



Gouvernement  
of the Republic  
of Croatia

# National Reform Programme

# 2022.

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## List of abbreviations

<b>CSR</b>	Country Specific Recommendation of the Council of the EU for 2019 and 2020
<b>CES</b>	Croatian Employment Service
<b>CNB</b>	Croatian National Bank
<b>CPII</b>	Croatian Pension Insurance Institute
<b>CSODDS</b>	Central State Office for Development of the Digital Society
<b>CSODY</b>	Central State Office of Demography and Youth
<b>EC</b>	European Commission
<b>EPEEF</b>	Environmental Protection and Energy Efficiency Fund
<b>ESIF</b>	European Structural and Investment Funds
<b>EU</b>	European Union
<b>HAMAG-BICRO</b>	Croatian Agency for SMEs, Innovation and Investments
<b>HANFA</b>	Croatian Financial Services Supervisory Agency
<b>HBOR</b>	Croatian Bank for Reconstruction and Development
<b>LRSGU</b>	Local and regional self-government units
<b>LSG</b>	Local self-government
<b>MA</b>	Ministry of Agriculture
<b>MESD</b>	Ministry of Economy and Sustainable Development
<b>MF</b>	Ministry of Finance
<b>MFEA</b>	Minister of Foreign and European Affairs
<b>MTF</b>	Multiannual Financial Framework
<b>MH</b>	Ministry of Health
<b>MI</b>	Ministry of the Interior
<b>MJPA</b>	Ministry of Justice and Public Administration
<b>MLPSFSP</b>	Ministry of Labour, Pension System, Family and Social Policy
<b>MPPCDA</b>	Ministry of Physical Planning, Construction and State Assets
<b>MRDEUF</b>	Ministry of Regional Development and EU Funds
<b>MSE</b>	Ministry of Science and Education
<b>MSTI</b>	Ministry of the Sea, Transport and Infrastructure
<b>MTS</b>	Ministry of Tourism and Sport
<b>NDS</b>	2030 National Development Strategy
<b>NRP</b>	2022 National Reform Plan
<b>NRRP</b>	2021-2026 National Recovery and Resilience Plan
<b>OG</b>	Official Gazette
<b>RRF</b>	Recovery and Resilience Facility
<b>SAB</b>	State administration body

## I. Introduction

After the framework for the annual coordination of economic, fiscal and employment policies in the European Union was temporarily adjusted in the 2020 European Semester due to the COVID-19 pandemic, the cycle for 2022 reintroduces key elements of the European Semester. This primarily applies to the commitments of the Member States, which includes the drafting of the National Reform Programs, submitted in last year's cycle of the European Semester as an integral part of the recovery and resilience plans.

Given that the Recovery and Resilience Facility includes new aspects of the European Union's economic model, the European Semester aims to continue comprehensive monitoring of green and digital transition goals, labour markets as well as social inclusion at the European Union level in addition to monitoring progress in fiscal, financial and economic policies.

In this year's European Semester cycle, based on submitted strategic documents of the Member States, which along with the national reform programs, will also submit the 2022-2025 Convergence and Stability Programs, the European Commission will prepare individual reports for the Member States and, consequently, individual recommendations to them concerning the managing of fiscal policy and addressing structural challenges for the future period.

To ensure coherence of the Recovery and Resilience Facility, i.e., recovery and resilience plans and the strategic documents to be developed **within this year's European Semester cycle, special emphasis is placed on ensuring complementarity and synergy between these processes.**

Therefore, this **National Reform Program 2022 (NRP) is based on the reforms and related investments proposed by the Republic of Croatia and approved by the Council of the European Union in July 2021 as relevant and sufficiently ambitious to address the structural challenges** identified in the specific recommendations for managing economic policy which Croatia received in terms of the European Semester for 2019 and 2020.

Starting from the guidelines of the European Commission for the development of national reform programs, an integral part of this NRP is the report on progress in implementing performance indicators (key stages and target values) of the National Recovery and Resilience Plan 2021-2026 (NRRP) in 2021 and the first quarter of 2022. Accordingly, the conclusion is that the reforms in certain areas have been fully implemented in the observed period. In contrast, some progress has been confirmed for other reforms and related measures, given that the implementation of structural reforms is planned throughout the duration of the NRRP and concludes in 2026.

Accordingly, the following measures are the backbone of this NRP and have been proposed in the NRRP: continued administrative and fiscal relief and a better regulatory environment; continuing the reform of regulated professions; support for companies in transitioning to an energy and resource efficient economy; decarbonisation of the energy sector; implementation of water management programs; implementation of sustainable waste management projects; strengthening the public procurement system; railway sector reform; improving the food donation system; encouraging a green and digital transition of the tourism sector; strengthening

mechanisms for integrating and managing of public policies; upgrading the Shared Services Center; increasing the efficiency of the judicial system; development of a structural macroeconomic model of the Croatian economy; structural reform of the education system; modernisation of higher education; strengthening the capacity of the public scientific research sector; implementation of active employment policy measures; implementation of a voucher system for providing education to employed and unemployed persons; increasing the adequacy of pensions through continued pension reform; development of social mentoring services; development of community services to prevent institutionalization; improving the efficiency, quality and accessibility of the health system; strengthening connectivity as a basis for the digital transition of society and the economy; and energy renovation of buildings. These measures addressed the particular recommendations that the Council sent to Croatia in 2019 and 2020, thus representing the basis for economic recovery and strengthening the resilience of the Croatian economy for future challenges.

Moreover, in line with the European Commission's intention to ensure consistent reporting on other relevant objectives of economic and social policies of Member States, this NRP includes a reference to the contribution of proposed reforms and other measures to the United Nations Sustainable Development Goals and the principles of the European Pillar of Social Rights.

Accordingly, emphasis should be placed on the fact that even during the preparation of the NRRP, special attention was given to defining the proposed reforms while addressing structural challenges to take into account the sustainable development goals and support the principles of the European Pillar of Social Rights. This NRP also considers certain additional activities, highlighting the following: the drafting and development of vocational curricula in line with the CROQF and labour market needs; awarding scholarships to students from lower socio-economic backgrounds and to students in STEM priority areas; adoption of a national implementation plan for the Child Guarantee; analysing the adequacy of unemployment benefits; adoption of the National Strategy for Action in the Area of Addiction and the National Strategy for Mental Health Development; adoption of the National Plan for Development Cooperation and Humanitarian Aid of the Republic of Croatia; action plan for the implementation of the Low Carbon Development Strategy and for the implementation of the Climate Change Adaptation Strategy; adoption of the National Disaster Risk Management Strategy; adoption of the National Plan for Combating Human Trafficking; renovation of shelters for applicants of international protection in Zagreb and Kutina, etc.

