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COMMISSION IMPLEMENTING DECISION

of 5.4.2024

on the authorisation of the disbursement of the fourth instalment of the non-repayable support for the Republic of Croatia

(Only the Croatian text is authentic)

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility¹, and in particular Article 24(5) thereof,

Whereas:

- (1) According to Article 4(2) of Regulation (EU) 2021/241, the specific objective of the Recovery and Resilience Facility is to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments as set out in their recovery and resilience plans.

Council Implementing Decision of 8 December 2023 on the approval of the assessment of the recovery and resilience plan for Croatia² (the ‘Council Implementing Decision’) provides that the Union is to release instalments in accordance with the Financing Agreement and the Loan Agreement conditional on a decision by the Commission, taken in accordance with Article 24(5) of Regulation (EU) 2021/241, that Croatia has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan.

- (2) On 21 December 2023, Croatia submitted a request for payment, accompanied by a management declaration and a summary of audits. The request concerned the fourth instalment of the non-repayable support. Pursuant to Article 24(3) of Regulation (EU) 2021/241, the Commission assessed on a preliminary basis whether the relevant milestones and targets set out in the Council Implementing Decision had been satisfactorily fulfilled. For the purpose of this assessment, the operational arrangements concluded between the Commission and Croatia³ in accordance with Article 20(6) of Regulation (EU) 2021/241, were taken into account.
- (3) The Commission made a positive preliminary assessment of the satisfactory fulfilment of all 16 relevant milestones and targets related to the non-repayable support and, in accordance with Article 24(4) of Regulation (EU) 2021/241, provided its findings to the Economic and Financial Committee asking for its opinion on the satisfactory fulfilment of the relevant milestones and targets. In accordance with Article 25(4) of

¹ OJ L 57, 18.2.2021, p. 17.

² ST 15834/23, not yet published.

³ Recovery and Resilience Facility Operational arrangements between the European Commission and Croatia, entered into force on 10 February 2022.

that Regulation, the Commission provided the competent committee of the European Parliament with an overview of its preliminary findings concerning the satisfactory fulfilment of the relevant milestones and targets. The Economic and Financial Committee agreed with the Commission's positive preliminary assessment and was of the opinion that Croatia has satisfactorily fulfilled all the milestones and targets associated with the payment request. The Commission has taken the opinion of the Economic and Financial Committee into account for its assessment.

- (4) Section 2(5)([4]) of the Annex to the Council Implementing Decision provides the relevant milestones and targets that are to be satisfactorily fulfilled for the fourth instalment of the non-repayable support for an amount of EUR 306 166 382.
- (5) Milestone 39 provides for granting of construction permit for the upgrade of the high voltage network, in line with the requirements of the Article 6(3) of the Habitats Directive, performed against the site-specific conservation objectives in accordance with the requirements of the Directive, while not having a significant effect on the integrity of the Natura 2000 sites concerned. Croatia provided copies of the construction permits and a link to the website where the construction permit can be accessed. Croatia also provided copy of the documents submitted in accordance with the national legislation by the beneficiary to obtain a construction permit, demonstrating how the compliance with Habitats Directive 1992/43/EEC and Natura 2000 requirements was fulfilled. The evidence provided by Croatia demonstrates that the construction permits were granted by taking into account the Article 6(3) of the Habitats Directive, performed against the site specific conservation objectives in accordance with the requirements of the Directive, and that the projects do not have a significant effect on the integrity of the Natura 2000 sites concerned. The content and objectives of the evidence provided demonstrate that the granted construction permits are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (6) Milestone 163 provides for the entry into force of the amended legislative framework for a centralised system for the selection of civil servants. Croatia provided a copy of the Act on Civil Servants, published in the Official Gazette (No. 155/23) on 22 December 2023 and entered into force on 1 January 2024 with delayed entry into force on 1 June 2024 for articles 60 and 61 (on the establishment of a recruitment plan in the civil service); on 1 July 2024 for articles 66-73 (on the creation of a single employment platform to centralize recruitment procedures for all national administrations); and 1 January 2026 for articles 62-65 (on the transition from a knowledge-only system to a system based primarily on competences and appropriate skills), in accordance with the provisions in Article 176. The evidence provided by Croatia demonstrates that the provisions in the adopted legislative framework provide for a significant modernisation of the jobs that the public administration, an increase of the transparency of the employment in the public administration and facilitate the mobility of the officials already in the system. The delayed entry into force of the aforementioned articles constitutes a minimal temporal deviation from the requirement of the Council Implementing Decision, and the delay between the entry into force of this act and these provisions is considered both limited and proportional, notably because of its comprehensiveness and technical difficulty in implementation, requiring the development, hand in hand, of specific provisions related to the introduction of a recruitment plan, and setting up of the system for carrying out internal and public calls, leading to the establishment of a competence based pool of preselected candidates. The content and the objective of the evidence provided demonstrate that

