expenditures relating to LDS drafting	Date of application to the Call for proposals	6 months from the date of selection
	Administrative costs	Date of application to the Call for proposals	Date of selection or rejection under sub-measure 19.2
contracted LAG from 2007-2013 period	Expenditures relating to LDS drafting	Date of application to the Call for proposals	6 months from the date of selection
	Administrative costs	Date when IPARD support is finished	Date of selection or rejection under sub-measure 19.2

Eligibility of costs from sub-measure 19.1 and 19.4

9. EVALUATION PLAN

9.1. Objectives and purpose

A statement of the objectives and purpose of the evaluation plan, based on ensuring that sufficient and appropriate evaluation activities are undertaken, in particular to provide information needed for programme steering, for the annual implementation reports in 2017 and 2019 and the ex-post evaluation, and to ensure that data needed for RDP evaluation are available.

For the purpose of ensuring sufficient and appropriate evaluation activities and to provide for appropriate resources able to support these activities, pursuant to Articles 56 and 114 of Regulation (EU) No 1303/2013, an Evaluation Plan (EP) has been drawn up for evaluation of the Rural Development Programme of the Republic of Croatia 2014-2020.

Specifically, the objectives of the EP are to:

- ensure that satisfactory and adequate evaluation activities are undertaken to provide the necessary information for programme steering,
- ensure the availability of sufficient and suitable resources (human and financial),
- ensure that appropriate data is available at the right time and in the right format for the purpose of the Programme evaluation, especially for the Annual Implementation Reports (AIRs) in 2017 and 2019 and ex-post evaluation.

In order to successfully fulfil these objectives, the following overarching principles will guide the evaluation activities of the RDP:

- **diverse and tailored approach**: different evaluation techniques shall be used for monitoring and evaluating different aspects of the RDP. This will also allow sufficient flexibility in annual planning to address evaluation needs as they emerge,
- **timely**: ensure the monitoring and evaluation activity is undertaken at the right time in order to inform all those involved in Programme management, policy-makers and stakeholders of the impact and effectiveness of the programme,
- **targeted**: the monitoring and evaluation activity will be targeted on capturing whether the programme is delivering on the identified policy priorities,
- **dialogue and transparency**: early dialogue between relevant stakeholders for relevant and timely feedback and fostering evaluation transparency to have the greatest benefits from evaluation results.

9.2. Governance and coordination

Brief description of the monitoring and evaluation arrangements for the RDP, identifying the main bodies involved and their responsibilities. Explanation of how evaluation activities are linked with RDP implementation in terms of content and timing.

The monitoring and evaluation system for the RDP consists of those actors, mechanisms and activities involved in the monitoring and evaluation of its implementation.

The actors involved in the monitoring and evaluation system are: the Managing Authority (MA), the Monitoring Committee (MC), the Evaluation Working Group of RDP 2014-2020 (EWG - RD), the Paying Agency for Agriculture, Fisheries and Rural Development (PAAFRD), National Rural Network (NRN), Local Action Groups (LAGs), the Inter-Institutional Evaluation Working Group established by Croatia (IEWG) and independent evaluators.

The role and responsibilities of involved bodies in the monitoring and evaluation system are given below and shown in Figure 9.

Managing Authority

The Managing Authority is responsible for the functioning and management of the monitoring and evaluation system and for the quality, timeliness and dissemination of the results of evaluation activities.

In terms of monitoring, the Managing Authority has to ensure a safe electronic information system is in place, provide relevant data to the European Commission on selected and paid operations and draw up AIRs. It is responsible for the monitoring of the quality of Programme implementation using defined indicators and it ensures all information and necessary documents for the Programme progress monitoring are available in due time to the Monitoring Committee.

The Managing Authority is responsible for drawing up and the implementation of the EP and has to ensure as a minimum the following legal requirements:

- that during the programming period the contribution to the objectives of each priority is evaluated at least once;
- that ex-ante and ex-post evaluations are timely and in accordance with the monitoring and evaluation system;
- that European Commission is informed on each evaluation via AIRs;
- that the results of evaluation are published.

Pursuant to the Article 75 of Regulation (EU) No 1305/2013, the Managing Authority shall send first AIR by 30 June 2016. The report submitted in 2016 shall cover the calendar years 2014 and 2015. Furthermore, by 30 June of each current year (n) it shall send annual reports for the previous year (n-1), including the year 2024. The Managing Authority shall ensure that the AIRs which have to be submitted in 2017 and 2019 are enhanced and that they contain the evaluation results from previous years.

The Managing Authority is also responsible for managing all evaluation tenders, facilitating cooperation amongst the monitoring and evaluation stakeholders and ensuring their capacity building as well as communicating the evaluation results to internal and external stakeholders, as well as to the wider public.

The Managing Authority is responsible for the establishment and coordination of the operations of the EWG-RD, as its Chair and it takes part in the work of IEWG of the Republic of Croatia, set up by the Ministry of Regional Development and EU Funds. The representatives of the Managing Authority will also participate in the work of the Expert group on monitoring and evaluating the CAP [1] on a regular basis.

Monitoring Committee

The role of the Monitoring Committee is to monitor the efficiency and quality of the RDP implementation, as well as review the progress in the utilisation of allocated funds towards the set objectives of the RDP. Among other tasks, the Monitoring Committee analyses the activities and results of the EP implementation

and may issue recommendations to the MA regarding programme implementation and evaluation and then monitor actions taken as a result of its recommendations. It considers and approves AIRs before they are sent to the EC (see Chapter 15.2.).

Evaluation Working Group of RDP 2014-2020 (EWG-RD)

The institutional capacity for EP implementation will be ensured by the work of the EWG-RD. The EWG-RD will be established within three months of the approval of the RDP 2014-2020 and it will consist of representatives of the Managing Authority (department responsible for activities of monitoring and evaluation), Monitoring Committee, National Rural Network, IEWG, Advisory Service and Paying Agency for Agriculture, Fisheries and Rural Development. The EWG-RD will consist of about 10 core representatives, in order to foster efficiency. If necessary, and depending on particular needs, evaluator representatives (contracted via tenders), other ministries and bodies, representatives of regional and local self-government units or other experts will be invited to working meetings.

The main tasks of EWG-RD will be to:

- support to the management of the monitoring and evaluation process, including the implementation of EP;
- define adequate and tailored evaluation activities in accordance with the Programme needs;
- establishing an informal multi-annual Evaluation Plan supported by the development of a retro-planning template;
- draw up the informal Annual Evaluation Plan for each year in coherence with the above;
- regularly monitor the timeliness and progress of evaluation activities in accordance with the Annual Plan;
- preparing Terms of Reference for evaluation activities;
- providing assistance to the evaluator for data collection and in carrying out evaluation activities;
- monitor data quality and the progress of the action plan for the collection of data;
- support for quality control of all evaluation activities;
- assistance in monitoring the take-up of evaluation recommendations;
- analysis of draft evaluation reports;
- assist in the dissemination of evaluation results.

The Managing Authority shall chair the EWG-RD.

Paying Agency for Agriculture, Fisheries and Rural Development (PAAFRD)

For the purpose of monitoring and evaluation the PAAFRD collects information based on documents submitted through applications, information on supported projects and payments and information on conducted controls. The PAAFRD is responsible for the IT systems that underpin programme operations and can programme all the information necessary for monitoring. The PAAFRD shall ensure the setup of a system to secure a timely data flow to both the MA and evaluators through an interface to facilitate the transfer and handling of data or a common data system, based on the current upgrading of its software for the administration of EAFRD measures (see 9.4 for details). At the request of the evaluators, the PAAFRD will ensure provision of all additional information and documentation as required. The PAAFRD will work closely in coordination with the MA to ensure the timely provision of all data on operations and necessary monitoring data.

Local action groups (LAGs)

LAGs as well as other programme beneficiaries have the obligation to provide all information necessary for the monitoring and evaluation of the Programme, particularly those related to the evaluation of contribution of Local Development Strategies (LDS) and the added value of the LEADER approach and the principle of partnership. Among others, LAGs are responsible for the development, implementation, monitoring and evaluation of LDS of their areas. Specific monitoring templates and appropriate guidance shall be developed following submission of the programme.

National Rural Network

The National Rural Network in the monitoring and evaluation system has a key role in the dissemination of evaluation results in the whole rural area of Croatia. Moreover, representatives of the National Rural Network will, through their participation in the EWG-RD, participate fully as evaluation stakeholders in defining evaluation needs, following up evaluation results and addressing specific issues in Programme implementation (more in Chapter 17). They will also be able to provide valuable support in monitoring the participation of Croatian stakeholders in the EIP.

Inter - Institutional Evaluation Working group (IEWG)

The IEWG was established in 2013 by the MRDEUF[2] consisting of representatives of the Managing Authorities of all EU programmes in the Republic of Croatia. The purpose of this group is to provide support, coordination and guidance for all activities related to evaluation, including and not limited to the evaluation of ESI Funds. Therefore the representatives of Managing Authority of IPARD also actively joined the work of IEWG.

Active participation in IEWG will enable the Managing Authority of RDP 2014-2020 to carry out the following activities:

- participation in the elaboration/management of the Evaluation Strategy of the Republic of Croatia[3];
- participation in the establishment of a National Evaluation Society in Croatia;
- coordination of the evaluation activities of RDP 2014-2020 with the evaluation of other ESI programmes in Croatia;
- exchange evaluation experience with other ministries/bodies;
- strengthening evaluation capacities;
- ensuring a smoother and timely flow of information.

The Secretariat of the IEWG is the MRDEUF.

Other sources of information

Databases and information from other sources (Croatian Bureau for Statistics, Croatian Agency for Environment Protection, Energy Institute Hrvoje Požar, Advisory Service, other ministries, universities, research institutes etc.) can be relevant, as input data for evaluation activities. The representatives of these institutions will, where necessary, be invited to participate in the work of EWG-RD. Specific protocol agreements shall be drawn up to ensure there is access to necessary data, also based on the successful data exchange established under IPARD. The Managing Authority shall ensure that all adequate existing information is available for the purpose of reporting and implementation of evaluation activities. If some additional data necessary for a particular evaluation is missing, the relevant institutions shall be contracted to

collect specific data.

Independent evaluators

All evaluation activities will be carried out by external experts who are functionally independent from the Managing Authority and the Paying Agency for Agriculture, Fisheries and Rural Development. Evaluators will be contracted in accordance with public procurement provisions based on the most economically advantageous tender principle and financed from "Technical assistance".

Lessons learnt from the implementation of IPARD

The experience of IPARD evaluation has thrown into light the importance of taking into consideration some key monitoring and evaluation issues which have been duly integrated or addressed in the development of the above governance and coordination system.

- The need to ensure the timeliness of evaluation activities through the design and monitoring of time-based informal Annual Evaluation Plans based on the retro-planning approach which will provide a clear time line for M&E work and assist in advance planning as well as highlight and schedule critical issues;
- The completeness of data and its quality – this will be addressed through an initial activity for identifying data needs and developing a data quality control methodology;
- The timely availability of data and its completeness through the development of an appropriate IT system to address any issues from the beginning of the programme to ensure the smooth data flow, given the shortcomings identified in the IPARD monitoring system. The MA is participating in the IPA 2011 TA Project on developing the software as part of the project Steering Committee and necessary data flow upgrades will be ensured through Component of the project;
- The need to envisage tailored and ad-hoc evaluation activities as part of the overarching approach to evaluation, in particular considering the enhanced role of the evaluation stakeholders;
- The need to ensure effective understanding of monitoring and evaluation and its purpose to all RDP stakeholders.

[1] Set up by EC, previously the Evaluation Expert Committee

[2] Within project EuropeAid/130401/D/SER/HR "Ex-ante evaluation of programming documents and strengthening evaluation capacity for EU funds post-accession"

[3] Evaluation Strategy for European structural instruments, MRDEUF, March 2012 (in process of amendment)

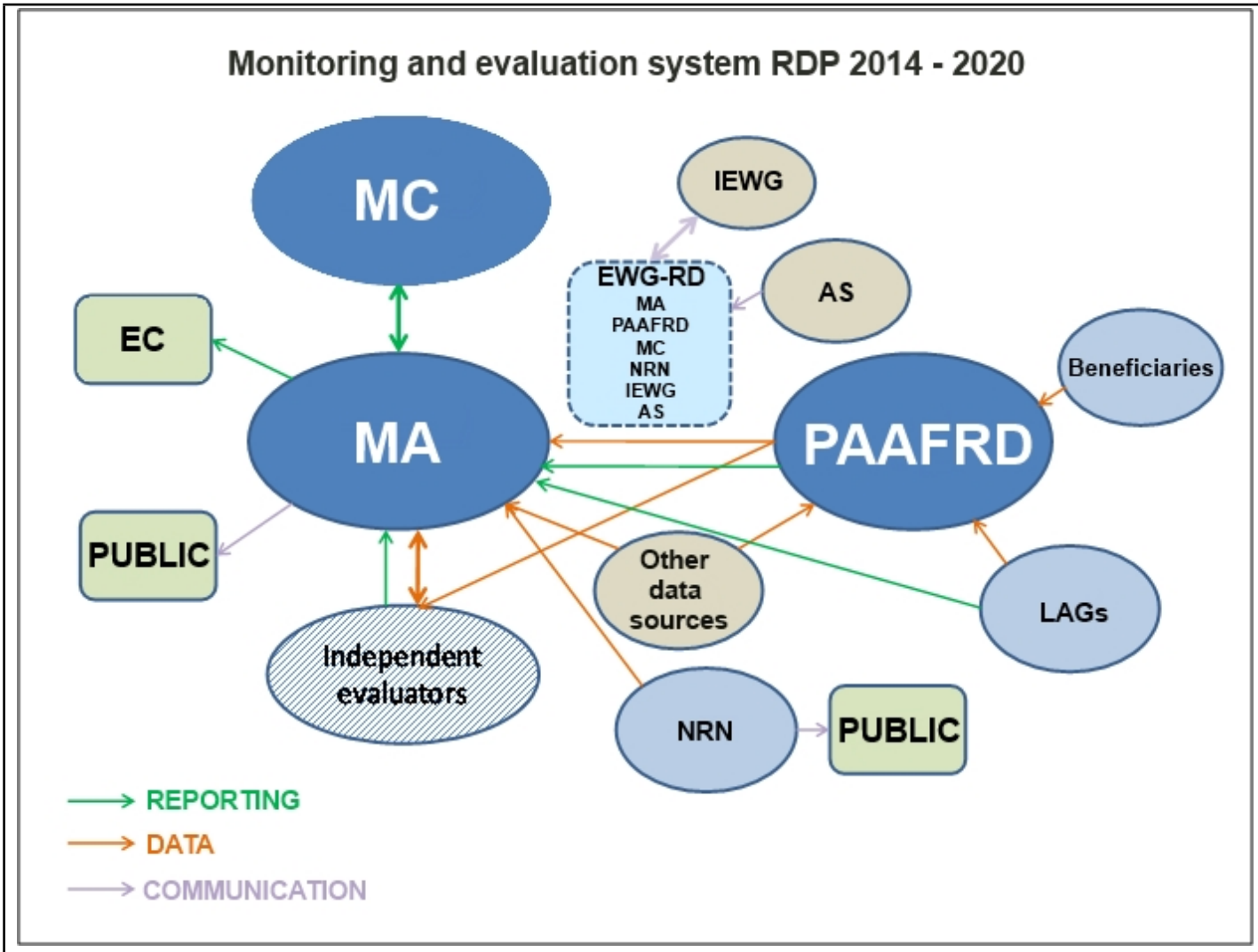


Figure 9 Monitoring and evaluation system

9.3. Evaluation topics and activities

Indicative description of evaluation topics and activities anticipated, including, but not limited to, fulfilment of evaluation requirements provided for in Regulation (EU) No 1303/2013 and Regulation (EU) No 1305/2013. It shall cover: (a) activities needed to evaluate the contribution of each RDP Union priority as referred to in Article 5 of Regulation (EU) No 1305/2013 to the rural development objectives laid down in Article 4 of that Regulation, assessment of result and impact indicator values, analysis of net effects, thematic issues, including sub-programmes, cross-cutting issues, national rural network, contribution of CLLD strategies; (b) planned support for evaluation at LAG level; (c) programme specific elements such as work needed to develop methodologies or to address specific policy areas.

Evaluation activities will show the progress, impact, achievements, effectiveness, efficiency and importance of rural development policy. Evaluation activities will ensure an adequate analysis of the Programme contribution to the objectives of each focus area and priorities for rural development. All evaluation activities will be coordinated by means of the EWG-RD.

Up to now the experiences of monitoring and evaluation of rural development policy in Croatia have been

limited. The reason are insufficient institutional capacity and lack of timely availability of financial resources. Shortcomings were identified in the monitoring system which hindered the independent evaluation of implementation. However, initial invaluable experiences were acquired in the monitoring, reporting and evaluation system during SAPARD and IPARD. Detailed information can be found in annual and evaluation reports available at www.mps.hr. Furthermore, capacity building has been enhanced through the IPA project "Ex-ante evaluation of programming documents and strengthening evaluation capacity for EU funds post-accession".

The development of the EP has also taken into account any relevant recommendations of the Ex-ante evaluation of the RDP 2014-2020.

Based on the above experiences and since good quality evaluation cannot be performed without a well-established monitoring system, the following activities will be performed at the start of the programing period:

- A review of data availability for common context indicators (or proxies) and assessment of weaknesses and gaps in data collection;

During this process, following the submission of the programme, a detailed review of data availability will be carried out for common context indicators (especially impact indicators) and weaknesses and gaps in data collection will be assessed. The lack of data will be analysed in order to identify the appropriate steps to be taken to ensure the proper availability of quality data according to the results of analysis. The responsible institutions will be engaged to collect data, especially for missing environmental context indicators, in order to establish the methodology and prepare the set-up of the system by the end of 2015 for effective data collection from 2016 at the latest. By the beginning of 2017, all CCIs and/or proxies will be provided (except in the justified cases, for example - data on the conservation of agricultural habitats, which shall be guaranteed by 2019 in line with the obligations for the Republic of Croatia). In the case of proxies, assessment shall be carried out to assure their adequacy. This will allow data to be available in time for the enhanced AIR.

During the implementation of the RDP, ongoing monitoring of data quality will be carried out and any appropriate actions taken to upgrade the quality of data or take into account further indications at EU level. Adequate financial resources shall be earmarked for the above.

- The assessment of the established monitoring and evaluation system in Paying Agency/Managing Authority and further development of the system;

The established system of collecting and storing of data will be checked at the PAAFRD. Based on these results, coordination with the IPA project "Capacity Building of Croatian Paying Agency in preparation for the new CAP and CFP reforms" will allow for the appropriate upgrading of the software for monitoring data collection within the PAAFRD and identification of additional needs.

Examples of good practice of other member states in the organisation of monitoring and evaluation system will be further analysed. A Training Needs Assessment will be carried out and appropriate capacity-building activities implemented, including an initial training for the members of the EWG-RD. The methodology for AEC measures monitoring shall be established. Specific guidance concerning the requirements for LAGs to report their performance will be developed, including a set of core indicators and a tailored training plan. This will create a solid basis for the evaluation activities.In addition, the following evaluation and monitoring activities will be carried out with emphasis on specific

RDP 2014-2020 themes:

- Ex-post evaluation of IPARD programme;
- Observation of development trends and context analysis; ongoing observation of changes in the context in which the programme's interventions take place against set baselines (using common and programme-specific context indicators);
- Progress monitoring in relation to set values of target indicators and planned output indicators and drawing up AIRs;
- Assessment of programme interventions by an analysis of target indicators and complementary result indicators, taking into consideration relevant evaluation questions and the assessment of multiple effects and synergies in relation to focus areas and analysis of complementary result indicators. With regard to allocation of resources of the RDP, a special emphasis will be on the analysis of the implementation and effect of operations in investments in modernisation, under sub-measures 4.1 and 4.2. and their contribution to the Priority 2;
- Assessment of the contribution of the RDP to the CAP objectives (viable production of food, sustainable management of natural resources and climate change, and balanced territorial development) by means of and analysis of changes in value of impact indicators;
- Assessment of the Programme impact on horizontal objectives (environment, climate change mitigation and adaptation and innovation). Special emphasis will be put on the environmental impact of the programme, with particular focus on biodiversity through agri-environmental measure monitoring;
- Assessment of the Programme contribution to thematic objectives of the EU 2020 Strategy including the contribution of RDPs to the headline targets;
- Assessment of the added value of the integrated approach - by means of LEADER local development strategies and support for evaluation activity undertaken at the Local Action Group level;
- Assessment of the use of resources from "Technical assistance";
- Contribution of the National Rural Network in implementation and achieving the goals from the rural development policy;
- Diversity monitoring: age and gender information will be recorded for all applicants;
- Activities for the purpose of monitoring of implementation of evaluation recommendations. Each implemented evaluation will produce recommendations on different aspects. Consequently, the MA shall follow recommendations and undertake activities in view of complying with them;
- Dissemination of evaluation results;
- Building-up of evaluation capacities;
- Ex-ante evaluation of future period (2021-2027);
- Ex-post evaluation RDP 2014-2020.

Agri-environment monitoring

A specific programme for agri-environment monitoring will be developed. It will assess changes in biodiversity, connectivity of natural habitats and enhancements in the rural landscape. This work will also examine which agri-environment options have the biggest impact on maintaining biodiversity in Croatia. It will establish a baseline using remote sensing derived habitat maps and analyses of landscape statistics. This will be supported by habitat structure and plant and wildlife field data. Agri-environment and forestry options will be assigned criteria for success including factors such as presence of indicator species, biodiversity indices and landscape diversity indices. As counterfactual evaluation is difficult to accurately estimate, comparisons will be made against national indicators. This will provide an indication

of the extent to which the intervention has led to an improvement in performance in the specific area supported relative to the national level. Use will be made of quantitative data where possible; qualitative data will also provide an insight into the impact of the interventions from the agri-environment programme; consequently specific surveys will be undertaken to AECM beneficiaries to provide greater insight into the effect of the measures.

