

# Croatia *Country Profile*



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Prepared for SCP/RAC by Circular Economy Portugal








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# 1. Introduction

The Republic of Croatia is a south-eastern European country, with a small part located in the Balkan peninsula. In 2013, Croatia joined the European Union and it is in the processing of adopting Euro as its main currency. Today, most of its economy relies on different sectors such as the wholesale and retail trade, transport, accommodation and food services and industry (data from 2018)<sup>1</sup>.

Quick Facts		
	Population	4.09 million
	GDP per capita	14.8 USD
	10-year average annual GDP growth	%
	Ecological footprint	3.9 gha/ per capita
	Renewable energy consumption share	28 %
	Unemployment rate	8.9 %
	Global Gender Gap Index 0-1 (gender parity)	0.7

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<sup>1</sup> [https://europa.eu/european-union/about-eu/countries/member-countries/croatia\\_en](https://europa.eu/european-union/about-eu/countries/member-countries/croatia_en)

## 2. Policy and regulatory framework

The main policies and regulations in Croatia that stimulate the transition to a circular economy are the ones connected with waste management, renewable energy and sustainable consumption and production (eco-labelling, green public procurement (GPP), etc.). The main regulations that contribute the transition to a circular economy are:

- National renewable energy action plan until 2020
- Strategy for innovation support of the Republic of Croatia 2014-2020
- Waste management plan of the Republic of Croatia for the period 2017-2022
- Environmental Nature Protection Strategy and Plan (2017-2025)
- Strategic Plan of the Ministry of Economy, Entrepreneurship and Craft (2019-2021)

Croatia still doesn't have a national policy, framework or plan focused to implement the country's transition to a circular economy. The closest document approved at a national level is the 2009 Sustainable Development Strategy<sup>2</sup>. This document focus on three main thematic areas: chemicals, waste management and the ten-year framework of programmes on sustainable consumption and production patterns. This last topic expresses the need for producers to develop a value chain using the maximum of the resources needed and produce long-lasting quality products. On the consumer side, the focus was to encourage a proper selection of what products to buy, stimulate moderation in their use and promote the appropriate disposal. The overall objective of this topic is to achieve a balanced and stable economic growth which will have less impact on further environmental degradation and waste generation than it previous did. Basically, this framework would help reduce the environmental footprint of products, services and organisations in Croatia.

After 10 years of the adoption and implementation of this document, a report (National Report of the Republic of Croatia to the UN Commission for Sustainable Development CSD -18/19) was released with a follow-up about three main thematic areas. Additionally, this document also includes a section related to developments made in the adoption of circular economy, such as the Waste Management Plan of the Republic of Croatia for 2017 to 2022 and the creation of preconditions to implement the Decree on the Management of Municipal Waste. Both policies were – until the date of report – improving the overall recycling rate (28% in 2019, well above the 10% registered in 2010). To increase it and to achieve the EU-target (set at 50%) the government will invest in more equipment and build facilities. Other actions will include the expansion of compensation schemes for extended consumer responsibility and development of strategic research and innovation programmes. Finally, the government will also increase the share of renewable energies in order to encourage its use and energy efficiency too.

Another complementary document is “The Food Waste Prevention and Reduction Plan of the Republic of Croatia” for the period between 2019 and 2022. It was published in the Official Gazette and is an official document in the Republic of Croatia. The first step of the document is to identify key measures to prevent and reduce food waste generation along the entire food chain. The Plan contains objectives and measures for preventing and reducing food waste in all

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<sup>2</sup>[https://wedocs.unep.org/bitstream/handle/20.500.11822/9452/Strategy\\_for\\_Sustainable\\_Development\\_of\\_the\\_Republic\\_of\\_Croatia-2009Croatia\\_StrategyforSu.pdf?sequence=3&isAllowed=1](https://wedocs.unep.org/bitstream/handle/20.500.11822/9452/Strategy_for_Sustainable_Development_of_the_Republic_of_Croatia-2009Croatia_StrategyforSu.pdf?sequence=3&isAllowed=1)



stages of the food chain, starting from primary production through processing, sale, catering industry, institutional kitchens to households.

The next National Development Strategy (2030) is still being drafted.

### 3. Market demand and investment climate

Since waste management and recycling facilities are the main flaws and, therefore, the main priorities for Croatia's environmental policies, it's expected that most investments are employed for the construction of waste management centres, remediation of the locations highly polluted by waste, remediation of the municipal waste landfills, and projects in the field of waste prevention and recycling.

One related indicator with this of recycling rates is the secondary use of materials, which in 2016 was only 4.4%, showing a lack of reuse of discarded materials. Also, Croatia is lagging behind on designing products which are ease to maintain and repair, well below EU's average (20% against 25%). Additionally, from total employment in 2016, only 2.19% were accounted for jobs within circular economy.

Other indicators that still need to be improved are related to innovation since Croatia is one of the least innovative countries in EU (ranked 26<sup>th</sup> in 2018) which for environmental products – listed in the EU Ecolabel scheme – was very low; only two licenses and five products registered. Furthermore, Croatia in 2018 had no organisations registered in EMAS<sup>3</sup>.

There is limited Green Public Procurement funding/support, which results in limited funding for green/circular business models since firms may not be able to demonstrate convincingly that there is a market for their products in the absence of such procurement.