the amendments are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (7) Milestone 166 provides for the entry into force of the Acts on salaries in the state administration and public services and of the regulations for vertical and horizontal mobility of civil servants in public administration. Croatia provided a copy of the Act on Salaries in Civil and Public service, published in the Official Gazette (No. 155/23) on 22 December 2023 and entered into force on 1 January 2024 in accordance with the provision in Article 54. Croatia also provided a copy of the Act on Civil Servants, published in the Official Gazette (No. 155/23) on 22 December 2023 and entered into force on 1 January 2024 with delayed entry into force on 1 June 2024 for articles 60 and 61; on 1 July 2024 for articles 66-73; and 1 January 2026 for articles 62-65 in accordance with the provisions in Article 176. The evidence provided by Croatia demonstrates that the provisions in the adopted legislative framework provide for the implementation of a new and modern remuneration system, while linking promotion and mobility to the performance assessment. The delayed entry into force of Articles 60 and 61 (on the introduction of a recruitment plan), articles 62 to 65 (on the introduction of a competence based system), and articles 66 to 73 (on the creation of a single employment platform to centralize recruitment for all national administrations) constitutes a minimal temporal deviation from the requirement of the Council Implementing Decision, and the delay between the entry into force of this act and these provisions is considered both limited and proportional, notably because of its comprehensiveness and technical difficulty in implementation, requiring the development, hand in hand, of specific provisions related to the introduction of a recruitment plan), and setting up of the system for carrying out internal and public calls, leading to the establishment of a competence based pool of preselected candidates. The content and the objective of the evidence provided demonstrate that the amendments are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (8) Milestone 205 provides for the signature of the grant agreement and start of project implementation for the construction of passive electronic communications infrastructure. Croatia provided a copy of the grant agreement and the feasibility study used to determine the areas for the construction of the communications infrastructure, which marked the beginning of the implementation of the project aimed at covering the identified rural and sparsely populated areas of the country with 5G mobile signal. A report from the Ministry of Sea, Transport and Infrastructure additionally confirmed that the project implementation has started. The content and objectives of the evidence provided demonstrate that the grant agreement and the report from the Ministry of Sea, Transport and Infrastructure are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (9) Target 217 provides for the completion of six new training programmes as part of the judicial training programme for judicial officials and officers of the judicial authorities in the Judicial Academy focusing on developing different skills, promoting the rule of law and fundamental rights, and specialised training programmes for insolvency judges and family law judges. Croatia provided evidence on the content of the six training programmes, lists of participants, and individual attendance certificates proving that programmes have been completed. The content and objectives of the

evidence provided demonstrate that, in line with the requirements of the target, six new training programmes were completed as part of the judicial training programme for judicial officials and officers of the judicial authorities covering all the required areas. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.

