



## EUROPSKA KOMISIJA

Bruxelles, 22.10.2014  
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**Predmet: Primjedbe Komisije o programu ruralnog razvoja Hrvatske 2014. – 2020., u skladu s člankom 29. stavkom 3. Uredbe (EU) br. 1303/2013  
CCI: 2014HR06RDNP001**

Vaša Ekselencijo,

Ovim putem potvrđujem primitak prijedloga programa ruralnog razvoja Republike Hrvatske 2014.-2020. podnesenog s pomoću sustava dana 16. srpnja 2014. u skladu s člankom 26. stavkom 4. Uredbe (EU) br. 1303/2013 i člankom 10. stavkom 1. Uredbe (EU) br. 1305/2013.

Službe Komisije procijenile su predloženi program ruralnog razvoja i smatraju da su zbog ozbiljnih pitanja potrebna pojašnjenja i revizija prijedloga. U skladu s člankom 29. stavkom 3. Uredbe (EU) br. 1303/2013, pitanja su navedena i razmotrena u priloženom Prilogu koji je Komisija donijela.

Molimo Vas da te primjedbe uzmete u obzir i dostavite potrebne dodatne informacije za procjenu programa / podnesete revidirani prijedlog programa ruralnog razvoja.

U skladu s člankom 3. Uredbe (EU) br. 1303/2013 izračun vremenskih ograničenja za odluke Komisije iz članka 29. te Uredbe ne uključuje razdoblje koje počinje danom nakon datuma slanja primjedaba Komisije i traje sve dok država članica ne odgovori na primjedbe dostavljajući sve potrebne dodatne informacije i po potrebi revidirani program.

Rado ćemo se sastati s predstavnicima Vaših nadležnih tijela radi razgovora o pojedinostima.

Hrvatska iznimno prihvaća da se te primjedbe zbog hitnosti donesu na engleskom jeziku.

S poštovanjem,



Za Komisiju

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Glavni direktor

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## ANNEX

### Observations on the Rural Development Programme 2014-2020 for Croatia

(CCI: 2014HR06RDNP001)

The following observations are made pursuant to Article 29(3) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council. The Republic of Croatia is asked to provide the Commission with any necessary additional information and, where appropriate, revise the Rural Development Programme (RDP) 2014-2020 for Croatia.

#### GENERAL HORIZONTAL COMMENTS

1. Consistency, intervention logic, strategic choices and level of details for measures included in the Croatian Rural Development Programme 2014-2020 need to be improved or further detailed in a number of areas. This process should closely follow the finalisation of the Partnership Agreement for Croatia, and be aligned to the strategy of the Croatian authorities for using the ESI Funds (EAFRD in particular) in the 2014-2020 period that is laid down in the Partnership Agreement.
2. Croatia is a new Member State implementing a Rural Development Programme for the first time in the 2014-2020 period. In order to achieve a successful and smooth implementation of the programme, the Croatian authorities are invited to pay particular attention to the need to ensure appropriate administrative capacity in the bodies running the programme<sup>1</sup>; setting up appropriate implementation mechanisms (including accreditation of the Paying Agency for disbursing EAFRD funds), and raising awareness in potential applicants and other stakeholders for the support opportunities that are available under the RDP. Funds from technical assistance under the programme will be available to help achieve some of these goals. As regards administrative capacity, the Croatian authorities are invited to justify whether the proposed staff allocation in the Managing Authority and Paying Agency is considered sufficient for the implementation of the measures selected for the RDP 2014-2020. Past experience from the implementation of the Instrument for Pre-Accession Assistance in Rural Development (IPARD) programme should also be taken into account.
3. References to relevant EU and national strategies and policy documents should be indicated in the RDP text, where appropriate, in order to put the programme interventions into EU and national context (e.g. in the case of environment, these include the Nitrates Directive, Water Framework Directive (WFD), the EU Biodiversity Strategy, the Green Infrastructure Communication of the Commission, the Air Package of 18 December 2013 and other policy documents related to pesticides, forestry, climate change, bioenergy).

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<sup>1</sup> OJ L 142, 14.5.1998, p. 1-4 and OJ L 204, 31.07.2013, p.11

4. The RDP statement that no measures and operations have been selected which contribute to the rural development focus areas 5A (increasing efficiency in water use in agriculture) and 5B (increasing efficiency in energy use in agriculture and food processing) is not consistent with the Croatian Partnership Agreement and with the needs identified in Section 4 of the RDP. The Croatian authorities are invited to review this statement, and to include appropriate references in the programme, including quantified targets.

#### **MEMBER STATE OR ADMINISTRATIVE REGION (SECTION 2 OF RDP)**

#### **EX ANTE EVALUATION (SECTION 3 OF RDP)**

*(Reference: point (a) of Article 8(1) of Regulation (EU) No 1305/2013)*

5. The Croatian authorities are invited to summarise the section containing the comments of the ex-ante evaluator, as some of the recommendations cited are of a technical nature or refer to national administrative arrangements. It is suggested instead to list in this section the main categories of recommendations relevant for the design, consistency, and intervention logic of the RDP.
6. Some of the recommendations made by the ex-ante evaluator have not been accepted by the Croatian authorities. The explanation given is that no data is available (e.g. recommendations requesting the RDP to provide environmental data such as information on fertiliser and nutrient consumption, manure storage capacity, groundwater pollution, soil erosion, etc.). Given that environmental-climate interventions form an important part of the rural development policy and Croatia plans to allocate 36.5% of EAFRD funds to these priorities, it should be considered whether an appropriate monitoring and data collection system should not be set up instead, with the help of RDP technical assistance if necessary. In this case, a commitment to collect the necessary information within certain deadlines should be included in the programme.
7. The ex-ante evaluator recommends the use of Financial Engineering Instruments for the programme, to which the Croatian authorities respond that they will be included in the RDP in the second half of the programme implementation cycle (after 2017). As such instruments are meant to help improve the access of beneficiaries to financial resources, their launching should be considered in the earlier stages of the implementation of the RDP in order for them to serve their purpose in a timely and efficient manner.
8. The Ex-ante Evaluation Report should provide the information on the consultations with the public and the environmental authorities (Article 6 of the SEA Directive (2001/42/EC)).

#### **SWOT AND IDENTIFICATION OF NEEDS (SECTION 4 OF RDP)**

*(Reference: point (b) of Article 8(1) of Regulation (EU) No 1305/2013)*

9. The overall description in the SWOT analysis should be aligned with the Partnership Agreement referring both to the current status and the needs of the agricultural sector and rural areas. For example, a areas where better alignment between the RDP and the Partnership Agreement submitted in June is considered necessary, include targets for organic farming, rehabilitation or construction of public water supply systems, roads and social infrastructure in rural areas, Natura 2000 coverage, the average economic size of agricultural holdings, information on the percentage of farms as family businesses, analysis of the food processing industry, productivity, energy efficiency, the educational attainments of farm holders, forest fire protection, and areas at risk from landmines, whether confirmed or only suspected. This list should not be regarded as exhaustive. As regards rural infrastructure, although data concerning rural roads, water, sewage

and social infrastructure is appreciated, the SWOT should also highlight the inadequate state of play of such infrastructure to underpin the relevant needs identified.

10. The SWOT analysis is based largely on an assessment of the self-sufficiency potential of various agriculture and of the export-import potential of various sectors (fruit and vegetables, livestock production, food processing). It should be revised to focus on competitiveness, ensuring that it is in line with WTO rules.
11. An indication of the priorities of the national Strategy on Regional Development referred to in the section 'Strategic Planning at the local level' of the SWOT analysis would be useful.
12. The SWOT analysis should also include information on the overall situation as regards meeting EU standards by agricultural holdings, as support for meeting EU standards is identified in the needs but not supported by the analysis.
13. Information on GHG emissions in agriculture should be expanded in the SWOT analysis and needs assessment (i.e. for needs 03, 06, 07, 08, 12 and 23). The impacts of climate change on agriculture and the environment should be addressed. It should be explained what data and information led to the conclusion that GHG emissions in the agriculture sector are decreasing due to better use of fertilizers, given that the ex-ante evaluation indicates that there are no reliable statistics on the use of fertilizers or manure management practices.
14. Croatian authorities should closely look at the implications of Decision No 529/2013/EU of the European Parliament and of the Council of 21 May 2013, on accounting rules on greenhouse gas emissions and removals resulting from activities relating to land use, land-use change and forestry and on information concerning actions relating to those activities on the RDP preparations for Croatia. Synergies in data collection, policy development and the design of actions related to those activities exist and could be worth pursuing.
15. The description of biodiversity issues only refers to Natura 2000 sites and High Nature Value agricultural areas. It should be complemented by a description of the situation of endangered agricultural animal and plant genetic resources or those threatened by genetic erosion. It seems to be inconsistent with the needs as indicated and the selected measures.
16. The SWOT analysis should include more information from the Sava and Adriatic River Basin Management Plans, including quantified assessments and reference to the most recent data on water status and pressures from agriculture (e.g. number of water bodies failing WFD objectives due to nitrate pollution from agriculture or hydro-morphological changes for flood protection/drainage on agricultural land). More detailed information should also be included on priority areas for reducing pressure from agriculture on water resources, e.g. where, soil erosion is most intense, or in priority catchment areas. Consequently needs 10 (irrigation) and 15 (maintenance of water, soil and air quality) should make a reference to delivering the Water Framework Directive objectives. A more explicit link to the Floods Directive is needed in the SWOT analysis, as well. The statement "Large availability of water and favourable climatic conditions" should be put in context with seasonally very unfavourable conditions related to extreme events.
17. As regards the need 10 it should be substantiated how extension of the irrigated area and higher use of water serves the goal of climate adaptation and increase in water efficiency. The needs on intensification of agricultural production with additional irrigation should clearly highlight that any development of irrigation should only be undertaken where this does not conflict with achievement of good status or potential under the Water Framework Directive and does not cause deterioration in water status. This is applicable also for the restoration of drainage systems. The Croatian authorities are invited to substantiate in the analysis the statement on "Outdated and neglected systems for the improvement of drainage", as no description of unfavourable physical conditions of soils for the territory of Croatia nor for any region is presented.

18. Regarding need 14 on soil erosion prevention, the Croatian authorities are invited to indicate an estimation of the total area and total percentage of agricultural land concerned by measures programmed for the protection of soil.
19. The description of need 15 should explain further what issues are related to air quality.
20. As regards needs 18 and 19, the Croatian authorities should justify their choice of replacing coppice stands by high forests, together with describing the exact characteristics and species that are to be targeted), as the corresponding needs are to cater for environmentally focused areas.
21. Needs 20 and 21 seem to address the same need for increasing renewable energy production and could be merged. Although the RDP needs assessment highlights that increasing the use of renewable energy production is one of the strategic goals pursued by Croatia, the RDP measures (e.g.M4) seem to support renewable energy predominantly for own consumption, without exceeding the capacity of the agricultural holding or processing enterprise. The Croatian authorities should explain to what extent this choice contributes to achieving the National Renewable Energy Action Plan goals. The Croatian authorities are also invited to explain why co-generation - an important energy efficiency measure used under the Instrument for Pre-Accession Assistance in Rural Development (IPARD) - does not seem to be taken up in the RDP. Awareness raising, training and advice for reducing GHG and ammonia emissions from agriculture should be considered under needs 1 and 2. The RDP should explain the statement that the needs for increasing the forest biomass for energy use will contribute to focus area 5E (fostering carbon conservation and sequestration in agriculture and forestry), as the new biomass is obtained from an increase in forest harvesting, and how they may influence other carbon pools (soil, dead wood).
22. Common context indicators related to environment are largely missing in table 4.1.6 (III). Proxies for missing context indicators as well as sources of data for the Common Context Indicators need to be included in the RDP. In case the necessary data is not available at EU level, it is recommended to provide next to the national data source, if available, and also links to similar datasets in the European statistics (see also comment 6 concerning the use of technical assistance funds for completing the missing indicators and the commitment to be included in the RDP).
23. A brief overview of LEADER implementation under IPARD would be appreciated. Challenges referring to the implementation of the first RDP such as administrative capacity and public procurement need also to be addressed in the SWOT analysis.
24. The SWOT analysis should be complemented with information on the environmental role of forests, age and composition of forests and forest management plans.
25. Need no. 1 although acknowledging low level of awareness in the sector of environmental issues is to contribute only to focus area 5E. It should be clarified and justified.
26. Some needs (e.g. 08. on land consolidation, 09. on forest and agricultural land roads, 10. on irrigation, 21. on wood biomass exploitation or 24. on tourist infrastructure) could have a significant environmental impact. These risks should be recognized in the text on respective need and addressed with adequate prevention/mitigation measures as part of the actions proposed.
27. The coherence between the analysis and the summarised SWOT should be improved. For example:
  - Regarding Strengths, the "considerable production potential of forest biomass as a renewable energy resource" should be substantiated in the section on general characteristics. It should be stated what the potential of woody biomass use for renewable energy is and how much is currently exploited.

- Regarding Weaknesses, the low number of forest management plans is recognized as a weakness, and the same weakness should be introduced as regards the lack of NATURA 2000 management plans.
  - Regarding Threats, global climate change is mentioned as the only threat linked to instability of production and instability of ecosystems. However, some of the phenomenon, such as droughts and floods, should also be looked at in connection with change in land use and the hydrological regime.
  - Need no. 18 addresses unfavourable forest species structure is explained but this is not done in the SWOT section where it is stated that Croatia is characterised by sustainable forest management and FSC labelling to high extent.
28. Adding an additional need and specific quantified target on de-mining should be considered instead of including it in need 8, given the Croatian-specific nature of this activity and its role in increasing the competitiveness of the Croatian agricultural sector. The need should also refer to complementarity with ERDF, as de-mining of forest land will be financed through ERDF.

