Avosetta Meeting

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"Instruments of Climate Mitigation and Energy Transition"

Report on Croatia

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1. Political Situation

Is EU climate (and energy transition) policy generally supported or viewed critically in the respective national political context? How has national climate (and energy transition) policy developed in recent years? What are the prospects for future political developments? What are the key climate (and energy transition) policy controversies in the national political debate? What has been the role of the Courts in your national context?

In Croatia, EU climate and energy transition policies are nominally supported at the institutional and legislative levels, as the national framework is oriented toward transposing EU directives and meeting international obligations. Public opinion also aligns with this support: 81% of residents consider climate change a serious problem, and 83% believe the cost of damages from climate change far outweighs the investment needed for a green transition.[2] However, there is significant criticism regarding government action, with 85% of citizens feeling that the Croatian government is not doing enough to combat the crisis.

Legislative Framework: The primary legal act is the Act on Climate Change and Ozone Layer Protection (Climate Change Act), adopted in 2025, which replaced the previous law of the same name adopted in 2019. This law provides the national framework for reducing greenhouse gas emissions and strengthening climate resilience.

Strategic Planning: The country adopted two fundamental long-term documents: the Low-Carbon Development Strategy looking toward 2050 (adopted in 2021)[3] and the Climate Change Adaptation Strategy (adopted in April 2020)[4]

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[2] https://climate.ec.europa.eu/document/download/e0343fe3-58d7-44de-ade7-4d94be98b162_en?filename=hr_climate_2023_en.pdf&prefLang=hr

[3] https://mingo.gov.hr/UserDocsImages/klimatske_aktivnosti/odrzivi_razvoj/NUS/lts_nus_eng.pdf

[4] https://mingo.gov.hr/UserDocsImages/KLIMA/Climate%20change%20adaptation%20strategy.pdf

Institutional reorganization: In May 2024, the government reorganized its administration to create the Ministry of Environmental Protection and Green Transition, moving climate duties away from the Ministry of Economy to provide a more focused approach to the "green transition". However, responsibility for the energy sector lies within the competence of the Ministry of Economy.

On 26 March 2025, the Government of the Republic of Croatia adopted the revised Integrated National Energy and Climate Plan of the Republic of Croatia for the period from 2021 to 2030 (NECP).[5] The plan was prepared by the Ministry of Economy.

The Action Plan for the implementation of the Climate Change Adaptation Strategy was never adopted. Although the Climate Change Act mandated that the plan be adopted within 18 months of the law's entry into force (specifically by the end of June 2021), this deadline was missed. The Action Plan has still not been adopted, and under the new law the deadline for its adoption has been extended until 16 October 2028, i.e. three and a half years from the date the new Climate Change Act entered into force.

The performance audit report titled "Climate Change Adaptation in the Republic of Croatia" was published by the State Audit Office (SAO) in February 2025.[6] The audit focused on the activities of the Ministry of Environmental Protection and Green Transition. The State Audit Office rated the Ministry's activities as "partially effective," identifying several critical systemic failures:

- Failure to Adopt the Action Plan
- Staffing Shortages: There is an insufficient number of qualified personnel dedicated to climate change adaptation tasks within the Ministry
- Missing Coordination Bodies: The Commission for Intersectoral Coordination, intended to integrate climate policy across various sectors, was not established within the legal deadline
- Lack of Vertical Coordination: No official procedures or mechanisms exist to ensure effective cooperation between national, regional, and local levels of government
- Neglect of Vulnerable Groups: Most vulnerable social groups were not identified or included in the decision-making process, nor were specific measures developed to protect them from climate risks
- Inadequate Monitoring: There is no systematic collection of data on implemented adaptation activities, nor is there a system of indicators to measure the actual effects of these measures
- Delays in International Reporting: Croatia was significantly late in submitting mandatory national reports to the UNFCCC Secretariat, delivering them in May 2024 instead of the December 2022 deadline.[7]

[5] NECP 2025, https://mzozt.gov.hr/UserDocsImages//KLIMA//NECP_Update%20_CRO_EN_FINAL.pdf
[6] State Audit Office, https://www.revizija.hr/UserDocsImages/Dokumenti/Final%20Report%20PA%20Climate%20Change%20Adaptation.pdf
[7] Ibid.