Nevertheless, Croatia presents one of the highest environmental taxes in the EU, accounted for 3.43% of GDP in 2017 and tax revenues were 9.08% on total revenue from taxes and social security contributions.

### 4. Socio-cultural context

Croatian society presents bid differences between urban and rural contexts, since the first concentrate most of the population, companies and public entities and the second one is mostly used for agriculture. However, and although these differences, studies have reported a high rate of environmental awareness across Croatian population, stating that around 70% of the adult population is conscious of the importance of nature protection and also in relation of personal and general responsibilities towards environmental protection. There is a segment of the population that it is willing and available to be educated and to be more environmentally conscious, since they are open to change habits and behaviors if needed. Nevertheless, there is

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<sup>3</sup> EMAS - European Commission's Eco-Management and Audit Scheme

still a small part of the Croatian society that is not available and presents negative perceptions and attitudes regarding the environment and the efforts need to be made in order to protect it.

In the end, Croatian society still needs to develop and reinforce its knowledge and awareness about environmental issues and, also, about their role and responsibility in this field.

## 5. Opportunities & Obstacles

	Opportunities	Obstacles
<i>General economic context and investment climate</i>	European Commission made available significant funding for Croatia's transition to a circular economy	Most of the funding is being used on the waste management sector  A major barrier to eco-innovation is the significant lack of investment in R&D
<i>General political context</i>	Most of the national policies aim to combine economic growth with the principles of sustainable development	Croatia doesn't have a formal policy, framework or plan focused on Circular Economy
<i>Policy and regulatory (both national and regional/local)</i>	Development of some circular economy actions focused in specific sectors	Energy efficiency and waste management as the main policies within a circular economy policy perspective  Need to strengthen institutional capacity
<i>Subsidies and fiscal benefits</i>	Significant number of national and European subsidies and funds directed to energy efficiency and renewable energies (e.g. the Environmental Protection and Energy Efficiency Fund)	Need to create more (financial/tax) incentives to manage waste correctly
<i>Public procurement</i>	There is a national action plan for green public procurement (2015-2017)  The national expert reported that there is an average level of SPP - between 5 and 10% of total expenditure  A substantial part of GPP is focus on the construction and transport sectors	A new national action plan for green public procurement (until 2020) is still under construction  Make data more accessible through services  Improve the conditions for data reuse  Need to prioritise environmental datasets in the implementation phase, particularly

<i>General knowledge and awareness about CE</i>	The Croatian Business Council for Sustainable Development and ECO-OZRA is one of leading organizations working to raise awareness about circular economy in the country	According to the national expert, lack of awareness and willingness to engage in circular economy principles by the general population
<i>Consumer demand (linked to previous point)</i>		
<i>Public-private partnerships</i>		Lack of public-private cooperation is a core weakness of the innovation system
<i>Support programs or platforms for green and circular businesses</i>	There are programs, initiatives and platforms for circular efforts in which Croatian initiatives participate (e.g. Circular Industry Platform)	Dependency on European funding schemes  There are no programmes or initiatives, solely from national funds or driven by Croatian organizations
<i>Professional training and education on CE / Skilled labour</i>	Circular economy got a lot of attention from the academic community	There seems to be no formal training or education activities or programs about circular economy
<i>Specific economic sectors</i>	Significant investments and efforts made in the sustainability of marine and freshwater resources  Creation of the Croatian Sustainable Tourism Observatory	According to the national expert, there is a lack of quality solutions and examples of good practices on circular and green sectors
<i>Other socio-cultural factors (incl. gender issues)</i>		
<i>Other commercial or legal challenges</i>	Credit lines and loans financed by the Natural Capital Financing Facility (NCFF) and promoted by the Croatian Bank of Reconstruction and Development (HBOR)	Need to create more enforcement capacity
<i>Available technologies and infrastructure</i>	Major investments on construction of waste management infrastructures, waste prevention and recycling facilities	Municipalities struggle to achieve recycling and waste management targets set by the E. U

## 6. Appendix: bibliography

The following table compiles policies, programmes and strategies that aim to promote green and circular economy in Croatia:

Document	Year	Source
Waste management and circular economy efforts in Croatia	2018	<a href="https://www.rvo.nl/sites/default/files/2018/07/circular-economy-and-waste-management-in-croatia.pdf">https://www.rvo.nl/sites/default/files/2018/07/circular-economy-and-waste-management-in-croatia.pdf</a>
Voluntary National Review of the UN 2030 Agenda for Sustainable Development Implementation	2019	<a href="https://sustainabledevelopment.un.org/content/documents/dsd/dsd_aofw_ni/ni_pdfs/NationalReports/croatia/full_text.pdf">https://sustainabledevelopment.un.org/content/documents/dsd/dsd_aofw_ni/ni_pdfs/NationalReports/croatia/full_text.pdf</a>
HBOR - Natural Capital Financing Facility	-	<a href="https://www.hbor.hr/en/natural-capital-financing-facility-ncff/">https://www.hbor.hr/en/natural-capital-financing-facility-ncff/</a>
Environmental Protection and Energy Efficiency Fund	-	<a href="https://www.fzoeu.hr/en/home/">https://www.fzoeu.hr/en/home/</a>

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