In order to plan effectively the evaluation timeline, retro planning will be used for informal Multi-Annual Planning as an informal internal management tool. It will allow the cross check for the informal Annual Evaluation Plans described below.

The implementation and planning of evaluation activities will be the constituent part of the informal Annual Evaluation Plan drawn up by EWG-RD. In addition to previously mentioned evaluation activities, specific "ad-hoc" evaluation activities will be carried out during programme implementation based on the needs and results of evaluations, appropriate recommendations of the MC and other evaluation stakeholders. Each annual plan shall include as a horizontal theme dissemination and capacity-building actions to be carried out throughout programme implementation. These Annual Evaluation Plans will establish procedures for the preparation of tenders to contract external experts for evaluation needs, the methods of dissemination of evaluation results, the detailed evaluation capacity-building plan, methods of engaging other institutions in data collection, proposals for EP revision, etc. The EWG-RD shall prepare a short recommendation report in 2017 to assess the EP progress, propose revisions and ensure any necessary reallocation of resources.

9.4. Data and information

Brief description of the system to record, maintain, manage and report statistical information on RDP implementation and provision of monitoring data for evaluation. Identification of data sources to be used, data gaps, potential institutional issues related to data provision, and proposed solutions. This section should demonstrate that appropriate data management systems will be operational in due time.

The available evaluation of the IPARD programme has shown the need for the early establishment of adequate collection of data. A clear definition and understanding of each indicator, together with the data collection methodology to calculate their value is the basis for implementation of any evaluation.

In the programming period 2014-2020 the following common indicators are foreseen:

1. Context indicators
2. Impact indicators
3. Target indicators
4. Complementary result indicators
5. Output indicators

Context indicators

Values of common context indicators are collected by European Commission from Eurostat, processed and forwarded to the Managing Authority. Eurostat receives these data from the Member States. Data for the calculation of a relevant number of context indicators are not collected in Croatia at the moment and indicators are not monitored i.e. Eurostat has no or insufficient data for the Republic of Croatia.[1] These

are mostly indicators referring to the environment. In the beginning of programming period the lack of data will be analysed in detail and adequate steps will be taken to ensure the proper availability of quality data according to the results of analysis.

Target Indicators

The source of data for the quantifying of target indicator values will be databases (operations database) managed by the PAAFRD, and for the base year, statistical databases. The expected values of envisaged target indicators are given in the Indicator plan.

Complementary result indicators

Common complementary result indicators assess primary and secondary effects and synergy of operations in relation to particular focus area. The primary effect is recorded in operations database as an output indicator of operation, which belongs to focus area under which it has been programmed. Operations which are programmed under one focus can also have secondary effect on other focus areas, which is provided in Indicator plan as a "secondary effect". The secondary effect will be identified in the PAAFRD operations database and it will be measured by means of evaluation activities.

Output indicators

Relevant output indicators are monitored in the operations database and provided by monitoring tables that will be generated by the PAAFRD IT system, currently being upgraded. Monitoring tables show cumulatively the values of output indicators of operation in relation to planned values of output indicators provided in Indicator plan.

All key data for each operation chosen for financing, as well as for completed operations, will be recorded in the electronic operations database, updated and managed by the PAAFRD. The access to operations database will be enabled to the Managing Authority. Based on collected data from the operations database, monitoring tables will be completed on a monthly basis. Using data from the delivered report and monitoring tables, the Managing Authority will draw up AIRs.

At the request of the Managing Authority and/or contracted evaluator, all contracted beneficiaries of the Programme shall co-operate in view of delivering data or enabling insight in project and business documentation for the purpose of evaluation implementation. Beneficiaries will be obliged to provide information for monitoring and evaluation as part of their rural development contract. This includes submission of information not only via the applications and claims process, but may also envisage bespoke and sample surveys.

PAAFRD IT system

The software currently in operation at the PAAFRD is being updated within the context of IPA project "Capacity Building of Croatian Paying Agency in preparation for the new CAP and CFP reforms" to ensure it meets the requirements for the RDP 2014-2020.

The system will envisage uniquely on-line applications through AGRONET according to the once-only encoding principle, which is currently in place.

The participation of the MA in the Steering Committee of the project will ensure the needs of both the MA and PAAFRD are met. Initial updates are envisaged in the second half of 2014, including piloting of

RDP measures. The implementation of the IT project is being carried out in synergy with the planned implementation of RDP measures, to ensure there are no IT gaps or administrative bottlenecks. The system will be completely operational and upgraded by 2016. The project also includes an information campaign for beneficiaries on the system and capacity-building activities for staff.

The system will be fully interoperable allowing the extraction and use of monitoring data in other systems.

External data sources

Given the diverse nature of the programme, there are a number of potential external sources of information which may be drawn on to help inform the performance and assess its impact, such as:

- statistical collections by the MA and PA (e.g. the census, farm registers, Land Registry ID system, farm structure survey and farm accounts (FADN)). As these statistics are collected in-house, informal procedures will be established for their use;
- databases and information from other sources (e.g. Croatian Bureau for Statistics and Croatian Agency for Environment Protection), in accordance with agreements and protocols;
- additional and bespoke surveys of beneficiaries to capture broader impacts through public procurement;
- evidence from the Research Institutes and NGOs on the programme through data collection or public procurement;
- independent reviews of the programme through public procurement.

These will be defined within the EWG-RD.

Furthermore, appropriate use will be made of data from the Integrated Administration and Control Systems (IACS) and the Management Information System for evaluation purposes.

[1] In the list of context indicators, it can be seen which indicators are missing.

9.5. Timeline

Major milestones of the programming period, and indicative outline of the timing needed to ensure that results are available at the appropriate time.

It is essential to ensure that all activities relating to monitoring and evaluation are carried out in appropriate time, respecting the implementation workflow in relation to time when certain information is necessary. Timely planning will enable planning and foreseeing of assignments for each body involved in the monitoring and evaluation system. Activities of monitoring and evaluation will provide necessary information at a suitable moment, particularly information for the purpose of drawing up of AIRS (and enhanced AIRs) and the final report on the Programme implementation.

The timeline of implementation of the planned activities of the EP is given in the table below and in accordance with the informal multiannual retro planning tool.

Activities	Year of implementation and duration	Reporting
Ex-post evaluation of IPARD programme	It will start during 2015, and finish no later than fourth quarter of 2016.	The report will be published on web pages of the Ministry and sent to the EC by the end of 2016
Setting up and running of EWG -RD	Set up following submission of programme: meetings of the working group will be held at least three times a year	Information will be given in each AIR in the context of progress in implementation of the Evaluation plan
Assessment of established monitoring and evaluation system in Paying Agency/Managing Authority and review of data availability for CCI including further development of the system - data preparation, methodology development, ongoing monitoring of data quality	Following submission of the programme and in first year of implementation, some activities may be on-going	Information will be in AIR delivered in 2016 and ongoing monitoring of data quality will be reported in enhanced AIRs
Building-up of evaluation capacities	Following submission of the programme and in first year of implementation (Training Needs Assessment, specific evaluation guidance); other activities will be on-going	Information will be in AIR delivered in 2016 and in each AIR
Progress monitoring in relation to set values of target indicators and planned output indicators	During the entire implementation of the Programme	Information will be given in each AIR
Assessment of programme interventions by analysis of target indicators and complementary result indicators, taking into consideration relevant evaluation questions and evaluation of primary and secondary effects of operations in relation to focus areas	During the implementation of the Programme	Relevant information will be given in enhanced AIR in 2017 and 2019 and in the final report and Ex-post report RDP 2014-2020
Assessment of contribution of the Programme to the objectives of Common Agricultural Policy: viable production of food, sustainable management of natural resources and climate changes, and balanced territorial development		
Assessment of the Programme impact on horizontal objectives: environment, climate change mitigation and adaptation and innovation		
Assessment of the Programme contribution to thematic objectives of the Strategy EU 2020		
Assessment of the use of resources from the measure "Technical assistance"		
Assessment of the use of integrated approach by means of local development strategies of LAGs		
Contribution of National Rural Network in implementation and achieving Programme goals		
Analysis of the development trends and context analysis of the Programme		
Agri-environment monitoring and assessment of Programme impact	During the implementation of the Programme	Information will be given in enhanced AIR in 2017 and 2019 and in the final report and Ex-post report RDP 2014-2020
Specific and "ad-hoc" evaluation activities	They will be implemented during the period of the Programme implementation on the basis of identified needs and results of implemented evaluations	Information will be given in each AIR, in the context of progress in implementation of the Evaluation plan
Dissemination of evaluation results	This will be implemented during the period of the Programme implementation in accordance with annual evaluation plans	Information will be given in each AIR
Ex-ante evaluation of the future period (2021-2027)	No later than 2020 and by the submission of the RDP 2021-2027	Information will be given in final report, and evaluation report will be the constituent part of the future RDP
Ex-post evaluation RDP 2014-2020	No later than 2024	Ex–post report shall be delivered to the EC no later than 31 December 2024

Timeline of evaluation activities

9.6. Communication

Description of how evaluation findings will be disseminated to target recipients, including a description of the mechanisms established to follow-up on the use of evaluation results.

Pursuant to Article 54 of Regulation (EU) No 1303/2013, all evaluations carried out shall be available to the public. In addition to the obligation to make evaluation reports public, results of evaluation shall be efficiently and timely communicated to target groups and the general public.

Appropriate activities for disseminating the results of evaluations as well as the assessment of information needs for each target group will be foreseen in the Annual Evaluation Plan drawn up by the EWG-RD. Activities will be developed in close co-operation with the department responsible for programme promotion in the Managing Authority and in accordance with the overall communication strategy of the Programme.

The dissemination of evaluation results will indicatively be carried out in two ways:

- In house – targeting employees and decision makers in the Managing Authority and Paying Agency for Agriculture, Fisheries and Rural Development, particularly in relation to implementation of evaluation recommendations and for the overall implementation of RDP 2014-2020. Monitoring and evaluation results will be shared internally to facilitate effective delivery of the programme. Externally contracted experts for evaluation implementation will, in addition to the elaboration of the evaluation report, have the obligation to present evaluation results thorough workshops to the Managing Authority and Paying Agency for Agriculture, Fisheries and Rural Development and, where needed, at the meetings of the Monitoring Committee and/or National Rural Network. Furthermore, regular updates will be provided to the Monitoring Committee of the results from the monitoring and evaluation activities to inform decisions over potential changes to the programme or its delivery. This feedback-loop is crucial in order to maximise the use of the results from the monitoring and evaluation activity and ultimately improve the performance of the programme.
- Outside dissemination of information – targets: the general public. In accordance with the principles of transparency of EU funds, evaluation reports will be published on the Programme web pages with a link to the ESI funds communication portal. In addition to this report, the evaluators will also deliver a summary report with clearly shown results of evaluations, which will also be available to the public. These summary reports will be presented in a user-friendly way to enable a wide range of stakeholders to easily access information on how the programme is performing and what monitoring and evaluations are planned for the future. In addition to the above mentioned, the Managing Authority will disseminate information on evaluation by means of IEWG, National Rural Network and by means of AIR. If there is a need, other appropriate tools will be used, such as publications, communications to the public etc.

The EWG-RD shall monitor the follow-up of the use of evaluation results and a summary report prepared annually for submission to the Monitoring Committee.

9.7. Resources

Description of the resources needed and foreseen to implement the plan, including an indication of administrative capacity, data, financial resources, IT needs. Description of capacity building activities foreseen to ensure that the evaluation plan can be fully implemented.

An adequate level of human resources for the purpose of monitoring and evaluation is provided within the Managing Authority and Paying Agency for Agriculture, Fisheries and Rural Development and through the work of the EWG-RD. The in-house resources shall be supported by specific capacity-building actions financed through TA, following the Training Needs Analysis. Furthermore, active participation in the Expert group on monitoring and evaluating the CAP shall underpin the evaluation activities.

Since evaluation activities will be carried out by outside experts by means of tenders, appropriate and sufficient financial resources, for all other activities, are provided through "Technical Assistance". The staff costs for the Department responsible for Monitoring and Evaluation in the Managing Authority shall be covered by Technical Assistance.

The Ex-ante evaluation of the Rural Development Programme for the period 2014–2020 is completed and the financial resources have been ensured from IPA 2009 (see Chapter 3).

The indicative percentage distribution of financial resources per activity, in relation to total indicative resources allocated for implementation of Evaluation Plan, are shown in the table below.

Monitoring and evaluation activities	Human resources	Indicative financial resources
Ex-post evaluation of IPARD programme	Externally contracted expertise with the support and coordination of EWG-RD	5%
Assessment of established monitoring and evaluation system in Paying Agency/Managing Authority and review of data availability for CCI including further development of the system (e.g. IT interface) - data preparation, methodology development, ongoing monitoring of data quality	Externally contracted expertise with the support and coordination of EWG-RD	11%
Evaluation Guidance and building-up of evaluation capacities	Externally contracted expertise with the support and coordination of EWG-RD and IEWG	11%
Assessment of programme interventions by analysis of target indicators and complementary result indicators, taking into consideration relevant evaluation questions and evaluation of primary and secondary effects of operations in relation to focus areas	Externally contracted expertise with the support and coordination of EWG-RD	30%
Assessment of contribution of the Programme to the objectives of common agricultural policy: viable food production, sustainable management of natural resources and climate changes and balanced territorial development		
Assessment of the Programme impact on horizontal objectives: environment, mitigation and adaptation to climate change and innovations		
Assessment of the Programme contribution to thematic objectives of the Strategy EU 2020		
Assessment of the use of resources from the measure "Technical assistance"		
Assessment of the use of integrated approach by means of local development strategies		
Contribution of National Rural Network in implementation and achieving Programme goals		
Analysis of the development trends and context analysis of the Programme		
Agri-environment monitoring and assessment of Programme impact	Externally contracted expertise with the support and coordination of EWG-RD	13%
Specific and "ad-hoc" evaluation activities	Externally contracted expertise with the support and coordination of EWG-RD	12%
Dissemination of evaluation results	Externally contracted expertise (in house dissemination),	3%
	Managing Authority, PAAFRD, EWG-RD, IEWG... (dissemination towards other stakeholders of rural development and stakeholders groups)	
Ex-ante evaluation of the future period (2021-2027)	Externally contracted expert with the support and coordination of EWG-RD	10%
Ex-post evaluation RDP 2014-2020	Externally contracted expert with the support and coordination of EWG-RD	5%
TOTAL		**100%**

Evaluation Resources

10. FINANCING PLAN

10.1. Annual EAFRD contributions in (€)

Types of regions and additional allocations	2014	2015	2016	2017	2018	2019	2020	Total
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	0.00	448,426,250.00	448,426,250.00	282,342,500.00	282,342,500.00	282,342,500.00	282,342,500.00	**2,026,222,500.00**
Total	**0.00**	**448,426,250.00**	**448,426,250.00**	**282,342,500.00**	**282,342,500.00**	**282,342,500.00**	**282,342,500.00**	**2,026,222,500.00**
Out of which performance reserve (Article 20 of Regulation (EU) No 1303/2013)	**0.00**	**26,905,575.00**	**26,905,575.00**	**16,940,550.00**	**16,940,550.00**	**16,940,550.00**	**16,940,550.00**	**121,573,350.00**

Total indicative amount of support envisaged for climate change objectives	**905,771,566.94**

10.2. Single EAFRD contribution rate for all measures broken down by type of region as referred to in Article 59(3) of Regulation (EU) No 1305/2013

Article establishing the maximum contribution rate.	Applicable EAFRD Contribution Rate	Min applicable EAFRD cont. rate 2014-2020 (%)	Max applicable EAFRD cont. rate 2014-2020 (%)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	85%	20%	85%

10.3. Breakdown by measure or type of operation with a specific EAFRD contribution rate (in € total period 2014-2020)

10.3.1. M01 - Knowledge transfer and information actions (art 14)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	85%					0.00 (2A) 0.00 (2B) 0.00 (3A) 0.00 (P4)
	Article 59(4)(a) of Regulation (EU) No 1305/2013 - Measures referred to in Articles 14, 27 and 35, for the LEADER local development referred to in Article 32 of Regulation (EU) No 1303/2013 and for operations under Article 19(1)(a)(i)	90%					3,600,000.00 (2A) 1,800,000.00 (2B) 600,000.00 (3A) 6,000,000.00 (P4)
Total						0.00	12,000,000.00

10.3.2. M02 - Advisory services, farm management and farm relief services (art 15)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	85%					1,800,000.00 (2A) 1,800,000.00 (2B) 14,400,000.00 (P4)
Total						0.00	18,000,000.00

10.3.3. M03 - Quality schemes for agricultural products and foodstuffs (art 16)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	85%					6,000,000.00 (3A)
Total						0.00	6,000,000.00

10.3.4. M04 - Investments in physical assets (art 17)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	85%					305,046,000.00 (2A) 18,144,000.00 (2C+) 73,710,000.00 (3A) 22,680,000.00 (P4) 79,947,000.00 (5C) 67,473,000.00 (5D)
Total						0.00	567,000,000.00

Total Union contribution reserved for operations falling within the scope of (EU) No 1305/2013 Article 59(6)	**170,100,000.00**

10.3.5. M05 - Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions (art 18)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	85%					100,400,000.00 (3B)
Total						0.00	100,400,000.00

10.3.6. M06 - Farm and business development (art 19)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	85%					67,800,000.00 (2A) 0.00 (2B) 113,000,000.00 (6A)
	Article 59(4)(a) of Regulation (EU) No 1305/2013 - Measures referred to in Articles 14, 27 and 35, for the LEADER local development referred to in Article 32 of Regulation (EU) No 1303/2013 and for operations under Article 19(1)(a)(i)	90%					0.00 (2A) 45,200,000.00 (2B) 0.00 (6A)
Total						0.00	226,000,000.00

10.3.7. M07 - Basic services and village renewal in rural areas (art 20)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	85%					226,000,000.00 (6B)
Total						0.00	226,000,000.00

10.3.8. M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	85%					36,705,085.72 (2C+) 40,699,040.98 (P4) 1,595,873.30 (6A)
Total						0.00	79,000,000.00

10.3.9. M09 - Setting-up of producer groups and organisations (art 27)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	85%					0.00 (3A)
	Article 59(4)(a) of Regulation (EU) No 1305/2013 - Measures referred to in Articles 14, 27 and 35, for the LEADER local development referred to in Article 32 of Regulation (EU) No 1303/2013 and for operations under Article 19(1)(a)(i)	90%					8,000,000.00 (3A)
Total						0.00	8,000,000.00

10.3.10. M10 - Agri-environment-climate (art 28)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	85%					94,917,528.00 (P4) 8,440,500.00 (5D) 14,647,710.00 (5E)
Total						0.00	118,005,738.00

10.3.11. M11 - Organic farming (art 29)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	85%					109,063,179.97 (P4)
Total						0.00	109,063,179.97

10.3.12. M13 - Payments to areas facing natural or other specific constraints (art 31)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	85%					273,360,000.00 (P4)
Total						0.00	273,360,000.00

10.3.13. M16 - Co-operation (art 35)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	85%					0.00 (2A) 0.00 (3A)
	Article 59(4)(a) of Regulation (EU) No 1305/2013 - Measures referred to in Articles 14, 27 and 35, for the LEADER local development referred to in Article 32 of Regulation (EU) No 1303/2013 and for operations under Article 19(1)(a)(i)	90%					6,750,000.00 (2A) 750,000.00 (3A)
Total						0.00	7,500,000.00

10.3.14. M17 - Risk management (art 36)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	85%					48,172,367.48 (3B)
Total						0.00	48,172,367.48

10.3.15. M18 - Financing of complementary national direct payments for Croatia (art 40)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	80%					111,900,000.00 (2A)
Total						0.00	111,900,000.00

10.3.16. M19 - Support for LEADER local development (CLLD – community-led local development) (art 35 Regulation (EU) No 1303/2013)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	85%					0.00 (6B)
	Article 59(4)(a) of Regulation (EU) No 1305/2013 - Measures referred to in Articles 14, 27 and 35, for the LEADER local development referred to in Article 32 of Regulation (EU) No 1303/2013 and for operations under Article 19(1)(a)(i)	90%					60,786,652.50 (6B)
Total						0.00	60,786,652.50

10.3.17. M20 - Technical assistance Member States (art 51-54)

Types of regions and additional allocations		Applicable EAFRD Contribution rate 2014-2020 (%)	Applicable EAFRD Contribution rate with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility 2014-2020 (%)	Rate applicable to financial instruments under Managing Authority responsibility with Article 59(4)(g) of Regulation (EU) No 1305/2013, 2014-2020 (%)	Financial Instruments Indicative EAFRD amount 2014-2020 (€)	Total Union Contribution planned 2014-2020 (€)
Article 59(3)(a) of Regulation (EU) No 1305/2013 - Less developed regions & outermost regions and in the smaller Aegean islands within the meaning of Regulation (EEC) No 2019/93	Main	85%					55,034,562.05
Total						0.00	55,034,562.05

10.4. Indicative breakdown by measure for each sub-programme

Thematic sub-programme name	Measure	Total Union Contribution planned 2014-2020 (EUR)

11. INDICATOR PLAN

11.1. Indicator Plan

11.1.1. P1: Fostering knowledge transfer and innovation in agriculture, forestry and rural areas

11.1.1.1. 1A) Fostering innovation, cooperation, and the development of the knowledge base in rural areas

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T1: percentage of expenditure under Articles 14, 15 and 35 of Regulation (EU) No 1305/2013 in relation to the total expenditure for the RDP (focus area 1A)	**1.80**
Total RDP planned public expenditures	2,383,294,499.84
Public expenditures (focus area 1A)	42,843,137.26

Planned output indicator(s) 2014-2020

Measure name	Indicator name	Value
M01 - Knowledge transfer and information actions (art 14)	Total public expenditure € (trainings, farm exchanges, demonstration) (1.1 to 1.3)	13,333,333.34
M02 - Advisory services, farm management and farm relief services (art 15)	Total public expenditure € (2.1 to 2.3)	21,176,470.59
M16 - Co-operation (art 35)	Total public expenditure € (16.1 to 16.9)	8,333,333.33

11.1.1.2. 1B) Strengthening the links between agriculture, food production and forestry and research and innovation, including for the purpose of improved environmental management and performance