- (10) Milestone 218 provides for entry into force of amendments to the Code of Civil Procedure, the Administrative Disputes Act, the Non-contentious Procedure Act, the Law on Notaries, the Land Register Act, the Courts Act and the Law on the Areas and Seats of Courts. Croatia provided a copy of the publication of the Civil Procedure Act (Official Gazette, No. 80/2022 on 11 July 2022), which entered into force on 19 July 2022 and a copy of the publication of the Act on Amendments to the Act on Administrative Disputes (Official Gazette, No. 110/2021 on 13 October 2021 that entered into force on 21 October 2021 and the new Act as adopted by the Croatian Parliament on 14 March 2024, whose date of entry into force is 1 July 2024), which helps shorten court proceedings, speed up the resolution of disputes, reduce the flow of cases and reduce costs; a copy of the publication of the Adopted Non-contentious Procedure Act (Official Gazette, No. 59/2023 on 2 June 2023 that entered into force on 10 June 2023), which facilitates citizens' access to courts, ensures quality and transparent redress and removes legal uncertainty; a copy of the publication of the Public Notary Act (Official Gazette, No. 57/2022 of 20 May 2022 that entered into force on 28 May 2022), which modernises and digitalises the work of notaries through ICT solutions; a copy of the publication of the Land Register Act (Official Gazette, No. 128/2022 on 2 November 2022 that entered into force on 10 November 2022), which enables electronic handling of cases and allows for a more efficient redistribution of cases within the courts; a copy of the publication of the Courts Act (Official Gazette, No. 21/2022 on 18 February 2022 that entered into force on 1 March 2022 and the amended Act as adopted by the Croatian Parliament on 14 March 2024, whose date of entry into force is eight days from the publication in the Official Gazette), and a copy of the publication of the Areas and Seats of Courts Act (Official Gazette, No. 21/2022 on 18 February 2022 that entered into force on 1 March 2022), which allow for the specialisation of judges and the establishment of specialised family units in municipal courts, with a view to ensuring more effective judicial protection for the most vulnerable social groups. Amendments also revised the conditions for providing expertise and interpretation before the courts, including the system of their compulsory professional training. Amendments also transfer the competence to decide on status issues of court experts and interpreters from the courts to the Ministry of Justice and Public Administration, which strengthens the oversight and accountability. The content and the objective of the evidence provided demonstrate that the amendments entered into force and are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (11) Target 219 provides for entry into force of the Act on Peaceful Resolution of Disputes to further promote voluntary mediation in litigious cases and administrative disputes, reducing case length and costs, and setting up and entry in operation of four mediation centres in Zagreb, Split, Osijek and Rijeka. Croatia provided the decision (No. 514-03-02-01/01-23-20 on 24 July 2023) on establishing the central mediation centre in Zagreb and regional centres in Split, Osijek and Rijeka, adopted acts by the Centre for Peaceful Resolution of Disputes, evidence on employment contracts and transfers of civil servants, further evidence demonstrating complete functionality of the four mediation centres, and a copy of the publication of the Act on Peaceful Resolution of

Disputes (Official Gazette, No. 67/2023 on 21 June 2023), which entered into force on 29 June 2023. The Council Implementing Decision required the existing Mediation Act to be amended. Instead of amending the existing Mediation Act, the authorities opted to repeal the Mediation Act (Official Gazette, No. 18/2011 on 9 February 2011) and adopt a new legislative act that replaces it. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, it does not change the nature of the measure and does not affect the progress towards achieving the reform that the target represents, considering the scope and content of the interventions envisaged in the legal framework with the aim of achieving the best solutions to strengthen mediation in civil and administrative disputes, regulating new institutes and creating the framework for establishing the central mediation centre. The content and the objective of the evidence provided demonstrate that the amendments are in line with the requirements of the target and that the four mediation centres entered into operation in line with the requirements of the target. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.

- (12) Milestone 257 provides for the entry into force of the amendments to the rules on training in public procurement. Croatia provided a copy of the Ordinance on training in public procurement published in the Official Gazette No. 154/2023 on 21 December 2023, which entered into force on 1 January 2024. The evidence shows that the legislative framework on trainings in public procurement has been amended by adopting a fully new legislative framework. The new Ordinance includes provisions on establishing a curriculum for upskilling programmes with a detailed list of subjects and learning objectives, by integrating ProcurCompEU into the mandatory training and certification scheme for public procurement and by requiring a qualitative assessment of the trainings. The content and objectives of the evidence provided demonstrate that the adopted Ordinance is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (13) Milestone 267 provides for adoption of a model for financing the operating costs of early childhood education and care (ECEC) facilities for municipalities/local government units with less financial capacity, to ensure the sustainability of investment in the renovation of existing ECEC facilities and the construction of new ones. Croatia provided the Regulation on criteria and standards for determining the allocation for the fiscal sustainability of kindergartens (Official Gazette No. 109/2023 on 22 September), the Act amending the Early Childhood Education and Care Act (Official Gazette No. 57/2022 on 20 May 2022) as well as the Decision on the allocation of funds for the fiscal sustainability of ECEC facilities for the pedagogical year 2023/2024 (Official Gazette No. 111/2023 on 27 September 2023). The evidence provided verifies the sustainability of the investment after the renovation of existing or construction of new ECEC facilities is ensured. The content and the objectives of the evidence provided demonstrate On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (14) Target 276 provides for funding, in the amount of EUR 17 619 079, to be allocated to research projects based on internal calls by research organisations during the first two-year cycle of programme agreements implementation. Croatia provided a list of projects that has been awarded funding as well as additional evidence, namely the programme agreements signed with 13 public research institutes and one public university as well as internal call documentation, based on which a sampling exercise was carried out. For the selected sample, Croatia provided project application forms

