

A new report on the cost of environmental degradation (CoED) in Croatia calculates the costs related to a number of key impact areas: the loss of ecosystem services, inadequate waste and wastewater management, marine litter, air pollution, and the environmental impacts of tourism. The annual cost of environmental degradation in Croatia is estimated at an average of EUR 150 million per impact area addressed. The loss of ecosystem services – i.e. the benefits to human society derived from natural resources, including the values of the annual loss of timber and other services provided by forests, the sequestration of carbon, water supply for hydropower, and pollination – is estimated at EUR 90 million. Ecosystems in Croatia provide vital services and are the foundation for economic growth, including the development of the tourism industry. The CoED estimates can inform the development of interventions to reduce the large economic impact of environmental degradation.

Given the pristine beaches that Croatia is famous for internationally, marine litter is an illustrative example of the costs associated with environmental degradation. The report estimates the annual cost of marine litter in Croatia at EUR 21 million for sectors such as tourism, fisheries and aquaculture, and maritime transport.

Croatia's natural beauty and diversity have given the country a competitive edge as a major international tourist destination: tourism is the biggest sector in Croatia's economy, contributing 20 percent of GDP in 2018. However, the strong seasonality of tourism tends to place increased pressure on the local environment and public infrastructure. Major tourist destinations – especially on smaller islands – are faced with challenges related to ecosystem service losses, and with pressure on local water sources, wastewater and waste treatment capacities. Overall, the cost of environmental degradation related to tourism is estimated at about EUR 55 million in 2018, equivalent to about 0.6 percent of tourism-generated GDP in that year. In the longer term, other challenges such as climate change may have additional impacts on the country, worsening CoED estimates for Croatia, including in the tourism sector.

“Croatia provides an excellent example of the value of ecosystem services,” says World Bank Croatia Country Manager Elisabetta Capannelli, “Not only because of its rich natural endowments, but also because of the heavy reliance of the economy on tourism, which is a sector that is particularly vulnerable to environmental degradation.”

While the COVID-19 pandemic has led to a large decline in tourist arrivals, it may offer an opportunity to re-build Croatia's tourism industry more sustainably. Croatia's government could support the development and implementation of recovery plans which contribute towards a stronger, more sustainable and resilient tourism economy.

The European Green Deal (EGD), might prove an excellent means of achieving this. Launched by the European Commission in 2019, the EGD helps countries meet short-term economic needs while addressing their long-term sustainability goals, including climate change adaption. Financial support for COVID-19 recovery under the program provides a

chance for Croatia to “grow back better and greener”. The results of the report directly support three pillars of the European Green Deal, which may be also considered as priority for Croatia: preserving natural capital; transitioning to a circular economy; and zero pollution by 2050.

The report, which is expected to be used by governments, the private sector and civil society, and by development institutions, has been placed for easy reading on a novel storytelling platform.

Source: [worldbank.org](https://www.worldbank.org)