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T2: Total number of cooperation operations supported under the cooperation measure (Article 35 of Regulation (EU) No 1305/2013) (groups, networks/clusters, pilot projects…) (focus area 1B)	**109.00**

Planned output indicator(s) 2014-2020

Measure name	Indicator name	Value
M16 - Co-operation (art 35)	Nr of EIP operational groups to be supported (establishment and operation) (16.1)	33.00
M16 - Co-operation (art 35)	Nr of other cooperation operations (groups, networks/clusters, pilot projects…) (16.2 to 16.9)	76.00

11.1.1.3. 1C) Fostering lifelong learning and vocational training in the agricultural and forestry sectors

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T3: Total number of participants trained under Article 14 of Regulation (EU) No 1305/2013 (focus area 1C)	**41,999.00**

Planned output indicator(s) 2014-2020

Measure name	Indicator name	Value
M01 - Knowledge transfer and information actions (art 14)	Training/skills acquisition (1.1) - Nbr of participants in trainings	41,999.00

11.1.2. P2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forests

11.1.2.1. 2A) Improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increasing market participation and orientation as well as agricultural diversification

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T4: percentage of agricultural holdings with RDP support for investments in restructuring or modernisation (focus area 2A)	**0.78**
Number of agricultural holdings with RDP support for investments in restructuring or modernisation (focus area 2A)	1,823.00

Context Indicator used as denominator for the target

Context Indicator name	Base year value
17 Agricultural holdings (farms) - total	233,280.00

Planned output indicator(s) 2014-2020

Measure name	Indicator name	Value
M01 - Knowledge transfer and information actions (art 14)	Training/skills acquisition (1.1) - Nbr of participants in trainings	9,333.00
M01 - Knowledge transfer and information actions (art 14)	Training/skills acquisition (1.1) - Total public for training/skills	2,666,666.67
M01 - Knowledge transfer and information actions (art 14)	Total public expenditure € (trainings, farm exchanges, demonstration) (1.1 to 1.3)	4,000,000.00
M02 - Advisory services, farm management and farm relief services (art 15)	Nr of beneficiaries advised (2.1)	1,765.00
M02 - Advisory services, farm management and farm relief services (art 15)	Total public expenditure € (2.1 to 2.3)	2,117,647.06
M04 - Investments in physical assets (art 17)	Nr of holdings supported for investment in agricultural holdings (4.1)	1,823.00
M04 - Investments in physical assets (art 17)	Total public expenditure for investments in infrastructure (4.3)	132,077,647.06
M04 - Investments in physical assets (art 17)	Total investment € (public + private)	456,077,647.06
M04 - Investments in physical assets (art 17)	Total public expenditure € (4.1)	226,800,000.00
M04 - Investments in physical assets (art 17)	Total public expenditure €	358,877,647.06
M06 - Farm and business development (art 19)	Nr of beneficiaries (holdings) receiving start up aid development small farms (6.3)	5,318.00
M06 - Farm and business development (art 19)	Total investment € (public + private)	79,764,705.88
M06 - Farm and business development (art 19)	Total public expenditure €	79,764,705.88
M16 - Co-operation (art 35)	Total public expenditure € (16.1 to 16.9)	7,500,000.00

11.1.2.2. 2B) Facilitating the entry of adequately skilled farmers into the agricultural sector and, in particular, generational renewal

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T5: percentage of agricultural holdings with RDP supported business development plan/investments for young farmers (focus area 2B)	**0.43**
Number of agriculture holdings with RDP supported business development plan/investments for young farmers (focus area 2B)	1,004.00

Context Indicator used as denominator for the target

Context Indicator name	Base year value
17 Agricultural holdings (farms) - total	233,280.00

Planned output indicator(s) 2014-2020

Measure name	Indicator name	Value
M01 - Knowledge transfer and information actions (art 14)	Training/skills acquisition (1.1) - Nbr of participants in trainings	5,600.00
M01 - Knowledge transfer and information actions (art 14)	Training/skills acquisition (1.1) - Total public for training/skills	2,000,000.00
M01 - Knowledge transfer and information actions (art 14)	Total public expenditure € (trainings, farm exchanges, demonstration) (1.1 to 1.3)	2,000,000.00
M02 - Advisory services, farm management and farm relief services (art 15)	Nr of beneficiaries advised (2.1)	1,925.00
M02 - Advisory services, farm management and farm relief services (art 15)	Total public expenditure € (2.1 to 2.3)	2,117,647.06
M06 - Farm and business development (art 19)	Nr of beneficiaries (holdings) receiving start up aid young farmers (6.1)	1,004.00
M06 - Farm and business development (art 19)	Nr of beneficiaries (holdings) receiving support for investments in non-agric activities in rural areas (6.4)	0.00
M06 - Farm and business development (art 19)	Nr of beneficiaries (holdings) receiving transfer payment (6.5)	0
M06 - Farm and business development (art 19)	Total investment € (public + private)	50,222,222.22
M06 - Farm and business development (art 19)	Total public expenditure € (6.1)	50,222,222.22
M06 - Farm and business development (art 19)	Total public expenditure €	50,222,222.22

11.1.2.3. 2C+) Improve the sustainability and competitiveness of forest enterprises and promote Sustainable Forest management

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
Total investment in modernisation of technologies, machines, tools and equipment	86,364,908.00
Total length of forestry infrastructure (re)constructed	430.00

Planned output indicator(s) 2014-2020

Measure name	Indicator name	Value
M04 - Investments in physical assets (art 17)	Total investment € (public + private)	21,345,882.35
M04 - Investments in physical assets (art 17)	Total public expenditure €	21,345,882.35
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Total public expenditure (€) (8.6)	43,182,453.79

11.1.3. P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture

11.1.3.1. 3A) Improving competitiveness of primary producers by better integrating them into the agri-food chain through quality schemes, adding value to agricultural products, promotion in local markets and short supply circuits, producer groups and inter-branch organisations

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T6: percentage of agricultural holdings receiving support for participating in quality schemes, local markets and short supply circuits, and producer groups/organisations (focus area 3A)	**0.63**
Number agricultural holdings receiving support for participating in quality schemes, local markets and short supply circuits, and producer groups/organisations (focus area 3A)	1,462.00

Context Indicator used as denominator for the target

Context Indicator name	Base year value
17 Agricultural holdings (farms) - total	233,280.00

Planned output indicator(s) 2014-2020

Measure name	Indicator name	Value
M01 - Knowledge transfer and information actions (art 14)	Training/skills acquisition (1.1) - Nbr of participants in trainings	3,733.00
M01 - Knowledge transfer and information actions (art 14)	Training/skills acquisition (1.1) - Total public for training/skills	666,666.67
M01 - Knowledge transfer and information actions (art 14)	Total public expenditure € (trainings, farm exchanges, demonstration) (1.1 to 1.3)	666,666.67
M03 - Quality schemes for agricultural products and foodstuffs (art 16)	Nr of holdings supported (3.1)	988.00
M03 - Quality schemes for agricultural products and foodstuffs (art 16)	Total public expenditure (€) (3.1 to 3.2)	7,058,823.53
M04 - Investments in physical assets (art 17)	Nr of operations supported for investment (e.g. in agricultural holdings, in processing and marketing of ag. products) (4.1 and 4.2)	434.00
M04 - Investments in physical assets (art 17)	Total investment € (public + private)	173,435,294.12
M04 - Investments in physical assets (art 17)	Total public expenditure €	86,717,647.06
M09 - Setting-up of producer groups and organisations (art 27)	Nr of operations supported (producer groups set up)	33.00
M09 - Setting-up of producer groups and organisations (art 27)	Nr of holdings participating in producer groups supported	363.00
M09 - Setting-up of producer groups and organisations (art 27)	Total public expenditure (€)	8,888,888.89
M16 - Co-operation (art 35)	Nr of agricultural holdings participating in cooperation/local promotion among supply chain actors (16.4)	111.00
M16 - Co-operation (art 35)	Total public expenditure € (16.1 to 16.9)	833,333.33

11.1.3.2. 3B) Supporting farm risk prevention and management

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T7: percentage of farms participating in risk management schemes (focus area 3B)	**3.54**
Number of agricultural holdings participating in risk management scheme (focus area 3B)	8,267.00

Context Indicator used as denominator for the target

Context Indicator name	Base year value
17 Agricultural holdings (farms) - total	233,280.00

Planned output indicator(s) 2014-2020

Measure name	Indicator name	Value
M05 - Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions (art 18)	Nr of beneficiaries for preventive actions (5.1) - farm holdings	0
M05 - Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions (art 18)	Nr of beneficiaries for preventive actions (5.1) - public entitites	0
M05 - Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions (art 18)	Total public expenditure € (5.1)	0
M05 - Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions (art 18)	Total public expenditure (€) (5.1 to 5.2)	118,117,647.06
M17 - Risk management (art 36)	Nr of farm holdings supported for premium for insurance (17.1)	8,267.00
M17 - Risk management (art 36)	Total public expenditure (€) (17.1)	56,673,373.50
M17 - Risk management (art 36)	Nr of farm holdings participating in mutual funds (17.2)	0
M17 - Risk management (art 36)	Total public expenditure (€) (17.2)	0
M17 - Risk management (art 36)	Nr of farm holdings participating to income stabilisation tool (17.3)	0
M17 - Risk management (art 36)	Total public expenditure (€) (17.3)	0

11.1.4. P4: Restoring, preserving and enhancing ecosystems related to agriculture and forestry

Agriculture

Planned output indicator(s) 2014-2020

Measure name	Indicator name	Value
M01 - Knowledge transfer and information actions (art 14)	Training/skills acquisition (1.1) - Nbr of participants in trainings	16,333.00
M01 - Knowledge transfer and information actions (art 14)	Training/skills acquisition (1.1) - Total public for training/skills	4,666,666.67
M01 - Knowledge transfer and information actions (art 14)	Total public expenditure € (trainings, farm exchanges, demonstration) (1.1 to 1.3)	4,666,666.67
M02 - Advisory services, farm management and farm relief services (art 15)	Nr of beneficiaries advised (2.1)	10,588.00
M02 - Advisory services, farm management and farm relief services (art 15)	Total public expenditure € (2.1 to 2.3)	12,705,882.35
M04 - Investments in physical assets (art 17)	Nr of operations of support for non productive investment (4.4)	381.00
M04 - Investments in physical assets (art 17)	Total investment € (public + private)	26,682,352.94
M04 - Investments in physical assets (art 17)	Total public expenditure €	26,682,352.94
M10 - Agri-environment-climate (art 28)	Area (ha) under agri-environment-climate (10.1)	40,500.00
M10 - Agri-environment-climate (art 28)	Public expenditure for genetic resources conservation (10.2)	12,000,000.00
M10 - Agri-environment-climate (art 28)	Total public expenditure (€)	111,667,680.00
M11 - Organic farming (art 29)	Area (ha) - convertion to organic farming (11.1)	16,496.00
M11 - Organic farming (art 29)	Area (ha) - maintainance of organic farming (11.2)	41,648.00
M11 - Organic farming (art 29)	Total public expenditure (€)	128,309,623.50
M13 - Payments to areas facing natural or other specific constraints (art 31)	Area (ha) - mountain areas (13.1)	32,034.00
M13 - Payments to areas facing natural or other specific constraints (art 31)	Area (ha) - other areas with significant NC (13.2)	355,117.00
M13 - Payments to areas facing natural or other specific constraints (art 31)	Area (ha) - areas with specific constraints (13.3)	35,333.00
M13 - Payments to areas facing natural or other specific constraints (art 31)	Total public expenditure (€)	321,600,000.00

Forest

Planned output indicator(s) 2014-2020

Measure name	Indicator name	Value
M01 - Knowledge transfer and information actions (art 14)	Training/skills acquisition (1.1) - Nbr of participants in trainings	7,000.00
M01 - Knowledge transfer and information actions (art 14)	Training/skills acquisition (1.1) - Total public for training/skills	2,000,000.00
M01 - Knowledge transfer and information actions (art 14)	Total public expenditure € (trainings, farm exchanges, demonstration) (1.1 to 1.3)	2,000,000.00
M02 - Advisory services, farm management and farm relief services (art 15)	Nr of beneficiaries advised (2.1)	3,850.00
M02 - Advisory services, farm management and farm relief services (art 15)	Total public expenditure € (2.1 to 2.3)	4,235,294.12
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Total public expenditure (€) (8.1)	0

M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Total public expenditure (€) (8.2)	0
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Total public expenditure (€) (8.3)	0
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Total public expenditure (€) (8.4)	0
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Nr of beneficiaries for preventive actions (8.3)	0
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Total public expenditure (€) (8.5)	47,881,224.69
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Nr of operations (investments improving resilience and value of forest ecosystems) (8.5)	1,583.00
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Areas concerned by investments improving resilience and environmental value of forest ecosystems (8.5)	6,300.00
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Total public expenditure (€) (8.6)	0

11.1.4.1. 4A) Restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints and high nature value farming, as well as the state of European landscapes

Agriculture

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T9: percentage of agricultural land under management contracts supporting biodiversity and/or landscapes (focus area 4A)	**7.68**
Agricultural land under management contracts supporting biodiversity and/or landscapes (ha) (focus area 4A)	101,105.00

Context Indicator used as denominator for the target

Context Indicator name	Base year value
18 Agricultural Area - total UAA	1,316,010.00

Forest

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T8: percentage of forest/other wooded area under management contracts supporting biodiversity (focus area 4A)	**0.25**
Forest/other wooded area under management contracts supporting biodiversity (ha) (focus area 4A)	6,300.00

Context Indicator used as denominator for the target

Context Indicator name	Base year value
29 Forest and other wooded land (FOWL) (000) - total	2,474.00

11.1.4.2. 4B) Improving water management, including fertiliser and pesticide management

Agriculture

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T10: percentage of agricultural land under management contracts to improve water management (focus area 4B)	**5.18**
Agricultural land under management contracts to improve water management (ha) (focus area 4B)	68,145.00

Context Indicator used as denominator for the target

Context Indicator name	Base year value
18 Agricultural Area - total UAA	1,316,010.00

Forest

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T11: percentage of forestry land under management contracts to improve water management (focus area 4B)	**0.25**
Forestry land under management contracts to improve water management (ha) (focus area 4B)	6,300.00

Context Indicator used as denominator for the target

Context Indicator name	Base year value
29 Forest and other wooded land (FOWL) (000) - total	2,474.00

11.1.4.3. 4C) Preventing soil erosion and improving soil management

Agriculture

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T12: percentage of agricultural land under management contracts to improve soil management and/or prevent soil erosion (focus area 4C)	**5.18**
Agricultural land under management contracts to improve soil management and/or prevent soil erosion (ha) (focus area 4C)	68,145.00

Context Indicator used as denominator for the target

Context Indicator name	Base year value
18 Agricultural Area - total UAA	1,316,010.00

Forest

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T13: percentage of forestry land under management contracts to improve soil management and/or prevent soil erosion (focus area 4C)	**0.25**
Forestry land under management contracts to improve soil management and/or prevent soil erosion (ha) (focus area 4C)	6,300.00

Context Indicator used as denominator for the target

Context Indicator name	Base year value
29 Forest and other wooded land (FOWL) (000) - total	2,474.00

11.1.5. P5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors

11.1.5.1. 5A) Increasing efficiency in water use by agriculture

No measures have been selected in the strategy for this focus area.

11.1.5.2. 5B) Increasing efficiency in energy use in agriculture and food processing

No measures have been selected in the strategy for this focus area.

11.1.5.3. 5C) Facilitating the supply and use of renewable sources of energy, of by products, wastes, residues and other non food raw material for the purposes of the bio-economy

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T16: Total investment in renewable energy production (€) (focus area 5C)	**161,237,647.06**

Planned output indicator(s) 2014-2020

Measure name	Indicator name	Value
M04 - Investments in physical assets (art 17)	Nr of operations supported for investment (4.1, 4.3)	796.00
M04 - Investments in physical assets (art 17)	Total investment € (public + private)	161,237,647.06
M04 - Investments in physical assets (art 17)	Total public expenditure €	94,055,294.12

11.1.5.4. 5D) Reducing green house gas and ammonia emissions from agriculture

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
LU concerned by investments in live-stock management in view of reducing GHG and/or ammonia emissions (focus area 5D)	**37,800.00**
T17: percentage of LU concerned by investments in live-stock management in view of reducing GHG and/or ammonia emissions (focus area 5D)	3.71
T18: percentage of agricultural land under management contracts targeting reduction of GHG and/or ammonia emissions (focus area 5D)	**0.91**
Agricultural land under management contracts targeting reduction of GHG and/or ammonia emissions (ha) (focus area 5D)	12,000.00

Context Indicator used as denominator for the target

Context Indicator name	Base year value
21 Livestock units - total	1,020,180.00
18 Agricultural Area - total UAA	1,316,010.00

Planned output indicator(s) 2014-2020

Measure name	Indicator name	Value
M04 - Investments in physical assets (art 17)	Nr of operations supported for investment (e.g. manure storage, manure treatment) (4.1, 4,4 and 4.3)	1,260.00
M04 - Investments in physical assets (art 17)	LU concerned by investment in livestock management in view of reducing GHG and ammonia emissions	37,800.00
M04 - Investments in physical assets (art 17)	Total investment € (public + private)	113,400,000.00
M04 - Investments in physical assets (art 17)	Total public expenditure €	79,380,000.00
M10 - Agri-environment-climate (art 28)	Area (ha) (e.g. green cover, catch crop, reduced fertilisation, extensification…)	5,000.00
M10 - Agri-environment-climate (art 28)	Total public expenditure (€)	9,930,000.00

11.1.5.5. 5E) Fostering carbon conservation and sequestration in agriculture and forestry

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T19: percentage of agricultural and forest land under management contracts contributing to carbon sequestration and conservation (focus area 5E)	**0.92**
Agricultural and forest land under management to foster carbon sequestration/conservation (ha) (focus area 5E)	34,960.00

Context Indicator used as denominator for the target

Context Indicator name	Base year value
18 Agricultural Area - total UAA	1,316,010.00
29 Forest and other wooded land (FOWL) (000) - total	2,474.00

Planned output indicator(s) 2014-2020

Measure name	Indicator name	Value
M10 - Agri-environment-climate (art 28)	Area (ha) under agri-environment-climate for carbon sequestration	7,460.00
M10 - Agri-environment-climate (art 28)	Total public expenditure (€)	17,232,600.00

11.1.6. P6: Promoting social inclusion, poverty reduction and economic development in rural areas

11.1.6.1. 6A) Facilitating diversification, creation and development of small enterprises, as well as job creation

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T20: Jobs created in supported projects (focus area 6A)	**2,014.00**

Planned output indicator(s) 2014-2020

Measure name	Indicator name	Value
M06 - Farm and business development (art 19)	Nr of beneficiaries (holdings) receiving start up aid/support for investment in non-agric activities in rural areas (6.2 and 6.4)	2,550.00
M06 - Farm and business development (art 19)	Total investment € (public + private)	161,428,571.43
M06 - Farm and business development (art 19)	Total public expenditure €	132,941,176.47
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Total public expenditure (€) (8.1)	0
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Total public expenditure (€) (8.2)	0
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Total public expenditure (€) (8.3)	0
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Total public expenditure (€) (8.4)	0
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Total public expenditure (€) (8.5)	0
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Total public expenditure (€) (8.6)	1,877,497.99
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Nr of operations for investments in forestry technology and primary processing/marketing (8.6)	150.00
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Total investment € (public + private) (8.6)	3,754,996.00

11.1.6.2. 6B) Fostering local development in rural areas

Target indicator(s) 2014-2020

Target indicator name	Target value 2023
T21: percentage of rural population covered by local development strategies (focus area 6B)	**39.63**
Rural population covered by local development strategies (focus area 6B)	1,427,724.00
T22: percentage of rural population benefiting from improved services/infrastructures (focus area 6B)	**29.78**
T23: Jobs created in supported projects (Leader) (focus area 6B)	**180.00**
Net population benefiting from improved services	1,072,653.00

Context Indicator used as denominator for the target

Context Indicator name	Base year value
1 Population - rural	56.53
1 Population - intermediate	25.37
1 Population - total	4,398,150.00

Planned output indicator(s) 2014-2020

Measure name	Indicator name	Value
M07 - Basic services and village renewal in rural areas (art 20)	Nr of operations supported for drawing up of village development and N2000/HNV area management plans (7.1)	532.00
M07 - Basic services and village renewal in rural areas (art 20)	Nr of operations supported for investments of small scale infrastructure, including investments in renewable energy and energy saving (7.2)	382.00
M07 - Basic services and village renewal in rural areas (art 20)	Nr of operations supported for investments in local basic services for the rural population (7.4)	473.00
M07 - Basic services and village renewal in rural areas (art 20)	Nr of operations supported for investments in recreational/tourist infrastructure (7.5)	0
M07 - Basic services and village renewal in rural areas (art 20)	Nr of operations supported for studies/investments in rural cultural and natural heritage, incl HNV sites (7.6)	0
M07 - Basic services and village renewal in rural areas (art 20)	Nr of operations supported for investments in relocation of activities for environmental/quality of life reasons (7.7)	0
M07 - Basic services and village renewal in rural areas (art 20)	Nr of operations Others (7.8)	0
M07 - Basic services and village renewal in rural areas (art 20)	Population benefiting from improved services/infrastructures (7.1; 7.2; 7.4; 7.5.;7.6; 7.7)	1,072,653.00
M07 - Basic services and village renewal in rural areas (art 20)	Total public expenditure (€)	265,882,352.94
M19 - Support for LEADER local development (CLLD – community-led local development) (art 35 Regulation (EU) No 1303/2013)	Number of LAGs selected	45.00
M19 - Support for LEADER local development (CLLD – community-led local development) (art 35 Regulation (EU) No 1303/2013)	Population covered by LAG	1,427,724.00
M19 - Support for LEADER local development (CLLD – community-led local development) (art 35 Regulation (EU) No 1303/2013)	Total public expenditure (€) - preparatory support (19.1)	4,052,443.50
M19 - Support for LEADER local development (CLLD –	Total public expenditure (€) - support for implementation of	43,226,064.00

community-led local development) (art 35 Regulation (EU) No 1303/2013)	operations under the CLLD strategy (19.2)	
M19 - Support for LEADER local development (CLLD – community-led local development) (art 35 Regulation (EU) No 1303/2013)	Total public expenditure (€) - preparation and implementation of cooperation activities of the local action group (19.3)	4,052,443.50
M19 - Support for LEADER local development (CLLD – community-led local development) (art 35 Regulation (EU) No 1303/2013)	Total public expenditure (€) - support for running costs and animation (19.4)	16,209,774.00

11.1.6.3. 6C) Enhancing the accessibility, use and quality of information and communication technologies (ICT) in rural areas

No measures have been selected in the strategy for this focus area.

