



RRF 2nd Payment request – Croatia

Positive preliminary assessment by the Commission



EPC meeting– 17/11/2022

Croatia's second payment request: overview



21 milestones
4 targets



25 measures
16 reforms and
9 investments

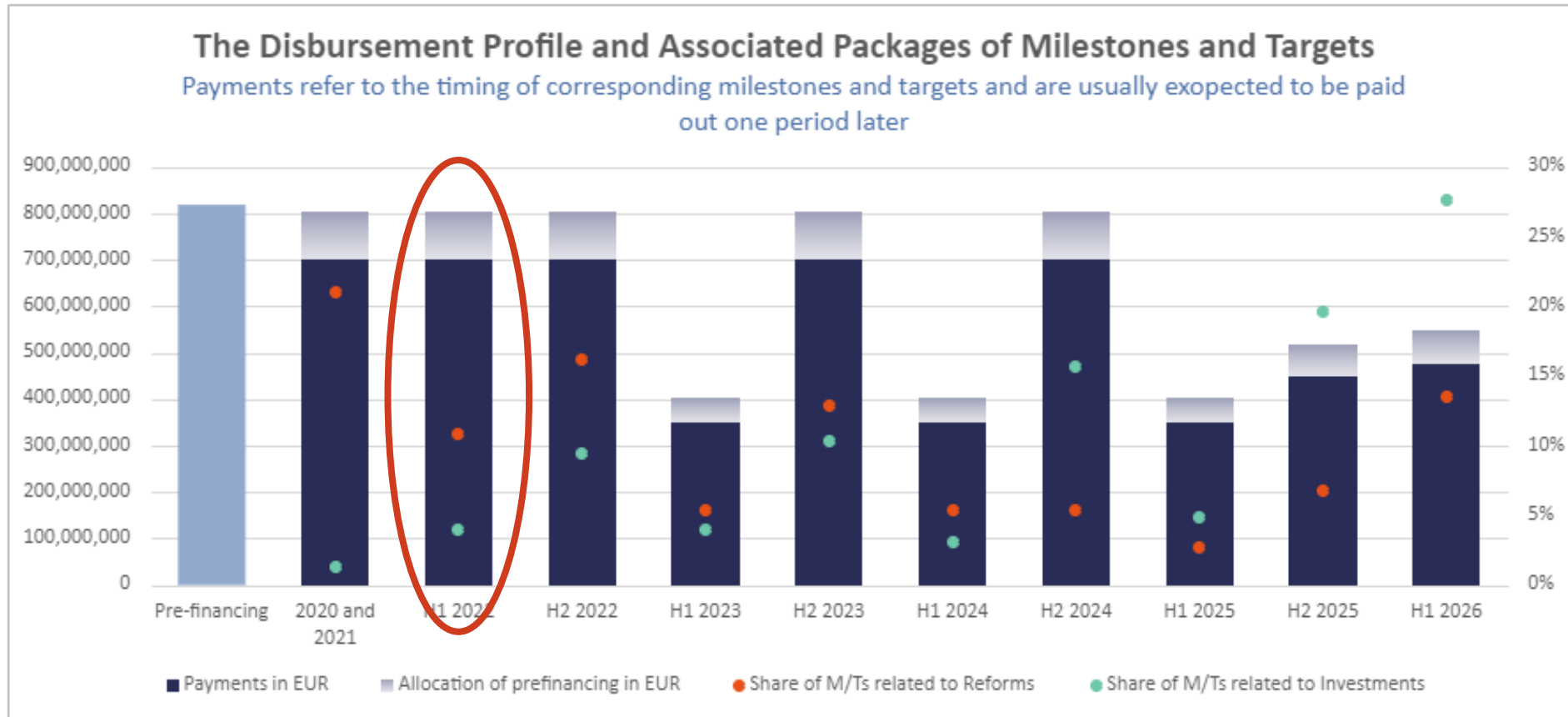


Measures
implemented until
Q2-2022

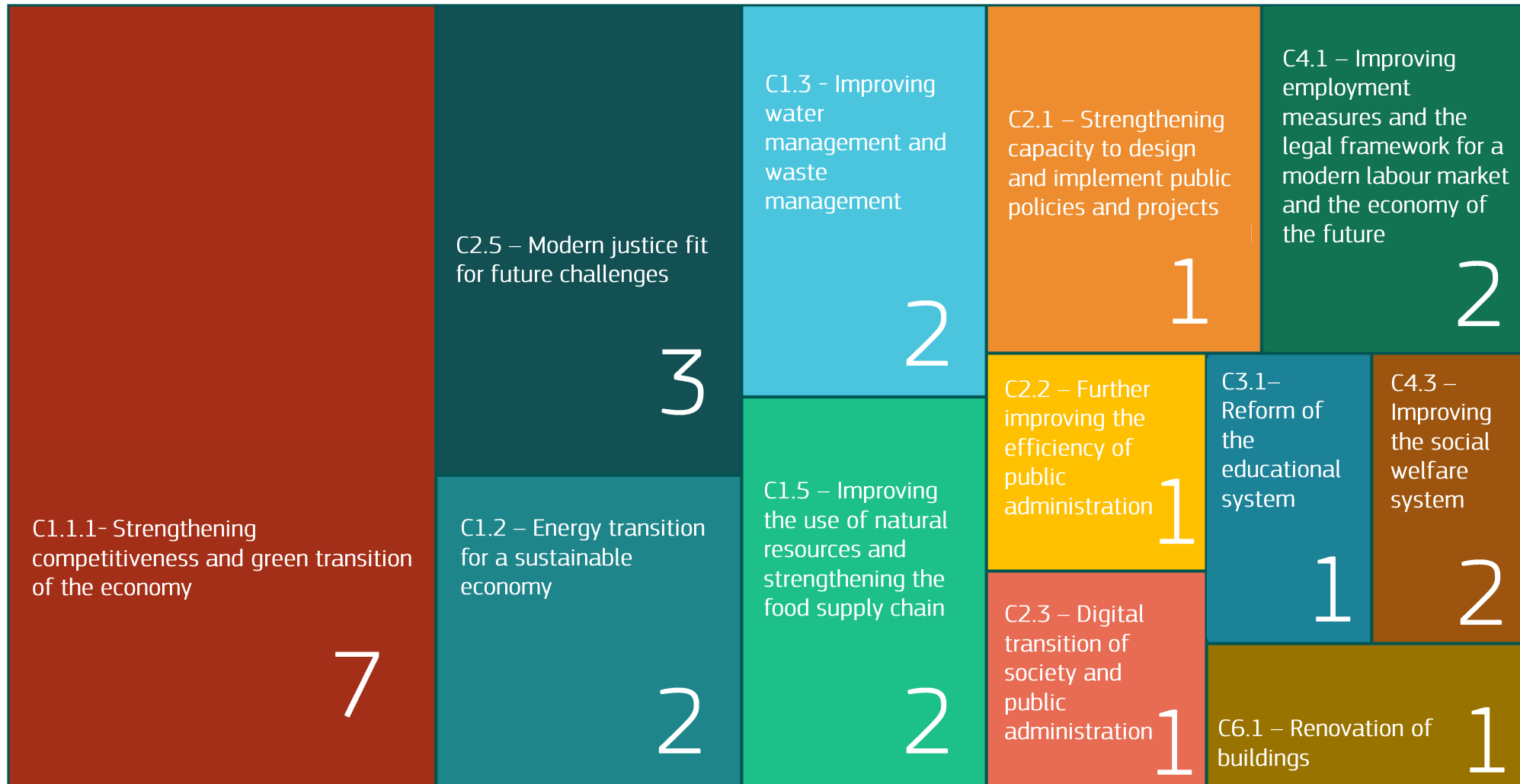


€ 700 million in
grants

A disbursement of EUR 700 million would bring the total amount disbursed to-date to EUR 2.2bn (40.3% of total grants)



Share of milestones and targets per Component



Croatia's second payment request: key measures

Social policies

- [M303]: Adoption of the new Social Welfare Act

Green transition

- [M 36]: Publication of an assessment document with recommendations to alleviate barriers and administrative procedures restraining to higher uptake of renewable energy sources
- [M 50]: Adoption of the Hydrogen Development Strategy

Resilience

- [T6]: Implementation of the Action Plan to reduce non-tax and parafiscal charges 2020

Digitalisation

- [M 202]: Optimisation of the permit granting process for connectivity investments

Key Reforms

Key investments

Green policies

- [T 68]: Public water supply network constructed or reconstructed
- [T63]: Public sewerage network constructed or reconstructed

Social policies

- [T309]: Training of social mentoring professionals

Justice

- [M214]: Electronic tools provided and adequate administrative capacities for the State Judicial Council and the State Attorney's Council

Resilience (6 milestones / 1 target)

Business environment

- [T6]: Implementation of the Action Plan to reduce non-tax and parafiscal charges 2020

Agriculture

- [M131]: New Act on Agricultural Land Consolidation

Public administration

- [M174]: Amendment of the legislative frameworks to encourage the voluntary functional or actual merger of the local government units (LGUs) and adoption of a Decision of the Croatian Government on the criteria for granting fiscal incentives for voluntary functional or actual mergers

