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**COMMISSION RECOMMENDATION**

**of 18.12.2023**

**on the draft updated integrated national energy and climate plan of Croatia covering the period 2021-2030**

**and on the consistency of Croatia's measures with the Union's climate-neutrality objective**

**and with ensuring progress on adaptation**

{SWD(2023) 915 final}

(Only the Croatian text is authentic)

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**on the draft updated integrated national energy and climate plan of Croatia covering the period 2021-2030**

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 292 thereof,

Having regard to Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council<sup>1</sup>, and in particular Article 9(2) and Article 14(6), thereof,

Having regard to Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999<sup>2</sup>, and in particular Article 7(2) thereof,

Whereas:

*Recommendations on Croatia's draft updated integrated National Energy and Climate Plan (NECP) covering the period 2021-2030*

- (1) Croatia submitted its draft updated integrated national energy and climate plan on 4 July 2023.
- (2) Article 3 and Annex I to Regulation (EU) 2018/1999 ('the Governance Regulation') lay down the elements that are to be included in the updated integrated national energy and climate plans. In December 2022, the Commission adopted the Guidance to Member States on the process and the scope of preparing the draft and final updated national energy and climate plans<sup>3</sup>. The Guidance identified good practices and outlined the implications of recent policy, legal and geopolitical developments in energy and climate policies.

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<sup>1</sup> OJ L 328, 21.12.2018, p. 1

<sup>2</sup> OJ L 243, 9.7.2021, p. 1

<sup>3</sup> 2022/C 495/02

- (3) In connection with the REPowerEU plan<sup>4</sup>, and as part of the 2022 and 2023 European Semester cycles, the Commission has put a strong focus on Member States' energy and climate related reform and investment needs to strengthen energy security and affordability by accelerating the green and fair transition. This is reflected in the 2022 and 2023 Country Reports for Croatia<sup>5</sup> and the Council Recommendations to Croatia<sup>6</sup>. Member States should take into account the latest country-specific recommendations in their final updated integrated national energy and climate plans.
- (4) The Commission's recommendations with regard to the delivery of national targets under the Effort Sharing Regulation<sup>7</sup> (ESR) are based on the likelihood that the Member States will respect the 2030 targets, taking into account the rules for the use of flexibilities under the ESR.
- (5) The Commission's recommendations regarding Carbon Capture, Utilisation and Storage (CCUS) aim at having an overview of the intended deployment of these technologies at national level, including information about annual volumes of CO<sub>2</sub> planned to be captured by 2030, split by source of CO<sub>2</sub> captured coming from installations covered by Directive 2003/87/EC<sup>8</sup> or from other sources, such as biogenic sources or direct air capture; about planned CO<sub>2</sub> transport infrastructure; and about potential domestic CO<sub>2</sub> storage capacity and injection volumes of CO<sub>2</sub> planned to be available in 2030.
- (6) The Commission's recommendations regarding the performance under the Land Use, Land Use Change and Forestry Regulation ('LULUCF Regulation')<sup>9</sup> address the delivery by the Member State on the "no debit" rule for the period 2021-2025 (Period 1) and its national target for the period 2026-2030 (Period 2), taking into account the rules governing the use of flexibilities as set out in that Regulation. The Commission's recommendations also take into account that in Period 1 any excess in emissions under the LULUCF Regulation will automatically be transferred to the ESR.
- (7) For climate adaptation to properly support the achievement of energy and climate mitigation objectives, it is essential to identify the potential climate change hazards and analyse climate vulnerabilities and risks that may affect relevant areas, populations and sectors. The Commission's recommendations on adaptation consider the extent to which Croatia integrated in its updated NECP adaptation goals that account for climate risks, that could prevent Croatia from meeting the objectives and targets of the Energy Union. Without specific adaptation policies and measures, planned and implemented, the achievement of objectives in Energy Union dimensions is at risk. Water management in changing climatic conditions requires particular

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<sup>4</sup> COM (2022) 230 final