The focus of future developments in Croatia:

- Institutional Strengthening: There are plans to establish a National Center for Climate Change Adaptation. This center is intended to serve as a central point for research, coordinating monitoring, and reporting on adaptation progress
- Social and Mobility Planning: Croatia submitted its Social Plan for Climate Policy to the European Commission.[8] This plan is a prerequisite for accessing over €1.6 billion from the EU Social Climate Fund (2026 – 2032).
- Renewable Energy Acceleration: The updated NECP targets a renewable energy share of 42.5% in gross final consumption by 2030. However, various sources indicate that Croatia is currently off track to meet the majority of its 2030 renewable energy targets, primarily due to slow administrative procedures, limitations in the power grid, and a lack of qualified workforce.

Despite broad institutional support for EU policies, several major controversies dominate the national political debate:

- Continued Fossil Fuel Exploration: A central point of tension is the government's continued promotion of new oil and gas exploration for the sake of energy security.[9] Experts and climate initiatives criticize this as a "missed opportunity" to redirect funds toward renewables and warn that these investments risk becoming "stranded assets" as the EU transitions toward net-zero.[10]
- Public Dissatisfaction and Trust: Some large-scale renewable investments have been met with skepticism[11] and characterized as being covered in "PR and AI fog" rather than clear and transparent planning
- Bureaucracy vs. Energy Communities: While citizens show high interest in establishing energy communities, they report being effectively blocked by state bureaucracy and complex regulatory requirements.[12]
- Subsidies and Market Distortion: There is a growing debate over the phasing out of fossil fuel subsidies, such as the energy price caps and reduced VAT for gas introduced in response to the energy crisis.[13]

Courts in Croatia have so far not played any significant role in the context of climate change adaptation and mitigation.

2. Overall Climate Policy Targets

[8] https://employment-social-affairs.ec.europa.eu/policies-and-activities/funding/social-climate-fund/social-climate-fund-national-plans_en

[9] https://unfccc.int/sites/default/files/resource/1_BTR_CROATIA.pdf, p. 78.

[10] OECD, https://www.oecd.org/content/dam/oecd/en/publications/reports/2026/01/oecd-economic-surveys-croatia-2026_2b5c8f99/b52e3ac0-en.pdf, p. 67.

[11] See, for instance: The Pantheon AI campus in Topusko, https://therecursive.com/pantheon-ai-croatia-data-center-e50bn-dream-or-digital-mirage/ (in English), https://klimatski.hr/2026/04/30/najveca-investicija-u-povijesti-hrvatske-pr-ovska-ai-magla-oko-gigantske-solarne-elektrane/ (in Croatian)

[12] https://terrahub.eu/wp-content/uploads/2026/04/ZAJEDNO-ZA-PUNI-POGON_2.pdf (in Croatian)

[13] OECD (note 9), p. 70.

Are the EU's overall climate targets (2035/2040/2050) considered adequate / too ambitious / insufficient in national politics? Has the Member State set more ambitious national climate targets ("gold plating")? If so, what additional national targets are being pursued?

In Croatia, EU climate targets are generally supported at both the institutional and public levels, although they are often perceived as a significant challenge given the current pace of implementation. While the government has aligned national legislation with EU objectives, including the legally binding target of climate neutrality by 2050, expert and public assessments suggest that existing measures remain insufficient to meet the 2030 milestones.

The 2025 Climate Change Act transposes the EU objective of achieving net-zero emissions by 2050 into national law, with the aim of strengthening long-term policy stability and enforceability.

Croatia generally follows EU requirements rather than exceeding them, and a number of national and sector-specific targets have been established:

- 2030 Greenhouse Gas Reductions: Under the updated NECP, Croatia has increased its target for sectors outside the Emissions Trading System (non-ETS) to a 16.7% reduction compared to 2005 levels (up from 7%).
- Renewable Energy: Croatia aims to reach a 42.5% share of renewable energy in gross final energy consumption by 2030.
- Energy Efficiency: A target of a 32.5% improvement in energy efficiency has been set for 2030.
- LULUCF (Carbon Sinks): Croatia has a binding target to achieve net removals of -5,527 kt CO_2-eq in the land use and forestry sector by 2030.
- Coal Phase-out: The government plans to phase out coal in electricity generation by 2032.
- Building Renovation: The national strategy sets a highly ambitious goal to increase the annual building renovation rate from 0.7% to 3% by 2030, rising further to 4% by 2050.
- Marine Protection: As a maritime country, Croatia aims to place 30% of the Adriatic Sea under some form of protection within its national jurisdiction.
- Waste Management: The national plan aims to reduce food waste by 30% by 2028.
- Transport Electrification: To achieve climate neutrality by 2050, projections indicate that two-thirds of new passenger car registrations should be electric by 2030, rising to 100% by 2035.
- Energy Security: Croatia plans to increase domestic oil and gas production from 23% to 30% of final consumption by 2030, a target that has been widely regarded as controversial.