To ensure consistency and transparency between different strategic and program documents, the connecting of EU priorities from the Annual Sustainable Growth Survey and the NRP, the document structure follows the division of planned measures (activities) by priority areas as defined in the NRRP. Therefore, this **NRP includes 95 measures (60 from the NRRP and 35 additionally added), relating to the following six components: 1) the Economy, 2) Public Administration, Judiciary and State Assets, 3) Education, Science and Research, 4) Labour Market and Social Protection, 5) Health and 6) Renovation of Buildings.** At the same time, the measures proposed in these areas for the recovery and resilience of the Croatian economy, by ensuring macroeconomic stability and increasing productivity, will significantly contribute to achieving the goals of the green and digital transition while addressing other challenges such as employment, education, and social policy.

Importantly, the implementation of reforms and other measures contained in this NRP also implies the implementation of measures from the Action Plan for Croatia's participation in the European Exchange Rate Mechanism (ERM) II, which were fully implemented by 31 March 2022.

In conclusion, the drafting of the NRP is based on the institutional framework as defined in the Decision on Coordination of Activities within the EU Economic Governance Framework<sup>1</sup> and amended in July 2020 for the necessary implementation of the Recovery and Resilience Facility, i.e., the drafting of the NRRP.

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<sup>1</sup> OG 13/17, 51/17, 97/17, 50/18, 74/19, 16/20, 89/20 and 37/22

## II. Macroeconomic context and effect of structural reforms

After a rapid and strong recovery in 2021 from the recession caused by the coronavirus pandemic, further growth of the Croatian economy will be limited by global supply-side disruptions, the heightened effects of the Russian invasion of Ukraine, and pandemic risks. Shortages on world markets, in terms of labour and a host of other inputs, in an environment showing strong recovery in aggregate demand, have created accelerating inflation in just under a year. Currently, there is a significant level of uncertainty associated with an impending wider spillover of rising energy and food prices to core inflation. However, despite the accentuated negative risks to short-term economic activity, the expectation in this macroeconomic framework is that following GDP growth of 3.0% in 2022, growth will accelerate again to 4.4% in 2023. In the remaining medium term, in conditions showing a slightly positive GDP gap, economic activity is expected to continue slowing down to 2.7% in 2024 and 2.5% in 2025. This GDP trend includes the positive effects of the NRRP. A key positive contribution to economic growth is expected from domestic demand throughout the observed period. After two years of reducing the category of changes to inventories, in 2023 and 2024, a positive contribution to economic growth is expected from the anticipated process of replenishing inventories in the corporate sector. After a slightly positive impact on growth in 2022, net foreign demand in 2023, and stronger GDP growth, will negatively impact economic growth, where the impact will subsequently recede by the end of the observed period.

*Table 1. Macroeconomic framework for the period 2021 - 2025*

	2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025
<b>GDP – real growth (%)</b>	<b>10.2</b>	<b>3.0</b>	<b>4.4</b>	<b>2.7</b>	<b>2.5</b>
Personal consumption	10.0	1.4	3.2	2.4	2.3
Government spending	3.1	3.3	1.9	2.0	2.1
Gross fixed capital formation	7.6	5.8	6.1	3.9	3.6
Exports of goods and services	33.3	6.9	6.0	4.2	3.8
Exports of goods	20.0	4.8	5.4	4.6	4.1
Exports of services	51.5	9.2	6.7	3.7	3.4
Imports of goods and services	14.7	6.1	6.9	4.2	3.6
Imports of goods	14.8	5.6	6.5	4.0	3.5
Imports of services	13.9	9.1	9.5	5.1	4.2
<b>Contributing to GDP growth (percentage points)</b>					
Domestic demand	8.3	2.8	3.6	2.7	2.6
Changes in inventory	-4.9	-0.2	1.5	0.2	0.0
Net foreign demand	6.8	0.3	-0.7	-0.1	0.0
<b>Contributing to GDP growth (percentage points)</b>					
Personal consumption	5.9	0.8	1.8	1.4	1.3
Government spending	0.7	0.7	0.4	0.4	0.5
Gross fixed capital formation	1.7	1.2	1.3	0.9	0.8
Exports of goods and services	14.0	3.5	3.3	2.3	2.1
Imports of goods and services	-7.2	-3.2	-3.9	-2.4	-2.1

*Note: Dana for 2021 is preliminary*

Source: State Bureau of Statistics, Ministry of Finance

Due to the present imbalance between supply and demand for labour and favourable trends in the migration balance in the expansionary phase of the economic cycle, the labour market is showing favourable expectations. However, as a result of record inflation and the consequent stagnation of disposable income in the household sector in 2022, personal consumption will record a temporary slowdown this year. The prevailing inflation effectively transfers wealth from savers to debtors and from lower-income subjects to higher-income subjects, thus generating a negative wealth effect. Moreover, inflation and the announcement of possibly more tightening of monetary policies in the world have an extremely unfavourable effect on consumer confidence. Despite all this, the personal consumption trends across all years of the observed period reflect the use again of financial leveraging in the household sector, which has undergone a significant deleveraging process over the past period.

In line with the projections of fiscal categories at the general government level, the period of increased costs will continue in 2022 to finance measures in alleviating inflationary pressures and costs of the coronavirus pandemic. In the remaining years, no significant contribution of government spending to economic growth is expected. The largest contribution to the real growth from government spending throughout the forecasted period will come from the growth of intermediate consumption.

Apart from the worsening trends in private sector investment at the end of 2021, the previously dampened private investment trends in 2022, but partly in 2023, will be contributed by the previously described high level of uncertainty concerning economic growth and inflation and interest rates. In the last two years of the forecasted period, aggregate investment growth will be based solely on the contribution of private investment.