<sup>5</sup> SWD (2022) 613 final, SWD (2023) 611 final

<sup>6</sup> COM (2022) 613 final Recommendation for a Council Recommendation; COM (2023) 611 final, Recommendation for a Council Recommendation

<sup>7</sup> Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018, OJ L 156, 19.6.2018, p. 26. as amended by Regulation (EU) 2023/857 of 19 April 2023, OJ L 111, 26.4.2023, p. 1

<sup>8</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ 275, 25.10.2003, p. 32)

<sup>9</sup> Regulation (EU) 2018/841 of the European Parliament and of the Council of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework- and amending Regulation (EU) No 525/2013 and Decision No 529/2013/EU, OJ L 156, 19.6.2018, p. 1, as amended by Regulation (EU) 2023/839 of the European Parliament and of the Council of 19 April 2023 OJ, L328/1, 21.4.2023, p. 1

attention due to risks of electricity disruption as floods, heat and drought impact the energy production.

- (8) The Commission’s recommendations regarding renewable energy ambition are based on the formula set out in Annex II to Regulation (EU) 2018/1999, which is based on objective criteria, and on the main policies and measures missing in Croatia’s draft updated NECP to enable a timely and cost-effective achievement of Croatia’s national contribution to the Union’s binding renewable energy target of at least 42.5% in 2030, with the collective endeavour to increase it to 45% pursuant to Directive (EU) 2018/2001 as regards the promotion of energy from renewable sources as amended by Directive (EU) 2023/2413<sup>10</sup>. The Commission’s recommendations are also based on Croatia’s contribution to the specific targets of Articles 15a, 22a, 23, 24 and 25 of that Directive and the related policies and measures to rapidly transpose it and implement it. The recommendations reflect the importance of developing comprehensive long-term planning for the deployment of renewable energy, and in particular wind, to increase visibility for the European manufacturing industry and grid operators in line with the European Wind Power Package<sup>11</sup>.
- (9) The Commission’s recommendations regarding the national contribution to energy efficiency are based on Article 4 of the Directive (EU) 2023/1791 on energy efficiency<sup>12</sup>; and the formula of Annex I to that Directive and the related policies and measures to implement it.
- (10) The Commission’s recommendations pay particular attention to the targets, objectives and contributions and related policies and measures to deliver on the REPowerEU plan in order to rapidly phase out dependence from Russian fossil fuels. They take into account lessons learnt from the implementation of the Save gas for a Safe winter Package<sup>13</sup>. The recommendations reflect the imperative to make the energy system more resilient in light of the obligations stemming from Regulation (EU) 2019/941 on risk preparedness in the electricity sector<sup>14</sup> and Regulation (EU) 2017/1938 on the security of gas supply<sup>15</sup>, and in line with the Commission Recommendation on energy storage<sup>16</sup>.
- (11) The Commission’s recommendations take into account the need to accelerate the integration of the internal energy market to strengthen the role of flexibility and

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<sup>10</sup> Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82), as amended by Directive (EU) 2023/2413 of the European Parliament and of the Council of 18 October 2023 amending Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652, OJ L, 2023/2413, 31.10.2023

<sup>11</sup> Communication on European Wind Power Action Plan COM (2023) 669 final, 24.10.2023 and Communication on delivering EU offshore renewable energy ambition, COM (2023) 668 final

<sup>12</sup> Directive (EU) 2023/1791 of the European Parliament and of the Council of 13 September 2023 on energy efficiency and amending Regulation (EU) 2023/955 (recast), OJ L 231, 20.9.2023, p. 1

<sup>13</sup> Communication from the Commission to the European Parliament, the Council, the European economic and social committee, “Save gas for a safe winter”, COM/2022/360 final

<sup>14</sup> Regulation (EU) 2019/941 of the European Parliament and of the Council of 5 June 2019 on risk preparedness in the electricity sector and repealing Directive 2005/89/EC OJ L158/1

<sup>15</sup> Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) n°994/2010, OJ L 280

<sup>16</sup> Commission Recommendation of 14 March 2023 on Energy Storage – Underpinning a decarbonised and secure EU Energy system, C/2023/1729, OJ C 103 20.3.2023 p1

empower and protect consumers. The Commission's recommendations also consider the importance of assessing the number of households in energy poverty in line with the requirements of Article 3 of Regulation (EU) 2018/1999, and the Commission Recommendation (EU) 2023/2407<sup>17</sup>.

