

Schedule 1 – Investment Eligibility Criteria

1. Eligible investments

Eligible investments include:

- construction, reconstruction and/or arrangement and equipping of hospitality establishments for accommodation, and/or
- additional facilities of hospitality establishments for accommodation,

resulting either in the increase of accommodation facilities or introduction of additional, optional facilities or classification into type and/or category¹.

a) Investments in the following types of hospitality establishments for accommodation from the “Hotels“ group

- Hotel,
- Heritage hotel,
- Diffuse hotel,
- Aparthotel,
- Tourist resort,
- Health resorts; Health heritage hotel, Health hotel, Health aparthotel, Health tourist resort, Health diffuse hotel,
- Special standard hotels; Business hotel, Meeting hotel, Congress hotel, Club hotel, Holiday resort hotel, Coastal holiday resort hotel, Family hotel, Small & friendly hotel, Senior citizen hotel, Health & fitness hotel, Wellness hotel, Diving club hotel, Motel hotel, Ski hotel, Hotel accessible for people with disabilities and Bike hotel.

The result of investment in hospitality establishments for accommodation from the “Hotels” group:

- In TDI² category must not result in the increase of accommodation capacities³.
- If classified in categories, it must be at least:
 - 4-star for TDI 1
 - 3-star for TDI 0, 2, 3, 4

¹ An investment that does not meet the initial funding requirements in terms of state aid criteria is not eligible. An eligible investment in terms of state aid criteria (initial funding) is not the current maintenance of existing facilities in the preparation for the upcoming season, or the retention of existing capacities without introducing additional facilities.

² Tourism Development Index of Local Government Units in the Republic of Croatia is a classification of local government in 5 categories of tourism development (TDI 0,1,2,3,4) and is available on the website of the Institute for Tourism: <http://www.iztq.hr/hr/itr/>.

³ The accommodation capacities of hospitality establishments classified to the „Hotels“ group relate to the total number of beds in the existing facility. An investment project in TDI category 1 in hospitality establishments for accommodation must not result in an increase in accommodation capacities with respect to the accommodation capacity in the existing hospitality establishment which is part of the project, as evidenced by a valid decision on the performance of hospitality activities in the groups “Hotels”, “Camping sites” and other hospitality establishments for accommodation and the valid decision on the provision of hospitality services, in accordance with the Ordinance on the Classification, Categorisation and Special Standards of Hospitality Establishments in the Hotels group (Official Gazette of the Republic of Croatia Nos. 56/16, 120/19), Ordinance on Classification and Categorisation of Hospitality Establishments from the Group of Other Hospitality Establishments for Accommodation (Official Gazette Nos. 54/16, 69/17), Ordinance on the Classification and Categorisation of Establishments Providing Hospitality Services in Households (Official Gazette Nos. 9/16, 54/16, 61/16; 69/17, 120/19) and the Ordinance on the Classification and Categorisation of Hospitality Establishments from the “Camping Sites” group (Official Gazette Nos. 54/16, 68/19, 120/19).

b) Investments in hospitality establishments for accommodation from the “Camping sites” group

- Camping site,
- Glamping

The result of investment in hospitality establishments for accommodation from the “Camping Sites” group:

- In TDR 1 category must not result in the increase of accommodation capacities⁴.
- If classified in categories, it must be at least:
 - 4-star for TDI 1
 - 3-star for TDI 0, 2, 3, 4.

c) Investments in new, additional or optional facilities and/or investments in the expansion and/or improvement (reconstruction/renewal) of existing additional or optional facilities that are created with the aim of providing other services within a hospitality establishment for accommodation classified in at least 3-star category from the “Hotels” and “Camping sites” groups

Additional facilities of hospitality establishments for accommodation relates to the facilities in the function of tourist consumption that contributes to year-round operation, variety of offer and positioning in accordance with demand and trends on the tourist market, particularly in the following tourism niches: health, culture, oenology and gastronomy, business (including digital nomads), sports and recreational tourism, active tourism, ecotourism and other market niches. Additional or optional facilities are created with the aim of providing other services as part of a hospitality establishment for accommodation in the function of tourist consumption in accordance with the secondary legislation for the categorisation of hospitality establishments from “Hotels” and from “Camping sites” group, including additional facilities that relate to label quality.