The past two pandemic years have shown that the improved export structure and better involvement in European value chains in the pre-pandemic period have been important in increasing the resilience of Croatian exports. Croatian merchandise exports (exports of goods) significantly exceeded the pre-crisis level and reached the highest levels historically. After a marked jump in 2020, the growth of domestic share in foreign commodity markets continued with similar intensity in 2021. However, in 2022, only slight positive growth in the share in foreign markets is expected. By the end of the forecast period, due to the slowdown in the growth of major foreign trade partners and a slight weakening of the trends in the presence on export markets, as well as rising commodity prices, growth in exports of goods and services is expected at moderate and slowing rates.

Although, it should be pointed out that the elasticity of imports of goods and services was expected to be higher than the final demand observed in 2021, given the strong growth in demand and reduced capacity, the domestic economic structure is leading to strong growth in imports of goods and services and continued growth in GDP. At the same time, compared to imports of goods with a share in GDP which will record continuous and strong growth, imports of services are expected to undergo subdued recovery and occurring more towards the end of the forecast period.

In 2022, consumer price inflation is expected to accelerate to 7.8%. The rise in consumer prices will be strongly impacted by the rise in food prices, under the influence of rising oil prices and the cost of other inputs in agricultural production and food price trends in the global and EU markets. The increase in food prices will be mitigated by reducing the VAT rate on certain categories of food products. In 2023, consumer price inflation will slow to 3.7% due to lower prices of energy and other raw materials on the world market and the diminishing base effects of price growth in 2022, including increases in gas and electricity prices. Inflation rates will also be affected by the slowdown in EU inflation and the expected easing of pressures in global supply chains. Consequently, the identified lower contribution to inflation in 2023 will come



from energy and food prices, while consumer prices without energy and food are expected to maintain slightly higher growth trends, though still marginally less than 2022. In the rest of the forecast period, inflation is expected to stabilise at significantly lower levels compared to the first two years of the forecast period. Hence, in 2024 and 2025, an average inflation rate of 2.5% and 2.2%, respectively, is expected.

Economic growth in the coming years is expected to lead to an increase in the number of employees at a rate of 2.8% in 2022, and slowing to 1.5% in 2023, 1.1% in 2024 and 0.9% in the last year of the forecast period. In 2022, the LFS unemployment rate is expected to fall to 6.3%, after which it will continue to decline to record lows in the last two years of the forecast period. This macroeconomic scenario assumes undertaking further planned immigration through a system defined by new legal provisions on importing labour (workers), which introduced a labour market test instead of a quota system. In line with the expected trend in labour demand and persistent labour shortages and inflation, nominal growth in gross wages is expected to accelerate to 6.3% in 2022, which will then slow to an average of 3.6% in the remaining forecast period.

## III. Key answers to economic and social trends and challenges

### 1 – ECONOMY

#### C1.1. Resilient, Green and Digital Economy

##### Stimulating investments and productivity

*2019.CSR3.1. Focus investment-related economic policy on research and innovation, sustainable urban and railway transport, energy efficiency, renewables and environmental infrastructure; 2020.CSR1.1. In line with the general escape clause, take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery; 2020.CSR2.2. Increase access to digital infrastructure and services; 2020.CSR3.1. Front-load mature public investment projects and promote private investment to foster the economic recovery; 2020.CSR3.3. Focus investment on the green and digital transition, in particular on environmental infrastructure, sustainable urban and rail transport, clean and efficient production and use of energy.*

##### Progress in implementing the recommendations

In 2021, in terms of the REACT-EU instrument, the Call for Grants titled Strengthening Competitiveness of Enterprises by Investing in a Digital and Green Transition was conducted, which has the goal of strengthening the competitiveness of companies (SMEs) in the processing sector on the domestic and foreign markets, preparation of green, digital and resilient recovery of the economy by incentivising energy efficiency and/or technologically advanced production including innovative business models for the purpose of developing new competencies, increasing production, increasing exports and preserving existing while incentivising the creation of new jobs. Expected results at the end of the Call are increased competitiveness of the manufacturing industry through increased sales and export revenues, employment growth and the introduction of new technological solutions related to green and/or digital development goals of the economy as a whole. The Call received 842 project proposals with a total investment value of HRK 7.5 billion. A total of 274 Financing Decisions worth HRK 998.84 million were made for projects with a total investment value of almost HRK 3.1 billion. Due to the extraordinary circumstances caused by the epidemic and the earthquake, HAMAG-BICRO has mobilized all available resources so that entrepreneurs can continue their business without any impediment. Although currently, the greatest emphasis is on mitigation measures for the novel coronavirus epidemic, four open grant tenders are available to entrepreneurs within the current programming period (2014-2020). Existing ESIF-funded programs are also available to entrepreneurs, which have been further adjusted by lowering interest rates, increasing allocations and introducing a moratorium on debt repayment on all previously approved loans.

The Croatian Agency for SMEs, Innovations and Investments (HAMAG-BICRO) during the COVID-19 pandemic has created a packet of measures that provides support to SMEs in the form of COVID loans amounting to between EUR 50,000 and EUR 100,000 with a total allocation of HRK 2.2 billion (5,300 thousand loans), and introduced a moratorium on all existing loans, reduced interest rates for newly-approved loans, increased instalments for guarantees for ESIF, individual guarantees for OBS, and introduced new programs for specific entrepreneurial groups.

Moreover, small businesses in agriculture, processing industries and the forestry sector have access to Rural Development Microloans for Working Capital amounting to EUR 25,000 at an interest rate of 0.5%.

HAMAG-BICRO, within the scope of the program COVID-19 Loans for Working Capital, approved 4,512 loans requiring the securing of HRK 1.759 billion. Given the relatively insufficient financing of enterprises by commercial banks and the continuation of the COVID-19 pandemic, the decision was made to grant an additional allocation of EUR 100 million in line with the Croatian Government's Conclusion on Measures in Assisting the Economy Due to the Novel Coronavirus Disease Epidemic of November 2020.

HAMAG-BICRO will continue to secure additional liquidity to SMEs through loans and the program for individual and portfolio loans.

In response to the negative impacts of the COVID-19 pandemic, economic support measures were also developed by Croatian Bank for Reconstruction and Development (HBOR). HBOR's COVID-19 measures were developed aimed at providing liquidity support to small, medium and large enterprises affected by the negative effects of the pandemic. The measures have been notified under the Temporary Framework for State Aid. In addition to HBOR's horizontal COVID-19 measures, in cooperation with line ministries, additional sectoral measures were developed and reported to the EC, targeting sectors that are particularly strongly affected by the negative effects of the pandemic (tourism, passenger traffic, etc.).