- (12) The Commission's recommendations reflect the importance of ensuring sufficient investments in clean energy research and innovation to boost their development and manufacturing capacities, including appropriate policies and measures for energy intensive industries and other businesses; and the need to upskill workforce for a net-zero industry in order to consolidate a strong, competitive and clean economy within the Union.
- (13) The Commission's recommendations build on the commitments taken under the Paris Agreement to phase down the use of fossil fuels, as well as on the importance of phasing out fossil fuel subsidies.
- (14) The Commission's recommendation on investment needs follows its assessment of whether the draft updated plan provides a general overview of investment needs to achieve the objectives, targets and contributions for all dimensions of the Energy Union; indicates the sources of financing, distinguishing private and public sources; and outlines investments consistent with Croatia's Recovery and Resilience Plan, Croatia's Territorial Just Transition Plan and the 2022-2023 country-specific recommendations issued under the European Semester; and includes a robust macro-economic assessment of planned policies and measures. The NECP should ensure the transparency and predictability of national policies and measures to support investment certainty.
- (15) The Commission's recommendations reflect the crucial importance of a wide regional consultation, and of ensuring early and inclusive consultation on the plan, including effective public participation with sufficient information and timeframe, in line with the Aarhus Convention<sup>18</sup>.
- (16) The Commission's recommendations on just transition reflect the assessment of whether the Croatia's plan identifies in sufficient depth the relevant social, employment and skills impacts of the climate and energy transition and outlines adequate accompanying policies and measures to promote a just transition, while contributing to the promotion of both human rights and gender equality.
- (17) The Commission's recommendations to Croatia are underpinned by the assessment of its draft updated NECP<sup>19</sup>, which is published alongside this Recommendation.
- (18) Croatia should take due account of the present recommendations when developing its final updated integrated NECP to be submitted by 30 June 2024.

*Recommendations on the consistency with the Union's climate-neutrality objective and with ensuring progress on adaptation*

- (19) Pursuant to Regulation (EU) 2021/1119 (the European Climate Law), the Commission is required to assess the consistency of national measures with the climate-neutrality

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<sup>17</sup> Commission Recommendation (EU) 2023/2407 of 20 October 2023 on energy poverty, C:2023/4080, OJL 2023/2407, 23.10.2023

<sup>18</sup> Convention on access to information, Public Participation in Decision-making and Access to Justice in Environmental Matters of 25 June 1998 (the 'Aarhus convention')

<sup>19</sup> SWD(2023) 915

objective and with ensuring progress on adaptation. The Commission assessed the consistency of Croatia's measures with these objectives<sup>20</sup>. The below recommendations are based on that assessment. Croatia should take due account of the present recommendations and follow up on them in accordance with the European Climate Law.