11.2. Overview of the planned output and planned expenditure by measure and by focus area (generated automatically)

Measures	Indicators	P2			P3		P4			P5					P6			Total
		2A	2B	2C+	3A	3B	4A	4B	4C	5A	5B	5C	5D	5E	6A	6B	6C	
M01	Training/skills acquisition (1.1) - Nbr of participants in trainings	9,333	5,600		3,733				23,333									41,999
	Training/skills acquisition (1.1) - Total public for training/skills	2,666,666.67	2,000,000		666,666.67				6,666,666.67									12,000,000.01
	Total public expenditure € (trainings, farm exchanges, demonstration) (1.1 to 1.3)	4,000,000	2,000,000		666,666.67				6,666,666.67									13,333,333.34
M02	Nr of beneficiaries advised (2.1)	1,765	1,925						14,438									18,128
	Total public expenditure € (2.1 to 2.3)	2,117,647.06	2,117,647.06						16,941,176.47									21,176,470.59
M03	Nr of holdings supported (3.1)				988													988
	Total public expenditure (€) (3.1 to 3.2)				7,058,823.53													7,058,823.53
M04	Total investment € (public + private)	456,077,647.06		21,345,882.35	173,435,294.12				26,682,352.94			161,237,647.06	113,400,000					952,178,823.53
	Total public expenditure €	358,877,647.06		21,345,882.35	86,717,647.06				26,682,352.94			94,055,294.12	79,380,000					667,058,823.53
M05	Total public expenditure (€) (5.1 to 5.2)					118,117,647.06												118,117,647.06
M06	Total investment € (public + private)	79,764,705.88	50,222,222.22												161,428,571.43			291,415,499.53
	Total public expenditure €	79,764,705.88	50,222,222.22												132,941,176.47			262,928,104.57

M07	Total public expenditure (€)													265,882,352.94		265,882,352.94
M08	Total public expenditure (€) (8.5)						47,881,224.69									47,881,224.69
	Total public expenditure (€) (8.6)			43,182,453.79									1,877,497.99			45,059,951.78
M09	Total public expenditure (€)				8,888,888.89											8,888,888.89
M10	Area (ha) under agri-environment-climate (10.1)						40,500									40,500
	Area (ha) (e.g. green cover, catch crop, reduced fertilisation, extensification…)									5,000						5,000
	Area (ha) under agri-environment-climate for carbon sequestration										7,460					7,460
	Total public expenditure (€)						111,667,680			9,930,000	17,232,600					138,830,280
M11	Area (ha) - convertion to organic farming (11.1)						16,496									16,496
	Area (ha) - maintainance of organic farming (11.2)						41,648									41,648
	Total public expenditure (€)						128,309,623.5									128,309,623.5
M13	Area (ha) - mountain areas (13.1)						32,034									32,034
	Area (ha) - other areas with significant NC (13.2)						355,117									355,117
	Area (ha) - areas with specific constraints (13.3)						35,333									35,333

	Total public expenditure (€)						321,600,000									321,600,000
M16	Nr of agricultural holdings participating in cooperation/local promotion among supply chain actors (16.4)				111											111
	Total public expenditure € (16.1 to 16.9)	7,500,000			833,333.33											8,333,333.33
M17	Total public expenditure (€) (17.1)					56,673,373.5										56,673,373.5
M19	Number of LAGs selected													45		45
	Population covered by LAG													1,427,724		1,427,724
	Total public expenditure (€) - preparatory support (19.1)													4,052,443.5		4,052,443.5
	Total public expenditure (€) - support for implementation of operations under the CLLD strategy (19.2)													43,226,064		43,226,064
	Total public expenditure (€) - preparation and implementation of cooperation activities of the local action group (19.3)													4,052,443.5		4,052,443.5
	Total public expenditure (€) - support for running costs and animation (19.4)													16,209,774		16,209,774

11.3. Secondary effects: identification of potential contributions of Rural Development measures/sub-measures programmed under a given focus area to other focus areas / targets

FA from IP	Measure	P1			P2			P3		P4			P5					P6		
		1A	1B	1C	2A	2B	2C+	3A	3B	4A	4B	4C	5A	5B	5C	5D	5E	6A	6B	6C
2A	M01 - Knowledge transfer and information actions (art 14)	X		X	**P**	X			X	X	X	X	X	X	X	X	X			
	M02 - Advisory services, farm management and farm relief services (art 15)	X			**P**															
	M04 - Investments in physical assets (art 17)				**P**	X		X			X	X	X	X		X		X		
	M06 - Farm and business development (art 19)				**P**															
	M16 - Co-operation (art 35)	X	X		**P**			X		X	X	X	X	X	X	X	X			
	M18 - Financing of complementary national direct payments for Croatia (art 40)				**P**															
2B	M01 - Knowledge transfer and information actions (art 14)	X		X		**P**			X		X		X	X	X	X	X			
	M02 - Advisory services, farm management and farm relief services (art 15)	X			X	**P**			X		X		X	X	X	X	X			
	M06 - Farm and business development (art 19)					**P**														
2C+	M04 - Investments in physical assets (art 17)						**P**			X					X					
	M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)						**P**													
3A	M01 - Knowledge transfer and information actions (art 14)	X		X	X	X		**P**										X	X	
	M03 - Quality schemes for agricultural products and foodstuffs (art 16)							**P**								X	X			
	M04 - Investments in physical assets (art 17)							**P**						X				X		
	M09 - Setting-up of producer groups and organisations (art 27)							**P**												
	M16 - Co-operation (art 35)	X	X		X			**P**												
3B	M05 - Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions (art 18)				X				**P**											
	M17 - Risk management (art 36)								**P**				X	X	X	X	X			

5C	M04 - Investments in physical assets (art 17)													X	**P**						
5D	M04 - Investments in physical assets (art 17)										X	X				**P**					
	M10 - Agri-environment-climate (art 28)										X	X	X			**P**	X				
5E	M10 - Agri-environment-climate (art 28)									X						X	**P**				
6A	M06 - Farm and business development (art 19)																	**P**			
	M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)														X			**P**			
6B	M07 - Basic services and village renewal in rural areas (art 20)																		**P**		
	M19 - Support for LEADER local development (CLLD – community-led local development) (art 35 Regulation (EU) No 1303/2013)																		**P**		
P4 (FOREST)	M01 - Knowledge transfer and information actions (art 14)									**P**	**P**	**P**									
	M02 - Advisory services, farm management and farm relief services (art 15)			X						**P**	**P**	**P**			X		X				
	M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)									**P**	**P**	**P**					X				
P4 (AGRI)	M01 - Knowledge transfer and information actions (art 14)	X		X				X	X	**P**	**P**	**P**	X	X	X	X	X				
	M02 - Advisory services, farm management and farm relief services (art 15)	X			X			X	X	**P**	**P**	**P**	X	X	X	X	X				
	M04 - Investments in physical assets (art 17)									**P**	**P**	**P**									
	M10 - Agri-environment-climate (art 28)									**P**	**P**	**P**	X			X	X				
	M11 - Organic farming (art 29)									**P**	**P**	**P**				X	X				
	M13 - Payments to areas facing natural or other specific constraints (art 31)									**P**	**P**	**P**									

11.4. Support table to show how environmental measure/schemes are programmed to achieve one (or more) environment/climate targets

11.4.1. Agricultural Land

11.4.1.1. M10 - Agri-environment-climate (art 28)

Type of operation or group of type of operation	AECM typology	Total expenditure (EUR)	Total area (ha) by measure or type of operations	Biodiversity FA 4A	Water management FA 4B	Soil management FA 4C	Reducing GHG and ammonia emissions FA 5D	Carbon sequestration/conservation FA 5E
O_8: Maintaining extensive olive groves	Soil cover, ploughing techniques, low tillage, Conservation agriculture	36,180,000.00	7,500.00	X			X	X
O_06: Establishment of field strips	Creation, upkeep of ecological features (e.g. field margins, buffer areas, flower strips, hedgerows, trees)	33,955,827.00	19,208.00	X			X	X
O_05: Pilot measure for the protection of butterflies	Maintenance of HNV arable and grassland systems (e.g. mowing techniques, hand labour, leaving of winter stubbles in arable areas), introduction of extensive grazing practices, conversion of arable land to grassland.	720,000.00	400.00	X				X
O_04: Pilot measure for the protection of corncrake (Crexcrex)	Maintenance of HNV arable and grassland systems (e.g. mowing techniques, hand labour, leaving of winter stubbles in arable areas),	878,400.00	600.00	X				X

	introduction of extensive grazing practices, conversion of arable land to grassland.							
O_11: Preservation of hedges	Creation, upkeep of ecological features (e.g. field margins, buffer areas, flower strips, hedgerows, trees)	428,203.00	120.00	X		X		
O_10: Preservation of dry stone walls	Creation, upkeep of ecological features (e.g. field margins, buffer areas, flower strips, hedgerows, trees)	4,975,970.00	672.00	X		X		
O_07: Maintaining extensive orchards	Soil cover, ploughing techniques, low tillage, Conservation agriculture	17,232,600.00	7,460.00	X			X	X
O_02: Grassing of permanent crops	Soil cover, ploughing techniques, low tillage, Conservation agriculture	9,930,000.00	5,000.00		X	X	X	X
O_03: Preservation of high nature value grasslands	Maintenance of HNV arable and grassland systems (e.g. mowing techniques, hand labour, leaving of winter stubbles in arable areas), introduction of extensive grazing practices, conversion of arable land to grassland.	5,250,000.00	7,000.00	X				X
O_01: Tilling and sowing on the terrain with slope for arable annual plants	Soil cover, ploughing techniques, low tillage, Conservation agriculture	4,230,000.00	5,000.00		X	X		

11.4.1.2. M11 - Organic farming (art 29)

Submeasure	Total expenditure (EUR)	Total area (ha) by measure or type of operations	Biodiversity FA 4A	Water management FA 4B	Soil management FA 4C	Reducing GHG and ammonia emissions FA 5D	Carbon sequestration/conservation FA 5E
11.2 - payment to maintain organic farming practices and methods	87,396,507.00	41,648.00	X	X	X		
11.1 - payment to convert to organic farming practices and methods	40,913,117.00	16,496.00	X	X	X		

11.4.1.3. M12 - Natura 2000 and Water Framework Directive payments (art 30)

Submeasure	Total expenditure (EUR)	Total area (ha) by measure or type of operations	Biodiversity FA 4A	Water management FA 4B	Soil management FA 4C	Reducing GHG and ammonia emissions FA 5D	Carbon sequestration/conservation FA 5E
12.1 - compensation payment for Natura 2000 agricultural areas							
12.3 - compensation payment for agricultural areas included in river basin management plans							

11.4.1.4. M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)

Submeasure	Total expenditure (EUR)	Total area (ha) by measure or type of operations	Biodiversity FA 4A	Water management FA 4B	Soil management FA 4C	Reducing GHG and ammonia emissions FA 5D	Carbon sequestration/conservation FA 5E

8.2 - support for establishment and maintenance of agro-forestry systems							
8.1 - support for afforestation/creation of woodland							

11.4.2. Forest areas

11.4.2.1. M15 - Forest environmental and climate services and forest conservation (art 34)

Type of operation or group of type of operation	Total expenditure (EUR)	Total area (ha) by measure or type of operations	Biodiversity FA 4A	Water management FA 4B	Soil management FA 4C

11.4.2.2. M12 - Natura 2000 and Water Framework Directive payments (art 30)

Submeasure	Total expenditure (EUR)	Total area (ha) by measure or type of operations	Biodiversity FA 4A	Water management FA 4B	Soil management FA 4C
12.2 - compensation payment for Natura 2000 forest areas					

11.4.2.3. M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)

Submeasure	Total expenditure (EUR)	Total area (ha) by measure or type of operations	Biodiversity FA 4A	Water management FA 4B	Soil management FA 4C
8.5 - support for investments improving the resilience and environmental value of forest ecosystems	45,955,586.00	6,300.00	X	X	X

11.5. Programme-Specific Target and Output

Specific Target indicator(s)

Code	Target indicator name	Focus Area	Target value 2023	Unit

Specific Output indicator(s)

Code	Output Indicator Name	Measure	Focus Area	Planned output	Unit
P3	De-mined agricultural land (ha)	M05	3B	5,000.00	ha
Comment: *De-mining of agricultural land is foreseen as stand-alone type of operation under M05 due to implementation specificities related to the investments for the restoration of the agricultural land under mines.*					

12. ADDITIONAL NATIONAL FINANCING

For measures and operations falling within the scope of Article 42 of the Treaty, a table on additional national financing per measure in accordance with Article 82 of Regulation (EU) No 1305/2013, including the amounts per measure and indication of compliance with the criteria under RD regulation.

Measure	Additional National Financing during the period 2014-2020 (€)
M01 - Knowledge transfer and information actions (art 14)	0.00
M02 - Advisory services, farm management and farm relief services (art 15)	0.00
M03 - Quality schemes for agricultural products and foodstuffs (art 16)	0.00
M04 - Investments in physical assets (art 17)	0.00
M05 - Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions (art 18)	0.00
M06 - Farm and business development (art 19)	0.00
M07 - Basic services and village renewal in rural areas (art 20)	0.00
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	0.00
M09 - Setting-up of producer groups and organisations (art 27)	0.00
M10 - Agri-environment-climate (art 28)	0.00
M11 - Organic farming (art 29)	0.00
M13 - Payments to areas facing natural or other specific constraints (art 31)	0.00
M16 - Co-operation (art 35)	0.00
M17 - Risk management (art 36)	0.00
M18 - Financing of complementary national direct payments for Croatia (art 40)	0.00
M19 - Support for LEADER local development (CLLD – community-led local development) (art 35 Regulation (EU) No 1303/2013)	0.00
M20 - Technical assistance Member States (art 51-54)	0.00
Total	0.00

12.1. M01 - Knowledge transfer and information actions (art 14)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

12.2. M02 - Advisory services, farm management and farm relief services (art 15)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

12.3. M03 - Quality schemes for agricultural products and foodstuffs (art 16)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

12.4. M04 - Investments in physical assets (art 17)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

12.5. M05 - Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions (art 18)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

12.6. M06 - Farm and business development (art 19)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

12.7. M07 - Basic services and village renewal in rural areas (art 20)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

12.8. M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

12.9. M09 - Setting-up of producer groups and organisations (art 27)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

12.10. M10 - Agri-environment-climate (art 28)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

12.11. M11 - Organic farming (art 29)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

12.12. M13 - Payments to areas facing natural or other specific constraints (art 31)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

12.13. M16 - Co-operation (art 35)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

12.14. M17 - Risk management (art 36)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

12.15. M18 - Financing of complementary national direct payments for Croatia (art 40)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

12.16. M19 - Support for LEADER local development (CLLD – community-led local development) (art 35 Regulation (EU) No 1303/2013)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

12.17. M20 - Technical assistance Member States (art 51-54)

Indication of compliance of the operations with the criteria under Regulation (EU) No 1305/2013

Not applicable

13. ELEMENTS NEEDED FOR STATE AID ASSESMENT

For the measures and operations which fall outside the scope of Article 42 of the Treaty, the table of aid schemes falling under Article 81(1) of Regulation (EU) No 1305/2013 to be used for the implementation of the programmes, including the title of the aid scheme, as well as the EAFRD contribution, national cofinancing and additional national funding. Compatibility with Union State aid rules must be ensured over the entire duration of the programme.

The table shall be accompanied by a commitment from the Member State that, where required under State aid rules or under specific conditions in a State aid approval decision, such measures will be notified individually pursuant to Article 108(3) of the Treaty.

Measure	Title of the aid scheme	EAFRD (€)	National Cofinancing (€)	Additional National Funding (€)	Total (€)
M01 - Knowledge transfer and information actions (art 14)	Demonstration activities	1,200,000.00	133,333.00		1,333,333.00
M01 - Knowledge transfer and information actions (art 14)	Vocational training for cross-compliance, agriculture, environment and climate measures and organic farming	6,000,000.00	666,667.00		6,666,667.00
M01 - Knowledge transfer and information actions (art 14)	Workshops for supply chain organisation and producers' groups	600,000.00	66,667.00		666,667.00
M02 - Advisory services, farm management and farm relief services (art 15)	Advice on the forestry holdings	3,600,000.00	635,294.00		4,235,294.00
M03 - Quality schemes for agricultural products and foodstuffs (art 16)	Support for information and promotion activities	1,800,000.00	317,647.00		2,117,647.00
M03 - Quality schemes for agricultural products and foodstuffs (art 16)	Support for the participation of farmers in quality schemes for agricultural products and foodstuffs	4,200,000.00	741,176.00		4,941,176.00
M04 - Investments in physical assets (art 17)	Investment in forest infrastructure	18,144,000.00	3,201,882.00		21,345,882.00
M06 - Farm and business development (art 19)	Development of non-agricultural activities in rural areas	56,500,000.00	9,970,588.00		66,470,588.00
M06 - Farm and business development (art 19)	Support for investments in establishing non-agricultural activities	56,500,000.00	9,970,588.00		66,470,588.00

M07 - Basic services and village renewal in rural areas (art 20)	Investments in establishing, improving or expanding local basic services for the rural population	90,400,000.00	15,952,941.00		106,352,941.00
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Conversion of degraded forest stands and forest cultures	39,062,248.00	6,893,338.00		45,955,586.00
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Establishment and improvement of walking trails, look-out points and other small-scale investments	1,636,793.00	288,846.00		1,925,639.00
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Marketing of timber and non-timber forest products	1,595,873.00	281,625.00		1,877,498.00
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Modernisation of technologies, machines, tools and equipment for pre-industrial wood processing	18,352,543.00	3,238,684.00		21,591,227.00
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	Modernisation of technologies, machines, tools and equipment for wood production and silvicultural works	18,352,543.00	3,238,684.00		21,591,227.00
M16 - Co-operation (art 35)	Aid for co-operation	7,500,000.00	833,333.33		8,333,333.33
M19 - Support for LEADER local development (CLLD – community-led local development) (art 35 Regulation (EU) No 1303/2013)	Aid for LEADER local action groups (Preparation, Cooperation, Running costs, Animation)	21,883,194.00	2,431,466.00		24,314,660.00
M19 - Support for LEADER local development (CLLD – community-led local development) (art 35 Regulation (EU) No 1303/2013)	Aid for implemention of operations under CCLD	38,903,458.00	4,322,606.00		43,226,064.00
Total (€)		**386,230,652.00**	**63,185,365.33**	**0.00**	**449,416,017.33**

13.1. M01 - Knowledge transfer and information actions (art 14)

Title of the aid scheme: Demonstration activities

EAFRD (€): 1,200,000.00

National Cofinancing (€): 133,333.00

Additional National Funding (€):

Total (€): 1,333,333.00

13.1.1.1. Indication:*

In case of aid for demonstration activities in forestry sector:

Expenditure under the Agricultural Block Exemption Regulation (EU) No 702/2014.

Exemption from the notification requirement of Article 108(3) of the Treaty pursuant to Article 38 of Regulation (EU) No 702/2014 on the aid for knowledge transfer and information actions in the forestry sector that is compatible with the common market in application of Article 107(3)(c) of the Treaty on the Functioning of the European Union.

13.2. M01 - Knowledge transfer and information actions (art 14)

Title of the aid scheme: Vocational training for cross-compliance, agriculture, environment and climate measures and organic farming

EAFRD (€): 6,000,000.00

National Cofinancing (€): 666,667.00

Additional National Funding (€):

Total (€): 6,666,667.00

13.2.1.1. Indication:*

In case of aid for vocational training in forestry sector:

Expenditure under general de minimis Regulation (EU) No 1407/2013.

For SME's active outside the primary agriculture sector expenditures will apply under de minimis Regulation (EU) No 1407/2013.

Expenditure under the Agricultural Block Exemption Regulation (EU) No 702/2014.

Exemption from the notification requirement of Article 108(3) of the Treaty pursuant to Article 38 of

Regulation (EU) No 702/2014 on the aid for knowledge transfer and information actions in the forestry sector that is compatible with the common market in application of Article 107(3)(c) of the Treaty on the Functioning of the European Union.

13.3. M01 - Knowledge transfer and information actions (art 14)

Title of the aid scheme: Workshops for supply chain organisation and producers' groups

EAFRD (€): 600,000.00

National Cofinancing (€): 66,667.00

Additional National Funding (€):

Total (€): 666,667.00

13.3.1.1. Indication:*

In case of aid in favour of SMEs in rural area outside of primary agricultural production:

Expenditure under the Agricultural Block Exemption Regulation (EU) No 702/2014.

Exemption from the notification requirement of Article 108(3) of the Treaty pursuant to Article 47 of Regulation (EU) No 702/2014 on the aid for knowledge transfer and information actions in favour of SMEs in rural areas are compatible with the common market in application of Article 107(3)(c) of the Treaty on the Functioning of the European Union.

13.4. M02 - Advisory services, farm management and farm relief services (art 15)

Title of the aid scheme: Advice on the forestry holdings

EAFRD (€): 3,600,000.00

National Cofinancing (€): 635,294.00

Additional National Funding (€):

Total (€): 4,235,294.00

13.4.1.1. Indication:*

Expenditure under general de minimis Regulation (EU) No 1407/2013.

For beneficiaries outside the primary agriculture sector expenditures will apply under de minimis

Regulation (EU) No 1407/2013.

Expenditure under the Agricultural Block Exemption Regulation (EU) No 702/2014.