Digital

- [M202]: Optimisation of the permit granting process for connectivity investments (also mentioned under Digital transformation)

Justice

- [M215]: Amendments adopted to the Bankruptcy Act and the Consumer Insolvency Act
- [M216]: Adopted amendments to the Code of Criminal Procedure

Creative Industries

- [M 25]: Amendments to the Electronic Media Act and Law on Copyright and Related Rights



Key reform: Voluntary functional or actual merger of the local government units (LGUs)

Improving the quality and efficiency of local and regional government

Reform supports the integration of local government units:

- Leading to improved provision of public services for populations of these units;
- Direct link to 2019 and 2020 Country specific recommendations to increase efficiency of public administration;
- Goal to encourage, by 2026, at least:
 - 20% of local government units to undergo **actual mergers**
 - 40% of local government units to undergo **functional mergers**



Tailored financial incentives

Different levels of financial incentives:

- Higher incentives for **actual mergers**;
- Depending on **type of functions merged**;
- Higher (per population) ceilings for incentives for smaller local government units.

Dedicated budget allocation

- Dedicated amounts for incentives in 2022 state budget as well as provisions for 2023 and 2024 budgets
- Amounts based on analysis of needs and expected interest.

Green transition (9 milestones / 2 targets)

Water and wastewater

- [T 68]: Public water supply network constructed or reconstructed
- [T 63]: Public sewerage network constructed or reconstructed

RES and energy efficiency

- [M 36]: Publication of an assessment document with recommendations to alleviate barriers and administrative procedures restraining to higher uptake of renewable energy sources
- [M 50]: Adoption of the Hydrogen Development Strategy
- [M 352]: Adoption of the Programme for the energy renovation of public sector buildings for the period 2021-2030



Labour market

- [M 286]: Supplementing active labour market policies
- [M 291]: Developing skills according to market needs (both M286 and M291 also mentioned under Digital transformation and Social policies)

Financial instruments

- [M14]: Publication of calls for funding or investments targeting environmentally friendly activities with established eligibility criteria for applicants and projects (including DNSH compliance criteria)
- [M 16]: Establishment of financial instrument to support investment by micro, small and medium-sized enterprises
- [M 19]: Establishment of financial instrument to support investment by mid-caps and large companies
- [M 21]: Establishment of financial instrument for more favourable financing of public entities

Digital transformation (8 milestones)

Digital solutions

- [M 2]: Operational digital platform to pay fees
- [M 138]: The online platform for food waste prevention and upgraded food donation IT system

Creative Industries

- [M 25]: Amendments to the the Electronic Media Act and Law on Copyright and Related Rights *(M25 also mentioned under Resilience)*

Justice

- [M 214]: Electronic tools provided and adequate administrative capacities for the State Judicial Council (Državno sudbeno vijeće, DSV) and the State Attorney's Council (Državnoodvjetničko vijeće, DOV)



Financial instruments

- [M 16]: Establishment of financial instrument to support investment by micro, small and medium-sized enterprises
- [M 202]: Optimisation of the permit granting process for connectivity investments *(M202 also mentioned under Resilience)*

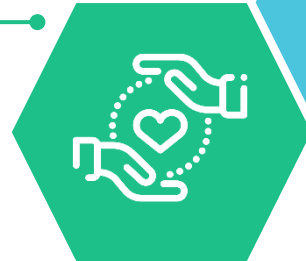
Labour market

- [M 286]: Supplementing active labour market policies
- [M 291]: Developing skills according to market needs *(both M286 and M281 mentioned under Green transition and Social policies)*

Social policies and next generation (5 milestones)

Social policy

- [M303]: Adoption of the new Social Welfare Act
- [T309]: Training of social mentoring professionals



Education

- [M 266]: Comprehensive analysis of secondary education needs

Labour market

- [M 286]: Supplementing active labour market policies
- [M 291]: Developing skills according to market needs

(both M286 and M291 also mentioned under Green transition and Digital transformation)

Key reform: ALMPs and voucher system

Component 4.1: 'Improving employment measures and the legal framework for a modern labour market and the economy of the future',

The aim is to reach a better labour market regulation and developing targeted active labour market policies:

1. #286 Supplementing active labour market policies (ALMPs):
 - Boosting employment in the green and digital transitions through three new ALMPs.
2. #291 Developing skills according to labour market needs:
 - Set up a new voucher system to increase employability of workers through a better match of supply and demand in the labour market.



Social dimension

- All three new ALMPs (#286) and the voucher system (#291) have a particular focus on the activation of the long-term unemployed and other less employable people from disadvantaged groups.