- (20) While the Union's net greenhouse gas emissions (including from land use, land use change and forestry (LULUCF) and excluding international transport) show a steady downward trend overall, broadly in line with the linear trajectory achieving the Union's 2030 climate target of -55% and the Union's 2050 climate-neutrality objective, the pace of emission reduction needs to accelerate and action by Member States is essential. Progress across Member States has been mixed with several sectoral challenges and weaknesses that need to be remedied without further delay. The assessment, based on the available information, shows that progress towards the Union's climate-neutrality objective appears largely insufficient for Croatia. Reliable long-term strategies are the cornerstone for achieving the economic transformation needed to move towards the Union's climate-neutrality objective.
- (21) To ensure effectiveness of climate adaptation strategies and plans, it is essential to properly establish what potential climate change hazards may affect a certain area or sector. Effective adaptation at the necessary scale and across all exposed sectors requires a clearly mandated governance and coordination structure with high-level political support. This structure may include an interdepartmental taskforce or committee. Adaptation policies should focus on areas or sectors particularly vulnerable to climate change, or whose activities are key to the resilience of other sectors, or which have significant importance to the national economy or public health. Priority response is required on impacts and risks that are expected to affect critical infrastructure or systems with long life span, or are expected to affect systems irreversibly, taking into account interaction with socio-economic development or other non-climatic drivers. Monitoring and evaluation of adaptation efforts is necessary for maintaining accountability and improving adaptation policy. Various EU funding instruments can be mobilised to fund adaptation. Climate resilience considerations should be put in the forefront when Member States design their national plans under the relevant EU funds. None of the spending should do harm to adaptation: that is, increase vulnerabilities either for the beneficiaries or for others.
- (22) The most vulnerable communities are those with elevated likelihood of being impacted by climate change. Unequal exposure and vulnerability to climate impacts of different regions and socio-economic groups worsens pre-existing inequalities and vulnerabilities. Just resilience should reduce the unequal burden of climate risk and ensure equity in the distribution of the benefits of adaptation. The systemic ability to adjust to climate change is a key feature to avoid or moderate potential damage, to take advantage of opportunities, and to cope with the consequences. Physical impacts of climate change are evolving at a faster pace than expected. Progress in adaptive capacity is needed at all levels of the government, and in the public and private sectors, and requires increased awareness on vulnerabilities and risks. Private stakeholders are agents of change by providing information, resources, capacities, and funding. Even when a climate-related hazard affects only the territory of one EU

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<sup>20</sup> EU Climate Action Progress Report 2023, COM(2023) 653 final, and Commission Staff Working Document Assessment of progress on climate adaptation in the individual Member States according to the European Climate Law, SWD(2023) 932

Member State, it can trigger a cascade of consequences that cross national borders to affect people's lives and livelihoods in another. Thus, building just resilience does not only occur on the national scale, but also on the regional, cross-border and international scale. The local level has competences which can impact climate resilience more broadly. The preparation and implementation of sub-national adaptation policies is of significant importance.

- (23) Nature-based solutions offer efficient and cost-effective adaptation and mitigation options, if their deployment is incentivised through strategic frameworks, policy and funding. They can be implemented independently or integrated in other adaptation and mitigation measures, combined with more technological or infrastructure-based solutions. Implementation needs to consider the complexity of ecosystems and the projected effects of climate change, the local context, linked interests and values, as well as socio-economic conditions.

HEREBY RECOMMENDS THAT CROATIA TAKES ACTION TO:

**CONCERNING THE DRAFT UPDATED NATIONAL ENERGY AND CLIMATE PLAN UNDER REGULATION (EU) 2018/1999**

1. Complement the information on the existing and planned policies and measures including in the transport sector and for non-CO<sub>2</sub> emissions from waste management and agriculture, which are expected to contribute to meeting the national greenhouse gas target under the ESR. Clearly spell out their scope, timeline and, where possible, expected greenhouse gas reduction impact, including for measures in Union funding programmes such as the common agricultural policy.
2. Identify the amount of CO<sub>2</sub> emissions that could be captured annually by 2030, including the source. Provide details on how the captured CO<sub>2</sub> will be transported. Identify the overall CO<sub>2</sub> storage capacity and injection volumes available by 2030.
3. Set out a concrete pathway towards reaching the national LULUCF target as defined in Regulation (EU) 2018/841. Provide additional detail about the planned measures, including quantifying their expected impact in terms of removals or emissions from the LULUCF sector. Include additional measures in the LULUCF sector, detailing their timing and scope, and quantifying their expected impacts to ensure that greenhouse gas removals are effectively aligned with the 2030 EU net removal target of -310 MtCO<sub>2</sub>eq and with the country-specific removal target of -593 ktCO<sub>2</sub>e defined in Regulation (EU) 2018/841. Provide clear information on how public funds (both Union funds, including the common agricultural policy, and State aid) and private financing through carbon farming schemes are consistently and effectively used to achieve the net removal national target.
4. Provide additional analysis on the relevant climate vulnerabilities and risks regarding the achievement of the national objectives, targets, and contributions and the policies and measures in the different dimensions of the Energy Union. Better outline and quantify the link to the specific Energy Union objectives and policies, that adaptation policies and measures should support. Set out additional adaptation policies and measures in sufficient detail to support Croatia's achievement of national objectives, targets and contributions under the Energy Union. Pay particular attention to water management in changing climatic conditions due to risks of electricity disruption as floods, heat and drought impact the energy production.