containing relevant parts of call specifications, decisions on grant awards and dedicated “Do no significant harm” forms. The evidence provided verifies that the funding is allocated to research projects, based on internal calls by research organisations during the first two-year cycle of programme agreements. On the basis of the due justification provided, the target should be considered as satisfactory fulfilled.

- (15) Milestone 297 provides for the entry into force of the amendments to the Pension Insurance Act. Croatia provided a copy of the Act on Amendments to the Pension Insurance Act, published in the Official Gazette, No. 119/2022 on 14 October and entered into force on 1 January 2023. The evidence demonstrates that the amendments increase the minimum pension and the pension factor used to calculate the amount of the survivor’s pension, making it possible for lower income pensioners to use a part of the survivor’s pension in addition to a personal pension, in line with the requirements of the milestone. The content and objectives of the evidence provided demonstrate that the adopted amendments to the Pension Insurance Act are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (16) Milestone 316 provides for the development of the data management IT system to automatically collect and analyse data and calculate prices for all types of provided social services and all social service providers in the network, including the delivery of software, hardware and educational requirements enabling the full functionality of the system. Croatia provided the certificate of works completion signed by the contractor and the competent authority (Minutes of the Delivery of the IT System). Croatia also provided i) public procurement contract with annexes (Reference number: JN-M-2022-26 of 18 April 2023); ii) payment approval for notebooks; iii) payment approval for monitors; iv) list of social service providers in the network; v) plan of educations; vi) a signature list of completed educations; and vii) a link to the Rules on the methodology on the calculation of social services prices, published in the Official Gazette No. 120/2023 on 18 October 2023. A live presentation of the IT system was organised for Commission services, where the Croatian authorities presented the operation of all the functionalities required by the CID and proved the functioning of the IT system. The content and objective of the evidence provided demonstrate that the developed data management IT system is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (17) Target 325 provides for purchase and installation of eight diagnostic medical devices and Digital radiological equipment for the Clinical Institute for Diagnostic and Intervention Radiology. Croatia provided contracts, delivery records and evidence of payment for eight state-of-the-art equipment devices that were purchased and installed for the Clinical Institute for Diagnostic and Intervention Radiology in Clinical Hospital (KB) Dubrava. The provided contracts and takeover records define the requirements for the supplier on the state-of-the-art level of the device, in line with the investment description, while takeover records confirm that the requirements defined in the contracts have been met by the supplier. Takeover records confirm that the contracted educational services have also been provided to the staff in order to ensure appropriate operation and functionality of the purchased devices. The content and objectives of the evidence demonstrate that the eight diagnostic medical devices are purchased and installed in the Clinical Institute for Diagnostic and Intervention Radiology of the Clinical hospital Dubrava, in line with the requirements of the target.

On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.