HBOR's COVID-19 measures are implemented through its direct lending and cooperation with financial institutions to achieve a *crowding in* effect. HBOR's COVID-19 measures include more favourable liquidity loans and COVID-19 guarantees/insurance policies for liquidity loans.

Since the implementation of HBOR's COVID-19 measures leading to the end of 2021, more than HRK 2.1 billion of COVID-19 loans have been approved, and more than HRK 3 billion of loans were provided through HBOR's COVID-19 loan guarantee/insurance policies for entrepreneurial liquidity.

In addition to the mentioned measures introduced to provide liquidity support to entrepreneurs, HBOR has also been involved in implementing guarantee schemes within the Pan-European Guarantee Fund (EGF). In May 2021, a Guarantee Agreement was concluded with the European Investment Fund (EIF), a member of the EIB Group, where HBOR was given the use of guarantees for the loan portfolio approved to small and medium-sized enterprises and small-medium capitalised enterprises amounting to a total of EUR 50 million. Subsequently, in June 2021, a Guarantee Agreement amounting to EUR 50 million was concluded with the European Investment Bank (EIB) for loans granted to medium-sized and large entrepreneurs to finance recovery from the consequences of the COVID-19 disease pandemic.

In addition to initiatives mitigating the impact of the pandemic on the business of entrepreneurs, HBOR has been involved in implementing financial instruments from the European Structural and Investment Funds (ESIF) since 2016, in addition to regular lending programs and in cooperation with commercial banks, has been implementing the financial instrument called ESIF Growth and Expansion Loans intended for small and medium-sized entrepreneurs that have been operating for at least two years and invest in the manufacturing industry, tourism and other eligible activities. So far, a total of 112 loans totalling HRK 624 million have been contracted under the respective financial instrument.

## **Planned NRRP reforms and investments**

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The NRRP component C1.1. Resilient, Green and Digital Economy, intended directly for entrepreneurs, incorporates measures for awarding grants totalling HRK 2.85 billion. The measures aim to transition the economy towards an energy- and resource-efficient economy and innovation, including developing and applying new (digital) technologies. The measures relate directly to:

- **Aid to enterprises for the transition to an energy- and resource-efficient economy** HRK 1.9 billion, intended for small and medium enterprises and medium-sized enterprises (mid-caps) for investments in the green transition, focusing on green technologies that contribute to an energy- and resource-efficient economy.
- **Grants aimed at innovation, development and application of new (digital) technologies** HRK 950 million. The envisaged measures aim to stimulate the acceleration and commercialisation of innovation and the digital transformation of the economy by applying digital technologies and supporting the European Digital Innovation Hubs (EDIH).

Croatia still has a poorly developed venture capital and quasi-equity market; hence traditional (banking) funding sources dominate the financial market. Though the financial conditions for traditional sources of financing have improved significantly over the past few years (significant decline in interest rates), their availability largely depends on the available collateral. The outbreak of the COVID-19 pandemic has led to an economic crisis where traditional financial institutions continue to reduce lending activities in the market, making access to finance for more vulnerable groups even more difficult.

To encourage faster economic recovery and faster development of companies that cannot obtain financing from traditional financial institutions (e.g., innovative companies with a higher degree of risk), **the plan is to invest in increasing the size of venture capital funds (those active and seeking additional investor funds) and for launching new venture capital funds or co-invest with existing active venture capital funds.** Equity investments from venture capital funds also help stimulate equity investments from private and institutional investors, encourage the more ambitious running of businesses and expand the business of SMEs to new markets.

In recognising the fact that this is already an active measure, HBOR will make investing to increasing existing PE funds developed in cooperation with the EIF and/or investing in new funds and/or co-investments, a condition for incorporating the goals of sustainable businesses, the digital and green transition into the strategy of investment funds as much as possible.

In addition to developing equity instruments in terms of the NRRP, **the plan is to implement additional loans and guarantee instruments (managed by HBOR) to support the strengthening of investments to strengthen competitiveness and the green and digital transition of the Croatian economy.** The NRRP measures for HBOR's financial instruments aim to support micro, small and medium-sized business enterprises, mid-cap companies and large enterprises, including public sector entities. To implement these HBOR financial instruments, a total of HRK 1.925 billion is planned within the NRRP.

**HAMAG-BICRO will continue to implement individual and portfolio guarantee programs in cooperation with commercial banks and HBOR,** with which it has signed Cooperation Agreements and will provide an interest rate subsidy (for investment loans) to end-users within the framework of the NRRP amounting to HRK 100 million.

In 2022, HAMAG-BICRO will approve investment loans amounting to EUR 100,000 in terms of the NRRP for small and medium-sized enterprises. Implementation of existing programs for

individual guarantees (above EUR 150,000) and portfolio guarantees (up to EUR 150,000) will continue with a maximum guarantee rate of 80%.

## **Administrative and parafiscal relief of the economy**

*2019.CSR4.4. Reduce the most burdensome parafiscal charges and excessive product and services market regulation; 2020.CSR3.2. Further reduce parafiscal charges and restrictions in goods and services market regulation*

### **Progress in implementing the recommendation**

In 2017, the Ministry of Economy and Sustainable Development (MESD) started systematically reducing administrative burdens by implementing the methodology for assessing the economic effects of regulations by calculating the Standard Cost Model (SCM). Due to the positive results of the first action plan, in June 2017 the Government adopted a Decision to Expand the Application of the SCM Methodology for Measuring and Targeted Reduction of Administrative Burdens on the Economy,<sup>2</sup> based upon which a systematic analysis of almost all legislative areas affecting the business operations of companies was implemented and a set of measures prepared in the form of the Action Plans for Administrative Relief.

The aim of measuring the administrative burden on the economy by applying the SCM methodology and implementing relief measures is to strengthen the competitiveness of the Croatian economy by improving the regulatory framework for entrepreneurial activities. The end result is a cheaper, more economical, efficient, modern and simpler regulatory framework for entrepreneurs.

The Government adopted three Action Plans for Administrative Relief of the Economy in 2018, 2019 and 2020. The implementation of 343 measures from the respective action plans achieved 87.68% of the planned financial relief, amounting to HRK 1.7 billion.