5. Raise the ambition to a share of renewable energy sources of at least 44% as a contribution to the Union's binding renewable energy target for 2030 laid down in Article 3(1) of Directive (EU) 2018/2001 as amended in line with the formula in Annex II to Regulation (EU) 2018/1999. Include an indicative trajectory that reaches all the reference points for 2025 and 2027 pursuant to Article 4 (a)(2) of Regulation (EU) 2018/1999.
6. Provide estimated trajectories and a long-term plan for the deployment of renewable energy technologies over the next 10 years, with an outlook to 2040. Include an indicative target for innovative renewable energy technologies in line with Directive (EU) 2018/2001 as amended. Include specific targets to contribute to the indicative sub-targets in buildings and industry for 2030 and the binding sub-target for renewable fuels of non-biological origin (RFNBOs) in industry for 2030. Include an indicative target in heating and cooling to achieve the top-ups of Annex IA to Directive (EU) 2018/2001 as amended and an indicative target in district heating and cooling for the 2021-2030 period. Specify which target Croatia intends to achieve in the transport sector through the obligation on fuel suppliers, including by means of a sub-target for advanced biofuels and renewable fuels of non-biological origin (RFNBOs), making sure the minimum level of RFNBO in 2030 is observed.
7. Include detailed and quantified policies and measures in a way that enables a timely and cost-effective achievement of its national contribution to the Union's binding renewable energy target of at least 42.5% in 2030, with the collective endeavour to increase it to 45%. Describe, in particular, how it plans to accelerate permitting and detail the renewable energy technologies for which it plans to designate 'renewables acceleration areas' with faster and simpler procedures. Specify how it aims to ensure an enable framework for increasing integration between energy electricity and heating and cooling networks.
8. Provide the estimated trajectories for biomass supply by feedstock and origin, differentiating between domestic production and import, and include an assessment of the domestic supply of forest biomass for energy purposes in 2021-2030 in accordance with the strengthened sustainability criteria of Article 29 of Directive (EU) 2018/2001 as amended, and an assessment of the compatibility of the projected use of forest biomass for energy production with Croatia's obligations under the revised LULUCF Regulation, particularly for 2026-2030, together with national measures and policies to ensure such compatibility. Include further measures to promote the sustainable production of biomethane, given Croatia's sustainable biogas/biomethane potential and production, profile of natural gas consumption and existing infrastructure, digestate use and biogenic CO<sub>2</sub> applications.
9. Provide to the extent possible an expected timeline of the steps leading to the adoption of legislative and non-legislative policies and measures aimed at transposing and implementing the provisions of Directive (EU) 2018/2001 as amended, in particular for the measures in the previous points.
10. Include a national energy efficiency contribution on final energy consumption to the Union's binding final energy consumption target for 2030 in line with Article 4 and Annex I of Directive (EU) 2023/1791, or equal to the corrected indicative national contribution that the Commission will submit to each Member State by 1 March 2024 under Article 4(5) of that Directive. Include a national energy efficiency contribution on primary energy consumption to the Union's indicative primary energy consumption target in line with Article 4 and Annex I of Directive (EU)



2023/1791. Include the amount of energy consumption reduction to be achieved by all public bodies disaggregated by sector and the total floor area of heated and/or cooled buildings owned by public bodies to be renovated yearly or corresponding yearly energy savings to be achieved.