3. Emission Trading System I (Industry)

Is ETS I considered appropriate? If not, what reforms are viewed as priorities from the national perspective?

In Croatia, ETS I is accepted in principle, having been integrated into the national legal and administrative framework since the country's EU accession in 2013. However, national institutions and the business sector increasingly view it as a system that requires mitigation, particularly due to its impact on electricity prices and industrial competitiveness. On 18 March 2026, the Prime Minister of Croatia joined nine other EU leaders in calling for a revision of the EU Emissions Trading System (ETS), including a possible extension of free emission allowances beyond 2034 and measures to mitigate its impact on energy prices and industrial competitiveness.[14]

4. Emission Trading System II (Buildings and Road Transport)

What share of national total energy consumption is attributable to buildings and road transport? Is the postponement of ETS II to 2028 viewed positively? Are buildings and road transport already part of a national regulatory regime that anticipates elements of ETS II? How are the prospects for decarbonizing the national building and transport sectors assessed?

Buildings and road transport represent the largest portion of Croatia's final energy consumption:

- Buildings: This sector (residential and services) is responsible for 43.2% of total final energy consumption.[15] The residential sector alone accounts for approximately 35% of total energy use.
- Road Transport: In 2023, in the breakdown of final energy consumption in Croatia, transport accounted for 35.9%, industry 17%, and other sectors 47.1%.[16] Road transport is responsible for approximately 28.95% of Croatia's total greenhouse gas (GHG) emissions.

While the sources do not explicitly state a "positive" or "negative" political consensus, the postponement of ETS II to 2028 may be generally viewed as positive in Croatia from a short-term affordability and preparedness perspective, because it gives households, firms, and the state more time to adjust. Croatian business commentary explicitly notes that the delay would reduce pressure on energy prices and provide an extra year for preparation. The focus of Croatian policy is currently on mitigating the price shocks expected from ETS II. Projections suggest that carbon prices of €50 – €60/tCO2 would significantly increase heating and transport costs for vulnerable households.

National Regulatory Regime and Anticipation of ETS II: Croatia has already integrated the legal foundations for ETS2 into its national framework. The Climate Change Act already includes "Appendix II," which explicitly lists activities in the buildings and road transport sectors as part of the new EU system.

The prospects for decarbonizing these sectors are assessed as highly challenging and currently "off-track":

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[14] https://www.reuters.com/sustainability/boards-policy-regulation/polands-tusk-presses-eu-keep-giving-industry-free-carbon-permits-2026-03-18/

[15] Annual Energy Report 2023, https://eihp.hr/wp-content/uploads/2025/01/Energija-u-HR-2023_WEB.pdf, p. 191.

[16] https://www.eea.europa.eu/en/europe-environment-2025/countries/croatia/final-energy-consumption

1. Road Transport

- Emissions Growth: Transport is the only major sector where emissions are significantly above 1990 levels (+217%)
- Fleet Challenges: Croatia has the lowest electric vehicle (EV) adoption rate in the EU (under 1% of the total fleet). The fleet is aging (average 13.4 years), and 70% of new registrations are second-hand imports.
- To meet 2050 goals, transport emissions must fall by 90%, which is currently assessed as one of the country's biggest challenges

2. Buildings

- Efficiency Issues: Over 65% of buildings were constructed before 1987 and are energy-inefficient (classes E–G)
- Renovation Rate: The government aims to increase the renovation rate from 0.7% to 3% annually by 2030. However, achieving this requires an estimated €9.45 billion investment by 2030.[17]
- Labor Shortage: Decarbonization is further hindered by a shortage of approximately 30,000 qualified workers needed for green construction.[18]

5. Double regulation?

Is there a discussion about the topic of 'double' regulation: e.g. energy efficiency in ETS installations / build environment, National taxes on/pricing of CO2 emissions, Emission Limit Values in environmental permits?