Exemption from the notification requirement of Article 108(3) of the Treaty pursuant to Article 39 of Regulation (EU) No 702/2014 on the aid for advisory services in the forestry sector are compatible with the common market in application of Article 107(3)(c) of the Treaty on the Functioning of the European Union.

13.5. M03 - Quality schemes for agricultural products and foodstuffs (art 16)

Title of the aid scheme: Support for information and promotion activities

EAFRD (€): 1,800,000.00

National Cofinancing (€): 317,647.00

Additional National Funding (€):

Total (€): 2,117,647.00

13.5.1.1. Indication:*

In case of information and promotion activities which fall outside the scope of Article 42 of the Treaty (non-Annex I product):

Expenditure under the Agricultural Block Exemption Regulation (EU) No 702/2014.

Exemption from the notification requirement of Article 108(3) of the Treaty pursuant to Article 49 of Regulation (EU) No 702/2014 on the aid for information and promotion activities concerning cotton and foodstuffs covered by a quality scheme are compatible with the common market in application of Articles 107(3)(c) of the Treaty on the Functioning of the European Union.

13.6. M03 - Quality schemes for agricultural products and foodstuffs (art 16)

Title of the aid scheme: Support for the participation of farmers in quality schemes for agricultural products and foodstuffs

EAFRD (€): 4,200,000.00

National Cofinancing (€): 741,176.00

Additional National Funding (€):

Total (€): 4,941,176.00

13.6.1.1. Indication:*

In case of aid for new participation in quality schemes which fall outside the scope of Article 42 of the Treaty (non-Annex I products):

Expenditure under the Agricultural Block Exemption Regulation (EU) No 702/2014.

Exemption from the notification requirement of Article 108(3) of the Treaty pursuant to Article 48 of Regulation (EU) No 702/2014 on aid for new participation of active farmers and groups thereof that are SMEs in quality schemes for cotton and foodstuffs that are compatible with the common market in application of Article 107(3)(c) of the Treaty on the Functioning of the European Union.

13.7. M04 - Investments in physical assets (art 17)

Title of the aid scheme: Investment in forest infrastructure

EAFRD (€): 18,144,000.00

National Cofinancing (€): 3,201,882.00

Additional National Funding (€):

Total (€): 21,345,882.00

13.7.1.1. Indication:*

State Aid / Croatia
- Aid Nr. SA.41807 (2015/N)
- Aid to support beneficial functions of forests (OKFS)

13.8. M06 - Farm and business development (art 19)

Title of the aid scheme: Development of non-agricultural activities in rural areas

EAFRD (€): 56,500,000.00

National Cofinancing (€): 9,970,588.00

Additional National Funding (€):

Total (€): 66,470,588.00

13.8.1.1. Indication:*

Expenditure under general de minimis Regulation (EU) No 1407/2013.

Support for investments and expenditures in non-agricultural activities is subject to the general de minimis according to Regulation (EU) No 1407/2013.

13.9. M06 - Farm and business development (art 19)

Title of the aid scheme: Support for investments in establishing non-agricultural activities

EAFRD (€): 56,500,000.00

National Cofinancing (€): 9,970,588.00

Additional National Funding (€):

Total (€): 66,470,588.00

13.9.1.1. Indication:*

Expenditure under the Agricultural Block Exemption Regulation (EU) No 702/2014.

Exemption from the notification requirement of Article 108(3) of the Treaty pursuant to Article 45 of Regulation (EU) No 702/2014 on the business start-up aid for non-agricultural activities in rural areas are compatible with the common market in application of Article 107(3)(c) the Treaty on the Functioning of the European Union.

13.10. M07 - Basic services and village renewal in rural areas (art 20)

Title of the aid scheme: Investments in establishing, improving or expanding local basic services for the rural population

EAFRD (€): 90,400,000.00

National Cofinancing (€): 15,952,941.00

Additional National Funding (€):

Total (€): 106,352,941.00

13.10.1.1. Indication:*

Where the conditions of Article 107(1) of the Treaty are met (state aid relevant), the following applies on

the individual operation basis:

Expenditure under general de minimis Regulation (EU) No 1407/2013.

Investments in establishing, improving or expanding local basic services for the rural population is exempted from the notification requirement of Article 108(3) of the Treaty if fulfil the conditions laid down in Regulation (EU) No 1407/2013 pursuant to the Article 3 of the same Regulation.

Expenditure under the General Block Exemption Regulation (EU) No 651/2014.

Exemption from the notification requirement of Article 108(3) of the Treaty pursuant to Article 53 of Regulation (EU) No 651/2014 on the investments in culture and heritage conservation that is compatible with the internal market within the meaning of Article 107(3) of the Treaty on the Functioning of the European Union.

Exemption from the notification requirement of Article 108(3) of the Treaty pursuant to Article 55 of Regulation (EU) No 651/2014 on the investments for sport and multifunctional recreational infrastructures that is compatible with the internal market within the meaning of Article 107(3) of the Treaty on the Functioning of the European Union.

Expenditure to be notified individually pursuant to Article 108(3) of the Treaty.

Investments in establishing, improving or expanding local basic services for the rural population is subject of an authorisation by the Commission and do not fulfil the conditions laid down in Regulation (EU) No 1407/2013 or cannot be exempted under the General Block Exemption Regulation (EU) No 651/2014.

13.11. M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)

Title of the aid scheme: Conversion of degraded forest stands and forest cultures

EAFRD (€): 39,062,248.00

National Cofinancing (€): 6,893,338.00

Additional National Funding (€):

Total (€): 45,955,586.00

13.11.1.1. Indication:*

State Aid / Croatia
- Aid Nr. SA.41807 (2015/N)
- Aid to support beneficial functions of forests (OKFS)

13.12. M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)

Title of the aid scheme: Establishment and improvement of walking trails, look-out points and other small-scale investments

EAFRD (€): 1,636,793.00

National Cofinancing (€): 288,846.00

Additional National Funding (€):

Total (€): 1,925,639.00

13.12.1.1. Indication:*

Expenditure under the Agricultural Block Exemption Regulation (EU) No 702/2014.

Exemption from the notification requirement of Article 108(3) of the Treaty pursuant to Article 35 of Regulation (EU) No 702/2014 on the aid for investments improving the resilience and environmental value of forest ecosystems are compatible with the common market in application of Article 107(3)(c) of the Treaty on the Functioning of the European Union.

13.13. M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)

Title of the aid scheme: Marketing of timber and non-timber forest products

EAFRD (€): 1,595,873.00

National Cofinancing (€): 281,625.00

Additional National Funding (€):

Total (€): 1,877,498.00

13.13.1.1. Indication:*

Expenditure under the Agricultural Block Exemption Regulation (EU) No 702/2014.

Exemption from the notification requirement of Article 108(3) of the Treaty pursuant to Article 41 of Regulation (EU) No 702/2014 on the Aid for investments in forestry technologies and in the processing, mobilising and marketing of forestry products granted to private forest holders, municipalities and their associations and to SMEs that is compatible with the common market in application of Article 107(3)(c) of the Treaty on the Functioning of the European Union.

13.14. M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)

Title of the aid scheme: Modernisation of technologies, machines, tools and equipment for pre-industrial wood processing

EAFRD (€): 18,352,543.00

National Cofinancing (€): 3,238,684.00

Additional National Funding (€):

Total (€): 21,591,227.00

13.14.1.1. Indication:*

Expenditure under the Agricultural Block Exemption Regulation (EU) No 702/2014.

Exemption from the notification requirement of Article 108(3) of the Treaty pursuant to Article 41 of Regulation (EU) No 702/2014 on the Aid for investments in forestry technologies and in the processing, mobilising and marketing of forestry products granted to private forest holders, municipalities and their associations and to SMEs that is compatible with the common market in application of Article 107(3)(c) of the Treaty on the Functioning of the European Union.

13.15. M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)

Title of the aid scheme: Modernisation of technologies, machines, tools and equipment for wood production and silvicultural works

EAFRD (€): 18,352,543.00

National Cofinancing (€): 3,238,684.00

Additional National Funding (€):

Total (€): 21,591,227.00

13.15.1.1. Indication:*

Expenditure under the Agricultural Block Exemption Regulation (EU) No 702/2014.

Exemption from the notification requirement of Article 108(3) of the Treaty pursuant to Article 41 of Regulation (EU) No 702/2014 on the Aid for investments in forestry technologies and in the processing, mobilising and marketing of forestry products granted to private forest holders, municipalities and their associations and to SMEs that is compatible with the common market in application of Article 107(3)(c) of

the Treaty on the Functioning of the European Union.

13.16. M16 - Co-operation (art 35)

Title of the aid scheme: Aid for co-operation

EAFRD (€): 7,500,000.00

National Cofinancing (€): 833,333.33

Additional National Funding (€):

Total (€): 8,333,333.33

13.16.1.1. Indication:*

In a case of aid for the co-operation activities which fall outside the scope of Article 42 of the Treaty (non-Annex I product):

Expenditure under general de minimis Regulation (EU) No 1407/2013.

For SME's active outside the primary agriculture sector expenditures will apply under de minimis Regulation (EU) No 1407/2013.

13.17. M19 - Support for LEADER local development (CLLD – community-led local development) (art 35 Regulation (EU) No 1303/2013)

Title of the aid scheme: Aid for LEADER local action groups (Preparation, Cooperation, Running costs, Animation)

EAFRD (€): 21,883,194.00

National Cofinancing (€): 2,431,466.00

Additional National Funding (€):

Total (€): 24,314,660.00

13.17.1.1. Indication:*

In case the aid is granted to LEADER local action groups engaged in an economic activity (offering goods and/or services on the market) state aid rules applies.

Expenditure under general de minimis Regulation (EU) No 1407/2013.

Support for Preparation, Cooperation, Running costs, Animation granted to the LEADER local action groups engaged in an economic activity is exempted from the notification requirement of Article 108(3) of the Treaty if fulfil the conditions laid down in Regulation (EU) No 1407/2013 pursuant to the Article 3 of the same Regulation.

13.18. M19 - Support for LEADER local development (CLLD – community-led local development) (art 35 Regulation (EU) No 1303/2013)

Title of the aid scheme: Aid for implemention of operations under CCLD

EAFRD (€): 38,903,458.00

National Cofinancing (€): 4,322,606.00

Additional National Funding (€):

Total (€): 43,226,064.00

13.18.1.1. Indication:*

Aid for the implementation of operations under CCLD which fall outside the scope of Article 42 of the Treaty (non-Annex I product) state aid rules apply.

Expenditure under the Agricultural Block Exemption Regulation (EU) No 702/2014.

Aid granted in accordance with Regulation (EU) No 1305/2013 is exempted from the notification requirement of Article 108(3) of the Treaty pursuant to applicable articles in Regulation (EU) No 702/2014 in accordance with the relevant indications provided in this section to the extent that it meets the conditions of the related rural development measures.

Expenditure under the General Block Exemption Regulation (EU) No 651/2014.

In some specific cases, subject to the approved Local Development Strategy, general block exemption Regulation (EU) No 651/2014 may apply.

Expenditure under general de minimis Regulation (EU) No 1407/2013.

Aid for the implementation of operations under the CLLD strategy which fall outside the scope of Article 42 of the Treaty is exempted from the notification requirement of Article 108(3) of the Treaty if fulfil the conditions laid down in Regulation (EU) No 1407/2013 pursuant to the Article 3 of the same Regulation.

Expenditure to be notified individually pursuant to Article 108(3) of the Treaty.

For the individual operations which fall outside the scope of Article 42 of the Treaty, cannot be exempted under the stated block exemption regulations and do not fulfil the conditions laid down in the Regulation (EU) No 1407/2013, authorisation by the Commission following a formal State aid notification in accordance with the EU Guidelines for State aid in agriculture and forestry sectors and in rural areas 2014 to

2020 has to be obtained.

14. INFORMATION ON COMPLEMENTARITY

14.1. Description of means for the complementarity and coherence with:

14.1.1. Other Union instruments and, in particular with ESI Funds and Pillar 1, including greening, and other instruments of the common agricultural policy

The complementarity with other ESI funds

Entrepreneurship and non-agricultural SMEs: The ERDF will provide assistance to newly established and already existing SMEs to improve their competitiveness, expand and innovate, while the ESF will support self-employment by facilitating access to entrepreneurship for the vulnerable group of unemployed. The EMFF will support the production in the aquaculture and fisheries sectors in view of the diversification of economic activities. Finally, the EAFRD will support start-ups in non-agricultural activities for micro and small enterprises in rural areas but only for registered Agricultural holdings.

Renewable energy: The EAFRD will focus on measures for Energy Efficiency & use of Renewable Energy Sources for agricultural producers and the food processing industry for self-consumption in addition to the generation of biomass from forestry. Complementarity will be achieved by the usage, where applicable and feasible, of the biomass generated from forestry for the production of RES in manufacturing industries, private service sector, buildings and district heating system under ERDF. The EMFF will support energy efficiency activities in fisheries, ports and aquaculture.

Environmental and socio-economic sustainability of rural areas: Integrated waste management operations will be financed under the Cohesion Fund, tackling the waste lifecycle (from generation to final disposal). Regarding water management (water supply, sewerage and waste water treatment), operations will be financed with the EAFRD in settlements below 2.000 inhabitants and through the cohesion fund in settlements with more than 2.000 inhabitants. As regards biodiversity conservation and nature protection, the EAFRD will support measures only on the agricultural land related to nature protection including incentives to farmers (agri-environment climate measures), while the establishment and implementation of the Natura 2000 management framework and biodiversity related measures on non-agricultural land will be financed by the ERDF. In terms of tourist infrastructure in the protected areas, the ERDF will concentrate on projects in protected areas managed by the state/regional (county) authorities while the EAFRD will relate to the areas managed by the local (city/municipality) ones and through the diversification of agricultural activities necessary for growth, employment and sustainable development in rural areas, and thereby contributing to a better territorial balance, both in economic and social terms, increasing directly the farming and rural households' income.

Rural development: the EAFRD will provide support for small-scale public service infrastructure in rural areas (rehabilitation and conservation of existing cultural heritage and other buildings, adaptation to the community needs), in complementarity with the ESF as appropriate. Furthermore, increased employment opportunities in rural areas through the diversification of economic activity and the creation of new enterprises will be particularly targeted by EAFRD support through investments in rural start-ups and further development of viable non-agricultural activities in rural areas. Complementary actions for employment related to quality vocational education and training courses, provision of traineeships and apprenticeships and first job experience will be supported through the ESF.

Vocational education and training: Complementarity between the EAFRD and ESF shall be ensured as

regards vocational education and training. Support for the development and provision of formally recognised vocational education courses targeted at the agricultural sector or rural stakeholders shall be provided from the ESF, whereas the EAFRD shall provide specific, informal knowledge transfer and vocational training, including practical demonstration activities.

Demining support: The ERDF/Cohesion Fund will support the cost of demining in selected development projects, as well as in operations aiming at the clearance and rehabilitation of forest and forestland in protected and Natura 2000 areas. The EAFRD will support demining in agricultural land in order to restore the agricultural potential. One of the positive effects for the target groups, the farmers, will be creation of the preconditions for the allocation of payment entitlements which they will receive from the "demining reserve" under the 1st CAP Pillar. Furthermore, specific demining actions will be included within the Croatian Cross-Border Programmes.

Forestry Sector: Complementarity between EAFRD-supported actions in the sector and those supported by the OP Competiveness and Cohesion Fund, such as actions for the restoration and protection of forests and forest land in protected and Natura 2000 areas, including mine clearance, forest fire protection and preservation of water resources, maintaining and enhancing ecosystem services is assured by the coordination within the Forestry Department in the Ministry of Agriculture.

Local development: The CLLD mechanism will be continued in Croatia in the 2014-2020 period through the LEADER approach supported by EAFRD, as well as through the establishment of FLAGs supported by EMFF. In order to set up CLLD in fisheries areas, the EMFF MA will use the existing model of management and delivery from rural LAGs adapted to fisheries sector. Rural local action groups have more experience that will be taken in to account while planning preparatory support, communication and dissemination of information to fisheries communities. The MA intends to encourage future CLLD groups in fisheries to use experience and logistics from existing rural LAG's where that could be achieved having in mind territorial and sectorial delimitations. Close coordination is envisaged between the respective Managing Authorities, both located in the Ministry of Agriculture, which will ensure the complementarity of interventions in areas covered by both programmes in order to achieve the maximum effect and synergy from the use of ESI Funds for local development. This is further detailed in Section 15.4.

Territorial Cooperation: Complementarity and demarcation between EAFRD and Territorial Cooperation Programmes (internal and external borders of the Union) shall be ensured though coordination with the MRDEUF, the Croatian National Authority for Territorial Cooperation Programmes. Currently the MoA participates in the National Committee for Coordination of Croatian Participation in Transnational and Interregional Programmes as well as Macro regional Strategies of the EU, which is intended to be progressively merged with the National Coordinating Committee described below. This will provide the basis for the close coordination and consultation with the MA of the RDP on applicable Territorial Cooperation project proposals and activities involving Croatian partners and allow for cross-checks as applicable on both activities and declared expenditure, including on beneficiaries' declarations. In the case of cross-border programmes, depending on the TOs and IPs selected, the MA of the RDP may also participate as a member of the cross-border cooperation programme Monitoring Committee responsible for selecting operations. Specific attention shall be paid to LAGs applying as beneficiaries under Territorial Cooperation Programmes. Furthermore, information and data on Territorial Cooperation beneficiaries shall be available on the relevant programme MIS. Cross checks can be made from MIS data available to the National Authority and through declarations of expenditure to the centralised First Level Control Body for Croatian Territorial Cooperation beneficiaries.

General coordination of ESI Funds is the responsibility of the MRDEUF as Coordinating Body in

accordance with Article 123 (8) of the CPR. A National Coordinating Committee (NCC) shall be set up for the overall coordination and monitoring of the implementation of ESI funds and other Union and relevant national funding instruments to ensure demarcation and complementarity. A representative of the MRDEUF shall participate in the EAFRD Monitoring Committee to ensure smooth coordination. State officials from the EAFRD MA shall also participate in the NCC to avoid overlapping and ensure streamlining of coordination and monitoring activities.

Management Information Systems (MIS) for the management of Union funds has envisaged data exchange between the MIS for ERDF, ESF and CF 2014 - 2020 currently being upgraded and the systems used for recording the data on EAFRD and EMFF funded projects.

Avoiding double funding for complementary measures under ESIF: As a basic principle, no double financing: in no circumstances shall the same costs be financed twice by any budget. This condition shall be ensured by cross-checks carried out by the Paying Agency for Agriculture, Fishery and Rural Development (PAAFRD) with the Coordinating body for ESI finds – Ministry of Regional Development and EU funds.

Complementarity with other instruments of the common agricultural policy

The programming of interventions under the CAP's 1st and 2nd Pillars is under the Ministry of Agriculture's responsibility. To achieve the common goals of CAP, 15 % of financial resources from EAFRD have been reallocated for the period 2015-2020 to the 1st Pillar. Additionally, framers are supported directly from EAFRD for the complements to direct payments thus having positive impact on farmer income. Support may be granted to farmers eligible for complementary national direct payments under Article 19 of Regulation (EU) No 1307/2013.

Support for the de-mining of agricultural land under sub measure 5.2 will increase agricultural area available to farming practise. Farmers benefiting from such operations will be eligible for granting payment entitlements from special national de-mining reserve by maintaining of the de-mined land in accordance SMR and GAEC standards and having positive impact on environment, farmer income and competiveness. The special national de-mining reserve is set by the Act of Accession and transmitted through Direct Payments Regulation number 1307/2013.

Greening practices beneficial for the climate and the environment under Pillar 1 of CAP are obligatory for certain farmers while the EAFRD provides for a possibility to pay farmers for voluntary commitments only if they go beyond the compulsory greening practices and all other relevant mandatory requirements, which represent a baseline for the relevant agri-environmental measures and organic agriculture under the EAFRD. Support in areas with natural constraints under EAGF as a voluntary scheme will not be used since it will be implemented under EAFRD.

The commitments associated with the AEC measures under the Programme have no link to the greening obligations required in the 1st pillar; thus all commitments calculated in premia go beyond the relevant greening practices and beyond all relevant mandatory requirements. Premia is related only to farmer income loss and additional costs linked to the specific practices included under AEC commitments.

A further synergy and complementarity under the CAP's 1st and 2nd Pillars will be ensured by the creation and development of new economic activity in the agricultural sector by young farmers supported by EAFRD with start-up aid and allocation of additional payments on top of the basic payment by EAGF. In order to get start up aid young farmer must present the business providing that the young farmer receiving a start-up aid support has to comply with the definition of active farmer under Article 9 of Regulation (EU)

No 1307/2013, respectively whose agricultural holding is registered in the Register of Agricultural Holdings (ie. the Register of Farmers) and who performs agricultural activity pursuant to the Croatian Law on Agriculture.

Producer Organisations in Fruit and Vegetable Sectors: While 2nd Pillar measures under this programme are primarily oriented to enhancing viability and competitiveness of producers including achievement of environmental and other cross-cutting objectives, operational programmes under 1st Pillar should achieve more market related objectivises (improvement of product quality, market value increase, promotion) including phytosanitary standards and rules. Since the level of association of producers association is very low in the Republic of Croatia, RDP support for establishment of producer groups and organisations will enable producers to better use of Operational Programmes in the Fruits and Vegetables Sector and Rural development in complementary manner. Full complementarity with the EAFRD shall be assured through the establishment of clear rules in national operational Programmes for producer groups and organisation.

The School fruit/milk schemes: The School fruit scheme in the school scheme under Pillar 1 as an objective has introduction of fruit/vegetables in meals in educational institutions to foster healthy nutritional habits in children, while EAFRD supports investments in Fruit and Vegetable sector, and thus having positive impact on farmer's income and competiveness. The School milk scheme under Pillar 1 supports the introduction of dairy products in meals in educational institutions to foster healthy nutritional habits in children, while EAFRD supports investments in Dairy sector, thus having positive impact on farmer's income and competiveness.