#### **DESCRIPTION OF THE STRATEGY (SECTION 5 OF RDP)**

*(Reference: point (c) of Article 8(1) of Regulation (EU) No 1305/2013)*

29. The strategy description should be further elaborated and revised, as at present it largely repeats the recognised needs that are highlighted in Section 4 of the RDP, without presenting the hierarchy of goals in a clear and consistent way. The strategy should include more information on the overall objectives and targets, and how the needs identified in the previous section of the RDP will be addressed. The percentage allocation of the available EAFRD funding to the 3 objectives identified in this section would be useful.
30. The objective on sustainable use of natural resources should be elaborated further to encompass environmental-climate issues, including biodiversity, rather than only be justified as 'making rural areas safe and attractive places for living and working'.
31. Since Natura 2000 will be introduced later due to the absence of a regulatory framework, the section should clarify when the Croatian authorities intend to support the Natura 2000 areas and indicate provisional timetable for launching the measures in the RDP. This provision should take into account the needs for Natura 2000 areas set out by Croatia in its Prioritised Action Framework (PAF), and the overall strategy of the programme.
32. The objective of rational utilisation of fertilizers and pesticides should be added to the strategy. It should be clarified how the competent authorities will address livestock manure management outside the Nitrate vulnerable zones (NVZ).

#### **COMBINATION AND JUSTIFICATION OF MEASURES**

33. Climate actions should be included in priority area 1 more explicitly and extensively. This may include: awareness raising, professional training for advisers, information campaigns, technical visits, innovation support, building knowledge and skills for sustainable forest management, and knowledge on measures to increase carbon sequestration, measures for GHG emission reduction in agriculture, climate adaptation measures, data gathering and statistics, and education of young farmers on mitigation and adaptation measures. Priority area 1 should support innovation and the application of research related to new technologies and practices for GHG emission reduction.

34. Croatia plans to support only restoration activities related to natural disasters and catastrophic events - adaptation prevention measures for floods, heat waves and droughts should be included in the RDP.
35. Focus area 4A could be strengthened by addressing the climate adaption measures for preserving biodiversity – water management, erosion. In focus area 4B water management should address the climate adaptation issues.
36. The RDP should explain, why focus areas 5A and 5B are indicated as not programmed, given that these focus areas are referred to earlier in the needs assessment and are relevant for the operations to be supported under the RDP. Focus area 5C may refer to biofuel, biogas production and utilisation, co-generation on biomass. The RDP should address the use of by-products from agriculture and forestry and support for renewable energy producers (biofuel, woodchips etc).
37. Focus area 6B on LEADER should include references to climate change issues.

#### **CROSS-CUTTING THEMES**

38. The section on the cross-cutting objectives should be more country-specific considering what is to be achieved with the cross-cutting objectives and how.

#### **ASSESSMENT OF EX ANTE CONDITIONALITIES (SECTION 6 OF RDP)**

*(Reference: point (d) of Article 8(1) of Regulation (EU) No 1305/2013)*

39. Croatia has presented all the applicable ex-ante conditionalities (EACs) with the exception of EAC 5.2. for water which should be added in the RDP. . For the applicable EACs which are considered not or partially fulfilled, Croatia has to prepare and include an Action Plan in the RDP. The self-assessment for fulfilment should follow the latest exchanges with the Croatian authorities which demonstrate that the criteria on training and administrative capacity are not fulfilled. As regards public procurement EAC 6.4, Croatia should consider if the Action Plan should be complemented with additional activities specific for EAFRD (including, for example activities related to adoption of specialised guidance documents and delivery of trainings).

#### **DESCRIPTION OF THE PERFORMANCE FRAMEWORK (SECTION 7 OF RDP)**

*(Reference: point (e) of Article 8(1) of Regulation (EU) No 1305/2013)*

40. The performance reserve amounts in table 10.1 should be coherent with table 7.3 of the RDP and with the amounts presented in the Partnership Agreement.
41. Regarding P3: The milestone for output 'Number of agricultural holdings participating in risk management schemes (focus area 3B)' seems high (at 60%). It should be justified or amended.
42. Regarding P4: The output does not seem to reach the 50% criteria (Article 5(1) of Regulation (EU) No 215/2014). Areas with national constraints (ANCs) should be covered by an additional output target.

#### **DESCRIPTION OF THE MEASURES SELECTED (SECTION 8 OF RDP)**

*(Reference: point (f) of Article 8(1) of Regulation (EU) No 1305/2013)*

#### **GENERAL CONDITIONS APPLIED TO MORE THAN ONE MEASURE (SECTION 8.1 OF RDP)**

43. Use of Financial Instruments – the Croatian authorities indicate that the need for their use will be assessed during RDP implementation as part of the evaluation activities envisaged in the Evaluation Plan. Should the need for them be identified in the future, the Commission



emphasises the importance that these are launched sufficiently early in the lifecycle of the RDP in order to serve the purpose of providing beneficiaries with access to financial resources in a timely and efficient manner.

44. Ineligible expenditure – the VAT reference should be aligned with the provisions of Article 69(3)(c) of Regulation (EU) No 1303/2013. VAT is not eligible for a contribution from EAFRD except where it is non-recoverable under national VAT legislation.
45. Advance payments - support under certain sub-measures indicated (e.g. 6.1, 6.2, 6.3, 7.1) is paid as a lump sum so the notion of advance payments is inappropriate.
46. Page 220 of the RDP states that an Environmental Impact Assessment (EIA) should be prepared for all investments requiring one under the national legislation, as 'a prerequisite for obtaining permits and other certificates'. As the purpose of the Assessment is more than to act as a prerequisite for permits and certificates the Croatian authorities are invited to revise the text and clarify in what cases the need for it arises and which body should carry it out, taking into account Article 45(1) of Regulation (EU) No 1305/2013.
47. Duration of commitments – the Croatian authorities should explain the derogation proposed for the 5 year commitments under M10 and 11, whereby the commitment can cease if after 4 years the beneficiary stops his activity and his successor is 'not able to continue with the commitments undertaken'.

## **DESCRIPTION BY MEASURE (SECTION 8.2 OF RDP)**

### **SUMMARISED HORIZONTAL COMMENTS VALID FOR SEVERAL MEASURES**

48. References to the Delegated Regulation and the Implementing Regulation should be updated for all measures, as the legal acts are now adopted (Commission Delegated Regulation (EU) No 807/2014 and Commission Implementing Regulation (EU) No 808/2014).
49. National legal acts (e.g. the Tourism Act, the Trade Act, the Crafts Act, etc.) in several RDP measures are only briefly referred to – it is suggested that the legal reference be made more specific. Link to the legislation, in the respective section, should be made not only to actual laws linked to activity (e.g. Construction Law) but also to legislation on nature protection where applicable.
50. For all RDP measures it should be indicated systematically that support is provided in the form of a grant.
51. Eligibility criteria should state that any investment to be funded should be in line with the Water Framework Directive (Directive 2000/60/EC) and Flood Directive (Directive 2007/60/EC) objectives, Nature Directives (Birds Directive 2009/147/EC and Habitats Directive 92/43/EEC) objectives. Safeguards under relevant measures in terms of protection of the environment, should be introduced (for example, biodiversity, high nature value areas on agricultural and forest land, the territorial system of ecological stability, landscape features, maintaining good ecological status of water bodies).
52. Second hand equipment – for all RDP measures for which the purchase of second-hand equipment will be eligible, the Croatian authorities should include in the programme the specific conditions applicable for this investment (in line with Article 13(b) of Commission Delegated Regulation (EU) No 807/2014).
53. Selection principles - a commitment to setting up a minimum threshold of points below which projects will not be approved should be set for all RDP measures in which selection criteria are applicable. In cases where a measure contains several sub-measures and the selection principles identified are the same for all sub-measures (for example M4, 6, 7), the Croatian authorities

should tailor the criteria to the specific objectives pursued by the individual sub-measures. Selection principles for some RDP measures need further clarification. Detailed comments are given for individual measures below. As regards investment and cooperation measures, the Croatian authorities should consider setting selection criteria prioritising environmentally friendly and eco-business activities, and interventions that lead to GHG emission reductions and/or to climate adaptation, where possible. For certain RDP measures (e.g. M3, 4, 6) selection criteria are proposed involving the age or the education of the applicant. These seem discriminatory and should be justified by the Croatian authorities, taking into account the objectives of individual sub-measures.

54. The co-financing rates set out in Article 59 of Regulation (EC) No 1305/2013 must be respected. In particular, the derogation under Article 59(4)(a) only applies to the measures listed in that paragraph. For measures for which there is no derogation, the maximum co-financing set out in Article 59(3) must be respected.
55. Budgetary allocations – the Croatian authorities are also invited to indicate proposed financial allocations per RDP sub-measures (particularly as regards M4, 6, and 7) so that the relative importance of the various interventions can be assessed.
56. Aid rates – the maximum aid intensities indicated in the RDP measure fiches are conditioned by applicable state aid regimes, where relevant. This should be indicated in the measures concerned.
57. Verifiability and controllability – information is sometimes provided at measure, and sometimes at sub-measure level – there needs to be a consistent approach. Some additional comments are given under individual RDP measures below.
58. Complementarity with and avoidance of double funding under 1st Pillar support should be mentioned in the relevant RDP measures (further comments are to be found below).

#### **MEASURE 1: ARTICLE 14 - KNOWLEDGE TRANSFER AND INFORMATION ACTIONS**

59. Beneficiaries – the list of eligible beneficiaries needs more detail. It should be clarified if bodies active in nature protection (e.g. NGOs ) could be beneficiaries under the relevant sub-measures. As regards the 'in-house bodies', it should be specified that the Croatian authorities are invoking the 'in-house' exception under the public procurement rules, and the names of the relevant bodies should be explicitly stated.
60. As regards such "in-house provision of services" the Croatian authorities should provide information on the two cumulative conditions which must be met if this possibility is used:
  - the contracting authority must exercise control over the "in-house" provider similar to that exercised over its own departments, and
  - the "in-house" entity must carry out the essential part of its activities with the contracting authority which controls it.
61. Selection principles – the principle related to 'the geographical distribution of training' should be explained.
62. A professional experience of staff of minimum 15 years in the field of the knowledge transfer actions is requested in the section on 'definition of appropriate capacities' – the Croatian authorities should clarify if such a lengthy professional experience requirement does not risk considerably limiting the eligible beneficiaries under the measure and how is it relevant given that some of the environmental related topics were not relevant 15 years ago (same comment for M2).

63. Topics of the training courses and information actions that will be offered are only briefly indicated in the sub-measure general descriptions – the Croatian authorities are invited to further develop these in the sub-measure fiches.
64. Use of simplified costs – in the case of the 'in-house bodies', the measure fiche indicates that simplified costs will be used for staff costs in accordance with the provisions of Article 68(2) of Regulation (EU) No 1303/2013. Further information, in line with the provisions of Article 68(1) of that regulation needs to be provided on how these direct costs are calculated (same comment for M2).

#### **SUB-MEASURE 1.1 – SUPPORT FOR VOCATIONAL TRAINING AND SKILLS ACQUISITION ACTIONS**

65. The targeted groups are limited only to beneficiaries under M10, organic farmers and forest holders benefiting from RDP support – it should be explained why a wider coverage is not provided for, given that issues such as cross-compliance and other environmentally-related topics are presumably valid for a larger category of farmers and foresters. It should be justified why other land managers are not indicated as a target group.

#### **SUB-MEASURE 1.2 – SUPPORT FOR DEMONSTRATION ACTIVITIES AND INFORMATION ACTIONS**

66. M01.2 should cover climate mitigation and adaptation measures. In the forestry sector attention should be paid to learning about the basis of Kyoto forest management rules.

##### Demonstration activities

67. It should be specified whether investment costs are intended to be supported under this sub-measure and a reference to Article 45 of Regulation (EU) No 1305/2013 should be made if they are foreseen.

#### **MEASURE 2: ARTICLE 15 - ADVISORY SERVICES, FARM MANAGEMENT AND RELIEF SERVICES**

68. Same comments as regards the eligible beneficiaries for M1.
69. The Croatian authorities are invited to explain why the access to advisory services by individual farmers, agricultural holders and young farmers is limited to twice in 3 years.
70. The general description of the measure refers to combined use of Measures 1 and 2 – the Croatian authorities are invited to explain how this will happen in practice.
71. Principles with regard to the setting of selection criteria for providing advice related to climate change adaptation and mitigation could include experience of Forest Advisors in sustainable management (should be evident in measures that are increasing carbon sequestration and in reporting and accounting rules of the Kyoto protocol for Land Use, Land Use Change and Forestry (LULUCF)). Selection principles based on references and geographical scope should be further clarified.
72. It should be assessed whether the need to take up M2 to be eligible for support under M10 is realistic given the financial allocation for the measure.
73. Descriptions of the types of operation should give more details and clarity, as elements of the advice are often very briefly mentioned (e.g. advice related to renewable energy, production techniques, diversification etc. should be made more specific). It is unclear what is intended to be supported under the category 'specific advice for young farmers' under sub-measure 2.1. The Croatian authorities should consider giving more details of the types of advice to be supported under the sub-measures. Prioritisation of certain types of advice according to needs may also be considered (e.g. environmental performance, cross-compliance etc.).

74. The Croatian authorities do not envisage aid for the training of advisors (sub-measure 2.3). Taking into consideration the complex requirements which are to be applied in Croatia for the first time as a new Member State (environmental issues, for example), the Croatian authorities should justify this choice. In this context, the requirement for beneficiaries to establish 'a training and professional development programme for staff before the submission of the application' should be explained in light of the absence of sub-measure 2.3.
75. Verifiability and controllability – mitigating actions seem to refer only to use of simplified costs for staff expenditure – this should be expanded to ensure better coverage of activities to be funded under the measure.