In Croatia, the discussion regarding "double regulation" is explicitly addressed in national legislation and strategic documents, primarily through the lens of avoiding a "double financial burden" for industrial operators and ensuring the competitiveness of the domestic economy:

- Croatian law mandates that installations already covered by the EU ETS are exempted from the national CO2 emission fee.
- Non-ETS Sources: The national fee, currently set at approximately €1.49/tCO2, applies only to stationary sources that emit more than 450 tonnes per year and are not part of the EU ETS.[19]

Energy Efficiency and RES Fees in ETS Installations – Reduced RES Fees: To support the competitiveness of industrial sectors participating in the ETS, Croatia allows these entities to

[17] https://www.oecd.org/en/publications/oecd-economic-surveys-croatia-2026_b52e3ac0-en/full-report/towards-a-climate-resilient-net-zero-economy_5593948a.html
[18] World Bank, Croatia – Country Climate and Development Report, p. 32, https://www.worldbank.org/en/country/croatia/publication/croatia-country-climate-and-development-report.
[19] See NECP 2025 (note 4), CO2 emission tax for the non-ETS stationary sources, pp. 26 and 198.

pay a lower fee for renewable energy sources and high-efficiency cogeneration compared to regular electricity customers.[20]

6. Effort Sharing

Is the Member State "on track" to meet its national reduction targets under the Effort Sharing Regulation 2018/842? Is failure / compliance / over-achievement of the EU requirements expected? What are the main challenges or success factors influencing compliance or non-compliance with the EU requirements? Does the state intend to sell its own emission credits or to purchase such credits from other Member States?

Croatia is currently not on track to meet its national greenhouse gas reduction targets under the Effort Sharing Regulation (ESR) 2018/842. While the country has successfully decoupled emissions from economic growth, absolute emission reductions in the sectors covered by the ESR have largely stagnated or even increased in recent years.

Croatia must reduce emissions in non-ETS (ESR) sectors by 16.7% by 2030 compared to 2005 levels. Data indicates that Croatia has already recorded excess ESR emissions in the years 2022–2025 relative to its Annual Emission Allocations. With "Existing Measures", emissions are projected to decline by only 8%, falling significantly short of the target.[21]

Key Challenges:

- Transport is the largest source of emissions.
- Croatia's GHG intensity of GDP is 396 gCO2-eq/EUR, which is nearly double the EU average of 215 gCO2-eq/EUR.[22]
- While forests provide sinks, latest projections point to a gap of 1.22 MtCO2-eq to meet the binding 2030 LULUCF target.[23]

Under the current "Existing Measures" scenario, Croatia will likely be required to purchase Annual Emission Allocations units from other Member States to settle its excess emissions. Cumulative costs for purchasing these allocations between 2021 and 2030 are estimated at €0.8 to €1.4 billion.[24]

7. Renewable Energy

What progress has been made in the transition towards a national energy supply based on renewable energy? What is the current energy mix, and what are the projections up to 2050? What differences exist in the transformation of the electricity market versus the broader energy market (including non-electric heating, transport and other energy use)? What are the major national regulatory instruments to support the transition to renewables? What major obstacles

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[20] Ibid.

[21] Climate Action Progress Report 2025, https://climate.ec.europa.eu/document/download/abe5d0a0-e39b-4024-a6c2-75b5c59c9935_en?filename=hr_2025_factsheet_en.pdf, p. 10.

[22] Ibid., p. 5.

[23] Ibid., p. 4.

[24] World Bank, Croatia – Country Climate and Development Report (note 17), p. 53.

hinder a faster transition to renewable energy at the national level? Are adjustments to the EU's regulatory framework considered necessary? If so, which ones?

Croatia has made notable progress in its renewable energy transition, particularly in the electricity sector, but faces significant challenges in decarbonizing the broader energy market, specifically transport and heating.

Progress and Current Energy Mix

- Renewable Share: As of 2024, 73.7% of domestic electricity production came from renewables, primarily driven by large hydropower plants.[25] The overall share of renewable energy sources (RES) in gross final energy consumption was estimated at 28.1% in 2023, a slight decrease from 2022 due to weather-driven fluctuations in hydro output.[26]
- Installed Capacity: By the end of 2024, the renewable fleet reached approximately 3.8 GW, consisting of 1.93 GW hydro, 0.99 GW wind, and 0.88 GW solar. Solar capacity saw a 40% rise in 2024, passing the 1 GW milestone in April 2025.[27]
- Fossil Fuel Dependency: Despite RES growth, fossil fuels still constitute 71% of Croatia's primary energy supply. The country remains heavily dependent on imports, sourcing 100% of its coal, 80% of its oil, and 40% of its gas from abroad.[28]