11. Set out complete policies and measures to achieve the national contributions on energy efficiency and how the energy efficiency first principle will be implemented.
12. Include an updated ambition level to ensure a highly energy efficient and decarbonised national building stock and to transform existing buildings into zero-emission buildings by 2050. Include intermediate milestones for 2030 and 2040, and a comparison of these milestones with the most recent long-term renovation strategy. Include more information on related measures for buildings, specifically addressing decarbonisation of heating, and installation of renewables in buildings, and provide their expected impact in terms in energy savings.
13. Strengthen resilience of the energy system, in particular by setting an objective for energy storage deployment and putting forward policies and measures to integrate the imperative of climate adaptation in the energy system. Further explain how Croatia intends to continue encouraging gas demand reduction towards 2030, as well as develop detailed policies and measures to reach these objectives towards 2030. Specify a clear strategy for the exploitation of nuclear power that is based in Slovenia that also covers the diversification and long-term supply of nuclear materials, fuel, spare parts, and services. and the long-term management of nuclear waste. Clarify the future role of nuclear energy in its energy mix. Assess the adequacy of the oil infrastructure (refinery, oil stocks, ports, pipelines) with the expected decline in oil demand and the move toward lower-carbon alternatives.
14. Put forward clear objectives and targets for demand response to improve the flexibility of the energy system, in light of an assessment of the flexibility needs and describe specific measures to facilitate energy system integration in the context of Article 20a of Directive (EU) 2018/2001 as amended.
15. Further develop the approach to addressing energy poverty, by including an assessment of the situation of the current households affected and indicating a specific measurable reduction target required by Regulation (EU) 2018/1999, taking account of Commission Recommendation (EU) 2023/2407. Detail existing and potential measures to address energy poverty and on the dedicated final financial resources from the perspective of social policy (affordability) and structural energy measures. particularly as regards access to energy efficiency, building renovation and renewable energy. Explain how the use of energy efficiency measures in the framework of Energy Efficiency Obligations Scheme to alleviate energy poverty is foreseen to be deployed as required by the Regulation (EU) 2018/1999.
16. Further clarify national objectives in research, innovation and competitiveness to deploy clean technologies, establishing a pathway for 2030 and 2050 with a view to support the decarbonisation of industry and the transition of businesses towards a net zero and circular economy. Put forward policies and measures to promote the development of net-zero projects including those relevant for the energy intensive industries. Describe a predictable and simplified regulatory framework for permitting procedures and how access to national funding will be simplified where needed. Provide detailed policies and measures for the digitalisation of the energy system, the development of clean energy-related skills, and to facilitate open trade for resilient and sustainable supply chains of key net-zero components and equipment.

17. Specify the reforms and measures to mobilise the private investments needed to achieve the energy and climate targets. Improve and extend the analysis of investment needs to include a comprehensive and consistent overview of the public and private investment needs in aggregate and by sector. Complement a top-down economy-wide approach with a bottom-up project specific assessment. Include a breakdown of total investment needs with additional information on the national, regional and Union funding sources as well as private financial sources to be mobilised. Add a short description of the type of financial support scheme chosen to implement the policies and measures, which are financed through public budget, and the use of blended financial instruments making use of grants, loans, technical assistance and public guarantees, including role of national promotional banks in the respective schemes and/or how private financing is mobilised. Consider the cost-effective generation of transfers to other Member States under the ESR as a funding source. Provide a robust assessment of the macroeconomic impact of the planned policies and measures.
18. Outline how the policies and measures included in the updated plan are consistent with Croatia's national recovery and resilience plan, including the REPowerEU Chapter.
19. Explain in more detail how and by when Croatia intends to phase out fossil fuel subsidies. Explain in detail how Croatia plans to phase out solid fossil fuels for power generation by clarifying related commitments and measures.
20. Provide detailed information on the social, employment and skills consequences, or any other distributional impacts, of the climate and energy transition, and on the planned objectives and measures to support a just transition. Specify the form of support, the impact of the initiatives, the target groups and the resources dedicated, taking into account the Council Recommendation on ensuring a fair transition towards climate neutrality<sup>21</sup>. Ensure alignment between the coal phase out timeline outlined in the Territorial Just Transition Plan for Istria and the final updated NECP. Include, to the extent possible, more elements to provide an adequate analytical basis for the preparation of a future Social Climate Plan, in accordance with Regulation (EU) 2023/955<sup>22</sup>, including indications on how to assess the challenges and social impacts on the most vulnerable of the emissions trading system for fuel combustion in buildings, road transport and additional sectors, and to identify potential beneficiaries and a relevant policy framework. Explain how the policy framework identified in the NECP will contribute to the preparation of Croatia's Social Climate Plan and how the consistency between the two plans will be ensured.
21. Ensure inclusive public participation within a reasonable timeframe and broad participation of local authorities and civil society in the preparation of the plan. Provide a clear overview on how the consultation process will enable broad public participation from all relevant authorities, citizens and stakeholders, including social partners, in the preparation of both the draft and final updated plan. Provide a summary of the views expressed by different actors, and a summary of how the plan integrates the views expressed during the consultations.