### **MEASURE 3: ARTICLE 16 - QUALITY SCHEMES FOR AGRICULTURAL PRODUCTS AND FOODSTUFFS**

76. Explanation of how the measure will contribute to the cross-cutting objectives should be expanded.
77. It should be made clearer in the measure text that only first participation in the quality schemes and related costs are eligible for support.
78. The measure could contribute to focus areas 5D and 5E, recognising possible participation in voluntary schemes that contribute to GHG emission reduction and sequestration of carbon, carbon footprint schemes for agricultural products, foodstuffs and services (agro-tourism) (ISO 14067), and 'locally adapted' products. 'Protected Geographical Indicators' should be considered. Positive experiences exist across the EU, so the Croatian authorities should explain why this potential is not used.

#### **SUB-MEASURE 3.1 - SUPPORT FOR NEW PARTICIPATION IN QUALITY SCHEMES**

79. A description of the national schemes fulfilling the conditions of Article 16(1) (b) of Regulation (EU) No 1305/2013 has to be provided in the RDP.
80. In line with the requirements of Article 16(3) of Regulation (EU) No 1305/2013 beneficiaries under the measure should be 'active farmers' as defined under Article 9 of Regulation (EU) No 1307/2013.
81. Selection principles proposed should be developed in view of the objectives of the measure to help achieve added value for the products concerned and enhance their market opportunities. In this context, it should be justified whether basing the selection criteria on the location of the operation according to the Regional Development Index is appropriate.

#### **SUB-MEASURE 3.2 - SUPPORT FOR INFORMATION AND PROMOTION ACTIVITIES IMPLEMENTED BY GROUPS OF PRODUCERS IN THE INTERNAL MARKET**

82. The sub-measure text should indicate that only activities concerning products covered by schemes receiving support under sub-measure 3.1 may receive support under this sub-measure.
83. The conditions of Article 4(3) and (4) of Commission Delegated Regulation (EU) No 807/2014 as regards eligible actions should be complied with and referred to in the measure description.
84. The Croatian authorities should ensure that all information and promotion material drawn up in the context of a supported activity complies with Union and national legislation applicable in the Member States in which the information and promotion activities are carried out.
85. The selection principles related to 'quantity of certified products' and 'type of the quality scheme' should be clarified.

### **MEASURE 4: ARTICLE 17 - INVESTMENTS IN PHYSICAL ASSETS**

86. Targeting of interventions is needed as the SWOT analysis indicates that certain agricultural sectors (e.g. fruit and vegetables and livestock) are in particular need of investment support (issue also raised in the context of the Croatian Partnership Agreement) and also indicates that investments in these sectors will be prioritised.
87. Reference to forestry roads is made in the context of sustainable forest management and biodiversity - such a reference is more appropriate for the scope of the forestry measures (e.g. M8), while the focus under M4 should be on accessibility (i.e. access to forest land) – this should be revised.
88. Reference to focus areas 4B and 4C, and to focus area 5B should be considered, in view of the investments that could be supported under the measure.
89. Regarding renewable energy, only investments for 'the individual needs of the farms' (i.e. self-consumption) are to be supported. The Croatian authorities are invited to explain this choice as regards sub-measure 4.2, as renewable energy production projects that exceed the needs of the farms could equally be eligible for support, and this activity would also bring an economic benefit to the beneficiary. In addition, minimum criteria for energy efficiency should be specified, if such exist. There is also no indication what the minimum percentage of heat energy is, which should be used by installations for the primary purposes of electricity production from biomass (see requirements of Article 13 (d) of Commission Delegated Regulation (EU) No 807/2014). A commitment should also be included stipulating that the applicable sustainability criteria for bioenergy laid down in EU legislation will be respected, including Article 17(2) to (6) of Directive 2009/28/EC.
90. Meeting EU standards – the need for compliance with EU standards for food quality and safety is indicated in the Croatian Partnership Agreement, but not in the RDP SWOT analysis and needs assessment, and not in the M4 description. However, investments for adjusting to newly-introduced standards are envisaged under sub-measure 4.1. It should be specified that these are newly introduced EU standards. Should the Croatian authorities intend to provide such support, then the SWOT analysis and the needs assessment would need to be amended accordingly, and an Annex should be added to the RDP indicating the specific Union standards for which support will be granted, the dates when the standards become mandatory for the agricultural holding, the expiry date of the 12 month period, and the corresponding national legislation (see Annex I to Commission Implementing Regulation (EU) No 808/2014).
91. Beneficiaries under sub-measure 4.1 & 4.2 are only required to be registered in the Register of Agricultural Holdings or to be registered for processing Annex I products – no further conditions, such as minimum size of the agricultural holding or processing enterprise, minimum agricultural activity or income from agriculture etc, are envisaged. This makes the sub-measures open to very small holdings that are not necessarily viable. Mitigation of this risk should be explained.
92. The Croatian authorities are invited to clarify whether beneficiaries will be required to prepare a business plan when applying for support under the measure
93. As regards irrigation the Croatian authorities should provide information on the delineation between activities to be supported under sub-measures 4.1. and 4.3. As the Croatian Partnership Agreement states that only 1.1% of the arable land in the country is irrigated, it is understood that the investments in irrigation are likely to lead to a net increase in the irrigated area. Therefore, under both sub-measures in M4 it should be clarified how the Croatian authorities will ensure that the specific criteria under Article 46 of Regulation (EU) No 1305/2013 will be met. Information on the ecological status of water bodies should also be included in the RDP.

94. The proposed drainage investments should be clarified. Safeguards for both high nature value areas and maintaining good status of water bodies and other requirements under the Water Framework Directive should be proposed for these investments.
95. Due to the diverse character of the measure (irrigation, land consolidation, investment in machinery) eligibility and selection criteria could be proposed based on environmental performance of the action, e.g. level of water savings for irrigation investments, contribution to green infrastructure in case of land consolidation, environmentally friendly technology in case of machinery etc. The operation " Investment in restoration and improvement of agricultural land for the purpose of primary production" should be explained further as it is not clear what it entails.
96. Reference to Article 45 of Regulation (EU) No 1305/2013 is needed in the section on eligible costs.
97. The definition of collective projects should be elaborated further to address risks with regard to the liability of beneficiaries vis-à-vis the support.
98. It should be explained what is meant by "better result" in the definition of integrated projects.
99. It is necessary to specify that no investments will be supported under this measure which are likely to have a negative environmental impact.
100. The maximum amounts of public support per operation envisaged – such as EUR 3 million for sub-measure 4.1, with the exception of the milk and meat sectors where a maximum of EUR 5 million is proposed; and EUR 15 million for water management under sub-measure 4.3 need to be justified in the Croatian context.
101. On the activity " investment in the construction and/or reconstruction and/or equipment of facilities for animals, with related infrastructure within the farm" please clarify whether prevention against animals (e.g. large carnivores) is foreseen under the activity (mobile fences, electric fences etc).

#### **SUB-MEASURE 4.1 - SUPPORT FOR INVESTMENTS IN AGRICULTURAL HOLDINGS**

102. Given the nature of the sub-measure which in various instances is one of expansion, safeguards should be provided for high nature value areas (e.g. in establishing plantations), landscape features (e.g. in land consolidation actions), hydromorphology, etc.

##### Operation - Restructuring, modernisation and competitiveness of agricultural holdings

103. The meaning of 'investments in production of closed/protected spaces' should be clarified.
104. Reference to land consolidation seems to be more appropriate for sub-measure 4.3.
105. Reference to on-farm irrigation should be inserted (otherwise measure 4.3 could be used for irrigation infrastructure).
106. It should be clarified why small farms should target self-sufficiency; a broader measure of economic viability, sustainability and competitiveness could be targeted instead.
107. The Croatian authorities should consider stronger focus of the operation on innovation and energy efficiency, as well as environmental protection.
108. Some of the categories of eligible expenditure are unclear (e.g. investments in systems for protection against precipitation, equipment in closed or protected spaces, investments in restoration and improvement of agricultural land etc.) or do not appear appropriate for sub-measure 4.1 (e.g. marketing investments are rather for 4.2; investments in waste water treatment

facilities and infrastructure may be for M7 if the beneficiaries are public bodies rather than farmers). The Croatian authorities are invited to clarify.

109. The Croatian authorities should explain how restructuring support will be targeted based on the SWOT analysis and needs assessment, and how restructuring should address farms that are in need of support to overcome structural adjustment challenges and become economically viable in the long run (i.e. support should be targeted according to specific needs (to be) identified in the SWOT)
110. For this operation an additional condition is set, stating that the beneficiary must have settled all financial obligations to the state at the time of application. This could be too restrictive and should be explained (e.g. a softer formulation could at least be that the measure will not support beneficiaries with unsettled obligations to public funds, etc.).
111. The Croatian authorities are invited to elaborate further the principles of selection criteria in line with the overall comment on targeting indicated above. Selection principles based on the age of the beneficiary or prioritising young farmers seem to be discriminatory and should be justified from the point of view of the objectives of the operation.
112. The statement that a minimum 50% of the funds for this operation is reserved for operations under EUR 3 million should be clarified.
113. Complementarity with and avoidance of double funding by 1st Pillar support should be indicated (e.g. fruit and vegetables sector, wine, etc).

#### Operation – Reducing the negative impact on the environment

114. The title of the section should be revised and more specifically linked to manure storage.
115. As the operation only concerns manure storage, it is suggested to leave only the relevant Croatia-specific aid intensity in Annex II of Regulation (EU) No 1305/2013.
116. The section on links with other legislation should refer to the Nitrates Directive and related Nitrates Action Program. Support should not be granted for reaching the mandatory minimum foreseen in the Nitrates Action Program currently under preparation, in nitrates vulnerable zones (established recently), if it is not linked to meeting EU standards support. This means that related costs would only be eligible if the investments go beyond those existing standards or for investments to upgrade to standards respecting paragraphs 5 and 6 of Article 17 of Regulation (EU) No 1305/2013, if such are still applicable.

#### Operation - RES

117. The Croatian authorities are invited to clarify what types of renewable energy sources (RES) will be prioritised under this operation as the needs assessment only refers to use of wind, sun, and biomass.
118. A threshold of 20% for silage maize is indicated, but differentiation between types of installations should also be considered.
119. The additional financial assistance (up to 20%) for young farmers who have set up during the five years period preceding the application for support should specify that beneficiaries need to fulfil all the requirements of the definition of young farmers (including the age requirement), except the one requiring him to be "setting up for the first time".

120. The selection criterion "type of raw material for producing energy from renewable sources" and the related scoring criteria should be better explained.

#### **SUB-MEASURE 4.2 - SUPPORT FOR INVESTMENTS IN PROCESSING/MARKETING AND/OR DEVELOPMENT OF AGRICULTURAL PRODUCTS**

##### Value added

121. The sub-measure could support the processing of Annex I products independent of whether the end product is Annex I or not (in the latter case, the non-agricultural state aid rules apply). However, Croatia seems to be limiting investments only to processing where the end product is covered by Annex I. This choice should be explained.
122. Issues like improving energy efficiency, environmental performance and innovation should be better addressed by the sub-measure. An indication how investments will contribute to the 3 cross-cutting objectives should be included.
123. The Croatian authorities are invited to specify if the sub-measure will target certain types of enterprises or sectors (with investments in specific sectors – dairy, fruit and vegetables, olives etc. which are included in the section on eligible costs).
124. Some of the investments indicated seem more suitable to sub-measure 4.1 (e.g. investments in construction or reconstruction of farm buildings which are connected with basic activities).
125. The Croatian authorities should explain if investments in laboratories that are owned by the farmer or processing enterprise will be supported (i.e. no support for state laboratories). Certain conditions may need to be considered in this case (e.g. laboratory to be situated in the enterprise or holding, and used primarily for own produce).
126. It should be explained if investments in slaughterhouses that are owned by the farmer or processing enterprise will be supported.
127. Eligibility conditions should be elaborated further to indicate if for the applicant would be requested to present a business plan, and that the sub-measure will not support investments which are likely to have a negative environmental impact. In the case of support for meeting EU standards, Article 17 of Regulation (EU) No 1305/2013 limits the support to farmers only, so this should also be indicated in the eligibility conditions.
128. Selection principles should be clarified (e.g. 'long-term benefits in terms of outcomes beyond the period of funding'; 'investment in priority sectors according to the SWOT', as there are no such sectors identified). Selection principles will need to be further fine-tuned or re-considered in the light of the objectives of the sub-measure.
129. The Croatian authorities need to explain how "Marketing costs of own agricultural products related to investment in the sub-measure 4.2" can be considered a tangible or intangible investment within the meaning of Article 17(1) of the Regulation (EU) No 1305/2013 and Article 45 of that Regulation.

##### Renewable Energy

130. This operation could be merged with the renewable energy sources (RES) operation under sub-measure 4.1.
131. The increase of the support rate by 20% for producer groups is only possible for mergers of such groups, and not for linking purposes and should be revised.

#### **SUB-MEASURE 4.3 - SUPPORT FOR INVESTMENTS IN INFRASTRUCTURE RELATED TO DEVELOPMENT, MODERNISATION OR ADAPTATION OF AGRICULTURE AND FORESTRY**



### Water Management

132. It is not clear from the measure description what will be supported (existing or new backbone irrigation infrastructure), what the state of play is of the irrigation infrastructure at present and if investments will be in rehabilitation and extension of the irrigation network. The Croatian authorities are invited to clarify.
133. 'Investment in water supply infrastructure to the farm' is only indicated as an eligible activity – a more detailed list of eligible costs will need to be included.
134. It should be explained whether local self-government units are the owners of the irrigation backbone infrastructure.
135. It should be explained how compliance with Article 46 of Regulation (EU) No 1305/2013 regarding the environmental effects and national legislation will be ensured.
136. Some of the selection principles are unclear (e.g. 'long-term benefits in terms of outcomes beyond the period of funding', 'technical feasibility of the operation', 'location of the operation according to the Regional Development Index') and should be explained.
137. Complementarity with M7 needs to be explained as regards the statement: "This type of operation will not fund any investments within the farms or on agricultural parcels as that will be the subject of measure 7." as support under M7 is only for public benefit, and not private.
138. The selection criterion on "prioritisation of areas with poor hydrographic indicators" should be further explained, it appears to target areas prone to water deficit. The description of the operation should explain how prioritising areas with poor hydrographic indicators (as is proposed under the principles underpinning selection criteria of operation 06) can be coherent with the criteria of Article 46 of Regulation (EU) No 1305/2013 as regards water metering, and minimum water savings of at least 50% if investment benefits water bodies designated as less than good under the River Basin Management Plans. The operation should include a description of how these criteria will be evaluated.
139. The Croatian authorities should provide safeguards that the investments will not be harmful for high nature value areas with high ground water level (wetlands, peatlands etc).