Projections up to 2050

- The updated NECP targets a 42.5% share of RES in gross final energy consumption by 2030.
- To achieve climate neutrality, electricity generation must more than double by 2050 to displace oil and gas in heating and transport. Wind and solar capacity would need to increase 14-fold, requiring the addition of over 850 MW annually.[29]
- Coal and Nuclear: The Plomin coal power plant is scheduled for closure by the end of 2032. The Krško nuclear plant (jointly owned with Slovenia) has had its lifetime extended to 2043, and the government is investigating the addition of small modular reactors (SMRs) to increase nuclear's share to 30% by 2040.[30]

Electricity vs. Broader Energy Market

- Electricity is the leader in the transition, with high existing RES shares.

[25] Eurostat, https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20250319-1

[26] European Environment Agency, https://www.eea.europa.eu/en/europe-environment-2025/countries/croatia/renewable-energy-sources

[27] Clean Energy Wire CLEW, https://www.cleanenergywire.org/factsheets/clew-guide-croatia-caught-between-lng-ambitions-and-abundant-untapped-renewable-energy-potential

[28] Ibid.; World Bank, Croatia – Country Climate and Development Report (note 17), p. 22.

[29] World Bank, Croatia – Country Climate and Development Report (note 17), p. 26.

[30] Clean Energy Wire CLEW (note 26).

- Transport is the most difficult sector to decarbonize, with emissions 217% higher than 1990 levels. Electric vehicle adoption is among the lowest in the EU, and the fleet is aging.
- Heating and Buildings: Over 65% of buildings are energy-inefficient. Biomass is a significant part of Croatia's energy system, accounting for 38.9% of total primary energy production in 2023.[31] While biomass provides a significant share of heating, the transition relies on tripling the renovation rate to 3% annually and deploying 136,000 heat pumps by 2030.[32]

Major National Regulatory Instruments

- Act on Climate Change and Ozone Layer Protection, Official Gazette no. 67/25
- Act on RES and High-Efficiency Cogeneration, Official Gazette no. 138/21, 83/23, 78/25
- Integrated National Energy and Climate Plan (NECP), 2025 update

Major Obstacles to a Faster Transition

- Slow Permitting: Procedures for wind and solar projects are among the slowest in Europe, taking up to 10 years and adding 35% to project costs.[33]
- Grid Limitations: The aging power grid was not designed for variable renewables; almost 50% of transmission lines have exceeded their technical lifespan.[34]
- A lack of institutional coordination and insufficient administrative capacity at local levels hinders the implementation of strategic goals.

From the national perspective, Croatia emphasizes that EU targets should account for the lower GDP of member states, allowing for lower national targets compared to wealthier peers while maintaining a common EU goal.[35] Croatia views the EU's role as providing a "smarter, faster, and more systemic" framework and funding to enable local action.

8. Land Use

How exactly are emissions from the land-use sector recorded nationally? What trends can be derived from this data? What strategies are being pursued at the national level to strengthen the land-use sector's contribution to emission reductions and to comply with the LULUCF-Regulation 2018/841?

In Croatia, emissions and removals from the land-use, land-use change, and forestry (LULUCF) sector are recorded through a national inventory system managed by the Ministry of Environmental Protection and Green Transition. This system utilizes the IPCC 2006 methodology to calculate greenhouse gas (GHG) flows across six land categories: forest land,

[31] https://ccpi.org/country/hrv/
[32] World Bank, Croatia – Country Climate and Development Report (note 17), p. 33.
[33] Ibid., p. 26.
[34] See NECP 2025 (note 4), pp. 103-104.
[35] Low-Carbon Development Strategy of the Republic of Croatia until 2030 with a view to 2050, p. 83.

cropland, grassland, wetlands, settlements, and other land.[36] To improve recording precision, Croatia is implementing the LIFE CROLIS project, which is establishing a unique, spatially explicit National Information System for Land using satellite data from the Copernicus program to track land-use changes since 1970.[37]

Data trends indicate that while the LULUCF sector has historically been a significant net sink for Croatia, its carbon removal capacity has been on a declining trend since 2005. In 2023, the carbon sink capacity was reported to be 13% lower than in 1990 levels.[38] This decline is primarily attributed to climate-related stressors, such as more frequent droughts, heatwaves, and wildfires, alongside the increased logging. Major extreme weather events, such as the 2023 windthrow that damaged 2.7 million m³ of wood, have further weakened natural regeneration and sequestration potential.[39]