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<sup>21</sup> Council Recommendation of 16 June 2022 on ensuring a fair transition towards climate neutrality, OJ C243, 27.6.2022 p.35-51

<sup>22</sup> Regulation (EU) 2023/955 of the European Parliament and of the Council of 10 May 2023 establishing a Social Climate Fund and amending Regulation (EU) 2021/1060 (OJ L 130, 16.5.2023, p. 1)

22. Intensify regional cooperation with neighbouring Member States and within the Central and South Eastern Europe Energy Connectivity High-Level Group, including on interconnectivity, renewables, energy efficiency and the internal market, taking into account common challenges and shared objectives. Describe how Croatia plans to establish a framework for cooperation with other Member States by 2025 in line with Article 9 of Directive (UE) 2018/2001 as amended. Pursue efforts to sign the two remaining required bilateral solidarity arrangements for the security of gas supply with its neighbours (Italy and Hungary).

#### **CONCERNING THE CONSISTENCY OF NATIONAL MEASURES WITH THE CLIMATE-NEUTRALITY OBJECTIVE AND WITH ENSURING PROGRESS ON ADAPTATION UNDER REGULATION (EU) 2021/1119**

1. Step up climate mitigation efforts, by making tangible progress on the existing and planned policies and consider additional, urgent measures to align the expected greenhouse gas emission reductions and projections with the climate-neutrality objective.
2. Update and increase the ambition and quality of the national long-term strategy, by clarifying Croatia's long-term climate-neutrality goal, and by substantiating Croatia's emission reductions and the enhancement of removals targets in individual sectors with credible policies and measures.
3. Assess relevant vulnerabilities and risks related to coastal floods. Mandate a governance structure able to support strong planning, deployment of solutions monitoring and evaluation of adaptation across all sectors, population groups and administration levels. Ensure that the adaptation priorities, strategies, policies, plans, and efforts are commensurate to the predicted future climate vulnerabilities and risks, based on the best available science and the climate prediction and early warning tools available. Ensure that adaptation policies are monitored and evaluated systemically and regularly, and results reflected in the ensuing revised policy design and implementation Put climate resilience considerations more to the forefront in the use of support from Union funding programmes, such as the common agricultural policy, cohesion policy funding and other relevant Union funds. Union funds should be spent in such a way that they increase climate resilience and do not increase vulnerabilities (i.e., do no significant harm to adaptation).
4. Engage stakeholder groups that are particularly vulnerable to the impacts of climate change in Croatia's adaptation policy design and implementation. Improve coordination between different levels of governance (national/regional/local) to align planning tools and help coordinated interventions aimed at 'systemic' transformation. Involve social partners and private sector stakeholders in policy design, implementation, and investments. Improve the engagement in transboundary cooperation with neighbouring countries in larger areas (such as river basins). Establish mechanisms to ensure that sub-national policies are prepared, and that they are regularly reviewed and updated.

5. Promote nature-based solutions and ecosystem-based adaptation in national strategies, policies and plans and provide investments for their deployment.

Done at Brussels, 18.12.2023

*For the Commission*  
*Kadri Simson*  
*Member of the Commission*