National support programme for the wine sector 2014 – 2018: Wine programme under Pillar 1 supports restructuring and conversion of vineyards, construction and equipping of wineries and projects of marketing and wine promotion in third-countries' markets. Rural development Programme is oriented to physical investments (establishment of new vineyards, irrigation, damage protection from adverse climate events) in order to enhance viability and competiveness of grapevine growers. In addition to investments Rural Development Programme supports: trainings, advisory services, participation in quality schemes, cooperation projects and risk management thus having positive impact on agriculture and rural development in general.

The National programme for apiculture 2014-2016: Apiculture programme supports measures aimed to control of varroasis, analyses of honey, restocking of hives, rationalization of transhumance and providing technical assistance of beekeepers and groupings of beekeepers. Within the Rural Development Programme, the EAFRD supports trainings, advisory services, participation in quality schemes and promotion, physical investments, cooperation projects and risk management thus having positive impact on farmer income and competitiveness. Furthermore, Agro-environmental and organic measures make a positive contribution to creating a better environment for bees which are crucial for our food supply security.

Avoiding double funding for complementary measures under CAP: As a basic principle, no double financing: in no circumstances shall the same costs be financed twice by any budget. This condition shall be ensured by cross-checks carried out by the Paying Agency for Agriculture, Fishery and Rural Development (PAAFRD), which is the single implementing body for both CAP instruments (EAGF and EAFRD).

14.1.2. Where a Member State has opted to submit a national programme and a set of regional programmes as referred to in Article 6(2) of Regulation (EU) No 1305/2013, information on complementarity between them

Not applicable.

14.2. Where relevant, information on the complementarity with other Union instruments, including LIFE

It is important to ensure optimal synergies between the EAFRD and other relevant Union Instruments. In particular, synergies can be identified in LIFE Environment and Resource Efficiency Nature and Biodiversity, LIFE Climate Change Mitigation and LIFE Climate Change Adaptation and diverse measures in the RDP. Research and innovation projects under HORIZON 2020 can be linked to innovation investment under EAFRD, particularly related to the EIP for 'Agricultural Productivity and Sustainability' and environmental and climate change adaptation research can result in mutually supportive or upstream/downstream sequential complementarity, in particular through M16.

As described above, a National Coordinating Committee (NCC) shall be set up for the overall coordination and monitoring of the implementation of ESI funds and other Union and relevant national funding instruments to ensure demarcation and complementarity. The Committee will include the relevant National Contact Points from other Union instruments, including LIFE. Furthermore, a representative of the Ministry of Environmental and Nature Protection - the competent body responsible for LIFE in Croatia - shall participate in the RDP Monitoring Committee. This will ensure in practice the complementarity of the funds and provide the platform to best assess and exploit the synergies between the EAFRD, HORIZON 2020 and LIFE.

Croatia is part of two macro-regional strategies, the European Strategy for Danube Region (EUSDR) and the European Strategy for Adriatic and Ionian Region (EUSAIR). Both strategies are deeply embedded in Croatian strategic orientation; the involvement of stakeholders is being taken into account in the programming and in future implementation process of all ESI Programmes as relevant to ensure full coherence with the objectives of the EUSAIR and EUSDR. The Managing Authority of the RDP participates in the National Committee for Coordination of Croatian Participation in Transnational and Interregional Programmes as well as Macro regional Strategies of the EU, which is intended to be progressively merged with the National Coordinating Committee.

As indicative examples, in terms of the EUSAIR, EAFRD investments in M10, M11 and M13 will be complementary to Pillar 3 - Transnational Terrestrial Habitats and Biodiversity and to Pillar 4 (Sustainable Tourism) - M7, M19 and M6.2. Concerning the EUSDR, the EAFRD will be complementary to Priority Areas on sustainable energy, culture and tourism, water quality, environmental risk management, the preservation of biodiversity, landscapes and the quality of air and soils, as well as investments in competitiveness.

15. PROGRAMME IMPLEMENTING ARRANGEMENTS

15.1. The designation by the Member State of all authorities referred to in Regulation (EU) No 1305/2013 Article 65(2) and a summary description of the management and control structure of the programme requested under Regulation (EU) No 1303/2013 Article 55(3)(i) and arrangements under Regulation (EU) No 1303/2013 Article 74(3)

15.1.1. Authorities

Authority	Name of the authority	Name of the person responsible for the authority	Address	Email
Managing authority	Ministry of Agriculture, Directorate for Management of EU Funds for Rural Development, EU and International Co-operation	Krešimir Ivančić, Assistant minister	Ulica grada Vukovara 78, HR-10000 Zagreb	kresimir.ivancic@mps.hr
Certification body	Agency for the Audit of the European Union Programmes (ARPA)	Neven Šprlje, Director	Alexandera von Humboldta 4, V kat, HR-10000 Zagreb	neven.sprlje@arpa.hr
Accredited paying agency	Paying Agency for Agriculture, Fisheries and Rural Development (PAAFRD)	Matilda Copić, Director	Ulica gradaVukovara 269/d, HR-10000 Zagreb	matilda.copic@apprrr.hr

15.1.2. Summary description of the management and control structure of the programme and arrangements for the independent examination of complaints

15.1.2.1. Management and control structure

The Managing Authority is responsible for managing and implementing the programme in an efficient, effective and correct way to:

- ensure that operations are selected for funding in accordance with the criteria applicable to the rural development programme;
- ensure there is an appropriate secure electronic system to record, maintain, manage and report statistical information on the Programme and its implementation for the purposes of monitoring and evaluation of the Programme and in particular, information required to monitor progress towards the defined objectives and priorities;
- provide the Commission with relevant indicator data on operations selected for funding, including information on output and financial indicators by 31 January and 31 October in each year of the programme;
- ensure that beneficiaries and other bodies involved in implementation of activities:
    - are informed of their obligations resulting from the aid granted, and maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation;
    - are aware of the requirements concerning the provision of data to the Managing Authority

and the recording of outputs and results;

- ensure that the ex ante evaluation referred to in Article 55 of Regulation (EU) No 1303/2013 conforms to the evaluation and monitoring system and accepting and submitting it to the Commission;
- ensure the evaluation plan referred to in Article 56 of Regulation (EU) No 1303/2013 is in place, that the ex post programme evaluation referred to in Article 57 of Regulation (EU) No 1303/2013 is conducted within the time limits laid down, ensuring the conformity of such evaluations with the monitoring and evaluation a system and their submission to the Monitoring Committee and the Commission;
- provide information and documents to the Monitoring Committee needed to monitor Programme implementation in the light of its specific objectives and priorities;
- draw up the annual progress report, including aggregate monitoring tables, and submit it to the Commission after approval by the Monitoring Committee;
- draw up the annual implementation reports in accordance with Article 75 of Regulation (EU) No 1305/2013;
- monitor the fulfilment of applicable ex ante conditionalities and carry out actions relating to the fulfilment of ex ante conditionalities which fall within the responsibilities of the Managing Authority;
- ensure that Paying Agency receives all necessary information and in particular in particular on the procedures operated and any controls carried out in relation to operations selected for funding, before payments are authorised;
- draw up the Information and Publicity Strategy and ensure its implementation to ensure publicity for the Programme, including through the national rural network, by informing potential beneficiaries, professional organisations, economic and social partners, bodies promoting equality between men and women and relevant non-governmental organisations, including environmental organisations of the possibilities offered by the Programme and rules for gaining access to programme funding, as well as by informing beneficiaries of the Union contribution and the general public on the role played by the Union in the programme;
- inform the Monitoring Committee at least once a year on the progress in the implementation of the information and publicity strategy and on its analysis of the results as well as on the planned information and publicity to be carried out in the following year;
- manage and implement the Technical Assistance measure of the Programme.

The Assistant Minister competent for the activities of Directorate for Management of EU Funds for Rural Development, EU and International Co-operation is the Head of the MA. The structure of the MA is laid down in the Internal Ordinance establishing the Head and structure. In 2015 and 2016 core MA tasks will performed by the Sector for the Management of the EU fund for rural development, with 39 staff employed exclusively on activities directly related to the RDP in 3 services and 7 departments. Some horizontal support tasks may be carried out by other MoA staff. The MA may recruit external staff or experts using TA resources.

The MA is responsible for coordinating and supervising the overall RDP management and control system for efficient, transparent use of financial resources. This includes quality assurance; monitoring of all authorities; verification of compliance with EU regulations; checks on irregularities and the need to take corrective actions to improve the management and control system. This shall take into account the result of controls and is envisaged indicatively in preparation of the annual meeting with the Commission. The MA verifies the use of funds by beneficiaries in the case of serious doubts of irregularities and informs

AFCOS unless another body involved in RDP implementation has already done so.

The MA keeps a register of risks and proposes measures to minimise them and avoid adverse effects. It ensures all necessary documentation related to RDP implementation is available to relevant national and EU bodies on request.

The MA maintains an internal monitoring system and ensures exchange of information with the MIS implemented by the Coordinating Body.

The PAAFRD is responsible for making payments for support measures within CAP. It was established by the Act on the establishment of the Paying Agency for Agriculture, Fisheries and Rural Development (OG 30/09). Its responsibilities have been detailed by the Act on Agriculture (OG 149/09, Article 21) and Ordinance on Accreditation (OG 40/01).

The Paying Agency performs the following functions related to the RDP:

- approving payments, including checks that applicants meet the necessary requirements and establishing the amounts to be paid;
- execution of payments, including the preparation of orders for payments and forwarding funds to applicants' accounts in accordance with the approved amounts;
- keeping accounts of commitments and executed payments with special attention paid to accuracy and timely manner of recording commitments and payments from agricultural EU funds in special accounting records, and drawing up of reports on expenditures, including quarterly and annual reports for the European Commission;
- it is responsible for management and control of expenses.

It is envisaged that 215 or more PAAFRD employees shall work on EAFRD related tasks once full implementation is in course. However, it has wider responsibilities including the implementation of other EU and nationally funded programmes as well as other delegated tasks and currently has 667 employees. Its flexible structure can respond to future needs according to annual workload analysis. Provisional accreditation of the PAAFRD for the RDP measures was granted on 1 October 2014 by the Competent Authority and the process of full accreditation shall be completed in 2015.

The Competent Authority (CA) for the accreditation of the PAAFRD is the Independent Service for Accreditation of the PAAFRD and Certification and Confirmation of the Implementation of Fisheries Aid Schemes in the MoA. After accreditation, the CA shall supervise the work of the PAAFRD and its fulfilment of the accreditation criteria, and every three years inform the EC in writing of the results of its supervision.

To ensure the maximum efficiency and effectiveness in RDP implementation, the MA and PA shall collaborate constantly, in the full respect of their specific competences and responsibilities.

The MA and the PA shall provide an ex ante assessment of the verifiability and controllability of the measures included in the RDP and undertake the assessment of the verifiability and controllability of measures during implementation.

The Certification Body (CB) is the Agency for the Audit of European Union Programmes Implementation System (ARPA). It is responsible for the audit of activities of the PAAFRD, including checking fulfilment of accreditation criteria and to certify that invoices are true, complete and accurate taking into

account established systems for management and control.

It shall provide an opinion, drawn up in accordance with internationally accepted audit standards, on the completeness, accuracy and veracity of the annual accounts of the paying agency, on the proper functioning of its internal control system and on the legality and regularity of the expenditure for which reimbursement has been requested from the Commission. That opinion shall also state whether the examination puts in doubt the assertions made in the management declaration.

All the Programme bodies involved in RDP implementation shall take into account the lessons learnt during IPARD following the Evaluation Report on the administrative efficiency of IPARD and in line with its recommendations, to ensure smooth and timely implementation. Specific attention will be paid to effective, timely multi-annual planning and capacity-building of Human Resources.

General coordination of ESI Funds is the responsibility of the MRDEUF as Coordinating Body in accordance with Article 123 (8) of Regulation (EU) No 1303/2013.

A National Coordinating Committee (NCC) shall be set up for the overall coordination and monitoring of the implementation of ESI funds and officials from the MA shall participate to ensure streamlining of coordination and monitoring activities.

15.1.2.2. Arrangements for the examination of complaints

The Minister of agriculture shall establish a procedure for the independent examination and resolution of complaints from beneficiaries. The Minister shall institute an independent commission to handle received complaints in accordance with the procedures publicised on the programme website. These procedures shall also provide clear deadlines for the examination of complaints. All applicants and beneficiaries shall be informed on the procedure for the submission of a complaint. The mandate of the commission is exclusively related to resolving beneficiaries' complaints and assessing whether the procedures for selection, and refusals, withdrawals and penalties for non-compliances have been properly carried out. It has no authority to make a final decision on the financing of activities under RDP or their eligibility.

In the case of acceptance of a beneficiary's complaint, the commission shall refer their decision to the Paying Agency for processing, which is the only authority that can make the final decision concerning the complaint. The Department for the control of rural development programme implementation shall perform an analysis of the received complaints as well as the procedures of the independent commission in order to perform a timely correction of possible deficiencies in the control system and ensure efficient implementation of the RDP.

15.2. The envisaged composition of the Monitoring Committee

The Monitoring Committee for the Rural Development Programme (MC) will be set up within three months following the notification of the Commission’s decision adopting the Programme, in accordance with Article 47 of Regulation (EU) No 1303/2013. The Secretariat of the MC is responsible for providing

all documentation and reports, drawing up the agenda, taking minutes and recording the conclusions of the meetings. The MC will act in accordance with the Committee's Rules of Procedure which will be adopted at the first meeting. The Rules of Procedure shall take into account the indications in the European code of conduct on partnership, and establish voting procedures. The MC shall be chaired by the MA. Until the approval of the Programme, a provisional MC shall be convened in order to approve any selection criteria for the implementation of measures starting before the official establishment of the MC. These decisions shall be subject to formal adoption by the MC at the first meeting.

The MC shall meet at least once a year.

The MC shall satisfy itself as to the performance of the rural development programme and the effectiveness of its implementation. To that end the MC shall carry out all the functions specified in Article 74 of Regulation (EU) No 1305/2013.

MC members and their alternates will be the representatives of state administration, local and regional administrations, economic and social partners and relevant bodies representing civil society, including environmental partners, non-governmental organisations, and bodies responsible for promoting social inclusion, gender equality and non-discrimination.

The number of non-governmental members will be at least equal to the number of the members from the governmental bodies and authorities.

The Monitoring Committee shall consist of the following members:

- Ministry of Agriculture;
- Ministry of Regional Development and EU Funds;
- Ministry of Entrepreneurship and Crafts;
- Ministry of Tourism;
- Ministry of Environmental and Nature Protection;
- Ministry of Construction and Physical Planning;
- Ministry of Economy;
- Ministry of Foreign and European Affairs;
- Ministry of Finance;
- Croatian Government, Gender Equality Committee;
- Paying Agency for Agriculture, Fisheries and Rural Development;
- Croatian Agricultural Agency;
- Croatian Chamber of Agriculture;
- Agricultural Land Agency;
- Advisory Service;
- Croatian Economy Chamber;
- Croatian Chamber of Crafts;
- Faculty of Agriculture in Zagreb;
- Institute for Adriatic Crops and Carst Reclamation;
- Croatian Counties Association;
- Association of Municipalities in the Republic of Croatia;
- Croatian Association of Cooperatives;
- Croatian Network for Rural Development;

- Croatian LEADER Network;
- Croatian Center for Agriculture, Food and Rural Affairs;
- Institute for Tourism;
- Croatian Bank Association;
- Croatian Bank for Reconstruction and Development;
- Croatian Employers Association;
- Croatian Young Farmers Association Agro;
- Croatian Waters;
- Croatian Forest;
- Central Pig-Breeding Association;
- Association of organic farmers Croatian;
- Croatian Fruit Association;
- Croatian Nurseryman Association;
- Association of Croatian Vegetable Producers;
- Croatian Association of Holstein Cattle Breeders;
- Croatiastočar;
- Croatian Poultry Breeders Association;
- Croatian Union of Milk Producers Association;
- Croatian Association of Breeders of Sheep and Goats;
- Green Forum, Network of Environmental Protection Association;
- Union of Croatian Innovators.

The Commission shall participate in the work of the MC in an advisory capacity.

The full list of the members and alternates of the MC will be published on www.mps.hr.

In addition to the functions referred to in Article 49 of Regulation (EU) No 1303/2013, the MC shall:

- be consulted and issue an opinion, within four months of the decision approving the programme, on the selection criteria. The selection criteria shall be revised according to programming needs;
- examine in particular actions in the programme relating to the fulfilment of ex ante conditionalities;
- examine all issues that affect the performance of the programme;
- examine the activities and outputs related to the progress in the implementation of the Evaluation plan;
- participate in the National Rural Network to exchange information on programme implementation;
- consider and approve any amendment of the programme as well as the AIRs before they are sent to the Commission.

Technical assistance funds from the RDP may be used to support all the activities of the MC including capacity building actions.

15.3. Provisions to ensure that the programme is publicised, including through the national rural network, making reference to the information and publicity strategy referred to in Article 13 of Implementing Regulation (EU) No 808/2014

Information and Promotion Strategy

The Managing Authority of the programme (MA) is responsible for:

- Drawing up the Information and Publicity Strategy in accordance with Annex III of Commission Implementing Regulation (EU) No 808/2014 of 17 July 2014 laying down rules for the application of Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and its implementation;
- Setting up a website to provide information on the Programme;
- Informing potential beneficiaries on the opportunities for funding under the RDP, the related procedures, eligibility conditions and selection criteria, the contacts for information and the procedures for examination of complaints;
- Informing the general public of the content of the RDP, its adoption and updates, the main achievements in the implementation of the programme and its closure, as well as its contribution to the achievement of the Union priorities as set out in the Partnership Agreement.

The MA is responsible for leading the overall RDP communication process and involving the NRN in ensuring publicity for the programme.

The Information and Publicity Strategy will be submitted to the MC for information within six months of the adoption of the Programme. The MA shall ensure that a consistent approach is applied to all tools to reinforce and reiterate common core messages and maintain a coherent visual identity. The information and publicity strategy shall form the basis for the NRN's communication plan and shall set a clear division of tasks between the MA and NRN.

The target groups can be broadly divided into 3 categories with appropriate communication objectives and tools to be adopted:

- General public;
- Potential beneficiaries and Rural development stakeholders including NGOs, educational and scientific institutions, Operational groups;
- Beneficiaries.

Depending on the profile of the target group, the MA shall make adjustments to the communication channels that are planned to be used.

Indicatively, the following communication tools shall be used, in accordance with the Information and Publicity Strategy:

Communication to the General Public:

The MA, in collaboration with rural relay bodies, will design and carry out educational and awareness-raising activities to the general public about the content of the Programme, the progress and results in its implementation and the achieved goals outlined in the Programme. The following communication tools

shall be used:

a) Press campaigns

The MA shall carry out the promotion of the programme by means of press events and releases, radio, television and web-based promotional campaigns and the participation in thematic or specialised national, regional and local programmes to provide general information on the programme and its objectives and communicate its results. Indicatively, this may include video-communication products, the purchase of editorial space 'advertorials' in general and special interest newspapers and magazines and radio 'infomercials'. Media outreach shall include the production of specialised articles as well as press releases.

b) Web-based tools

Communication to the general public shall be carried out not only through institutional websites but also use complementary web tools such as web 2.0, in line with a social media strategy.

c) Educational and informative awareness-raising actions

Central activities

The Managing Authority, together with the MRDEUF as Coordinating Body for ESI Funds (and other bodies and partners) will organise or participate in events providing information on ESI funds, such as the annual EU funds days and Regional Days, as part of a wider communication to the public on ESI Funds

Activities on regional and local level

Furthermore, in collaboration with relay bodies and stakeholders in rural areas,, the Managing Authority will hold educational and informative presentation and workshops for rural communities to raise awareness on the goals and opportunities of the Rural Development Programme as well as presenting successful RDP projects and the main achievements during implementation. These activities may target specific groups in rural communities, in accordance with the Information and Publicity Strategy and its targets.

Communication to Potential beneficiaries and rural development stakeholders

The objective is to provide clear, complete and up-to-date information on:

- Europe 2020 objectives and the RDP contribution to their achievement;
- The objectives and goals of the RDP measures and sub-measures;
- Calls, tenders and all administrative procedures for funding applications from the RDP;
- All regional and local contacts and relay bodies for more detailed information on the RDP.

This shall be achieved by:

a) Provision of information tools to relay bodies, technical support on implementation procedures for support structures and targeted information actions

Technical support and tools for relay bodies to use in their information actions and for further

dissemination and distribution, including trainings. Specific Information Actions and Events carried out by relay bodies in accordance with an agreed action plan shall also be eligible.

Indicatively, without gender, social and racial discrimination the following relay partners shall be involved in information actions:

- Regional and rural development agencies;
- Advisory Service;
- Croatian Agricultural Agency;
- Paying Agency;
- Town and county offices for agriculture;
- Local action groups;
- National rural network;
- Information centres on EU Funds;
- Non-governmental organisations;
- Environmental partners.

b) Informative seminars and technical guidance

Potential beneficiaries of a particular measure and rural stakeholders will be informed about the eligibility conditions and selection criteria, all implementation details, eligible investments, conditions, support amounts, the application process and necessary documentation, etc. These will be carried out in accordance with an agreed implementation schedule with tailored solutions for different measures and schemes identifying the most effective approach and the appropriate instruments to be used, including ICT tools. The approach shall take into account areas with randomly spread beneficiaries and limited accessibility in defining the needs for direct communication.

c) Information materials

The MA shall, in co-operation with other relevant institutions (such as the Paying Agency), publish different materials for potential beneficiaries, such as guidance leaflets, beneficiary guidelines etc. All materials shall be available at the MA, PAAFRD and its regional offices, offices of the Advisory service (AS), the Croatian Agricultural Agency (HPA), as well as in the other interested institutions. All these materials shall be available in web and printed formats.

d) Newsletter

A regular newsletter shall be distributed electronically to rural stakeholders on an on-line subscription basis, with up-to-date information on the opportunities for funding.

e) Targeted media campaigns

The activities may include promotional messages, advertising space, the purchase of editorial space ‘advertorials’ in general and special interest newspapers and magazines, radio ‘infomercials’, participation and presentations on specialised TV and radio shows and promotion on web-based media on individual measures and schemes.

f) Web tools and social media

The RDP website will include indicatively:

- Ordinances on measure implementation;
- Guides for beneficiaries for all programme measures;
- Application documentation;
- Contact data (addresses, e-mails, telephones) of all institutions involved in programme implementation from which information can be required;
- List of programme beneficiaries;
- Published tender and call results;
- Links to web pages of relevant institutions, including the link to the Commission web page regarding EAFRD.

g) Participation in rural stakeholder events and fairs

Beneficiaries:

Specific guidance on implementation will be provided to beneficiaries. Information and Publicity Guidelines shall be provided to relevant beneficiaries, tailored at measure level, to ensure full compliance with all the visibility requirements, including all technical specifications. A Communication Toolkit will also be available to provide templates and examples for further communication purposes at beneficiary level.