### Land Consolidation

140. The Croatian authorities are invited to include more details on what interventions are intended for support by this operation. A more detailed list of eligible costs will need to be identified. The eligibility criteria refer to "Adopted land consolidation plan", while the eligible costs include costs related to works on elaborating the plan. This should be explained.
141. The Croatian authorities should explain if local self-government units are the owners of the agricultural land and how the operation is intended to be implemented.
142. The overall goal of consolidating cadastral parcels into larger plots should not compromise existing landscape features on the plots. The Croatian authorities should describe the safeguards put in place to protect landscape features.

### Forest Infrastructure

143. Focus areas 4A, 5C, and 5E are indicated, but not 2A, while the needs assessment section 4.2 refers only to 2A – consistency must be ensured between different sections of the programme text.
144. It should be explained whether supervising costs for the forest engineers should not be part of the general costs. General costs for this operation are defined up to 15% of the total eligible

expenditure, while for other operations under 4.3 general costs are limited to 10%. This should also be explained.

145. A condition that support is limited to roads used mainly for forestry purposes will need to be included in the eligibility conditions section.
146. Private forest holders and associations are identified as beneficiaries – the Croatian authorities are invited to clarify their role as to the construction of forest roads.
147. The Croatian authorities are invited to consider strengthening selection criteria with requirements linked to the efficiency and effectiveness of the investment.
148. The aid rate should be fixed, it cannot be "up to".
149. As optimal average forest density is provided for, it could be reconsidered whether a better eligibility condition at holding level or management unit level is to provide for maximum optimal density, e.g. 20 m/ha.
150. Safeguards for protected areas need to be addressed for those not being targeted by increasing openness where nature protection is the primary function of the forest. It should be explained how forest infrastructure contributes mainly to focus area 4A.

#### **SUB-MEASURE 4.4 - SUPPORT FOR NON-PRODUCTIVE INVESTMENTS LINKED TO THE ACHIEVEMENT OF AGRI-ENVIRONMENT-CLIMATE OBJECTIVES**

##### Non-productive Investments

151. The Croatian authorities are invited to explain how the sub-measure will contribute to the restoration goal (15% of degraded habitats) of the 7th Environment Action Programme and it should be made clearer whether and which type of water-related collaborative activities will be funded in terms of ecosystem restoration.
152. The public institutions and bodies which could be eligible beneficiaries need to be specified.
153. The operation should specify that non-productive investments can only take place on agricultural land under this measure.
154. Some of the eligible cost categories seem to cover running or maintenance costs which are not eligible under sub-measure 4.4, given the investment character of the sub-measure. One such category is, for example, "removing invasive alien species from agricultural land". The category "restoring habitats important for biodiversity preservation on agricultural land which was not maintained in accordance with good agricultural practice regarding the type of use" needs to be defined further in terms of costs as well as eligibility (i.e. principles or rules for considering a site as ready for "restoration" need to be defined). The purchase of shepherd dogs should be clarified. An eligibility condition of being compliant with management plans of NATURA 2000 sites could be added, as NATURA 2000 areas are prioritized for financing.
155. The Croatian authorities should explain what is meant by "implementation on overgrown agricultural land or on agricultural land which is in the process of becoming overgrown". Similarly, an explanation should be provided of whether areas with a "natural distribution of large carnivores" are formally defined.
156. Given that restoration activities can be performed on agricultural land which was not maintained in accordance with good agricultural practice, it should be clarified whether it also targets land outside the Land Parcel Information System (LPIS).
157. The Croatian authorities are invited to explain why sub-measure 4.4 is not considered as part of an integrated project (page 322).

158. The Croatian authorities are invited to clarify whether purchase of the land in line with Regulation (EU) No 1303/2013, like for other sub-measures under M4, was considered for the sub-measure 4.4 as eligible cost, as it is not foreseen, and provide justifications.

**MEASURE 5 – ARTICLE 18: RESTORING AGRICULTURAL PRODUCTION POTENTIAL DAMAGED BY NATURAL DISASTERS AND CATASTROPHIC EVENTS AND INTRODUCTION OF APPROPRIATE PREVENTION ACTIONS**

159. The Croatian authorities are only intending to support under M5 restoration, and not prevention activities – this choice should be explained. The Croatian authorities are invited to explain whether natural water retention interventions are intended to be supported considering the major impact of floods and droughts.
160. The Croatian authorities are invited to explain how de-mining will contribute to the cross-cutting objectives.
161. Compliance with public procurement procedures by the Paying Agency should be checked every time there is a public procurement, not only on a sample basis.

**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**

162. A reference to Regulations (EU) No 1303/2013 and 1307/2013 needs to be included.
163. The relevant bodies authorized to assess the damage should be specified, along with the assessment methodology.
164. The selection principles deriving from the proportion of damage to the production potential should be described further.
165. The Croatian authorities are invited to explain how overcompensation with other EU or national schemes will be avoided.

De-mining of agricultural land

166. The description of the operation should be revised, as the text as it stands predominantly deals with support under Pillar 1 of the CAP and payment entitlements from the de-mining reserve for Croatia. The Croatian authorities should refer instead to the need of this operation for restoring the competitiveness of agricultural holdings in areas at risk from landmines, define their scope, and link the operation to the Concept on De-mining prepared by the Croatian authorities and Croatia's Ottawa Convention obligations. Complementarity with other ESI Funds as regards de-mining will need to be explained as well.
167. There should be recognition by the national competent authorities that 30% of the relevant agricultural potential has been destroyed as required under Article 18(3) of Regulation (EU) No 1305/2013.

**MEASURE 6: ARTICLE 19 - FARM AND BUSINESS DEVELOPMENT**

168. Some of the measure requirements (notably related to support for Annex I products, the business plan and the active farmer) should be moved from section 8.2.6.7 to relevant sections describing eligible costs.
169. Sub-measures 6.1, 6.2 and 6.3 are not investment measures, so advances cannot be paid to beneficiaries. This should be revised (same comment for the RDP section 8.1).

170. According to Article 19(4) of Regulation 1305/2013, support under Article 19(1) (a) should be limited to micro and small enterprises – this should be specified in the respective sub-measure fiches.
171. Greater emphasis on issues related to climate change adaptation should be considered in the business plans. As regards sub-measure 6.1, 6.2 and 6.3, a description of the business plan structure in line with Article 5(1) of Commission Delegated Regulation (EU) No 807/2014 should be provided
172. Under "other important remarks" reference is made to complementarity between Article 17 and Article 19(1) (a) (ii) and 19(1) (b) of Regulation (EU) No 1305/2013. No demarcation is needed between Article 17 and Article 19(1) (a) (ii) as the latter is not an investment measure.

#### **SUB-MEASURE 6.1 - BUSINESS START-UP AID FOR YOUNG FARMERS**

##### Support for young farmers

173. The "Eligible costs" description seems to imply that only investments are eligible – this should be revised as the sub-measure aims to provide lump sum support for starting up as a young farmer, not investment support. Taking into account that support under this sub-measure has the character of a lump sum payment paying upon the implementation of the business plan and not for the reimbursement of specific eligible costs, there is no need to define eligible costs.
174. The amount of support (currently in the range between EUR 3500 and EUR 70000) should be fixed and tailored to the Croatian socio-economic situation (in line with Article 19(6) of Regulation (EU) No 1305/2013). It should be specified that the support is provided in instalments and that the last instalment will be conditional on correct implementation of the business plan (Article 19(5) of Regulation (EU) No 1305/2013). In this context, the statement that the support is provided 'once in the whole programming period' should be revised. There should also be an adequate control mechanism in place to control whether the beneficiary has correctly implemented the business plan before the payment of the 2<sup>nd</sup> instalment. The duration of the support (5 years) needs to be indicated, and that support will be provided in the form of a grant.
175. The setting up of a young farmer should be described in the programme - the Croatian authorities are invited to define the term "setting up as a head of the holding" by taking into account the conditions set out in Regulation (EU) No 1305/2013 and Article 2 of Commission Delegated Regulation (EU) No 807/2014.
176. The Croatian Authorities have defined the upper threshold for allowing agricultural holdings to have the access to support at a level of EUR 100 000 standard output. Further information would be welcome as to why the threshold is defined at this level and how many farms of such size exist. On the other hand, the Croatian authorities are invited to explain if the lower threshold for accessing the sub-measure (4.000 standard output) is sufficiently high to provide her the production potential development of the agricultural holding. It should be clarified whether farms of exactly 4.000 standard output (SO) receive support under the young farmers measure or under measures targeting support on small farms.
177. The business plan should provide that the beneficiaries comply with the definition of 'active farmer' under Article 9 of Regulation (EU) No 1307/2013 within 18 months from the date of setting up.
178. It should be clarified whether the Croatian authorities intend to grant the grace period (acquisition of occupational skills) referred to in Article 2(3) of Commission Delegated Regulation (EU) No 807/2014.

179. The Croatian authorities should consider adding eligibility and selection principles related to the quality or viability of the business plan (same comment for sub-measure 6.3).

#### **SUB-MEASURE 6.2 - BUSINESS START UP AID FOR NON-AGRICULTURAL ACTIVITIES IN RURAL AREAS**

180. Similar to sub-measure 6.1, it should be clarified that support under this sub-measure is not investment support but a lump sum support for starting new non-agricultural activities. Support for investments should be programmed under sub-measure 6.4. The support has a non-investment character and because of this, no eligible costs need to be defined. Comments regarding the amount and type of support, as well as the need to split it into instalments, indicated under sub-measure 6.1, also apply here.
181. It should be clarified that the support should be given only for new enterprises or for existing businesses that start new activities, not developed by the time of applying for support.
182. With regard to processing and direct sales, it has to be mentioned that only those resulting in non-Annex I outputs should be supported under the sub-measure. Provision of services to agriculture could be considered a non-agricultural activity if the service provider maintains records of all services rendered as a proof of activity, and this support can then be used for the provision of such services. The scale of facilities for rural tourism should be defined.
183. Selection principles looking at the quality of the content of the proposal, its efficiency, contribution to growth and employment, the quality or viability of the business plan, including addressing deadweight and displacement risks, and environmental criteria where appropriate, should be considered.
184. Link to land use planning and development plans should be indicated and activity should be in compliance with land use plans of cadastral areas.

#### **SUB-MEASURE 6.3 - BUSINESS START UP AID FOR THE DEVELOPMENT OF SMALL FARMS**

185. The minimum threshold level of EUR 1,000 as regards the economic size of small farms entering the sub-measure should be justified in the context of Croatia. The types of operations that would be supported under this sub-measure should be described in more detail.
186. As regards the minimum and maximum amounts of support of EUR 3,500 and EUR 15,000 respectively, the Croatian authorities should explain if the amounts will be sufficient for ensuring viability and development of the supported holdings. The comments above about the need to split the payment into instalments also apply here.

#### **SUB-MEASURE 6.4 - SUPPORT FOR INVESTMENTS IN CREATION AND DEVELOPMENT OF NON-AGRICULTURAL ACTIVITIES**

187. A reference to Article 45 of Regulation (EU) No 1305/2013 and Articles 65 and 69 of Regulation (EU) No 1303/2013 has to be made for the eligible costs.
188. Regarding provision of services to agriculture, it has to be indicated that the support under this operation should be undertaken in order to provide services to third parties. It should also be ensured that the creation of artificial conditions to get the aid is avoided. Providers of these services should have book-keeping to be able to prove the provision of services.
189. The Croatian authorities are invited to clarify what is meant by "entities involved in non-agricultural activities situated in the rural territory" and indicate if any registration requirements would apply to the beneficiaries.
190. Complementarity between the RDP and Operational Programme 'Cohesion and Competitiveness' (ERDF) with respect to this operation should be clarified (in particular, the specific objectives of

that programme: 3.1.1 Easy access to finance for SMEs, including start-ups and 3.4.1 SME performance and growth, actions 1) business performance and 4) information and communication technologies (ICT)).

#### **MEASURE 7: ARTICLE 20 - BASIC SERVICES AND VILLAGE RENEWAL IN RURAL AREAS**

191. The measure contribution to the cross-cutting objectives should be further elaborated, and its contribution towards innovation needs to be clarified. The Croatian authorities are also invited to indicate under each sub-measure the applicable focus areas.
192. The sub-measures should explicitly indicate that support is provided for investment in rural areas only.
193. Targeting of interventions under the measure would need to be considered in the light of the commitment undertaken in the Croatian Partnership agreement that investments will be 'prioritised to stimulate growth and promote environmental and socio-economic sustainability of rural areas, in line with local development plans/strategies, to achieve the highest value added of EAFRD investments for the economic revival, and the growth and jobs promotion in these areas'. In this context, the identical set of selection principles included in each sub-measure should be revised to (1) reflect the targeting referred to above, and (2) be made more sub-measure-specific, reflecting the objectives pursued under the relevant sub-measures.
194. The national definition of rural areas to be applied by Croatia covers the whole territory of the country with the exception of the administrative centres of the four biggest cities (Zagreb, Split, Rijeka and Osijek). As interventions under M7 are proposed only to cover rural settlements with a population below 5.000 inhabitants (for roads and social infrastructure investments) or 2.000 inhabitants (for water-related investments), the Croatian authorities are invited to explain this choice and indicate the % of rural areas that are not to be covered under M7.
195. All sub-measures except 7.1 need to state that operations to be implemented should be in accordance with plans for the development of municipalities and villages in rural areas, when they exist, and/or consistent with any relevant local development strategy. The local development plans should consider climate adaptation for floods, droughts, hail, heat waves, climate resilient rural infrastructure and services.
196. A reference to Article 45 of Regulation (EU) No 1305/2013 and Article 65 of Regulation (EU) No 1303/2013 on eligibility of expenditure should be inserted.
197. The aid intensity of 100% for all beneficiaries and all operations should be scaled according to type of investments and type of beneficiary. A reasonable contribution by the beneficiary to project costs should be considered.