Furthermore, in May 2020, the Government adopted the first Action Plan for Reducing Non-Tax and Parafiscal Contributions, which contains 50 measures, of which 33 measures to reduce non-tax and parafiscal contributions and 17 measures to reduce fees for professional exams. Implementation of the mentioned measures achieves direct cost relief for the economy. By the end of 1Q/2022, 50 measures were implemented. Implementing all measures from the Action Plan for Reducing Non-Tax and Parafiscal Contributions will lead to annual reductions in burdens for the economy, amounting to HRK 531.99 million.

### **Planned NRRP reforms and investments**

In the area of reform measures, MESD has undertaken to further relieve the economy, which is included in the NRRP in line with the continuity of reform measures in terms of administrative and parafiscal relief, and which has so far been coordinated through three Action Plans for Administrative Relief of the Economy (2018, 2019 and 2020). This approach is described in the NRRP under measure C1.1.1 R1-I2 Continuing administrative and fiscal burden relief and a better regulatory environment that ensures the implementation of measures from the action plans for administrative relief covering at least 95% of the projected cost reduction no later than by the end of 2022.

The implementation of these measures from the action plans for administrative relief of the economy is a continuation of administrative and fiscal relief. Implementing the measures from

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<sup>2</sup> OG 60/17

the mentioned action plans will optimise and digitise administrative procedures identified as the greatest burden for the private sector. All relief measures were determined in cooperation with representatives of the business community, chambers and professional associations.

## **Liberalisation of the services market**

*2019.CSR4.4. Reduce the most burdensome parafiscal charges and excessive product and services market regulation; 2020.CSR3.2. Further reduce parafiscal charges and restrictions in goods and services market regulation*

### **Progress in implementing the recommendations**

The liberalisation of the services market was by the end Q1/2022 conducted using over 250 measures in 50 or so business activities and professions. Accordingly, the result from the previous NRRP was achieved. In terms of the adopted recommendations from the World Bank (with technical assistance from the EC), 18 of the 20 measures from the first action plan for liberalisation of the services market were implemented (the remaining 2 measures are still being implemented), and 11 of the 18 measures from the second action plan (whereas the implementation of other measures in preparation). According to OECD data from the five-year report Product Market Regulation (PMR 2018 compared to PMR 2013), the overall regularity of the Croatian economy and services market fell from its highest level to the average EU and OECD level. In terms of the mentioned results, the average level of regularity for the services market and main market professions relates to architects, engineers, real estate agents, taxi drivers and road transport, energy industry, telecommunications, retail and wholesale, and registration of establishment, whereas accountants are not regulated. At the same time, the overall regulation of access to market services (Barriers in Services Sectors) and main market professions (Professional Services) is among the ten lowest in the EU internal market and slightly below the OECD average.

### **Planned NRRP reforms and investments**

The general goal of continuing this reform, i.e., liberalisation of the services market, is to facilitate access to the services market, competitiveness and productivity for key market professions. This will further open the institutional framework for potentially new and existing entrepreneurs providing professional services in the private sector. The reform will provide greater opportunities for net increases in the number of service providers, innovation and productivity, and greater opportunities for individuals and businesses as consumers of professional services in terms of possible price reductions and greater choice. Therefore, in line with the NRRP, the specific objective is to simplify or abolish at least 50 regulatory requirements for professional services within the private sector by the end of 2024. To achieve this goal, **the Government will adopt a third Action Plan for the Liberalisation of the Services Market by the end of Q1/2023, providing concrete measures for implementation in 2023 and 2024.** In terms of performance indicators, the minimum cumulative number of implemented measures for liberalisation of the services market will increase from over 250 to at least 300 by the end of 2024. Based on the NRRP, several documents form the basis for the continued reform of regulated professions, such as recommendations from the EC technical assistance project in cooperation with the World Bank, which have not been adopted interdepartmentally in the previous two action plans for liberalisation of services markets; the results of the updated Restrictiveness Indicator for Professional Services developed by the EC and the OECD Product Market Regulation 2018 report (PMR 2018); EC recommendations within the Single Market Enforcement Task Force (SMET) regarding professional services; and

commitment to the full implementation of EU legislation in the area of freedom to provide services.

## C1.2. Energy Transition for a Sustainable Economy

### Limiting greenhouse gas emissions

*2019.CSR3.1. Focus investment-related economic policy on research and innovation, sustainable urban and railway transport, energy efficiency, renewables and environmental infrastructure, taking into account regional disparities; 2020.CSR3.3. Focus investment on the green and digital transition, in particular on environmental infrastructure, sustainable urban and rail transport, clean and efficient production and use of energy*

### Progress in implementing the recommendations

Croatia is obliged to give its share to common EU policy on limiting greenhouse gas emissions from sectors outside of the Emissions Trading System, as well as track and report on emissions on an annual basis. In 2019, Croatia was permitted a national quota of 19,105,632 tCO<sub>2</sub>-eq whereas actual emissions for 2019 were 16,058,241 tCO<sub>2</sub>-eq. After an audit by the European Commission in 2022, the actual emissions for 2020, will be known, and in 2023 for emissions in 2021.

The new goal to limit the increase of greenhouse gas emissions for Croatia from 2021 is -7% compared to the previous level in 2005.

In June 2021, the Low Carbon Development Strategy of the RC for the Period up to 2030 with an Outlook to 2050<sup>3</sup> was adopted, with the goal of strongly encouraging a reduction in greenhouse gas emissions in Croatia across all sectors of the economy, starting from the energy sector, transport, industries, buildings, waste management, agriculture, tourism and services.

In April 2020, the Climate Change Adaptation Strategy of the Republic of Croatia for the period until 2040 with a view to 2070 was adopted,<sup>4</sup> which aims to reduce the vulnerability of natural systems and society to climate change, increase the ability to recover from climate change and the ability to exploit the potential positive effects that may result from climate change.

### Planned NRRP reforms and investments

The NRRP measures and reforms from different sectors contribute significantly to climate goals. The NRRP supports a green transition utilising investments in energy efficiency and the renovation of buildings, sustainable mobility, especially in railway upgrades, autonomous electric vehicles, installation of charging stations for electric vehicles and introduction of zero-emission vehicles and vessels, modernisation of energy infrastructure, investment support in the production of advanced biofuels and renewable hydrogen, etc.

The EU stipulates 37%, and Croatia plans to allocate almost 39.19% of funds or HRK 8.88 billion (EUR 2.54 billion) to achieving the climate goals; the goal of reducing greenhouse gas emissions and the goal of adapting to climate change.