The indicated actions are not exhaustive and further activities shall be defined in the Information and Publicity Strategy which shall be updated regularly in accordance with the evaluation of the impact of the communication actions.

National Rural Network

One of the most important tasks of the National Rural Network is communication and transfer of information to stakeholders on possibilities offered by 2014-2020.

The role of the National Rural Network is to promote information on rural development, exchange of ideas and good practice in rural development programme implementation in the Republic of Croatia and European Union, promote measures of rural development programme, promote partnership and co-operation of all network members and raising awareness and capacities of all network members.

The NRN shall develop its own Information and Publicity Strategy in coherence with the Programme Strategy.

Monitoring and Evaluation of the Information and Publicity strategy

The MA will monitor the impact of the information and publicity measures in terms of transparency, awareness of the programme and the role of the EU. The evaluation strategy for communication will envisage regular assessment to check the achievement of the objectives through the monitoring of performance indicators and feedback that will allow for adaption and fine-tuning of communication approaches to ensure they remain fit-for-purpose and customer-oriented.

The MA shall monitor the implementation of this evaluation and disseminate the evaluation findings.

Coordination with ESI Funds promotion

The Strategy shall be correlated with the overall Communication Strategy for ESI Funds in RoC under the responsibility of the MRDEUF as Coordinating Body.

Furthermore, the MRDEUF as Coordinating Body for ESI Funds is responsible for a central web site – www.strukturnifondovi.hr - providing:

- general information on funding opportunities under ESI funds,
- information on applicable rules and procedures for ESI funded projects,
- e-learning contents available on-line as well as information on other learning opportunities for ESI funds project management and
- contacts of bodies responsible for further support to potential beneficiaries within particular policy area, provided by the relevant Managing Authority.

Therefore, multiple channels of access to same information shall be available.

Further coordination shall be guaranteed through the Publicity Officers Network (PON). The purpose of the PON is to ensure coordinated and simultaneous dissemination of the above mentioned information, but also to provide first level technical support to potential beneficiaries. The Publicity Officer for the RDP is part of the PON.

15.4. Description of mechanisms to ensure coherence with regard to local development strategies implemented under LEADER, activities envisaged under the co-operation measure referred to in Article 35 of Regulation (EU) No 1305/2013, the basic services and village renewal in rural areas measure referred to in Article 20 of that Regulation, and other ESI Funds

Special attention shall be paid to ensure coherence with regard to local development strategies implemented under Leader and operations under sub-measure 7.4 “Investments in the setting-up, improvement or expansion of local basic services for the rural population, including leisure and culture, and the related infrastructure”. Since LAGs can be beneficiaries but can also award funds to other beneficiaries for the same operations, mechanisms shall be put in place by LAGs to ensure that there is no duplication of funding in project selection. This shall be checked at the project level.

Local Development Strategies shall be implemented through LEADER in the EAFRD and FLAGS in the EMFF following a mono-fund approach. Since it is impossible to draw up a delimitation based on geographical area in Croatia and a LEADER area may be totally or partially overlapping with a FLAG, a clear separation of funds is necessary. This shall be ensured both at programming and implementation level, as the MoA has overall responsibility for the ERDF and the EMFF, and through coordinated monitoring and control in the PAAFRD. The procedure for implementing CLLD in fisheries and establishing FLAGs is under development by the Ministry of Agriculture, Directorate for Fisheries, the EMFF Managing Authority.

Appropriate mechanisms of coordination shall be developed by the respective Managing Authorities to prevent improper double funding from different Community instruments. Specific guidelines shall be developed for cases where the same administrative support structure is used for the implementation of both

to ensure coherence.

Concerning the participation of LAGs as beneficiaries in other ESI programmes, such as Territorial Cooperation programmes, coherence will be assured through coordination with the MRDEUF, the Croatian National Authority for Territorial Cooperation Programmes in the National Coordinating Committee. This will allow for cross-checks as applicable Furthermore, information and data on LAGs that are Territorial Cooperation beneficiaries shall be available on the relevant programme MIS. Administrative cross checks shall be made from the MIS data available to the National Authority and through the centralised First Level Control Body for Croatian Territorial Cooperation beneficiaries.

15.5. Description of actions to achieve a reduction of administrative burden for beneficiaries referred to in Article 27(1) of Regulation (EU) No 1303/2013

Significant efforts have been made to reduce the administrative burden for beneficiaries. During IPARD programme implementation there were serious deadlocks in project contracting, mainly because of the lack of administrative capacities in both the Paying Agency, as the contracting authority and in other state and public institutions responsible for issuing the documentation necessary for applying for a tender. Administrative capacities have been enhanced through IPA 2011 “Strengthening the PAAFRD capacities for meeting the challenges arising from the CAP and the CFP reforms and the post 2013 period“.

Electronic applications and processing

The processing of applications, which in pre-accession lasted from several months to up to one year due to manual submission and paper documentation, will be substantially quicker in 2014 - 2020, primarily because of the electronic submission of applications. The PAAFRD has contracted an appropriate software solution within IPA for applications. AGRONET, which guides the applicants in completing the application/claim by a predefined process flow, has automatic crosschecks of information provided by the beneficiaries, from available data records maintained by PAAFRD and/or other public institutions in line with the once-encoded principle, thereby avoiding duplication of information and documents. This is currently being updated to be compliant with the 2014-2020 requirements. All e-governance solutions shall be implemented as available. This will substantially reduce the amount of necessary documentation to be delivered together with the application and also reduce risks of failure and undue applications/requests submitted by beneficiaries. AGRONET also provides other benefits to potential applicants/beneficiaries, such as an overview of the entire legal basis concerning particular support measures and insight into the current status of applications (e.g. submitted/pending/approved/rejected). AGRONET will be ready for the first calls in 2015, including single application system for IACS related measures for submission of claims for direct payments and IACS rural development measures on single farmer claims from 1st March 2015. As some potential beneficiaries may have difficulties in accessing or completing the on-line applications, specific assistance and guidance will be provided by Croatian Agricultural Agency (CAA) and the Advisory Service (AS) as has already taken place in 2013.

A shorter processing of applications will be achieved by increasing the number of offices which will carry out the processing of applications, namely in the Paying Agency regional offices in Split, Rijeka, Osijek and Bjelovar and the central office in Zagreb.

Documentation

The use of AGRONET, which has automatic crosschecks of information provided by the beneficiaries, from available data records maintained by PAAFRD and/or other public institutions in line with the once-encoded principle, shall avoid the duplication of information and documents. This will substantially reduce the amount of necessary documentation to be delivered together with the application.

The lengthy procedure for issuing planning permission, which used to last several years, has been partially addressed by the provisions of the new Building Act (OG 153/13) and accompanying regulations, which provide for a simplified procedure for planning permission, the reduction of necessary documentation and a substantially shorter time for issuing planning permissions based on which the building is approved.

A legislative procedure for regularisation is under way for buildings without permits which can be legalised in accordance with physical planning documentation providing that the owner submitted a valid application by June 2013. According to the plan of the competent Ministry, valid permits will be issued by the end of 2016 which will give the opportunity for these potential beneficiaries to submit applications under this Programme especially for investments under measure M04 “Investments in physical assets”.

Information for applicants and Beneficiaries

As well as publication on the dedicated website for the RDP and on the PAAFRD website, information shall be provided on the central web site – www.strukturnifondovi.hr – administered by the MRDEUF as Coordinating Body. Therefore, multiple channels of access to same information shall be available.

Guidance to Beneficiaries

Further assistance to beneficiaries in implementing operations is envisaged through the provisions of specific and tailored guidelines and training on procurement in investment measures and the preparation of specific Visibility Guidance and toolkits for beneficiaries to ensure the full respect of their responsibilities.

Monitoring of the reduction in the Administrative Burden

The effectiveness of these activities will depend to a large extent on effective and efficient human resource management and timely and high-quality delivery of necessary services. In the assessing the use of TA resources, the Monitoring and Evaluation Unit will include a regular assessment of the reduction in the administrative burden and make the appropriate recommendations as well as follow-up their implementation. Technical assistance funds from the RDP may be used to support actions to reduce the administrative burden on beneficiaries.

15.6. Description of the use of technical assistance including actions related to the preparation, management, monitoring, evaluation, information and control of the programme and its implementation, as well as the activities concerning previous or subsequent programming periods as referred to in Article 59(1) of Regulation (EU) No 1303/2013

Technical Assistance resources shall enable the financing of activities to support the preparation, management, monitoring, evaluation, information and communication, networking, complaint resolution

and control and audit of the Rural Development Programme, to support actions for the reduction of administrative burden for beneficiaries and specific actions to reinforce the capacity of the Croatian authorities and beneficiaries to administer and use the Rural Development Programme.

Furthermore, technical assistance resources shall finance the establishment and operating of the National Rural Network.

The measure is implemented by means of two sub-measures:

1. Support for technical assistance activities for the programme implementation
2. Support for the setting-up and operating of the National Rural Network.

Technical Assistance Activities:

Technical Assistance operations shall be based on SMART operational objectives (Art 30, Financial Regulation (EU) No 966/2012).

Under this measure the following types of activities are eligible:

- Activities related to the tasks of the programme MC, including all costs related to MC meetings and expert groups, experts participation in these meetings and capacity building actions for MC members
- The Information and Promotion strategy and implementation of annual plans for Information and promotion of the Programme
- Actions directed at strengthening the administrative capacities of the Managing Authority, Paying Agency and other bodies involved in the management and implementation of the RDP, including training and capacity-building actions
- Actions needed to ensure the effective monitoring of the Programme including the setting up of an appropriate secure IT system to record, maintain, manage and report statistical information on the programme and its progress towards the defined objectives and priorities in accordance with Art 66 (1 a) of Regulation (EU) No 1305/2013
- Independent ex-post evaluations of the Programme and activities relating to the monitoring and evaluation of the Programme as specified in the Evaluation Plan
- Actions to address operational bottlenecks in the administration of the RDP
- Actions to increase the capacities of Beneficiaries to access and use the RDP
- Actions to reduce the administrative burden of beneficiaries
- The setting-up and operating of the National Rural Network including the costs of the Network Support Unit and preparation and implementation of the Network Action Plan
- Activities related to the International/EU networking & cooperation, including the ENRD/EIP
- Operations necessary for the closure of the IPARD programme and the *ex post* evaluation as referred to in Art 191 of Regulation (EC) No 718/2007[1]
- The preparation of the 2021-2027 Programme and associated costs, including ex-ante evaluation, strategic environmental assessment and associated evaluation work.

The following expenditure shall be eligible:

- Staff costs of the MA, namely a maximum number staff employed in the Directorate for Management of EU Funds for Rural Development, EU and International Co-operation in the

Ministry of Agriculture **exclusively** involved in the management of the RDP, and other MoA staff directly involved in the management of the RDP, as established by the specific internal Ordinance and in line with the Human Resources Action Plan for the management and implementation of the RDP, following the adoption of the Act on the Establishment of Institutional Framework for ESIF Management in the Republic of Croatia in 2014-2020 period. These staff costs may be covered in full by the programme. No horizontal staff costs shall be eligible under the TA budget

- Staff costs of the PAAFRD may be eligible, subject to the definition of the Human Resources Action Plan and annual workload analysis, for staff employed **exclusively** on activities related to the implementation of the RDP. Staff costs of the PAAFRD are subject to the MA approval according to the annual TA plan of PAAFRD and related workload analysis. No horizontal staff costs shall be eligible under the TA budget, only staff 100 % allocated to the implementation of RDP
- Staff costs include gross salary costs, applicable taxes and social security contributions
- Staff costs are eligible for the beneficiaries of the TA Measure in the RDP 2014-2020 only if a Human Resources Action Plan based on a performance-related management approach has been drawn up specifying the allocation of posts by institution
- Organisation of capacity building actions including training programmes and study visits and other activities in line with the RDP training needs analysis annexed to the Human Resources Action Plan and for all bodies involved in the management and implementation of the programme, including the Advisory Service and relay bodies
- Travel costs and eligible per diems for travel directly related to the tasks and responsibilities of the TA beneficiaries, including for officially delegated and mandated staff
- External expertise, including studies and analyses to support the TA beneficiaries in their tasks
- Expenditures for translation and interpreting for the activities foreseen within this measure
- Services and logistic support for meetings and events
- Purchase of specific equipment including office equipment and consumables
- Development/Upgrading of ICT infrastructure for monitoring and evaluation purposes
- Any costs related to complaint resolution concerning the RDP in accordance with article 74 (3) of Regulation (EU) No 1303/2013
- Any costs related to specific anti-corruption and anti-fraud measures regarding the RDP, in support to the competent national authority
- All costs related to information, communication and promotion campaigns on support opportunities in the RDP in line with the approved Information and Publicity strategy and plans, including information on support for environmental protection and climate change mitigation and adaptation
- All costs relating to the setting-up and operating of the National Rural Network, including costs for the Network Support Unit.

Activities relating to the fulfilment of the ex-ante conditionalities (according to the section 6 of RDP). This list of expenditures is not exhaustive.

Beneficiaries of funding from this measure are the MA and the PAAFRD.

The Measure will be implemented by the MA.

All activities of the TA measure implementation will be evaluated as a part of the Evaluation Plan.

The activities financed under the TA measure shall be contracted in compliance with the national legislation in force regarding public procurement.

The detailed list of eligible expenses and applicable procedures shall be contained in the Manual for Technical Assistance of the RDP to be drawn up by the MA. Concerning staff costs and travel costs of the beneficiaries, simplified cost options shall be established in accordance with the Art 68 of Regulation (EU) No 1303/2013. The Manual will also establish the methodology for the application of simplified cost options for Technical Assistance Beneficiaries.

Indicatively, from the amount allocated for Technical assistance,

20 % will be allocated for:

- The Information and Promotion strategy and implementation of annual I & P plans;
- Actions to increase the capacities of Beneficiaries to access and use the RDP;

30 % will be allocated for:

- Actions directed at strengthening the administrative capacities of the Managing Authority, Paying Agency and other bodies involved in the management and implementation of the Rural Development Programme, including training and capacity-building actions;
- Actions to address operational bottlenecks in the administration of the RDP;
- Actions to reduce the administrative burden of beneficiaries;

35 % will be allocated for:

- Activities related to the tasks of the programme MC, including all related costs and expert groups, experts participation and capacity building actions for MC members;
- Independent ex-post evaluations of the Programme and activities relating to its monitoring and evaluation as specified in the Evaluation Plan;
- Operations necessary for the closure of the IPARD programme and the ex post evaluation as referred to in Article 191 of Regulation (EC) No 718/2007[1];
- The preparation of the 2021-2027 Programme and associated costs, including ex-ante evaluation, strategic environmental assessment and associated evaluation work;

5 % will be allocated for:

- Actions needed to ensure the effective monitoring of the Programme including the setting up of an appropriate secure IT system to record, maintain, manage and report statistical information on the programme and its progress towards the defined objectives and priorities in accordance with Art 66 (1 a) of Regulation (EU) No 1305/2013;

10 % will be allocated for activities related to:

- The setting-up and operating of the National Rural Network including the costs of the Network Support Unit and preparation and implementation of the Network Action Plan;
- Activities related to the International/EU networking & cooperation, including the ENRD/EIP.

The intensity of the support in this measure amounts to 100 %.

[1] Commission Delegated Regulation (EU) No 807/2014 of 11 March 2014 supplementing Regulation (EU) No 1305/2013 of the European Parliament and of the Council on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and introducing transitional provisions and introducing transitional provisions, Art 17 (3).

16. LIST OF ACTIONS TO INVOLVE PARTNERS

16.1. Council for rural development

16.1.1. Subject of the corresponding consultation

Council members are briefed on draft of RDP 2014 -2020 and on the activities and plans of the Managing Authority in relation to designing thereof. A communication frame has been set up by means of which stakeholders will exchange information and documents, as well as give remarks and comments. Meetings were held on 13.07.2012, 31.10.2012, 17.07.2013 and 10.12.2013.

16.1.2. Summary of the results

A communication frame has been achieved among stakeholders involved in drawing up of RDP 2014 – 2020. At the meetings, revised versions of the RDP 2014 – 2020 updated by proposals and comments of the stakeholders involved were presented. The new CAP, identification of needs and presented SWOT analysis was discussed at these meetings.The Council members presented the new proposals and comments on the Programme. Also, they expressed the viewpoint of their organizations and associations from all sectors of agriculture production and rural area, especially from fruit association and the livestock sector especially the pig and dairy sectors. Furthermore, they pointed out the problems in rural areas and the need for a rapid start of implementation of the new RDP, and advised specific actions to solve problems.

16.2. Debate on investment priority “Rural development and increase of productivity in agriculture” (EAFRD)

16.2.1. Subject of the corresponding consultation

On 6 December 2013 a panel discussion was held – Rural Development Programme within partners consultations on programme documents for the financial period 2014-2020. “Croatia and European Union funds 2014-2020: “Investment in future””

16.2.2. Summary of the results

A process of designing of RDP 2014 – 2020 has been presented with the emphasis on three main topics:

- Structure of agricultural holdings in RC and their position in the Programme, demarcation between large and small, commercial and non-commercial, etc.;
- Absorption capacity for using EAFRD envelope, availability of financial resources for interim financing – credits, short-term borrowing, guarantees, changes in relation to IPARD – advance

payments and instalment payments; structure of business plans, readiness of projects, institutional frame, readiness of institutions to assume their role – Advisory service, development agencies, consultants; readiness of beneficiaries – small farmers, large holdings, young farmers, food industry, forestry sector, units of local self-government;
- Definition of rural area i.e. how to optimally define rural area and impact of that definition to other aspects of the Programme.

16.3. Focus group on the "Establishing and implementing the Evaluation Plan (EP) of 2014-2020 RDP"

16.3.1. Subject of the corresponding consultation

In January 2014 the geographic expert of the Evaluation Helpdesk organized the Focus Group.

The two key questions discussed at the Focus Group Meeting in Croatia were:

- What are the major lessons learned on monitoring and evaluation from the national and pre-accession (SAPARD & IPARD) rural development programmes?
- Which recommendations stakeholders give for improving monitoring and evaluation in 2014-2020 and practical implementation of the Evaluation Plan?

16.3.2. Summary of the results

In a collaborative setting the representatives of Managing Authorities, evaluators, members from the Monitoring Committee, the Paying Agency and representatives of research and academia discussed the lessons learnt on evaluation in the current period and how they can be applied in planning and implementing the evaluation during the next programming period.

16.4. Presentation of measures from RDP draft

16.4.1. Subject of the corresponding consultation

Under organisation of Croatian Chamber of Economy and Consultants association UKRA, on 28 October 2013 a presentation was held for consultation companies which provide services of making projects for application for rural development measures.

16.4.2. Summary of the results

Up-to-now activities were presented to the participants in relation to the draft RDP and plans for further updating. They emphasized the need for a rapid start of new RDP and calls for application. Also, they offered help in drafting parts of the new RDP in the scope of their business. Remarks and comments were received on the presented version of RDP.

16.5. Public consultation on the strategic environmental assessment (SEA) report and the draft rural development programme

16.5.1. Subject of the corresponding consultation

In the period from 13 June to 12 July 2014, public consultation was organized on the SEA report and the draft rural development programme in accordance with Article 6 of the SEA Directive.

16.5.2. Summary of the results

For the purpose of informing the public, the Ministry of Agriculture announced the start of the public consultation in the national daily press. During the public consultation, access to the programming document and Strategic Study was given within the premises of the Managing Authority. At the same time, documents were available on the website of the Ministry of Agriculture - Directorate for managing EU fund for rural development, EU and international cooperation. After a public presentation held on 18 June 2014, we received additional comments or suggestions related to the Programme and Strategic Study.

16.6. Public debate on RDP drafts

16.6.1. Subject of the corresponding consultation

Draft of RDP 2014 – 2020 has been officially presented at workshops in all counties of the Republic of Croatia in the period from 18 – 29 March 2013. 2nd round of presentation was held in the period from 01 – 05 July 2013 in Osijek, Rijeka, Split and Zagreb.

16.6.2. Summary of the results

Stakeholders and general public were invited and representatives of Managing Authority presented possibilities of investments and intensity of support through RDP measures. Stakeholder representatives and participants were in general satisfied with the content of the revised RDP. Also, they commented on the

long procedure of the adoption of new Rural Development Programme and the possible inclusion of a measure on animal welfare in the draft of RDP. After each presentation we received proposals and comments from the general public and institutions After a thorough analysis of received suggestions and comments, the Managing Authority launched a second round of consultations in major cities Zagreb, Rijeka, Split and Osijek.

16.7. Published at web page www.mps.hr/ipard/

16.7.1. Subject of the corresponding consultation

On 7 November 2013 at official Managing Authority page, a draft of RDP was published and email address opened eafrd@mps.hr at which comments to RDP can be sent.

16.7.2. Summary of the results

The Managing Authority received comments on the draft Rural Development Programme that were sent by various potential beneficiaries and interested bodies, primarily from the production and environmental sectors.

The main comments referred to the need for further explanations; also potential beneficiaries asked for the addition of new sectors, beneficiaries and eligible expenditures.

For that purpose, a new e-mail address eafrd@mps.hr was opened. After analyzing the received proposals and comments, some of the proposals were accepted which ultimately contributed to the improvement in the the Programme.