#### **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**

198. The Croatian authorities are invited to explain why the drawing up of local development plans is supported for localities with up to 10.000 inhabitants, when all small infrastructure investments will be supported in localities with up to 5.000 inhabitants.
199. Some of the eligible cost items are questionable in the context of the sub-measure, namely "public consultation activities" and "design and publication of the relevant document". Neither promotional costs nor costs of organising public consultation events are part of the expenditure to be supported. These have to be borne by the beneficiaries themselves.
200. The Croatian authorities are invited to clarify if there are any activities regarding Natura 2000 sites management which are not eligible under the ERDF and can be supported under EAFRD.

**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**

Construction and/or reconstruction of the water supply, sewerage system and waste water system

201. The sub-measure should include projects, which contribute to and comply with the environmental acquis (e.g. Drinking Water Directive, Wastewater Treatment). It is recommended to harmonise the description of this RDP measure (including terminology used) with the Operational Programme Competitiveness and Cohesion (OPCC), IP 6ii (Investments in the water sector), having in mind the demarcation in agglomeration size of 2000 PE envisaged by the Croatian authorities. As regards the selection principles, targeting investments improving water body status should be considered.
202. From the wording under M4 it is understood that irrigation infrastructure is to be supported under sub-measure 7.2. The Croatian authorities are invited to provide explanation and if relevant review this statement as no such investments are envisaged under sub-measure 7.2.

Investment in construction and/or reconstruction of unclassified roads

203. The sub-measure description should contain an explanation of what are considered as 'unclassified' roads which would be supported under this sub-measure, and what their hierarchical place is in the overall transport infrastructure in Croatia. A prioritisation of interventions related to connectivity in the context of growth and jobs should be considered.
204. The minimum applicable amount of EUR 30.000 per project needs to be justified (same comment for sub-measure 7.4).

**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**

205. The role of Local Action Groups as beneficiaries should be explained. It should also be explained what kind of public non-profit institutions established by local self-government units could be beneficiaries, as well as what is meant by 'companies with a majority share ownership by local self-government units'. Given the possibility of supporting green areas and other similar investments, the scope of beneficiaries could be expanded in the point, "associations/civil society organizations and religious organizations dealing with humanitarian and social sectors", by a category "organizations active in the environmental sector".

**MEASURE 8: ARTICLES 21, 22, 23, 24, 25, 26 - INVESTMENTS IN FOREST AREA DEVELOPMENT AND IMPROVEMENT OF THE VIABILITY OF FORESTS**

206. There is no indication how recital 20 of Regulation (EU) No 1305/2013 and, in particular, how the new EU Forest Strategy has been taken into account during the preparation of the measure.
207. The list of measure objectives should be extended to include increase of carbon sequestration in existing forests and afforestation activities. In programming support for private forest managements, the RDP should support actions that improve the quality of data necessary to monitor carbon conservation in forests (Land Use, Land Use Change and Forestry (LULUCF) sector emission inventory data referred to in the Kyoto protocol).
208. The possible overlap between the activities related to interventions in forest and forest land in Natura 2000 areas as planned under M8 and the activities planned under Operational Programme 'Cohesion and Competitiveness' (SO 6.3 Restore forest and forest land primarily in Natura 2000 areas) should be avoided. Synergies with other RDP measures such as knowledge transfer, advisory services, co-operation, etc. should be described.

209. It is recommended that, where possible, M8 be implemented on the basis of standard costs (e.g. sub-measure 8.5, operation 1 on conversion of degraded forests stands). In this case the provisions of Article 62 of Regulation (EU) No 1305/2013 would apply, requiring that relevant calculations are adequate and accurate and established in advance on the basis of a fair, equitable and verifiable calculation, and confirmed by a functionally independent body.
210. The description of operations should include more detailed information on regulatory minimum requirements for fertiliser and pesticide application.
211. According to the Article 21 (2) of Regulation 1305/2013 Croatia should determine size of the holding above which the support shall be conditional on the presentation of the relevant information from a forest management plan or equivalent instrument.

**SUB-MEASURE 8.5 - SUPPORT FOR INVESTMENTS IMPROVING THE RESILIENCE AND ENVIRONMENTAL VALUE OF FOREST ECOSYSTEMS**

Conversion of degraded forest stands and forest cultures

212. It needs to be explained whether coppice forest, garigue and maquis are in every case considered as degraded forest ecosystems and whether in some conditions (karstic, dry, etc.) do not nowadays represent the climax ecosystem. In case rare or vulnerable species require their existence, their elimination or thinning should be reconsidered. The biodiversity value of these habitats and the climate adaptability of the planned forestry tree species should also be considered.
213. The Croatian authorities should explain why, when native and adapted species are to be used at the site for replacement, drainage is to be applied in the area. The need for chemical soil treatment should be explained. In light of the fact that inappropriate afforestation should be avoided, a clarification is also needed whether the term 'native and indigenous' species is considered to be at the level of the entire country or represents a local provenance.
214. The Croatian authorities are invited to consider the relevance of requesting the consent of the nature protection body prior to supporting actions under operation 1 of sub-measure 8.5.

Establishment and improvement of walking trails, look-out points and other small-scale investments

215. The Croatian authorities should consider inclusion of civil society associations and bodies active in nature protection as beneficiaries. Selection principles for this operation need to be elaborated in further detail, taking into account its environmental objectives.
216. It should be explained whether "wood furniture" in picnic areas is an eligible investment.

**SUB-MEASURE 8.6 - SUPPORT FOR INVESTMENTS IN FORESTRY TECHNOLOGIES AND IN PROCESSING, MOBILISING AND MARKETING OF FOREST PRODUCTS**

217. The general description of this operation refers to supporting environmentally friendly technologies - the Croatian authorities should explain this and if necessary set appropriate eligibility criteria.
218. The Croatian authorities should define the difference between "industrial processing" and "prior to industrial processing".
219. The complementarity between support for biomass under this and other measures needs to be explained.

Modernisation of technologies, machines, tools and equipment for wood production and silvicultural works



- 220. The Croatian authorities should state in the measure fiche that where operations relate to improving the economic value of forests, simple restocking or regeneration after final felling in the same forest is excluded.
- 221. In order to assess the improvement in economic value of the forest, the Croatian authorities should consider requiring beneficiaries to provide appropriate information on the expected value of their forest area both before and after the supported investment.
- 222. The business plan should clearly reflect cases where contractors or machinery subsidised will serve more than one forestry holding.
- 223. Veneer production and glued elements are not considered as "prior-industrial processing" under rural development programmes. These activities and the related investments go beyond the rural development approach, which intends to support only small scale, first- and prior-industrial processing of wood.

#### Marketing of timber and non-timber forest products

- 224. The list of eligible costs should be revised, as costs for marketing of timber and non-timber forest products (promotional materials, workshops, multimedia, participation in fairs, etc.) are not considered as investment costs. Only investments relating to marketing that is eligible under this measure may be supported, not marketing costs in general. Any general costs supported should be linked to the investment.

#### **MEASURE 9: ARTICLE 27 - SETTING UP OF PRODUCER GROUPS AND ORGANISATIONS**

- 225. More details need to be provided in the measure description as regards priority sectors to be supported; contribution to the cross cutting objective on innovation should be further explained.
- 226. The Croatian authorities need to indicate clearly that the support will be paid for no more than 5 years and only following the date of recognition. The support should be degressive. The setting up support for producer groups in the forestry sector needs to comply with the relevant state aid rules.
- 227. The minimum requirements regarding the content of the business plan as well as the administrative procedures for their approval and verification foreseen at national level should be presented briefly in the programming document.
- 228. As regards verifiability and controllability, the Croatian authorities should explain what measures will be taken to prevent members of Producer Groups and Producer Organisations from shifting from one supported group or organisation to another of the same nature, in order to prevent the situations where Producer Group or Organisation receives support based on artificially created conditions.

#### **MEASURE 10: ARTICLE 28 - AGRI-ENVIRONMENT-CLIMATE**

- 229. It should be explained how M10 contributes to the cross-cutting objectives for environment and climate change.
- 230. The baseline is not sufficiently described as the description only mentions its elements. The relevant obligations – the content - of the baseline must be identified in the RDP for each type of operation proposed. Only including a reference to the legal base is not sufficient. This also concerns minimum requirements for fertiliser and pesticide use and agricultural activities. In the case of minimum requirements for pesticides, the general principles of integrated pest management should also be identified. The Commission recommends using a table format where each commitment under each type of operation would be compared to a relevant element of the baseline.

231. The information on verifiability and controllability should be complemented with details concerning how commitments will be verified (not just the method, such as on-the-spot check but what exactly will be checked). Even if included at measure level, verifiability should be presented briefly for each type of operation to illustrate whether the proposed commitments are possible to verify and control. This is particularly relevant for operations 5, 6, 8. Without comprehensive verifiability and controllability provisions, it is impossible for the Commission to assess whether the proposed commitments should be part of the programme.
232. The operations and the added value of them being financed under M10 should be assessed against the usual applicable practices, and against greening requirements chosen by Croatia. This is particularly relevant for "maintenance" of landscape features, where premia calculations should not include compensation for normal farming production methods in the area concerned.
233. Establishment of landscape features is not eligible under M10. If the elimination of invasive plant species is an investment activity and the conditions of Article 17(1) (d) of Regulation (EU) No 1305/2013 are complied with, it could be supported under measure 4.4 (similarly for "supplanting of hedges with additional species"). The Croatian authorities could consider measure 4.4 for integrated projects with M10, which is so far not foreseen under M4. Many of the operations include commitments on fertilisation and crop rotation plans – it should be clarified whether the support is to be given just for setting up such plans or also for their implementation. Agri-environment-climate payments should not be given for establishing plans which are not linked to some follow-up action.
234. All types of operations include two commitments: participation in training and book keeping. The Croatian authorities should clarify, first, why these activities are considered as commitments rather than entry conditions, given that training for M10 beneficiaries is envisaged for support under M1 (Article 14 of Regulation (EU) No 1305/2013) and, second, that book keeping is primarily related to the better controllability and verifiability of operations rather than a commitment going beyond mandatory standards/requirements (same comment as regards M11).
235. Most of the operations do not establish a link in the implementation of the commitments with advisory services (integrated farming is an exception). The Croatian authorities are invited to consider such a link, in order to build beneficiary capacity.
236. With respect to premia calculations, there is no need to attach to the RDP the detailed calculation data. A summary of the main components forming part of the premia calculation for each operation should be provided instead. Sources and dates of figures used for the calculations should be indicated.
237. For agri-environment-climate operations similar to greening obligations or used for equivalence, it must be clearly stated how double funding is excluded. The general statement included in all types of operations that double funding will be excluded is not sufficient in this regard especially in the case of operations similar to greening obligations. If Croatia intends to use some of its agri-environment-climate operations under equivalence to greening, it must be reminded that such operations should include the exact practices as defined in Annex IX to Regulation (EU) No 1307/2013. The certification of calculations provided in the RDP does not certify that double funding is excluded - this needs to be addressed.
238. The multi-annual character of the measure should be clearly stated (the measure fiche only refers to annual payments). The Croatian authorities are invited to consider differentiation of premia in case of differences between regions; a justification for the single premia amount must be provided in the opposite case (there is some premia differentiation for some types of operations, however; there is no explanation why other operations do not have it).
239. The Croatian authorities should explain the consideration and analytical basis for this degresivity and whether it does not compromise the achievements of environmental targets. An exclusion of

area beyond a certain number of hectares does not seem to be justified. Payments for certain types of operations go above the ceiling indicated in Annex II to Regulation (EU) No 1305/2013 and should be justified.

240. It is not indicated that no support under this measure is to be granted for commitments that are covered under the organic farming measure to avoid double funding. No list of allowed combinations is indicated in the RDP.
241. As regards beneficiaries, the concept of active farmers does not apply to agri-environment-climate measures. Other beneficiaries can also be eligible.
242. As regards selection criteria, such criteria are not required for agri-environment-climate measures, but Member States may use them (especially recommended for areas of particular importance). In case of Natura 2000 areas, the eligibility should be limited until the Natura 2000 measure is launched.

#### **SUB-MEASURE 10.1 - PAYMENT FOR AGRI-ENVIRONMENT-CLIMATE COMMITMENTS**

243. None of the types of operation contribute to secondary focus areas even though it should be the case according to the operation description.
244. Regarding the fertilisation plan, the Croatian authorities should explain why the same maximum amount of nitrogen (80 kg/ha) can be prescribed prior to plan preparation for different types of crops and of operations. This commitment is also not relevant in all cases where it is proposed (e.g. grassing of permanent crops). The Croatian authorities are invited to explain if manure instead of mineral fertiliser will be used.

##### 10.1.1 Tilling and sowing on the terrain with slope for arable annual plants

245. The purpose of this operation should be better described, and indicated if such practices are only compensated on arable land with slopes.
246. Slope degree for tilling and sowing vertically on the slope on arable land (7-15%) seems to be very low for an agri-environment-climate commitment – the Croatian authorities should justify this and clarify the term "vertical tillage". The Croatian authorities should also explain how Good Agricultural and Environmental Conditions (GAEC) on soil protection have been taken into account for this operation.
247. It should be clarified if the higher mechanisation costs in the calculations are linked to environmental targets and not to compensation for a natural constraint.
248. The impact of the 3m long furrow on the slope where it is localised should be explained and justification given for why it is not longer.