- (18) Target 327 provides for the purchase, instalment, and the operationalisation of ten medical equipment devices. It requires acquiring equipment such as SEEG 256 canal recording devices, digital EMNG and EP 12 channel imaging device, radio frequency (RF) thermocoagulation device and adaptation of adequate spatial capacity. Croatia provided contracts, delivery records and evidence of payment, showing that 125 state-of-the-art equipment devices were delivered, as follows: three digital devices for SEEG 256 channel recording with video, infrared (IC) camera and cortical stimulator; three digital devices for SEEG 256 channel recording video and IC camera; one digital device for EMNG and EP 12 channel recording; one radiography (RF) thermocoagulation device; 77 pieces of deep intracerebral electrodes with guide and screw; 40 pieces of deep intracerebral electrodes. All these were purchased and installed and put into operation at the Institute of Neurology at Clinical Hospital (KB) Dubrava. The content and objectives of the evidence demonstrate that the purchase, delivery, installation and of the starting up of those devices resulting in the adaptation of the spatial capacity at the Institute of Neurology at Clinical Hospital (KB) Dubrava, are in line with the requirements of the target. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.
- (19) Target 343 provides for installation of at least 4 diagnostic units at Clinical Hospital Centre (KBC) Merkur. Croatia provided contracts, delivery records and list of equipment and locations, showing that the different devices have been installed in four diagnostic units of the Merkur Clinical Hospital. These are as follows: the Clinic for Gynaecology and Obstetrics (device for transthoracic and transoesophageal echocardiography, Ultrasound 3D/4D devices, for use in obstetrics and gynaecology with 4 probes, and for use in obstetrics and gynaecology with 2D convex probes high class colour doppler and printer); the Clinic for Internal Diseases (three monitors for the need of the coronary care unit; patient telemetry system); the Clinical Institute for Diagnostic and Interventional Radiology (stronger power ultrasound device, lower power ultrasound device, magnetic resonance MR 3T, mammography scanner device, multi-slice computer tomography (MSCT) device) and the Diagnostic unit emergency internal service (ultrasound for the emergency internal medicine device). The content and objectives of the evidence demonstrate that the requested devices were purchased and installed in four diagnostics units of Clinical Hospital 'KB Merkur', in line with the requirements of the target. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.
- (20) Target 348 provides for installing the medical and computer equipment necessary for the performance of electrocardiogram (ECG) holter, pressure holter and 12 channel electrocardiogram (ECG) services in 40 telemedical centres in remote and rural areas thereby connecting them with the telemedical specialist centres and provides a telecardiology service. Croatia provided purchase contracts as well as the delivery records, inventory lists, photos of installed equipment and dispatch notes, showing that two types of equipment (a medical equipment as well as an IT and communication equipment) were purchased and delivered to 40 telemedical access centres as well as to four telemedical special centres. The content and objectives of the evidence demonstrate that the patients in remote and rural areas now have access to specialist cardiology care, in line with the requirements of the target. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.

- (21) Furthermore, the Republic of Croatia has also confirmed that previously satisfactorily fulfilled milestones and targets have not been reversed.
- (22) Following the fully positive assessment concerning the Republic of Croatia's payment request, in accordance with Article 24(5) of Regulation (EU) 2021/241, the disbursement of the financial contribution for the fourth instalment of the non-repayable support should be authorised.
- (23) In accordance with Article 2(3) of the Council Implementing Decision, as specified in the Financing Agreement, the pre-financing of the financial contribution shall be cleared by being proportionally deducted against the payment of the instalments. As Croatia received EUR 873 651 732 of the financial contribution as pre-financing, an amount of EUR 41 556 882 of the payment should be utilised to clear the pre-financing, of which EUR 5 015 007 to clear the pre-financing for the REPowerEU chapter. Additionally, in accordance with Article 13(3) of Regulation (EU) 2021/241 and Article 5 of the Financing Agreement, this payment shall also be reduced to offset the excess amount of pre-financing of EUR 102 064 941.
- (24) This Decision should be without prejudice to procedures relating to distortions of the operation of the internal market that may be undertaken, in particular under Articles 107 and 108 of the Treaty on the Functioning of the European Union. It does not override the requirement for Member States to implement the measures in accordance with Union and national law and, in particular, to notify instances of potential State aid to the Commission under Article 108 of the Treaty on the Functioning of the European Union.
- (25) The measures provided for in this Decision are in accordance with the opinion of the Committee established by Article 35(1) of Regulation (EU) 2021/241,

HAS ADOPTED THIS DECISION:

Article 1

Authorisation of the disbursement of the non-repayable support

The disbursement of the fourth instalment of the non-repayable support as laid down in Section 2(5)(4) of the Annex to the Council Implementing Decision of 8 December 2023 on the approval of the assessment of the recovery and resilience plan for Croatia for an amount of EUR 306 166 382 is authorised.

In accordance with the Financing Agreement concluded pursuant to Article 23(1) of Regulation (EU) 2021/241 between the Commission and the Republic of Croatia, EUR 143 621 823 shall be utilised to clear the pre-financing of the financial contribution and offset the excess amount of pre-financing paid. EUR 162 544 559 shall be provided to Croatia by means of payment to the bank account indicated in the Financing Agreement.

Article 2
Addressee

This Decision is addressed to the Republic of Croatia.

Done at Brussels, 5.4.2024

For the Commission
Paolo GENTILONI
Member of the Commission