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<sup>3</sup> OG 63/21

<sup>4</sup> OG 46/20

## Planned measures outside the NRRP framework

The commitment to reduce emissions by 55% at the EU level is implemented jointly by the Member States through the EU (Greenhouse Gas) Emissions Trading System (EU ETS). A common quota has been established for the EU ETS system and includes 47 plants from the Republic of Croatia and two airline companies. Under the EU ETS, the respective installations must align their operations to greenhouse gas emissions (GHG) benchmarks. The measures that can be implemented by the plant operators are financed from the European Structural and Investment Funds, the Innovation and Modernisation Fund, the Just Transition Fund and financial resources from the auctioning of greenhouse gas emission allowances.

Due to the EU's increased climate ambition, the EU ETS includes three levels of sectors, maritime, buildings and road transport. Moreover, a mechanism for regulating carbon at borders is currently being introduced. MESD will carry out activities to assist economic entities in meeting their new complex obligations.

The new target for limiting increases in greenhouse gas emissions for Croatia from 2021 is -7% compared to the 2005 level. That target is going to be boosted to -16.7% based on the EU's new ambitious common climate targets. Based on this goal, an annual national quota that must not be exceeded is set for the Member States and Croatia.

The Act on Climate Change and Ozone Layer Protection<sup>5</sup> regulates the fulfilment of Croatia's obligations to retain emissions within the annual national quota for sectors outside the trading system. The Act also stipulates jurisdiction over sectoral emissions and competent state administration bodies. The MESD monitors the implementation of this obligation and proposes additional measures if necessary.

Monitoring the fulfilment of the obligations shall take place on an annual basis in line with the procedures laid down in Regulation (EU) No 1999/2018 on the Governance of the Energy Union and Climate Action, which sets the preparation and submission to the EC of the Greenhouse Gas Inventory Report, the auditing of the Report by EC experts, jointly setting emission levels for total emissions in the country and publication of the Decision on Emission Levels in Sectors Outside the Trading System. In 2022, the MESD plans to improve the GHG Inventory system to meet the obligations of EU legislation.

In 2022, the plan is to adopt the **Action Plan for the Operational Implementation of the Low Carbon Development Strategy for a period of five years**, with new ambitious goals for reducing greenhouse gas emissions and the **Action Plan for the Operational Implementation of the Climate Change Adaptation Strategy for a period of five years**. Numerous adaptation measures for climate change also contribute to reducing greenhouse gas emissions.

The plan is to direct financial resources from all available sources to achieve climate goals, in particular the goal of limiting greenhouse gas emissions from all sectors and the goal of energy efficiency and increasing the share of renewable energy sources. The programming of the EU Competitiveness and Cohesion Operational Programme 2021-2027 is underway, and at least 30% of the total funds from the Croatian envelope will be directed to achieving climate goals. The EU Modernisation Fund 2021-2030 provides funds for 100% financing of decarbonisation in Croatia (total funds available for Croatia are at least HRK 7.5 billion (EUR 1 billion) for the period to 2030). The **drafting of the legislative framework and the Regulation on the Implementation of the Modernisation Fund for implementation of the framework in Croatia is underway** and is to be adopted in June 2022. To finance the climate transition, Croatia has at its disposal funds from the 2021-2027 EU Just Transition Fund amounting to

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<sup>5</sup> OG 127/19



approx. HRK 1.27 billion (EUR 169 million). The intention is to finance just/fair transition measures to reduce greenhouse gas emissions in the Sisak-Moslavina and Istria Counties, regions identified for their high intensity of CO<sub>2</sub> emissions. According to the Plan for the Use of Funds Obtained from the Sale of Emission Allowances through Auctions in the Republic of Croatia from 2021 to 2025 (July 2021), fully intended to implement projects and activities contributing to the climate goals of reducing greenhouse gas emissions and adapting to climate change, a total of HRK 2.9 billion (EUR 386 million) will be invested in measures to reduce greenhouse gas emissions and adapt to climate change. Given the increase in the price of emission allowances, this amount is expected to be significantly higher.

## **Promoting the use of energy from renewable sources and energy savings**

*2019.CSR3.1. Focus investment-related economic policy on energy efficiency, renewables and environmental infrastructure, taking into account regional disparities; 2020.CSR3.3. Focus investment on the green and digital transition, in particular on environmental infrastructure, sustainable urban and rail transport, clean and efficient production and use of energy*

### **Progress in implementing the recommendation**

The Electricity Market Act<sup>6</sup> and the Act on Renewable Energy Sources and High-efficiency Cogeneration<sup>7</sup> have been adopted, and currently, bylaw acts are being prepared.

Amendments to the Electricity Market Act and the Act on Renewable Energy Sources and High-efficiency Cogeneration reduce obstacles and facilitate administrative procedures that prevent greater use of energy from renewable sources, promoting the consumption of energy from renewable sources from proprietary production and organising energy communities from renewable sources. The system based on premiums for assisting renewable sources of energy will become fully operational. Also, the Program for Energy Efficiency for Decarbonisation of the Energy Sector was adopted (thereby fulfilling the obligations of the National Recovery and Resilience Plan (NRRP), indicator no. 45). It identifies areas of investment for energy efficiency and central thermal systems, including investment priorities until 2030. The planned investments include the modernisation of the central thermal system and energy-intensive industries, with an emphasis on efficiency and the potential for generating energy from renewable sources. State assistance programs and decisions on financing 75 selected applicants/companies were made in November 2021, and by the end of December 2021, all grant agreements were signed with companies/beneficiaries. In May 2021, the Act on Amendments to the Act on Biofuels for Transport<sup>8</sup> (Alternative Fuels in Transport) was adopted, and Croatia passed the Croatian Hydrogen Strategy for 2050 in March 2022. The strategy considers the potential of hydrogen in decarbonising the economy and how this potential can be used for investment, regulation, creating markets, and research and innovation in the hydrogen-based economy.

### **Planned NRRP reforms and investments**

Energy is covered in the NRRP under subcomponent C1.2. Energy Transition for a Sustainable Economy, and is fully committed to green transition and decarbonisation. Reform C1.2 R1 Decarbonisation of the energy sector is envisaged, and its implementation will ensure Croatia's turning towards clean energy. The reform is expected to provide the infrastructure needed for

<sup>6</sup> OG 111/21

<sup>7</sup> OG 138/21

<sup>8</sup> OG 65/09, 145/10, 26/11, 144/12, 14/14, 94/18 and 52/21

better and faster implementation of clean technologies in the electricity, transport, heating and industrial sectors in further developing new technologies.