##### 10.1.2. Grassing of permanent crops

249. The level of premia for this operation which requires inter-row sowing and mulching is very high (above 500 EUR), and should be justified. Furthermore, the added environmental value of mulching which takes up about 90% of the payment amount should be explained. Support per hectare differs in the main document from the amount in the annex.

##### 10.1.3. Terrace maintenance

250. "Improvement of terrace" seems to be a restoration activity that should be supported under the non-productive investments sub-measure 4.4. The commitments should be clarified, including the requirement that "Support is possible only for those terraces which are preserved for at least 75%". The Croatian authorities should clarify why there are different premia proposed under this operation for olive groves and vineyards, given that the commitments are not crop-specific.

#### 10.1.4. Wide crop rotation

251. The Croatian authorities should clarify whether the commitment and the premia calculations take into account greening requirements. The amount of support proposed in the RDP differs from the annex.

#### 10.1.5. Preservation of high nature value grasslands

252. The Croatian authorities should justify how the livestock density proposed -1.5 Livestock Units (LU)/ha- is compatible with the operation's objective, given that the operation is about protecting high nature value grassland and that one of the commitments forbids the use of any fertilisers including organic (same comment for operations 6 and 9, and operation 7 where a livestock density of 1LU/ha is proposed and where the objective is to preserve sensitive habitats of butterflies).
253. This is the only operation which proposes premia differentiation – the Croatian authorities are invited to explain the premia differentiation used.

#### 10.1.6. Pilot measure for the protection of corncrake (Crex crex)

254. As regards the calculation of support, the special type of mowing needed does not only result in savings, but possibly in a higher cost of manual work. This should be clarified.
255. Croatian authorities are invited to explain if collective approach was considered under the scheme as that might be necessary, depending on the structure of farms in SPAs in question.

#### 10.1.7. Pilot measure for the protection of butterflies

256. The calculation methodology for this premia should be explained in more detail. Croatian authorities are requested to clarify if the operation is implemented in the absence of a Natura 2000 measure (same comment for the pilot operation related to the protection of the corncrake).

#### 10.1.8. Establishment of field strips

257. The premia of 419 EUR/ha should be justified in the light of the activities under this operation.
258. *Pedix perdix* are targeted species which dwell and nest on the ground. In order to ensure more effective protection the Croatian authorities should consider specific management requirements of nearby productive plots that are compatible with the breeding season.

#### 10.1.9. Maintaining extensive orchards

259. The Croatian authorities should explain the need to apply solid manure under the trees and the limits on doing this. The description also refers to replacing dead trees – the Croatian authorities should explain this as the agri-environment-climate measures are not supposed to provide support for purchasing productive trees.
260. The calculation methodology should be made clearer. Payment rates calculated differ from those indicated in the measure fiche.
261. The Croatian authorities should provide information on what the tree density of a conventional orchard in Croatia is in order to justify why a 200 trees can be considered an extensive practice.

#### 10.1.10. Maintaining extensive olive groves

262. The amount of support proposed - 1.172 EUR/ha - exceeds the thresholds of Annex II to Regulation (EU) No 1305/2013 and no justification is provided. The Croatian authorities need to explain why such a high premium is proposed, taking into account the nature of the commitments and normal economic practice. Clarification should also be provided as to whether

savings linked to a ban on the use of fertilisers and pesticides, such as lower or no need for irrigation, was used for the calculations.

#### 10.1.11. Preservation of landscape features - stone walls

263. Restoration, establishment, creation of landscape features (one-off actions) can be supported under non-productive investments (sub-measure 4.4), but not under agri-environment-climate measures. Croatia should further explain how do commitments under this operation go beyond the baseline and should be eligible for annual payments under the AECM.

264. The minimum width or length of stone walls required should be provided.

#### 10.1.12. Preservation of landscape features - hedges

265. The Croatian authorities should clarify how the commitment for non application of pesticides in the 3m perimeter will be controlled (same comment concerning the operation for stone walls). The prohibition on cutting hedges in a certain period should already be covered by Good Agricultural and Environmental Conditions (GAECs) – the Croatian authorities should explain how the commitment under this operation goes above the baseline. A minimum width or length of hedges required should be specified. The payment rate should also be expressed in EUR/ha, not in EUR/m2.

#### 10.1.13. Planting of winter cover crop (catch crop)

266. As the use of mineral fertilisers is prohibited for this operation, the Croatian authorities are invited to explain what the purpose is of requiring beneficiaries to prepare a fertilisation plan.

267. As the operation refers to catch crops, the Croatian authorities are reminded that if equivalence is applied concerning commitments linked to catch crops and nitrogen fixing crops, the rules of Article 46(9) and (10) of Regulation (EU) No 639/2014 must be respected.

268. It would be useful to include an indicative list of cover crops concerned by this sub-measure. The premium proposed (413 EUR/ha) should be further justified.

#### 10.1.14. Integrated farming

269. The Croatian authorities should explain how the commitments of this operation exceed the baseline (in particular Directive 2009/128/EC which came into force on 1 January 2014). It should be clearly demonstrated in order to differentiate the commitments from mandatory obligations for farmers under integrated pest management.

270. The requirements on soil analysis and fertilisation plans should be linked to follow-up actions. The Croatian authorities should confirm that no irrigation investments are supported under the measure and remove the references to it in the list of commitments. It could be an eligibility criterion instead.

271. The level of 170kg N kg/ha is equal to the baseline requirement and therefore should not be compensated under the measure. The proposed support for orchards and vineyards (EUR 828 /ha) should be justified further.

272. A prioritisation of mechanical and biological prevention is evident from the operation description. The Croatian authorities should explain why no limitation of pesticides is proposed.

### **SUB-MEASURE 10.2 - SUPPORT FOR CONSERVATION AND SUSTAINABLE USE AND DEVELOPMENT OF GENETIC RESOURCES IN AGRICULTURE**

273. The description shows a general confusion between support under Article 28 (1)-(8) and 28(9) of Regulation (EU) No 1305/2013. As a general rule, the rules applicable to local breeds and plant

varieties support and other agri-environment-climate commitments do not apply to the support for genetic resources under Article 28(9) of that Regulation (see agri-environment-climate measures technical guidance document and Article 8 of the Regulation (EU) No 807/2014).

274. The description of the sub-measure 10.2 (operations 15 & 16) seems to indicate that Croatia intends to provide support to local breads and plant varieties under threat of extinction. If this is the case, this concerns measure 10.1 and the conditions of Article 7(2) (3) and (4) of Commission Delegated Regulation (EU) No 807/2014 should be respected. This should be described in the RDP (currently only the condition from Article 7(3) (a) of that regulation seems to be fulfilled and described).
275. The amounts of premia proposed represent a 6-fold increase on average of the support ceiling established in Annex II to Regulation (EU) No 1305/2013, in particular with regard to the operation on endangered breeds. The Croatian authorities should review the payment calculations, and justify any eventual excess above the limits set.
276. Beneficiaries under the operation are only defined as active farmers or groups of farmers, whereas the description of the operation also refers to the possibility of breeding associations applying for support. The Croatian authorities should clarify this, taking into account Article 28(2) of Regulation (EU) No 1305/2013.

#### Preservation of endangered autochthonous and protected breeds of domestic animals

277. The commitments programmed under this sub-measure concern the rearing of local breeds. The operation should therefore be programmed under 10.1 and the 200 EUR/Livestock Unit thresholds in Annex II to Regulation (EU) No 1305/2013 considered.

#### Preservation of endangered autochthonous and traditional varieties of agricultural plants

278. The Croatian authorities should clarify the activities planned to be supported under this operation. It seems that only plant cultivation is envisaged for support, while a fuller description of the activities related to conservation, development and sustainable use of plant genetic resources seems to be necessary. The risk of overlap with national funding should be clarified. The section on the risks of the implementation states that the 'commitments are the same as in previous period' –the indicative period should be clarified as Croatia is implementing its first RDP in 2014-2020 and the agri-environmental measure was not supported under the Instrument for Pre-accession Assistance for Rural Development (IPARD). The various tables included in the operation fiche are not readable, and cannot be assessed.

#### Preservation, sustainable use and development of genetic resources in agriculture

279. The commitment programmed under this sub-measure is essentially related to the preservation of plant genetic resources under threat of genetic erosion, which should be programmed under sub-measure 10.1. The amount of support needs to be defined in the programme.

### **MEASURE 11: ARTICLE 29 - ORGANIC FARMING (OF)**

280. The general description of the measure should be complemented with references to any national strategies or action plans for organic farming. In 2014 the Commission adopted the Action Plan for Organic Farming, which included suggestions as to what kind of measures Member States could offer to organic farmers in the context of rural development programmes. The synergies between different measures could be mentioned in the RDP. Specific needs for organic farming at territorial level have not been identified, nor addressed adequately with the help of mechanisms such as geographical or thematic targeting. The contribution to focus area 5D on reductions of GHG and ammonia emissions from agriculture should also be considered.

281. The methodology of calculations is not sufficiently enough described, and as support for certain categories also exceeds the corresponding maxima in Annex II to Regulation (EU) No 1305/2013 without any justification being provided, payment rates proposed cannot be assessed by the Commission. A description should be included taking into account the provisions in Annex I to Commission Implementing Regulation (EU) No 808/2013 relevant to the organic farming measure. The premia calculations should be certified by an independent body as requested by Article 62 of Regulation (EU) No 1305/2013 and evidence for that should be provided in in the RDP. The independent body needs also to certify that double funding with support under the 1st Pillar of the Common Agricultural Policy (CAP) is avoided. When describing the methodology, sources and reference periods for data used should be clearly stated. The method should encompass sufficient differentiation between farming options and assumptions to provide a solid basis for the premia differentiation envisaged in the programme. It should be clarified if the premia compensates all or part of the income foregone and additional costs.
282. An explanation should be provided on the added value of mandatory training for applicants under operation 11.2, who are already certified organic farmers.
283. Expert control by authorized control bodies should not be part of the commitments. This is related to the controllability of the measure.
284. The baseline for the operations does not refer to or describe the relevant Statutory Management Requirements (SMR) and Good Agricultural and Environmental Condition (GAEC) provisions, and the criteria and minimum activities stemming from Article 4(1)(c) of Regulation (EU) No 1307/2013.

**MEASURE 13: ARTICLES 31, 32 - PAYMENTS TO AREAS FACING NATURAL OR OTHER SPECIFIC CONSTRAINTS**

285. Reference to Article 32 of Regulation (EU) 1305/2013 should also be made in the section on the legal basis. A reference to the beneficiary's obligation to comply with cross compliance in Article 92 of Regulation (EU) No 1306/2013 should be included in the section on links to other legislation and this should be specified in the eligibility conditions.
286. The general measure description should include information on the coverage of areas with natural constraints (ANCs) and the agricultural area concerned per type of areas with natural constraints. The general description sections for all operations should be further elaborated, explaining the need for the designation in the Croatian context, referring to prevention of land abandonment and maintaining certain farming practices etc.
287. The methodology for calculation of payments should be included in the RDP. The methodology should be based on comparing average production costs and income of the favoured and the non-favoured areas in order to provide for the additional costs and income forgone stemming from the constraints. In line with the requirements of Article 62 of Regulation (EU) No 1305/2013, the calculations should be fair, equitable and verifiable, and performed or certified by a body functionally independent from the authorities responsible for programme implementation.
288. According to paragraph 13 of Annex II to the World Trade Organisation (WTO) Agreement on Agriculture, which sets the rules for Green Box compatibility of payments under regional assistance programs, the amount of such payments in any given year shall not be related to, or based on, the type or volume of production (including livestock units) undertaken by the producer in any year after the base period. In order to allow the measure to be notified as falling under the Green Box, the conditions of Annex II to the World Trade Organisation Agreement on Agriculture must be respected.

289. The degressivity of payments relate to the size of the holding (in hectares) should be justified and supported by evidence. The threshold should be set in a way that overcompensation is prevented. In view of the polarised farm structure of the Croatian agricultural sector, the authorities are invited to explain if degressivity starting at 50 ha (and modulated by 4-10% for holdings in the range 50 – 500 ha) will be effective.
290. The fine-tuning approach for areas other than mountain areas referred to in Article 32(3) of Regulation (EU) No 1305/2013 should be included in the RDP, as it has to be assessed by the Commission services. The Croatian authorities are reminded that the legal deadline for completing the fine tuning is 31 December 2014, as referred in Article 31(6) of Regulation (EU) No 1305/2013.
291. The technical exchanges between Croatian authorities and the Commission services (including the Joint Research Centre (JRC)) are ongoing . When finalised, Croatia should attach to the RDP the delimitations as required by Article 32(5) of Regulation 1305/2013.

#### 13.1 - COMPENSATION PAYMENT IN MOUNTAIN AREAS

292. As regards the definition of mountain areas, the Croatian authorities are invited to explain how the delimitation of mountain areas at the level of 600m represents a natural constraint as defined in Article 32(2) of the Regulation 1305/2013 resulting in land abandonment and having substantially negative impact on farming practices (e.g. in terms of length of the growing season). An explanation/justification for the proposed homogenisation criteria in this respect should also be provided. Evidence on the additional costs linked to the climatic situation should be included in the RDP.

#### 13.2 - COMPENSATION PAYMENT FOR OTHER AREAS FACING SIGNIFICANT NATURAL CONSTRAINTS

293. As regards the delimitation ANC-areas, as defined in Article 32(1) (b) of Regulation (EU) No 1305/2013, the Croatian authorities are invited to complete the technical assessment exchanges with the Commission services (Joint Research Centre (JRC)) as regards some of the soil criteria (drainage, texture) and dryness, before the delimitation of this ANC category can be accepted by the Commission.