Green and digital dimensions

- Both milestones are also targeted to improve employability of workers and lifelong learning in the green and digital transitions. Of the total grant allocation for ALMPs, 70% shall fund jobs related to the green transition and 30% to jobs in the digital transition.
- The voucher system (#291) includes a **skills catalogue and an IT platform** for managing and awarding vouchers based on a comprehensive assessment of the potential beneficiaries' skills.

Next steps

HR payment request – planned calendar

Submission of the payment request	Monday, 19 September
Adoption of the preliminary assessment	Thursday, 10 November
EFC (and EPC) discussions (3 weeks)	Thursday, 17 November – Tuesday, 29 November
ISC (on the COM implementing decision)	Wednesday, 23 November – Friday, 25 November
Comitology (around 2 weeks)	Wednesday, 7 December
COM written procedure (start of the validation process)	Wednesday, 7 December
COM written adoption	Friday, 9 December
Financial circuits	Tuesday, 13 December
Payment	Friday, 16 December

Thank you

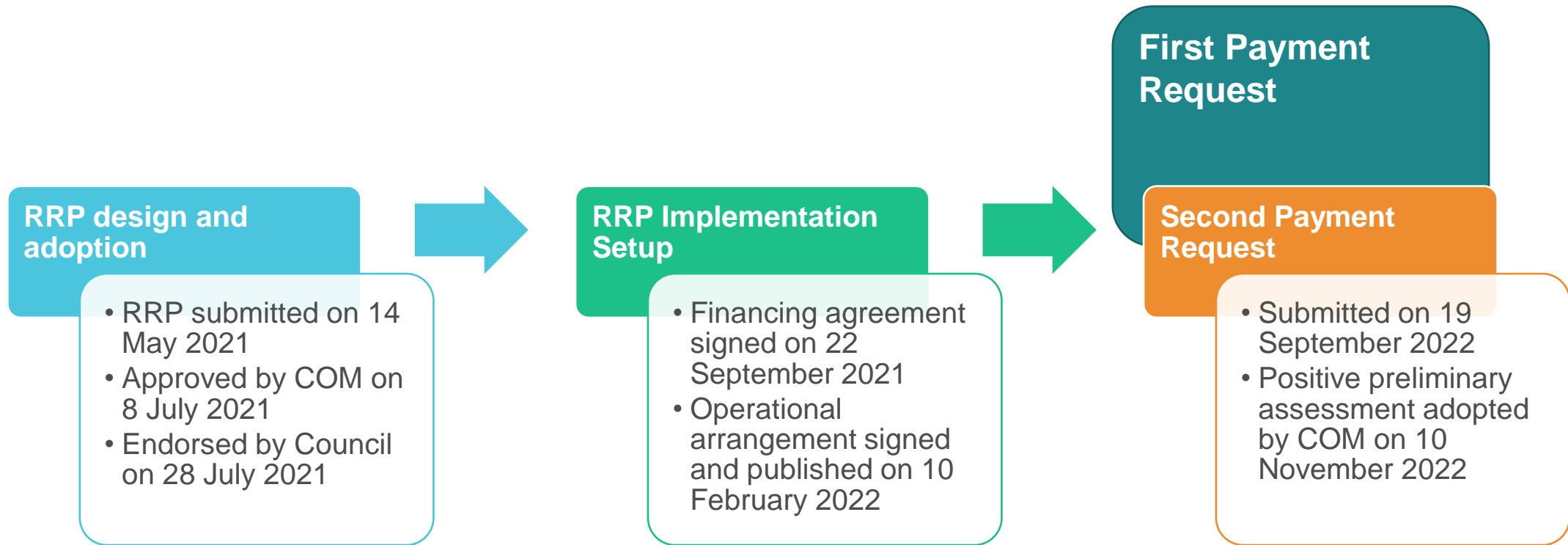
More information: [Commission webpage on the RRF](#)

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Timeline of Croatia's RRP implementation



Structure of the document to be adopted

- The Communication invites the Commission to:
 - ✓ Endorse the overall positive preliminary assessment
 - ✓ Authorise ECFIN Director General to transmit the assessment to the EFC
 - ✓ Take note that the assessment will be made available to the EP
- The Annex to the Communication presents the summary of the positive preliminary assessment of each relevant milestone and target, including:
 - ✓ Context (short description of measure and of milestone/target)
 - ✓ Description of the evidence provided by the Member State
 - ✓ Analysis on how the evidence provided duly justifies that the milestone/target is satisfactorily fulfilled
 - ✓ Final Commission preliminary assessment for each milestone/target