To comply with EU Regulation 2018/841 and its subsequent amendments, Croatia has set a binding national target to achieve net removals of -5,527 kt CO2-eq by 2030. The national strategy to strengthen the sector includes the following key measures:[40]

- LUF-1: Upgrading the land information system to ensure transparent and accurate reporting
- LUF-2 & LUF-3: Enhancing carbon accumulation in existing forests through sustainable management and active afforestation of non-forest productive land and burned areas
- LUF-4: Promoting the production and long-term use of wood products, which act as a physical carbon store and replace high-emission materials like plastic and concrete
- LUF-5 & LUF-6: Implementing "Carbon Farming" practices in agriculture, such as reduced tillage, intensified crop rotation with legumes, and agroforestry to increase organic carbon in soils
- LUF-8: Developing a scenario "With Additional Measures", as current projections suggest that existing policies will fall short of the 2030 target.

Furthermore, Croatia aims to develop a national land management strategy by 2027.

9. Special National Strategies, Programmes, and Ideas

What special strategies, regulatory programmes, and ideas—beyond those already mentioned—are being pursued nationally for climate mitigation? How do these national concepts and legal instruments relate to EU climate policy? Does a programme for carbon capture and storage exist?

[36] NECP 2025 (note 4), p. 162.
[37] Ibid., p. 165. See also: https://www.lifecrolis.hr/en/
[38] Clean Energy Wire CLEW (note 26).
[39] World Bank, Croatia – Country Climate and Development Report (note 17), p. 39.
[40] NECP 2025 (note 4), pp. 37–40.

- The Croatian Strategy for Hydrogen until 2050[41] (adopted in 2022) aims to use green hydrogen for industrial decarbonization and heavy transport.
- Croatian government has joined the Net-Zero Government Initiative (NZGI), pledging to achieve net-zero emissions from public administration processes by 2050.
- Financing Mechanisms: Croatian mitigation projects rely heavily on EU funds.
- A dedicated program for Carbon Capture and Storage (CCS) exists under Measure MS-5 ("Development and implementation of CO2 collection, transport and storage projects")[42]
- Current Projects: CO2 is already being injected into geological structures at the Ivanić and Žutica North oil fields as a tertiary method for increasing oil extraction, with a capacity of 1.2 million m^3/day[43]
- National Feasibility Study: The government is preparing a study to assess the total national storage capacity, estimated at 144 million tons in depleted oil/gas reservoirs and 2.6 billion tons in deep saline aquifers, particularly in northern and central Croatia[44]
- Legislative Basis: CCS activities are governed by the Act on Exploration and Exploitation of Hydrocarbons, which provides the legal framework for geological storage.

10. Social and Regional Compensation Mechanisms

Are there national mechanisms to provide social or regional compensation for the burdens arising from climate protection measures? Is any form of "climate dividend" or "climate payment" being issued?

The primary mechanism for addressing the social impacts of climate protection is the Social Plan for Climate Policy (2026–2032) (SPCP), which is designed to mitigate the effects of the new EU ETS2.[45]

The State provides financial support for energy-poor households through vouchers for vulnerable energy buyers. These vouchers help cover the costs of electricity and gas.[46] Additionally, the SPCP allocates 39% of its funds to the building sector, including co-financing for energy renovations of family houses for the most vulnerable citizens

To address rising fuel costs, the SPCP focuses on "mobility poverty" by investing in subsidized zero-emission vehicles for vulnerable micro-enterprises and improving public transport in underserved areas. It also introduces "Demand Responsive Transport" – a flexible, digital transport service for isolated communities, particularly the elderly and disabled. To compensate

41 https://mingo.gov.hr/UserDocsImages/UPRAVA%20ZA%20ENERGETIKU/Croatian%20Hydrogen%20Strategy%20ENG%20FIN%2022%208.pdf

42 NECP 2025 (note 4), p. 77.

43 Ibid.

44 Ibid.

45 Submitted; currently in European Commission assessment phase.

46 NECP 2025 (note 4), pp. 61–62.

for labor market shifts, the state offers vouchers for adult education in "green and digital" skills, helping workers transition from polluting industries to the green economy.[47]

Compensation for regional disparities is managed through targeted funds and geographical criteria in national programs:

- Just Transition Fund (JTF) is the key mechanism for regions most affected by industrial decarbonization, specifically Istria County (due to coal phase-out) and Sisak-Moslavina County (due to heavy, energy-intensive industry). Over €185 million is allocated to these regions to mitigate job losses and environmental impacts.[48]
- Assisted Areas and Areas of Special State Concern: Many climate programs, such as the renovation of social housing, are prioritized for regions with a low Development Index or those still recovering from war damage and recent earthquakes (e.g., Petrinja).