#### 13.3 - COMPENSATION PAYMENT TO OTHER AREAS AFFECTED BY SPECIFIC CONSTRAINTS

294. Regarding the delimitation of areas affected by specific constraints, the Croatian authorities are invited to clarify whether karst area is not already covered by the stoniness criterion. Regarding the strong wind criterion, the Croatian authorities are invited to provide more clarification on its impact on agriculture. Concerning flooding, it is not considered as a continuous natural constraint, and could be dealt with under M5 instead. The Croatian authorities are therefore invited to review the proposed criteria in the light of the provisions stipulated in Article 32(4) of Regulation (EU) No 1305/2013.
295. The Croatian authorities are invited to complement the RDP with information demonstrating how the conditions of Article 32(4) of Regulation (EU) No 1305/2013 are complied with, and in particular concerning:
- the necessary for land management to be continued in the designated areas, and
  - the designated area does not exceed the 10% limitation of the total area of Croatia.

### MEASURE 16: ARTICLE 35 - COOPERATION



- 296. The coherence of the measure description with the identified needs in the RDP should be improved. It should be focused on the objectives of the measure, with a clear explanation of what kind of cooperation is needed and what interventions are covered by this measure. The current situation in Croatia as regards cooperation (existing clusters, who initiates cooperation, sectors prone to cooperation, etc.) could be presented.
- 297. The measure fiche should be clear that the support provided under the measure is limited to a maximum period of seven years. On-going projects should be excluded from support.
- 298. As regards water-related collaborative activities, it should be clearly stated which types of activities could be funded (e.g. catchment-wide agricultural land use change management, wetland and floodplain restoration).

**SUB-MEASURE 16.1 - SUPPORT FOR THE ESTABLISHMENT AND OPERATION OF OPERATIONAL GROUPS OF THE EIP FOR AGRICULTURAL PRODUCTIVITY AND SUSTAINABILITY**

Operational groups

- 299. The section of the text on eligibility conditions should refer to the conditions for the EIP operational groups set out in Articles 56(2) and 57(1) of Regulation (EU) No 1305/2013 concerning the need for the EIP operational group to have internal procedures and project plans (same comment for 16.2). At the end of the 'Eligibility conditions' section the word "network" is missing after "EIP".
- 300. The Croatian authorities are invited to clarify if the costs related to the use of innovation support services ("innovation broker") would be eligible.
- 301. The Croatian authorities should clarify what is meant by "accompanying practical projects". As explained in the guidelines on programming for innovation and the implementation of the European Innovation Partnership (EIP), "an operational group is meant to tackle a certain practical problem" and the operational groups can work on a "specific project".
- 302. The Croatian authorities should explain further the topics operational groups can work on, and whether the call that is mentioned in this section will be "open" or will be a specific topic or theme.
- 303. As regards the selection criteria "introduction of new technologies" there is an inconsistency to the description of the type of operations under 8.2.13.3.1.1. In the description, reference is made in the context of operational groups to "application of innovative practices, technologies, processes and products". This broad approach seems to be limited by providing the selection criteria "introduction of new technologies".

**SUB-MEASURE 16.2. - PILOT PROJECTS AND THE DEVELOPMENT OF NEW PRODUCTS, PRACTICES, PROCESSES AND TECHNOLOGIES**

- 304. According to the guidance document on Article 35 of Regulation (EU) No 1305/2013 all types of operations supporting the European Innovation Partnership should always be linked to sub-measure 16.1, including the execution of projects. This should be made clear in the measure text.
- 305. In information specific to the type of operation, the programme text should mention the requirement that single actors disseminate the results of their projects, in accordance with Art. 35(4) of Regulation (EU) No 1305/2013.
- 306. A clearer differentiation should be made between project pilots and demonstration projects which can be supported under this sub-measure and demonstration activities which can be supported under sub-measure 1.2

307. The Croatian authorities should clarify whether the mandatory involvement of operational groups in pilot projects means that each of the operational groups would automatically need to follow several pilot projects. Given that the measure indicators foresee a target value of only 3 for operational groups, but the target value for operations under 16.2. to 16.9 is 52, the Croatian authorities are invited to specify if there will be a sufficient number of operational groups available to be involved in a pilot project.

**SUB-MEASURE 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**

Short supply chains and local markets

308. The Croatian authorities should justify the eligibility of Local Action Groups under this sub-measure.
309. A pilot project should include innovative elements; a farming technique that is going to be implemented in a different area would be better programmed under measure 1.2, demonstration projects. For the sake of clarity, the characteristics of eligible short supply chains and local markets should also be set out in the section "eligibility conditions" of sub measure 16.4.

**MEASURE 17: ARTICLES 36-39 - RISK MANAGEMENT**

310. The Croatian authorities are invited to explain how the identified needs in the RDP are addressed by this measure. The measure contribution to the cross cutting objectives for climate change and environment should be elaborated further. The contribution of this measure to focus areas 5A-5E should also be indicated.
311. The Croatian authorities should clarify whether part of the measure budget is earmarked for mutual funds that will be established in the future.

**SUB-MEASURE 17.1 - CROP, ANIMAL AND PLANT INSURANCE PREMIUM**

Crop, animal, and plant insurance

312. The Croatian authorities are invited to specify if any risk management instruments will be implemented under the Common Agricultural Policy 1st Pillar and if yes, outline the complementarity with 2nd Pillar instruments.
313. The Croatian authorities should specify whether the premia support will be paid directly to farmers or via intermediaries. In the latter case, it should be indicated that the full amount of public support will be paid to the final beneficiary (Article 11 of Regulation (EU) No 1306/2013) i.e. there are no contributions to administrative/management costs of intermediaries etc. In addition, it should be explained how Article 62 of Regulation (EU) No 1305/2013 (verifiability and controllability) will be complied with.
314. The Croatian authorities should describe the conditions for contracts to be eligible for support, covering at least specific risks insured and economic losses covered.
315. The eligibility condition 'a paid insurance premium/policy for the previous year' should be explained, clarifying whether this means that the participation is not open to newcomers who never subscribed to the insurance in the past.
316. With respect to the calculation method, the use of indexes is mentioned. However, the Croatian authorities should demonstrate that the calculation method permits the actual loss of the farmer to be established in a given year. It should be confirmed that support will not compensate more

than the farmers' losses, nor specify the type or quantity of the farmers' future production. It should be specified on what basis the maximum amount of EUR 75 000 of support per beneficiary is established.

**MEASURE 19: ARTICLES 32 TO 35 OF REGULATION (EU) NO 1303/2013; ARTICLES 42 TO 44 OF REGULATION (EU) NO 1305/2013 - LEADER**

317. Reference to Articles 32-35 of Regulation (EU) No 1303/2013 should be inserted in the measure fiche.
318. More details should be provided on the procedure, criteria and timetable for selecting Local Development Strategies (LDS).
319. Section 8.2.16.6 states that "Allocation of funds per each sub-measure will be elaborated in implementing acts and shall be based on objective and transparent criteria (points realized in Local Development Strategy evaluation, number of inhabitants, level of economic development etc.). These criteria can only relate to the sub-measure "Implementation of Local Development Strategies", and possibly to "preparatory support" (except the first criterion). The Croatian authorities are invited to indicate the allocations also in the relevant sub-measures.
320. It should be ensured that the LEADER measure complies with Art. 32(2) of Regulation (EU) No 1303/2013 (i.e. as regards public-private partnerships and a statement that none should have more than 49% of the voting rights), and such a provision should be included in the measure eligibility conditions.
321. Synergies between EAFRD and EMFF co-funded Community Led Local Development (CLLD) need to be explained, and an appropriate cooperation and coordination mechanism between the two ESI funds established in the delivery of CLLD.
322. Art. 33(6) of the CPR refers only to the 10.000-150.000 population range. It should be explained why is this additional eligibility criterion set? If it is in order to keep the rural character of CLLD under EAFRD, given the large number of small rural settlements, such territories could be targeted in the selection procedure instead, rather than having an eligibility criterion which would exclude any rural settlement above 25.000 inhabitants from participation in the CLLD - these may also have added value and potential for implementation of viable LDS.

**SUB-MEASURE 19.1 - PREPARATORY SUPPORT**

323. The Croatian authorities should clarify how preparatory support will be organised (which criteria will be used, what is the time span for implementation, how will preparatory support and the selection of LAGs relate to each other or be coordinated). The use of simplified cost options for preparatory support is recommended.
324. Article 35(1) of Regulation (EU) No 1303/2013 states that support for CLLD shall cover the costs of preparatory support consisting of capacity building, training, and networking in view of preparing and implementing a CLLD strategy. The section on beneficiaries of the operation indicates however that only established Local Action Groups (LAGs) can be beneficiaries under preparatory support, thus excluding potential LAGs from support – the Croatian authorities confirm if this is their intention.
325. Some of the eligibility conditions and selection criteria are not adequate for preparatory support. For example, Local Action Groups which have not yet formed will not yet have a Managing Board. Criteria for selection should rather relate to points such as the suitability of the proposed area, the capacity and representativeness of the proposed partnership, etc.
326. The minimum number of self-government units established by the national Ordinance should be specified.

## **SUB-MEASURE 19.2 - SUPPORT FOR IMPLEMENTATION OF OPERATIONS UNDER THE COMMUNITY-LED LOCAL DEVELOPMENT STRATEGY**

327. The RDP states on page 581 that the "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." Member States should define the maximum support rates in the RDP and leave the possibility to the Local Action Groups to modulate it. As on the other hand the RDP states on page 599 that projects selected by a LAG can have a higher aid intensity in relation to the aid intensity set out in the RDP – the Croatian authorities are invited to confirm whether the Local Action Group will be able to fix the support rate.
328. Principles as regards project selection on Local Action Group level should be established.
329. The maximum support per Local Action Group of EUR 5 million needs to be justified in view of the small-scale character of the projects that will be supported.

## **SUB-MEASURE 19.3 - PREPARATION AND IMPLEMENTATION OF COOPERATION ACTIVITIES OF THE LOCAL ACTION**

### Preparation of the cooperation activities of the LAG

330. The needs and objectives for national and trans-national cooperation should be described.
331. In case co-operation projects are not selected by the Local Action Groups, there should be a clear system of on-going application established by the Managing Authority as requested by Article 44(3) of Regulation (EU) No 1305/2013. This should be stated in the sub-measure description.
332. It should be clarified why up to 10% of the total cooperation cost will be eligible for other general costs, given that this sub-measure supports only preparation of cooperation activities.

### Implementation of the cooperation activities of the LAG

333. Local Action Groups are indicated as beneficiaries under cooperation activities. However, in addition to Local Action Groups, local actors should also be potential beneficiaries under this sub-measure. While many cooperation projects are carried out by the Local Action Groups themselves, in other cases the Local Action Group may consider another organization better suited to lead or take part in a particular cooperation project.
334. The intensity of the support is determined at 100%, but it should be scaled according to the type of cooperation project supported.
335. Costs for preparation of the cooperation project should be covered by the preceding operation.

## **SUB-MEASURE 19.4 - SUPPORT FOR RUNNING COSTS AND ANIMATION**

336. The use of simplified cost options, such as lump sum and flat-rate payments is encouraged for running costs and animation.
337. Section 8.2.16.3.5.1. states that "expenditures relating to animation are eligible after the date of submission of application to the call for proposals sub-measure 19.2." This would mean that animation expenditure is eligible before the Local Action Groups have been formally selected, which is not legally possible. Such expenditure should rather be covered by preparatory support, which is eligible regardless of whether the Local Development Strategy is eventually selected or not (Article 35(1) of Regulation (EU) No 1303/2013).
338. Section 8.2.16.3.5.8 indicates that the "Maximum level of support for running costs and animation...amounts to 25 % out of total allocated public expenses of the Local Development Strategy." According to Article 35(2) of Regulation (EU) No 1303/2013 support for running

costs and animation shall not exceed 25% of the total public expenditure incurred within the Local Development Strategy –the wording should agree with the legislation.

339. It is necessary to indicate the financial allocation for the output indicator on the total public amount for running costs and animation on page 654 of the RDP.

#### **EVALUATION PLAN (SECTION 9 OF RDP)**

*(Reference: point (g) of Article 8(1) of Regulation (EU) No 1305/2013)*

340. The Croatian authorities are invited to explain in this Section the steps needed for completing the missing environmental context indicators referred to on page 609 of the RDP. It is suggested that the evaluation section also refer to the link with other ESIF programmes, and the interface between the Integrated Administration and Control Systems (IACS) and the Management Information System (MIS) as a potential tool for evaluation.
341. The sub-section 9.7 on resources should address activities for strengthening the institutional capacity in the bodies implementing the programme as regards evaluation, as this capacity is described in the evaluation section as insufficient.

#### **FINANCING PLAN (SECTION 10 OF RDP)**

*(Reference: point (h) of Article 8(1) of Regulation (EU) No 1305/2013)*

342. There is a discrepancy of EUR 750 (EUR 125 in each of the years 2015-2020) between the total EAFRD allocation indicated in the RDP and the EAFRD allocation for Croatia laid down in Annex I to Regulation (EU) No 1305/2013 (as modified by Commission Delegated Regulation (EU) No 994/2014) – the RDP financial table should be aligned.
343. Full consistency of the financial allocations between the RDP and the final version of the Partnership Agreement needs to be ensured, as well as of the EAFRD and total public contribution per measure.
344. The Croatian authorities are invited to explain if EAFRD allocations to M1 and 2 (EUR 9 million and EUR 12 million respectively) are sufficient to address adequately the training and advisory activities to be supported, given, for example, the need for training and advice on addressing climate change, knowledge on technologies and best practices for reducing GHG emissions etc. Similarly, it should be explained if the M4 allocation to Priority 4 (10.1 MEUR) will be sufficient to address the environmentally related investments that are to be supported under this measure.