16.8. Workshops in relation to the LEADER measure

16.8.1. Subject of the corresponding consultation

Ludbreg, 27.03.2013 – members and representatives of the LAG Izvor;

Đurđevac, 20.06.2013 - members and representatives of LAGs Podravina and Zselici Lampasok;

Zagreb, 23.07.2013 – representatives of LAGs in RC;

Biograd n/m, 08-10.09.2013 – Representatives of potential Lags from the RC (LAGs which did not apply at 1st Tender for the measure 202, LAGs which did not fulfil the 1st Tender conditions for measure 202 and local partnerships according to LEADER principle);

Nijemci, 23.09.2013 - members and representatives of the LAG Bosutski niz and LAGs from RC;

Ilok, 10. – 11.10.2013 – members and inhabitants of the LAG Srijem and representatives of LAGs from RC;

Zagreb, 05.11.2013 – representatives of chosen LAGs from RC at 1st tender for measure 202;

Zadar, 7–08.11.2013 - representatives of LAGs from RC;

Zadar, 10–11.12.2013 - representatives of LAGs from RC.

16.8.2. Summary of the results

Public debate on draft of the LEADER measure 2014-2020 and presentation of draft RDP 2014-2020. After each presentation, the Managing Authority received feedback information from the LAGs on the draft RDP. After each presentation, the Managing Authority received feedback information from the LAGs on the draft RDP.

16.9. (Optional) explanations or additional information to complement the list of actions

Partnership is one of the basic principles for the preparation of programme documents at the EU and national level. The key for partnership implementation is the active participation of partners in all stages of programme cycle from the preparatory stage, during implementation and finally in the monitoring and evaluation stage. It is also important that actors involved in implementation of RDP 2014 – 2020 actively participate in its design. The Ministry of Agriculture supports and coordinates the activities of organisation and the involvement of partners' representatives which contributes to better representativity, transparency and more efficient co-operation.

In accordance with the approach of multi-level governance, representative and competent partners are involved in the preparation of Partnership Agreement and in preparation, implementation, monitoring and evaluations of RDP 2014 – 2020 within the work of the Council for Rural Development. All key partners are involved or invited to participate in the elaboration of strategic documents in Croatia.

In July 2012, the first meeting of the Council for Rural Development was held, at which members of the Council were informed on the preparatory activities in drawing up the RDP 2014 – 2020. All members of the Council assumed an active role in ensuring that competent analyses were made as well as the studies necessary for updating the draft of RDP 2014 – 2020, and they directed the development of working documents through their comments and proposals to presented versions of the RDP.

In March 2013, a first public presentation of the draft RDP was held in all county centres in Croatia. By means of an open public debate, the Ministry of Agriculture invited Partners to deliver their comments, opinions and proposals to the presented RDP 2014 – 2020. The results of the said activities were presented within the 2nd round of public debate held in July 2013. Furthermore, all received comments in accordance

with the Regulation were introduced into the improved version of the programme.

The Ministry of Agriculture organised, for the purpose of building a more open and transparent dialogue and timely information, several presentations in order to present the process of RDP elaboration 2014 – 2020, where the updated version of the programme was presented to the gathered audience. The publication of the draft RDP 2014 – 2020 on the web page of the Ministry of Agriculture resulted in receiving a large number of comments and proposals at the email address: eafrd@mps.hr which was specifically opened for that purpose and which will represent a central informative point for communication with the public in future.

The drawing up of Strategic Environmental Assessment which started on 28 October 2013 by the decision of the Minister of Agriculture was the prerequisites in the process of drawing up the RDP 2014 – 2020.

The Ministry of Agriculture sent a letter to competent ministries and counties, in accordance with the said decision, asking for their opinion on the content of the SEA, since the content of the SEA has been laid down in Regulation on the strategic assessment of plan and programme impact to the environment (OG 64/08). In addition to the prescribed content, suggestions from competent ministries were requested, as well as from all counties on additional content and on the level of data which have to be processed in the strategic study.

17. NATIONAL RURAL NETWORK

17.1. The procedure and the timetable for establishing the National Rural Network (hereinafter NRN)

The Ministry of Agriculture established a Network for Rural Development in 2011 (hereinafter Network) which operates on the entire rural area of Croatia.

The first call for membership was published from August to October 2012 with 196 applications. The second call for membership was published from December 2012 to May 2013 with 81 applications. Network members come from all counties and Zagreb. Membership was approved to all natural and legal entities that applied on time. Coverage extends across the whole country. Out of 277 members, 8 are agriculture and rural development professional institutions, 19 are development agencies, 82 are associations/societies/unions, 15 are agriculture and rural development chambers/clusters, 9 are agriculture and rural development educational and scientific institutions, 49 are local and regional self-government units, 51 are agricultural holdings and 44 belong to other groups. There are no representatives of state administrations or international organisations in the Network.

The Network is a member of the European Network for Rural Development.

In order to ensure continuity, no new Network will be established, but for better implementation of activities, some organisational changes will take place to adapt to the programming period 2014 – 2020. These shall provide it with a stronger identity, a clearer remit and ensure greater stakeholder input. Reorganisation will start from January 2015 for timely preparation of the Network Action Plan and the due start of activities within 12 months from the approval of the RDP.

The Network Support Unit set up in the 2007-2013 period in the MoA will continue under the RDP. To achieve successful implementation, some changes in the management and delivery of its activity will take place; some tasks may be outsourced under MA coordination. This shall ensure the proper continuity of NRN activities throughout the programming period.

Membership in the Network is voluntary, and to include all rural development stakeholders and allow flexibility, a system of continuous applications will be created for new members. The description of membership procedureand the rights of members shall be elaborated in the Network Action Plan.

Network members will be informed of all changes in a timely manner, as well as on new provisions related to its operation for 2014 – 2020.

17.2. The planned organisation of the network, namely the way organisations and administrations involved in rural development, including the partners, as referred to in Article 54(1) of Regulation (EU) No 1305/2013 will be involved and how the networking activities will be facilitated

The Network consists of its members, the Network Support Unit (hereinafter referred to as the NSU) and its coordinating body (hereinafter referred to as the Steering Committee).

Network members can be government bodies, professional institutions, local and regional self-government units, regional and local development agencies, agricultural holdings, educational and

scientific institutions, associations, chambers, bodies representing civil society, including environmental partners, nongovernmental organisations, and bodies responsible for promoting equality and non-discrimination and other natural and legal entities that are active in rural area.

The NSU operates in the Ministry of Agriculture within the Directorate for Management of EU Funds for Rural Development, EU and International Co-operation. The tasks of the NSU are to keep records on Network membership, support the work of the Steering Committee, communicate with Network members, establish and maintain the web page of the Network, draft the Network Action Plan, prepare reports on implementation of the Network Action Plan, and communicate with the ENRD and other networks. The NSU team will have the skills and expertise to facilitate programme networking and communications, supplemented by a flexible resourcing policy to enable staff and specialists to be contracted or seconded. The Steering Committee of the Network is appointed by the Minister of Agriculture.

In the period 2014 – 2020, the Steering Committee will be composed of representatives of economic and social partners, civil society organisation, LAGs, state administration bodies, professional institutions, bodies representing civil society, including environmental partners, nongovernmental organisations, and bodies responsible for promoting equality and non-discrimination and other relevant entities who are active in rural area.

The tasks of the Steering Committee are as follows:

- participation in the work of the network;
- review of bi-annual Network Action Plan and reporting on its implementation;
- proposal of activities to the Directorate for Management of EU funds for Rural Development, EU and international co-operation for the improvement of the implementation of the RDP 2014 – 2020;
- dissemination of information and news on measures from the RDP 2014 – 2020.

Active involvement of all relevant partners referred to in Article 55 of the Regulation (EU) No 1305/2013 in the work of the Network is foreseen.

The Steering Committee will have a substantial influence on network activities and its members will be requested to actively participate in the work of the Network and in thematic groups which will be organised depending on common interest and propose activities to direct and improve the work of the Network.

Thematic work groups will be organized based on common interest of the stakeholders. Members of thematic work groups will have opportunity to discuss selected topics and they will present their conclusions to the members of the Steering Committee and the broader public. Independent expert services relating to a thematic work group topic may be contracted. The membership of a thematic work group shall be informal, voluntary and open to all partners with an interest in rural development and agriculture in general. Each thematic work group shall seek for a broad-based membership and so provide an innovative and flexible framework in which to plan and implement collaborative activities, identify and mobilize resources for rural development, promote new policies and projects and share information, knowledge and expertise etc.

The web page of the Network will provide updated information to the RDP 2014 – 2020, good practice examples and other relevant information to a large number of stakeholders. Network members will be

informed on news relating the RDP 2014 – 2020 by email alerts and other appropriate dissemination tools.

17.3. A summary description of the main categories of activity to be undertaken by the NRN in accordance with the objectives of the programme

The Network promotes co-operation and mutual assistance between individuals and organisations involved in rural development. Disseminating information on rural development and the exchange of ideas and good practice in implementation of rural development policy in Croatia and European Union will contribute to a more successful implementation of the RDP. The Network activities contribute directly or indirectly to all objectives and priorities of the RDP 2014 – 2020. One of the Network objectives is to improve the quality of implementation of the whole RDP and by doing so, it contributes to overall objective of the RDP.

The mission of the Network is integration and co-operation of all who participate in rural development at different levels.

Its overall objectives are to:

- increase involvement of stakeholders into the implementation of rural development;
- improve quality of implementation of rural development programme;
- inform general public and potential beneficiaries on the policy of rural development and the possibility of project co-financing;
- foster innovations in agriculture, food production, forestry and rural areas.

Eligible activities which will be co-financed are as follows:

- establishment, operation and management of the Network;
- drafting and implementation of the Network Action Plan.

Activities that will be implemented in order to operate and manage the Network include office equipment, maintenance of the web page, preparation of communication and dissemination materials, organisation of workshops and meetings, etc. One of the most important activities shall be ensuring adequate human resources and capacities for the operation and management of the network.

Activities which will be implemented by the Network are identified in the Network Action Plan. The following activities shall be described:

- network management;
- involvement of stakeholders in drawing up the Network Action Plan;
- training for LAGs which are being set up;
- collection project examples which cover all priorities of rural development programmes;
- ongoing studies and analysis;
- activities regarding the provision of training and networking for local action groups and in particular technical assistance for inter-territorial and transnational co-operation, facilitation of co-

operation among local action groups and the search of partners for the measure referred to in Article 35;

- networking activities related to innovation and the European Innovation Partnership (EIP) and disseminate the results of operational groups and facilitate contacts between groups and partners;
- activities regarding the provision of networking for advisors and innovation support services;
- the NRN communication plan drawn up on the basis of the RDP;
- information and Publicity Strategy, in co-operation with the Managing Authority, and the provision of information and activities directed towards general public;
- participation in the Programme Evaluation Working Group (EWG-RD);
- participation in the European Network for Rural Development;
- facilitation of thematic and analytical exchanges between rural development stakeholders;
- sharing and dissemination of monitoring and evaluation findings;
- self-assessment and on-going monitoring of NRN activities.

On the basis of the Network Action Plan, detailed bi-annual informal Action Plans shall be prepared to allow more flexibility in selecting activities which are most appropriate for the stage of implementation of RDP 2014 – 2020. These shall follow the implementation progress of the RDP and also take on board the recommendations of relevant evaluation activities.

In the early stages of RDP implementation, one of the main tasks of the Network will be to organize, promote and participate in variety of activities to disseminate information and raise awareness of the new opportunities for rural stakeholders offered by the RDP 2014 – 2020.

For networking purposes, the NSU will conduct informative and promotional activities (meetings, leaflets, sponsored articles in specialised press, etc.) and organise capacity building workshops, seminars and trainings for Network members, also with the assistance of externally contracted experts. These activities will be open to all rural stakeholders, regardless if they are members of the Network.

Activities from bi-annual informal Action Plans are carried out by the Ministry of Agriculture, Directorate for Management of EU Funds for Rural Development, EU and International Co-operation, but some of the activities of the network can be delegated to in-house bodies in accordance with the Network Action Plan or outsourced.

Eligible activities and related costs and expenditures shall be elaborated in more detail in implementing acts, tenders and the Network Action Plan.

17.4. Resources available for establishing and operating the NRN

Eligible activities and expenditures referred to in point 17.3 A summary description of the main categories of activity to be undertaken by the NRN in accordance with the objectives of the programme and in the Network Action Plan shall be financed by the resources of the measure Technical assistance, from which 10 % of the total allocation is foreseen for the implementation of these activities. Out of that amount, up to 25 % of resources shall be used for activities for establishing and running of the Network (including the NSU) and related expenses, and at least 75 % of totally allocated resources shall be used for activities of

preparation and implementation of Network Action Plan.

The NRN was established during the 2007 - 2013 IPARD programme and this established NRN will continue to operate in the new programming period 2014 – 2020, but with a much wider range of activities and providing a greater contribution to the implementation of the RDP. Taking into account that the rural area covers the entire territory of Croatia (excluding 4 major cities) and since the NRN was recently established, significant funds will be required for promotion of the Network and the animation of inhabitants of rural areas.

In order to implement all Network's activities from the Action Plan, it is necessary to ensure adequate human capacity to ensure successful implementation of Network's activities. Staff of the NSU consists of one full time employee and depending on the need additional employees responsible for the activities of the Network will be hired; their wages shall be co-financed by the resources used for the establishing and running of the Network. It is desirable that the employees of the Network have knowledge and experience in the field of rural development, the functioning of the EU, system of support and aid to agriculture and related areas, along with developed organizational and animation skills.

Depending on the final Network Action Plan, the implementation of some activities (such as trainings, seminars and study visit tours) will be outsourced.

Intensity of the support is 100 %.

18. EX-ANTE ASSESSMENT OF VERIFIABILITY, CONTROLLABILITY AND ERROR RISK

18.1. Statement by the Managing Authority and the Paying Agency on the verifiability and controllability of the measures supported under the RDP

Ex ante assessment of the verifiability and controllability of each of the measures included in rural development programme (RDP) is conducted by the Managing Authority (MA) and the Paying Agency (PA) jointly. The main objective of this exercise is the identification of main risks regarding the implementation of measures programmed in RDP. Particular attention has been given to the verifiability and controllability of eligibility criteria and clearness of prescribed commitments and other obligations in order to mitigate the risk of errors.

Since Croatia has a limited experience with implementation of the measures included in RDP having only implementing SAPARD/IPARD programmes and national rural development measures so far, practices and experiences from last programming period can only be used up to a limited extent. However, experience and best practice from other Member States observed by relevant authorities like European Commission and European Court of Auditors has been used. Commission guidance, reports issued by European Court of Auditors and other related document such as Commission Staff Working Document on the assessment of the root causes of errors in the implementation of rural development policy and corrective actions have been used as the main source of information to facilitate this exercise.

The Managing Authority shall assess the verifiability and controllability of the measures during the implementation of the rural development programme on regular basis at least once a year, especially in cases where a measure is modified or introduced during the programming period. Additionally, assessment can be triggered by audit findings, practices and experiences observed by other authorities or in preparation of the annual meeting with the Commission.

Given that there is a single Audit Authority-and a single coordinating body for ESI funds in Croatia, the Croatian authorities envisage the appropriate communication of relevant audit findings and draw up common or shared solutions as relevant in order to use best practice from other ESI funds.

The Paying Agency is in process of upgrading its management and control system for the implementation of EAFRD, so many envisaged controls - including preventive and corrective actions – shall be put in place through this exercise. However, a further examination of the verifiability and controllability at the level of measures/type of operations is planned before the implementation of any measure starts. The main objective of this ex-ante exercise will be to exclude a potential risk of errors from the requirements/criteria set by national implementation legislation (ordinances), thereby ensuring the addition of unnecessary eligibility criteria, over-complex selection criteria which cannot be properly applied and similar, respecting the overall goals of proportionate control and reduction of the administrative burden.

The overall conclusion from the ex-ante assessment of the verifiability and controllability at Programme level is that all the measures included in RDP are verifiable and controllable under the assumption that all mitigation actions will be carried out in a timely fashion. The pre-condition for the implementation of any measure is that the management and control system is fully set up.

In addition, the MA and PA will continuously assess the verifiability and controllability of the measures during the implementation of the Rural Development Programme. This shall also take into account the real result of performed controls during implementation, any recommendations from relevant audits and

Commission guidance in order to correct any risks that have emerged, adjust appropriately mitigating actions, identify potential new risks and appropriate mitigation actions. The overall objective is to ensure smooth implementation of the RDP respecting in full the principles of sound financial management in order to maximize the results to be achieved by Programme and minimize any negative financial consequences from non-effective utilisation of EAFRD and their impact.

18.2. Statement by the functionally independent body from the authorities responsible for the programme implementation confirming the adequacy and accuracy of the calculations of standard costs, additional costs and income forgone

Payment rates for M08, M10, M11 and M13 were calculated pursuant to Article 62.2 of Regulation (EU) No 1305/2013, by competent bodies with the appropriate expertise that are independent from the Ministry of Agriculture.

In the case of M08, the Standard Costs of Conversion of Degraded Forest Stands and Forest Cultures were prepared by the Croatian Forest Research Institute based on real costs for listed eligible costs incurred during the last three years (2011, 2012 and 2013). For each type of conversion, average costs were determined per surface unit (hectare) based on the calculation of the cost of all eligible activities.

The methodological starting point for M10, M11 and M13 was to identify baseline requirements for each operation within M10, M11 and M13, taking into account the relevant mandatory standards and requirements of both EU and national legislation. Furthermore, usual, most common practice was considered for each of the operations.

The bodies responsible for calculations for M10, M11 and M13 are:

- For M10 - Department of Management and Rural Entrepreneurship from Faculty of Agriculture, University of Zagreb; Cardno Emerging Markets (UK) Ltd; OKL, Avalon and Ecologica consortium;
- For M11 - Cardno Emerging Markets (UK) Ltd.;
- For M13 - Department of Management and Rural Entrepreneurship from Faculty of Agriculture, University of Zagreb.

The final calculations were revised by Department of Management and Rural Entrepreneurship from Faculty of Agriculture, University of Zagreb.

The calculations comprise standard costs, additional cost and income forgone depending on the type of operation based on reliable and representative data. Transaction costs were included at a maximum of 20 %.

Double funding will be excluded in the case of practices under Article 43 of Regulation (EU) No 1306/2013, also on the basis of the information which are contained in the delegated acts which has been produced in accordance with Article 83 of Regulation (EU) No 1305/2013.

19. TRANSITIONAL ARRANGEMENTS

19.1. Description of the transitional conditions by measure

In the programming period 2007-2013, Croatia was implementing measures from the IPARD programme and 21 calls for applications were published. The last one was finished in April 2014.

In accordance with the Delegated Act and Regulations (EU) No 1305/2013 and 1310/2013, Croatia has the possibility to use EAFRD allocations for the IPARD Programme obligations, subject to full spending of the relevant IPARD funds.

Once funds allocated for measures 101 and 103 of IPARD are spent, Croatia may use EAFRD funds for applications submitted under these measures before the official adoption of the RDP 2014 – 2020.

Croatia may also use EAFRD funding for measures 301, 302 and 202 of the IPARD programme for payments made between 1 January 2014 and 31 December 2016.

This expenditure shall be eligible for an EAFRD contribution in the 2014 – 2020 programming period under the following conditions:

- such expenditure is provided for in the RDP for the 2014 – 2020 programming period;
- the EAFRD contribution rate to the corresponding measure under Regulation (EU) No 1305/2013 as set out in Annex II to this Regulation applies.

Croatia ensures that the relevant transitional arrangements are clearly identified through its management and control systems.

Expenditure incurred after 31 December 2013 relating to operations necessary for the closure of the IPARD programme and the ex post evaluation will be eligible for support under the EAFRD under the technical assistance component of the RDP 2014 – 2020.

According to financial indicators, Croatia has sufficient funds under IPARD to pay all contracted projects for measures 202, 301, 302 and 501, while for the purpose of financing measures 101 and 103 projects Croatia will use the EAFRD allocation in the amount of EUR 3.900.000.

Any EAFRD funds allocated for IPARD which will not be spent in the payment of undertaken IPARD commitments will be used for measures included in the RDP 2014 – 2020.

19.2. Indicative carry-over table

Measures	Total Union Contribution planned 2014-2020 (€)
M01 - Knowledge transfer and information actions (art 14)	0.00

M02 - Advisory services, farm management and farm relief services (art 15)	0.00
M03 - Quality schemes for agricultural products and foodstuffs (art 16)	0.00
M04 - Investments in physical assets (art 17)	0.00
M05 - Restoring agricultural production potential damaged by natural disasters and catastrophic events and introduction of appropriate prevention actions (art 18)	0.00
M06 - Farm and business development (art 19)	0.00
M07 - Basic services and village renewal in rural areas (art 20)	0.00
M08 - Investments in forest area development and improvement of the viability of forests (art 21-26)	0.00
M09 - Setting-up of producer groups and organisations (art 27)	0.00
M10 - Agri-environment-climate (art 28)	0.00
M11 - Organic farming (art 29)	0.00
M13 - Payments to areas facing natural or other specific constraints (art 31)	0.00
M16 - Co-operation (art 35)	0.00
M17 - Risk management (art 36)	0.00
M18 - Financing of complementary national direct payments for Croatia (art 40)	0.00
M19 - Support for LEADER local development (CLLD – community-led local development) (art 35 Regulation (EU) No 1303/2013)	0.00
M20 - Technical assistance Member States (art 51-54)	0.00
Total	0.00

20. THEMATIC SUB-PROGRAMMES

Thematic sub-programme name

21. DOCUMENTS

Document title	Document type	Document date	Local reference	Commission reference	Checksum	Files	Sent date	Sent By
Annex+IX+-++Combinations+M10+and+M11.docx	8.2 M10 - Agri-environment-climate (art 28) - annex	01-02-2017		Ares(2017)550521	1190337359	Annex IX	01-02-2017	ntrgovna
Annex+VIII+-+Baseline+and+verification	8.2 M10 - Agri-environment-climate (art 28) - annex	01-02-2017		Ares(2017)550521	3865516379	Annex VIII	01-02-2017	ntrgovna