The Climate Change Act explicitly lists the "financing of national programs for climate dividends with a proven positive impact on the environment" as a permissible use of funds obtained from the sale of emission allowances through auctions in the EU ETS for stationary installations, aviation, and maritime transport from the Republic of Croatia's volume, which the Government of the Republic of Croatia utilizes through the Environmental Protection and Energy Efficiency Fund to finance climate change mitigation and adaptation measures. Although the Act allows for the payment of climate dividends, international reports (such as from the OECD) note that, in practice, priority has so far been given to targeted support, such as vouchers for vulnerable energy buyers and grants for the energy renovation of houses.

11. Adaptation

Are there national programmes for climate adaptation? How can these be briefly described? Should the EU, from a national perspective, develop climate adaptation programmes, or should this remain the responsibility of the Member States?

In Croatia, the primary framework for climate adaptation is the Climate Change Adaptation Strategy until 2040 with a view to 2070, which was adopted by the Croatian Parliament in April 2020. Under the Climate Change Act, the Strategy must be implemented through five-year Action Plans. However, the Action Plan, which was legally required to be passed by June 2021, was never adopted.

The monitoring of the implementation of adaptation measures and the achievement of adaptation goals has never been established or carried out. The audit report explicitly found that no system for systematic and continuous collection of data on implemented adaptation activities exists. Consequently, the overall results and effects of implemented activities are not tracked, and because a monitoring and evaluation system for the implementation of the Adaptation Strategy has not been set up, both the public and decision-makers remain uninformed about the actual progress or achievement of these measures. Furthermore, the Ministry does not possess an analysis or complete information regarding which specific adaptation measures from the Strategy are even being implemented.[49]

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[47] Ibid., p. 333.
[48] Ibid., p. 334.
[49] State Audit Office (note 5), p. 80.

The Climate Change Act also requires that all counties, the City of Zagreb, and "large cities" adopt their own programs for climate change adaptation and mitigation. However, the State Audit highlights a significant lack of implementation:

- Out of 20 counties, only 4 have created the required program.
- Out of 16 large cities (with more than 35,000 inhabitants), only 3 have adopted the program.
- On a voluntary level, more cities and municipalities participate in the "Covenant of Mayors" initiative; however, while 125 have undertaken adaptation obligations, only 28 cities and 9 municipalities have actually completed their Sustainable Energy and Climate Action Plans.[50]

The Audit identified the lack of a vertical coordination mechanism and insufficient human resources as the primary reasons for these low numbers.

From a national perspective, the EU is seen as playing a strong coordinating role, including requiring national adaptation programmes and supporting cross-border cooperation. It is also regarded as the main source of financial support and scientific data to facilitate national action.

12. New liability/compensation regime in the Air Quality Directive (2024/2881) and the amended IE Directive (2024/1784)

The new Air Quality Directive 2024/2881, art. 28. and the amended IE Directive (2024/1785) requires Member States to establish a liability/compensation regime regarding persons suffering damage to human health caused by violation of the EU-obligations under the two directives. The new EU-obligation should be seen in light of the CJEU-ruling in C-61/21 in which the CJEU rejected Member State liability for human health damage based on the (old) Air Quality Directive. The new obligations place Member States as the one who should pay compensation for the damage, but the legal implications of the new regimes are not entirely clear. How is the new obligation on liability/compensation in the new Air Quality Directive and the amended IE Directive intended to be implemented in your Member State?

There is currently very limited discussion in Croatian media and official governmental sources regarding the new EU obligation to introduce liability and compensation regimes for environmental health damage. According to the Croatian Government's Legislative Plan for 2026, both a new Environmental Protection Act and a new Air Protection Act are scheduled for adoption in the second quarter of 2026. However, no detailed information is currently available regarding their content, working groups, or specific legal solutions.

[50] Ibid., p. 36.