#### **INDICATOR PLAN (SECTION 11 OF RDP)**

*(Reference: point (i) of Article 8(1) of Regulation (EU) No 1305/2013)*

345. The Croatian authorities are invited to cross-check this Section with Section 8 of the RDP in order to ensure the consistency of the information. For example, the measure fiche for M11 refers to the contribution to focus area 5E, while no such contribution is indicated in Section 11. The indicator for 'Nr of operations for investments in forestry technology and primary processing/marketing (8.6)' (57.194.570,00) on page 650 needs to be corrected.
346. The Croatian authorities are invited to explain how the RDP can adequately contribute to target 3B (forestry) of the EU Biodiversity Strategy, given that only 0,24% of forest areas are targeted under focus area 4A.
347. The sufficiency of the planned area coverage for M10 (59 000 ha) needs to be explained in the light of the number of agri-environmental operations to be supported under this measure and the

overall importance of biodiversity in Croatia. It should also be explained why 84% of this coverage (50 000 ha) seems to come from integrated farming only. The low planned coverage for other operations should also be explained (below 1.000 ha, and as regards high nature value areas – only 300 ha being 0.04% of utilised agricultural land (UAA)).

348. The targeted coverage by the organic farming measure is similar to that of M10 (50.000 ha). Given that context indicators refer to 8.920 ha under organic farming and 10.950ha under conversion to organic farming, it should be explained why the target indicators are set at 40.575.000 ha for maintenance and 19,700.00ha for conversion. Croatian authorities are invited to provide an explanation.
349. In the light of the considerable EAFRD allocation for competitiveness, the Croatian authorities are invited to review targets proposed for priorities 2 and 3 according to which e.g. only 0.77% of agricultural holdings will benefit from RDP support, 0.43% of holdings will receive support for young farmers or 0.60 % of holdings will be funded for better food chain integration.

#### **ELEMENTS NEEDED FOR STATE AID ASSESSMENT (SECTION 13 OF RDP)**

*(Reference: point (k) of Article 8(1) of Regulation (EU) No 1305/2013)*

350. The Commission services draw the attention of the Croatian authorities to the fact that the Decision approving the rural development programme is without prejudice to the Commission's position regarding compliance of any operation falling within scope of Article 81 of Regulation (EU) No 305/2013, supported under that programme with the procedural and substantive State aid rules applicable at the time when the support is granted. This includes compliance with the incentive effect requirement of the applicable State aid rules. The granting of State aid falling within the scope of Article 107(1) of the Treaty on the Functioning of the European Union, granted under aid schemes or in individual cases, requires prior approval by the Commission under Article 108(3) of the Treaty on the Functioning of the European Union, except where the aid is exempted under an exemption regulation adopted by the Commission under Council Regulation (EC) No 994/98 of 7 May 1998 on the application of Articles 92 and 93 to certain categories of horizontal aid and its amendments<sup>1</sup> or under Commission Decision of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest<sup>2</sup> or granted as de minimis aid. The Croatian authorities have the responsibility to introduce the adequate State aid clearance references in the State aid table of the rural development programme by way of a programme modification request to be submitted as soon as those references are known.
351. Table 12 should list measures falling within the scope of Article 42 of the Treaty on the Functioning of the European Union (for additional national financing), while Table 13 should list measures falling outside that Article. Therefore, measures whose interventions are related to or fall under the scope of Article 42 of the TFEU (such as M3 where the end product falls under Annex I of the TFEU) should be removed from Section 13. For the remainder of the measures, where either the end product is not covered by Annex I to the TFEU, or measures do not have an agricultural character, State aid clearance would be needed. These could be for example measures in which the scope of beneficiaries includes persons/entities other than agricultural producers (e.g. M1, 2, 4.3, 10.2) or measures which refer to products outside Annex I to the Treaty (e.g. M 4.2 if this possibility is taken up by the Croatian authorities) as well as for M 6.2, 6.4, 7, 8, 9 (for forestry groups), and 16. A commitment from the Croatian authorities 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 should be added, as required by Annex I to Commission Implementing Regulation (EU) No 808/2014.

352. In cases where State aid clearance is needed, the eligible costs and aid intensities should be compatible with those allowed under the selected State Aid instrument.

#### **INFORMATION ON COMPLEMENTARITY (SECTION 14 OF RDP)**

*(Reference: point (l) of Article 8(1) of Regulation (EU) No 1305/2013)*

##### ESIFUNDS

353. Complementarity with other ESIF programmes needs to be aligned with the Partnership Agreement (section 2.1.). Information on key areas to be supported by the ESIFs is missing (roads, broadband, renewable energy, non-agricultural SMEs, de-mining with ERDF, CLLD with EMFF). As regards the description of how the implementation of the complementary mechanisms will be followed-up and reported, a possible participation of representatives of all ministries in charge of ESI Funds in the MC meetings should be considered, alongside the Coordination Body. Complementarity with the ESF Operational Programme 'Efficient Human Resources 2014 - 2020' as regards vocational training and employment should be described.
354. The RDP states that "EAFRD-EMFF demarcation is ensured by a clear distinction in terms of the scope of activities and a close coordination between the respective Managing Authorities, both located in the Ministry of Agriculture". The Croatian authorities are invited to include more specific information in RDP on this, focusing on complementarity of interventions rather than on demarcation.

##### OTHER CAP INSTRUMENTS

355. Information on direct payments under the 1st Pillar of the CAP should be complemented with information on the special national reserve for de-mined land, describing complementarity with the RDP support for de-mining under M5. Complementarity, including the practical implementation of measures under Articles 28, 29 and 30 of Regulation (EU) No 1305/2013 with the agricultural practices beneficial for the climate and the environment as well as practices under the 1st Pillar related to greening, payments for areas with natural constraints (ANCs), and young farmers should be clearly described. Information concerning the Croatian definition of 'active farmer' under Regulation (EU) No 1307/2013 should be provided.
356. The complementarity with the Producer Organisations in the fruit and vegetables sector is missing. Currently, there are no Producer Organisations or Producer Groups in the fruit and vegetables sector in Croatia. Nevertheless, if Producer Organisations in the fruit and vegetables sector are set up in the future, the attention of the Croatian authorities on the fact that some operations under certain measures (Knowledge transfer and information actions; Advisory services, farm management and farm relief services; Quality schemes for agricultural products, and foodstuffs; Investments in physical assets; Basic services and village renewal in rural areas; Setting up of producer organisations; Agri-environment-climate; Organic farming; Co-operation and Risk management) may also be funded under the Common Agricultural Policy 1st Pillar as well. It is therefore necessary to ensure the complementarity with the operational programmes of the Producer Organisations through clear rules that need to be established.

##### OTHER UNION INSTRUMENTS

357. Description of coherence with the Horizon 2020, LIFE, the Danube Strategy and EU Strategy for the Adriatic and Ionian Region (EUSAIR) should be added in this Section of the RDP.

## **PROGRAMME IMPLEMENTING ARRANGEMENTS (SECTION 15 OF RDP)**

*(Reference: point (m) of Article 8(1) of Regulation (EU) No 1305/2013)*

### MANAGEMENT AND CONTROL STRUCTURE

358. The summary description of the management and control structure does not mention the timeline for accreditation of the Paying Agency. Lessons learnt from IPARD should be included in the section referring to the programme implementing arrangements. In order to ensure effective work of the system for independent examination and resolution of complaints, concrete deadlines and administrative penalties if necessary should be envisaged. Information on the coordination bodies referred to in the Croatian Partnership Agreement should be added (National Coordinating Committee, Coordination Body etc.).

### MONITORING COMMITTEE

346. The specific composition of the Programme Monitoring Committee (PMC) is not indicated (only categories of potential members). The cROATIAN authorities are invited to attach the list of organisations that will participate in the PMC of the programme. Appropriate steps should be taken by the Monitoring Committee to ensure that climate change aspects will be sufficiently integrated in the work of the Committee. Appropriate authorities, such as the Ministry for Environmental and Nature Protection should also be involved.

### PUBLICITY ARRANGEMENTS

359. The target groups for the information and publicity strategy are very broad and should be more specific (i.e. educational and scientific institutions, NGOs, operation groups, etc.). The educational and awareness raising activities for the communication to the general public should be explained in more detail.

### ADMINISTRATIVE BURDEN

360. The Croatian authorities should indicate when the system ensuring correct application of potential beneficiaries and cross-checking information by the potential beneficiaries (AGRONET) will be updated in order to be ready for the 2014-2020 period.
361. A reference to the 5% of on-the-spot controls of the total number of projects should not figure in the RDP as this is an administrative procedure for the Paying Agency, and not an activity meant to reduce the administrative burden for the beneficiary.
362. The Managing Authority should ensure that all the procedures for implementation of the RDP are transparent and that the administrative bottlenecks are avoided by ensuring timely procedures. In this respect an indicative timetable for calls for proposals could be published annually so that beneficiaries can start preparing projects well in advance, certain deadlines for replying to letters from the Managing Authority or Paying Agency can be set, implementation of certain RDP measures can be decentralised.
363. There is no reference to whether duplication of information and documents requested from beneficiaries will be avoided and how.
364. The Croatian authorities should indicate how the activities meant to reduce administrative burden will be monitored, assessed and continuously improved in a timely manner.

### TECHNICAL ASSISTANCE

365. Croatia should consider timely and efficient use of EAFRD technical assistance funding for administrative capacity building and awareness rising in the agriculture and forestry sectors and



the general public regarding the support possibilities under the RDP. In this context, environmental and climate change-related possibilities should also be adequately addressed. In order to comply with the general principles of sound financial management of EU Funds, technical assistance expenditure should be based on SMART operational objectives (Art 30, Financial Regulation (EU) No 966/2012), following an appropriate needs assessment. The outputs should be monitored and evaluated, based on performance indicators.

366. The Croatian authorities are invited to be more specific when defining staff costs to be covered by technical assistance. In particular, it should be indicated if the whole salary will be paid from technical assistance or only part of it. The maximum threshold for the Technical Assistance amount for such costs should be defined, as well as the minimum working time to be devoted to the RDP by each official in order to be able to benefit from the staff payment. The Croatian authorities are also invited to consider a performance-based approach, where the staff costs are based on objective criteria relating to RDP implementation, management, evaluation and control. A justification for this category of expenditure should be inserted in the text (e.g. relating to reducing staff turnover).
367. The technical assistance section could be expanded with activities relating to the fulfilment of the ex-ante conditionalities relevant to EAFRD. Reference to the innovation brokers should be moved to the appropriate measure text (M16) if necessary.

#### **ACTIONS TAKEN TO INVOLVE PARTNERS (SECTION 16 OF RDP)**

*(Reference: point (n) of Article 8(1) of Regulation (EU) No 1305/2013)*

368. More detailed information on the results of public consultations should be presented in the programme.

#### **NATIONAL RURAL NETWORK (SECTION 17 OF RDP)**

*(Reference: point (o) of Article 8(1) of Regulation (EU) No 1305/2013)*

##### STRUCTURE OF THE NETWORK AND PROVISIONS FOR ITS MANAGEMENT

369. The Croatian authorities should provide a timetable for the reorganization of the National Rural Network (NRN) for the period 2014-2020 and for the Network Action Plan. It should be clarified whether the National Support Unit, which already exists, will continue to operate under the 2014-2020 RDP.
370. There is no mention of environmental associations and bodies responsible for promoting equality and non-discrimination as being part of the new Croatian National Rural Network (NRN). Networking activities relating to innovation could be linked to the European Innovation Partnership (EIP).
371. The National Rural Network Action Plan should also refer to facilitating thematic and analytical exchanges between rural development stakeholders, and the sharing and dissemination of findings. The National Rural Network should ensure self-assessment and monitoring of their own activities from the start.
372. The Croatian authorities are invited to indicate the programme budget to be allocated to activities of the National Rural Network.
373. With regards to the Steering Committee task of examining the implementation progress report of the RDP 2014-2020, it should be noted that the network governance bodies do not formally take over the responsibilities of the Monitoring Committee of the RDP.

## **EX ANTE ASSESSMENT OF VERIFIABILITY, CONTROLLABILITY AND ERROR RISK (SECTION 18 OF RDP)**

*(Reference: Article 62 of Regulation (EU) No 1305/2013)*

374. In different sections (for example, the section on mitigating actions under the measures) it is indicated that checks on compliance with public procurement rules will be carried out on a sample basis. These checks should be part of the administrative checks and therefore be performed on all applications where relevant.
375. If relevant (i.e. specific audit reports on measures with a similar nature), the Croatian authorities should explain how the audit findings will be addressed in the new programming period, in order to avoid the carry-over of possible causes of errors.

## **TRANSITIONAL ARRANGEMENTS (SECTION 19 OF RDP)**

*(Reference: Articles 1, 2 and 3 of Regulation (EU) No 1310/2013, Articles 16 and 17 of Commission Delegated Regulation (EU) No 807/2014, and Article 59(1) CPR for the Technical assistance)*

376. The EAFRD allocation for commitments carried over from the Pre-Accession Assistance for Rural Development (IPARD) measures indicated in the carry-over table differs from the amounts in the text. This inconsistency must be resolved. For the measures carried-over from IPARD (101 and 103), the RDP should indicate in which year the last payments are expected to be made.
  377. The Croatian authorities state in the RDP that "According to financial indicators, Croatia has sufficient funds under the Instrument for Pre-Accession Assistance for Rural Development (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 22,603,640.61 EUR." However, according to information received during the 14th session of the IPARD Monitoring Committee on 12 June 2014, Croatia intends to use EAFRD funds only for projects approved as a result of the last call for applications under measure 101. The estimated amount needed amounts to about EUR 14 million. The Croatian authorities should explain and, if necessary, revise and update the information provided under this chapter.
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