The planned actions will be achieved through the following four investments:

- C1.2.R1-I1 Revitalising, building and digitising the energy system and supporting infrastructure to decarbonise the energy sector
- C1.2.R1-I2 Fostering energy efficiency, heat and renewable energy to decarbonise the energy sector
- C1.2.R1-I3 Hydrogen use and new technologies
- C1.2.R1-I4 Biorefinery for the production of advanced biofuels Sisak

### **Planned measures outside the NRRP framework**

Outside the framework of the NRRP, a note should be made concerning the Integrated National Energy and Climate Plan (NECP) for the period 2021-2030, devised in accordance with Regulation (EU) 2018/1999 on the Governance of the Energy Union and Climate Action, which sets national targets to reduce CO<sub>2</sub> emissions for 2030, increasing the share of renewable energy sources in final consumption and increasing energy efficiency. To meet these goals, the NECP has proposed 106 measures setting activities related to the five pillars of the Energy Union. Most of the measures are dedicated to decarbonisation, 67 measures are divided into 7 groups of interdepartmental measures, i.e., agriculture, land use and conversion, forestry (Land Use, Land-Use Change and Forestry - LULUCF), industry, waste management, transport-related measures and increasing the share of renewable energy sources, and 19 measures are related to increasing energy efficiency.

The plan is also to encourage greater implementation of projects related to increasing the use of renewable energy sources and energy efficiency measures in industry through the Modernisation Fund in 2022 and 2023.

## **C1.3. Improving Water Management and Waste Management**

### **Reform of the water utility sector**

*2019.CSR3.1. Focus investment-related economic policy on energy efficiency, renewables and environmental infrastructure, taking into account regional disparities; 2020CSR3.3. Focus investment on the green and digital transition, in particular on environmental infrastructure,*

### **Progress in implementing the recommendations**

Reforms in the water utility sector cover mutually aligned processes in passing a legislative framework and implementing investments through the Public Sewage Development Program and the Public Water Supply Development Program. Accordingly, the NRRP envisages the reform C1.3 Implementation of the Water Management Program by implementing investments C1.3 R1-I1 Public Sewage Development Program and C1.3 R1-I2 Public Water Supply Development Program.

One of the most important reform goals in the water services sector is to achieve uniform development of the entire country in terms of water services in public water supply and drainage system, ensuring all citizens, especially those in rural areas, have access to the public water supply and drainage system at an affordable price for water, and taking control over approx. 200 local water pipelines from which supply water of questionable health safety is supplied,

securing for the remaining 73 local self-government units that do not have a public water supply and drainage system, which represents a significant development and demographic measure. Namely, the water sector in the Republic of Croatia lags significantly behind EU standards. Therefore, significant investments are needed in the area of water resources management, which is underdeveloped (CSR 2020). To ensure implementation of the sustainable development goals (SDG Goal 6: Ensure availability and sustainable management of water and sanitation for all) as well as synergetic action in the area of sustained management of water resources and protection thereof, Croatia has recognised key area of intervention: improving the public water supply system, upgrading the public sewage system and purification of wastewater, including preserving the good condition of water for the purpose of improving sustainability in the utilisation and management of water. Increasing effectiveness in water usage and implementing an integrated water resources management system is key to satisfying Croatia's needs for water in the future. Reform in the water services sector is a prerequisite for effective implementation of investments in water management to ensure compliance with relevant EU directives and includes the integration of public water service providers in the service area to strengthen implementation capacity and investment capacity and financial and technical sustainability of public water service providers. The reform will ensure the implementation of the principle of cost recovery from water services so that the price of water is socially affordable for consumers even after the implementation of investments. The legal precondition for water utility reform was achieved through measures from the NRP 2019 by adopting the Water Services Act<sup>9</sup> and the NRP 2020 by adopting the Regulation on Service Areas.<sup>10</sup>

The burden for water bodies drawing water for the needs of the public water supply is unnecessarily high, and reducing losses is necessary, meaning the impact of water abstraction on the quantitative state of groundwater, i.e., the ecological condition (hydromorphological element) of surface water. To reduce water losses in public water supply systems, the Regulation on Amendments to the Regulation on the Amount of Compensation Water Usage<sup>11</sup> was adopted as a measure from the NRP 2019.

Additionally, in 2021, the Government's Decision on adoption of the Multiannual Program for the Construction of Municipal Water Structures for the period up to 2030<sup>12</sup> led to adoption of the Program, one of the most crucial water management planning documents, and its adoption is stipulated in Article 43 of the Water Act.<sup>13</sup> This document establishes the framework program for investing in the development of public water supply and public sewerage, to which the Republic of Croatia has committed itself in the Treaty of Accession of the Republic of Croatia to the European Union. Also, the implementation system is currently undergoing operationalisation in a way that will contribute to the more efficient use of financial, human and technical resources available to water management in the field of water use and protection, as well as the water services sector. The respective Program identifies specific projects and defines a framework for monitoring its implementation. Coinciding with the Multiannual Program, the Government adopted the Regulation on Service Areas.<sup>14</sup> To complete the operational implementation of the reform, by the end of 2022, the Regulation on the Methodology for Determining the Pricing of Water Services and the Regulation on Specific Conditions for the Provision of Water Services are to be adopted, facilitating reforms for public water service providers.

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<sup>9</sup> OG 66/19

<sup>10</sup> OG 147/21

<sup>11</sup> OG 32/20

<sup>12</sup> OG 147/21

<sup>13</sup> OG 6/19 and 84/21

<sup>14</sup> OG 147/21

As part of the Public Sewage Development Program (C1.3. R1-I1) and the Public Water Supply Development Program (C1.3. R1-I2), a continual limited call for project proposals for Financing the Implementation of Already Commenced Investment Projects Relating to Smaller Sections of the Public Water Supply and Public Sewage Disposal System within the National Recovery and Resilience Plan 2021-2026” in terms of which 73 grant agreements were approved and signed and HRK 706.8 million in EU grants awarded. These calls also contribute to the indicators in implementing the NRRP with an implementation deadline of Q2/2022 for Constructed or Reconstructed Public Sewerage Network and Constructed or Reconstructed Public Water Supply Network. On 14 April 2022, a new continual limited call was issued for investments in smaller investments of the water supply and sewerage, for which HRK 1 billion in EU grants is available.