2. Ineligible activities and borrowers

Ineligible activities include the activities, purposes, borrowers and types of investments that are not eligible for financing under the framework of the Sustainable Tourism Loans Programme and the accompanying exemptions, if any:

- (1) Entities in difficulties
Entities belonging to the category of companies in difficulties in accordance with provisions of Article 2 item 18 of the Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187 of 26 June 2014);
- (2) Ineligible clients pursuant to the Excerpt from the HBOR's Ordinance on Management of Reputational Risk Arising from Business Relationship with Client;
- (3) Ineligible borrowers in accordance with exclusion lists depending on the source of finance;
- (4) Financially unsustainable investment. Investment must be financially sustainable (by applying customary financial and/or economic indicators, and pursuant to internal documents and business decision of HBOR) and in accordance with applicable aid rules;
- (5) Investments that have been physically completed or entirely carried out before the submission of loan application, including investments started before the submission of application for

⁴ Accommodation capacities of hospitality establishments from the “Camping sites” group relate to the number of persons in basic accommodation units (3 persons per camping place or campsite pitch, respectively) and beds in accommodation units in buildings.

- loan/aid⁵;
- (6) Loan within the framework of this Loan Programme can neither be used for the co-financing or preliminary financing of grants nor can the grants be used for the compensation of aid received from financial instruments;
 - (7) Purchase of land exceeding 10% of the loan amount, i.e., 15% for deserted and former industrial locations that include buildings;
 - (8) Purchase of real estate;
 - (9) Value Added Tax (VAT) except for the Final recipient delivering goods or performing services exempt from VAT calculation or for Final recipients that do not operate within the VAT system;
 - (10) Construction, reconstruction, commissioning or decommissioning of nuclear power plants;
 - (11) Investments for the purpose of reducing greenhouse gas emissions from the activities stated in Annex I to Directive 2003/87/EC, or in Croatian legislation, transposed into the Greenhouse Gas Emission Quota Allocation Plan, the Air Protection Act, The Regulation on the Method of Trading in Greenhouse Gas Emission Units and other applicable legislation/secondary legislation;
 - (12) production, processing and marketing of tobacco and tobacco products;
 - (13) investments in airport infrastructure, except for the outermost regions or in existing regional airports as defined in Article 2 item 153 of the Regulation (EU) No. 651/2014, in any of the following cases:
 - i. measures for mitigating environmental impact; or
 - ii. systems for the protection and safety of air traffic and its management that arise from research and development of air traffic management on the single European sky;
 - (14) investments in landfill waste disposal, except for:
 - i. outermost regions, only in duly justified cases; or
 - ii. for investments in decommissioning, conversion or providing of existing landfills, provided that such investments do not increase their capacities;
 - (15) investments in increasing the capacities of residual waste processing, except:
 - i. in outermost regions, only in duly justified cases;
 - ii. for investments in technologies for the use of materials from residual waste for the needs of circular economy;
 - (16) investments relating to the production, processing, transport, distribution, warehousing or fossil fuels combustion.
 - (17) Investments involving activities that were part of an operation that was the subject of a relocation in accordance with Article 66 or that would constitute a relocation of manufacturing activity in accordance with Article 65 paragraph 1 item (a) of the Regulation (EU) 2021/1060;
 - (18) Investments directly affected by a reasoned opinion of the Commission regarding an infringement in accordance with Article 258 of the Treaty on the Functioning of the European Union (TFEU) that jeopardises the legality and regularity of the expenditure or the effectiveness of operations;
 - (19) Costs related to investments that do not meet specific conditions related to compliance with the Do No Significant Harm principle (DNSH);
 - (20) Investments in infrastructure with an expected lifetime of at least five years, and for which the infrastructure is not ensured to be climate-resilient;
 - (21) Investments covered by the scope of the Environmental Protection Act and other regulations/secondary legislation, i.e. Directive 2011/92/EU on the assessment of the effects of certain public and private projects on the environment, and which are subject to an environmental impact assessment or verification procedure for which the assessment of alternative solutions based on the requirements of that Directive it is not properly taken into

⁵ Start of works means the start of construction works related to an investment or the first legally binding obligation for ordering of equipment or any other obligation that makes such investment irrevocable, whichever occurs first. The purchase of land and preparation works, for example, obtaining of licences and carrying out the feasibility study, is not considered the start of works.

- account;
- (22) Ineligible activities under Regulation (EU) 2021/1060 of the European Parliament and the Council on laying down common provisions on the European Regional Development Fund, European Social Fund, Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for them and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for financial support for border management and visa policy;
 - (23) All other ineligible activities in accordance with the Regulation (EU) 2021/1058 of the European Parliament and the Council of 24 June 2021 on the European Regional Development Fund and the Cohesion Fund;
 - (24) Refinancing of existing loans (financing of exclusively new loans is permitted);
 - (25) Investments outside the territory of the Republic of Croatia;
 - (26) All other applicable bans and restrictions in accordance with HBOR's General Eligibility Criteria.