



Questions and answers: European Commission endorses Croatia's recovery and resilience plan

Brussels, 8 July 2021

How did the Commission assess Croatia's recovery and resilience plan?

The Commission is assessing the recovery and resilience plans based on eleven criteria set out in the Regulation itself. The 11 criteria require an assessment of whether:

- the measures have a lasting impact;
- the measures address the challenges identified in the country specific recommendations or a significant subset of it;
- the milestones and targets which allow for monitoring the progress with the reforms and investments are clear and realistic;
- the plans meet the 37% climate expenditure target and the 20% digital expenditure target;
- the plans respect the do no significant harm principle;
- the plans provide an adequate control and audit mechanism and set out the plausibility of the costing information.

The Commission has summarised its assessment in the proposal for the Council Implementing Decision. The accompanying staff-working document provides detailed documentation on the assessment.

Does Croatia's recovery and resilience plan effectively support the green transition?

The Croatian plan's contribution to the green transition amounts to 40% of its total allocation of €6.3 billion. This exceeds the 37% target required by the RRF Regulation.

The plan focuses on sustainable mobility and buildings, which are among the biggest greenhouse gas emitters in Croatia. In relation to mobility, the plan includes measures to increase the uptake of alternative fuels in transport and facilitate the modal shift from road to rail. Investment support schemes will benefit small, medium and large enterprises to reduce their emissions. A dedicated initiative for building reconstruction will increase seismic resilience and reduce emissions from buildings.

The plan includes important measures to ensure environmental sustainability, including supporting the sustainable use of water sources by reducing water losses in the water supply networks. Investments into waste management infrastructure will accelerate Croatia's shift to circular economy. Furthermore, the plan will enhance the rich biodiversity in Croatia.

Does Croatia's recovery and resilience plan effectively contribute to the digital transition?

The Croatian plan's contribution to the digital transition amounts to 20% of its total allocation of €6.3 billion. This is in line with the 20% target required by the RRF Regulation.

The plan includes the development of a strategic framework, "Croatia's 2030 Digital Strategy", which will steer the digital transformation of Croatia's society and economy. The reforms and investments that support the digital transformation of Croatia's public administration are also expected to bring systemic changes towards the development of interoperable systems at national level and enhance the provision of digital public e-services.

One of the most important contributions to the digital target relates to investments in gigabit connectivity, which are set to improve the digital infrastructure for fixed and mobile internet services, including in remote rural areas that are lagging behind in terms of digital inclusion. Investments in the digitalisation of transport and in smart energy are also key investments

contributing to Croatia's digital transformation. The plan also includes reforms and complementary investment to support the digitalisation of higher education and the justice system. Further investments are envisaged as support for businesses, including SMEs, in adapting their operations to the digital environment.

Does the recovery and resilience plan represent a balanced response to the economic and social situation of Croatia?

The Croatian plan represents a comprehensive and adequately balanced response to the economic and social situation of Croatia, thereby contributing appropriately to all six pillars referred to in the RRF Regulation.

The plan features measures aimed at improving the employability of the most vulnerable persons through active labour market policies and measures on training and skills development. The Croatian plan also commits to increasing the adequacy and broadening the coverage of the key benefit designed to reduce poverty. The plan includes interventions that expand access to early childhood education and care and introduce social mentoring services targeting youth employment.

Territorial cohesion, in particular the accessibility and accessibility of less densely populated areas, is addressed through infrastructure projects in transport, electricity and water supply networks. Similarly, the plan envisages improvements in the healthcare system in terms of territorial coverage of primary healthcare, medicine availability and medical equipment requirements.

Do the reforms presented by Croatia effectively address a significant part of the country-specific recommendations issued to it in the context of the European Semester?

The Commission considers that the Croatian plan includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations (CSRs) addressed to Croatia by the Council in the European Semester in 2019 and in 2020.

The plan includes reforms to improve the business environment, most notably by reducing the administrative burden and para-fiscal charges, and the removal of cumbersome regulatory requirements for professional services. Measures included in the plan also aim at improving corporate governance of State-owned enterprises and intensifying the sale of non-productive assets.

The challenges of the public administration are tackled through the introduction of new wage-setting and work models in the civil service, by incentivising the functional and actual merger of local government units and strengthening mechanisms for coordination and integration of public policies. The plan includes reforms to substantially increase the efficiency of the justice system through digitalisation and improved business processes, and measures to strengthen the prevention and sanctioning of corruption.

Reforms and investments are included to boost the skills of the workforce through strengthened active labour market policies, improved processes at the Public Employment Service and a reform of the labour law. The plan includes flagship reforms and investment in education through measures that update school curricula, increase access to early child education and care and the number of mandatory teaching hours.

The plan addresses social challenges by including measures aimed at improving the effectiveness and adequacy of the social safety net and the healthcare system. There are also reforms to boost research and innovation, introduce new models of urban mobility, decarbonise the economy, promote renewable energy and to mitigate the impact of climate change.

For More Information

[Press release: European Commission endorses Croatia's recovery and resilience plan](#)

[Recovery and Resilience Facility: Questions and Answers](#)

[Factsheet on Croatia's recovery and resilience plan](#)

[Proposal for a Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Croatia](#)

[Annex to the Proposal for a Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Croatia](#)

[Staff-working document accompanying the proposal for a Council Implementing Decision](#)

[Recovery and Resilience Facility](#)

[Recovery and Resilience Facility Regulation](#)

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