### **Planned NRRP reforms and investments**

Changes to the legal framework are the final step in implementing reform in the water services sector. Following the adoption of the Regulation on Service Areas on 30 December 2021, the plan entails the adoption of the Regulation on Evaluating the Efficiency of Water Operators, the Regulation on the Methodology for Determining the Price of Water Services and the Regulation on Special Conditions for Provision of Water Services by Q4/2022, whereby reforms will be implemented among the public water service providers.

To reduce losses and the operational implementation of the Regulation on Amendments to the Regulation on the Amount of Water Use Fees and Commencement of Collection Fees for Abstracted Quantities, a minimum of 526 measuring devices will be installed at all public water supply pumps in Croatia by the end of Q4/2022.

### **Planned measures outside the NRRP framework**

Additional significant investments are needed to fulfil the obligations to which Croatia has committed itself in the Treaty of Accession of the Republic of Croatia to the European Union and implement the framework program for investments in developing the public water supply and public sewerage. In addition to the funds from the NRRP, programming documents are being prepared for a new multiannual financial framework through the Operational Program Competitiveness and Cohesion (CCOP) 2021-2027, whereby, in terms of policy objective 2, specific objective 2.v “promoting access to water and sustainable water management” the recommendation is additional investments in public water supply and sewerage systems which include, but are not limited to, investments in new or reconstructed/rehabilitated pipelines for public water supply and sewerage systems, water conditioning devices for human consumption and desalination plants, in new or upgraded installations for wastewater treatment including sludge treatment plants.

Furthermore, in 2022, the implementation of investments in public sewerage and public water supply systems financed by EU grants within the OPCC 2014-2020 will continue.

## **Sustainable waste management**

### **Progress in implementing the recommendations**

Regarding waste management, the Ministry of Economy and Sustainable Development (MESD) passed a Decision on the Sequence and Schedule for Closing Waste Depots,<sup>15</sup> defining the sequence and schedule for closing waste depots for non-hazardous waste across counties.

In 2021, the Waste Management Act<sup>16</sup> came into force, which was passed on 23 July 2021. The new Waste Management Act integrated new and ambitious goals of waste management into national legislation, contributing to the realisation of the European Green Deal goals, i.e., separating the creation of waste from economic growth. Also, the Waste Management Plan of the Republic of Croatia for the 2017-2022 Period<sup>17</sup> was replaced with the Decision on Adoption of Amendments to the Waste Management Plan of the Republic of Croatia for the 2017-2022 Period.<sup>18</sup> Amendments to the Croatian Waste Management Plan for 2017-2022 were adopted to be aligned with new goals and policies in waste management and refer only to 2022 as the final year in this planning period, whereas the new Waste Management Plan of the Republic of Croatia for the Next Planned Period of 2022-2028 will be completely based on goals leading up to 2035.

### **Planned NRRP reforms and investments**

The NRRP envisages implementation of C1.3. R2 Implementation of sustainable waste management which includes the implementation of the investment C1.3. R2-I1 Waste disposal reduction program and C1.3. R2-I2 Remediation program for closed landfills and sites contaminated with hazardous waste. The purpose of the Waste Disposal Reduction Program is a more efficient separate collection of municipal waste to reduce the generation of waste that needs to be disposed of at landfills. Therefore, the program includes measures and infrastructure needed to reduce waste disposal, which includes the construction of facilities for sorting separately collected municipal waste, construction of facilities for biological treatment of separately collected biowaste, construction and equipping of recycling yards, and construction and equipping of recycling yards for construction waste. The publication of the Call for Project Proposals for Financing Measures and Infrastructure from the Waste Disposal Reduction Program is scheduled for 2022. The implementation of this program means that the share of municipal waste sent for disposal will be reduced to 30% by 2026. Also, the Program for Rehabilitation of Closed Landfills and Sites Contaminated with Hazardous Waste envisages the financing of 10 closed landfills that are in the phase of obtaining construction permits and ready for remediation activities. The publication of the Call for Project Proposals for Financing the Program for Rehabilitation of Closed Landfills and Sites Contaminated with Hazardous Waste is also scheduled for 2022. In addition, in 2022, the implementation of investments in infrastructure for sustainable waste management financed by EU grants within the OPCC 2014-2020 will continue.

### **Planned measures outside the NRRP framework**

Implementing regulatory measures and achieving the goals established in the new Waste Management Act and the Waste Management Plan of the Republic of Croatia 2017-2022 requires additional infrastructure for the separate collection, sorting and recovery of recyclable

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<sup>15</sup> OG 3/19 and 17/19

<sup>16</sup> OG 84/21

<sup>17</sup> OG 3/17 and 1/22

<sup>18</sup> OG 1/21

waste. Previous investments in infrastructure for separate collection of municipal waste have resulted in a significant increase in the separation rate in the period from 2017 to 2019, which clearly confirms the correlation between the respective investments and achieving the EU goals. In addition to funds from the NRRP, program documents are being prepared for the new multiannual financial framework through the OPCC 2021-2027, which, within the policy objective 2, specific objective 2.vi Promoting the Transition to a Circular Economy proposes additional investments in infrastructure for sustainable waste management, necessary for the transition to a circular economy, and investment for the transition of production processes of entrepreneurs based on the principles of the circular economy.

## C1.4. Development of a Competitive, Energy Sustainable and Efficient Transport System

### Restructuring and construction of a sustainable transport sector

*2019.CSR3.1. Focus investment-related economic policy on research and innovation, sustainable urban and railway transport, energy efficiency, renewables and environmental infrastructure, taking into account regional disparities; 2020.CSR2.2. Increase access to digital infrastructure and services; 2020.CSR3.3. Focus investment on the green and digital transition, in particular on environmental infrastructure, sustainable urban and rail transport, clean and efficient production and use of energy and high-speed broadband*

### Progress in implementing the recommendations

#### Road Transport

The problem of insufficiently secured funds for replacing the vehicle fleet among providers of public city transport services is resolved by implementing the procedure for awarding grants. The signing of Grant Agreements with eight public city transport companies has ensured grants totalling HRK 356.13 million for the purpose of renewing and replacing vehicle fleets owned by transporters with vehicles incorporating higher ecological standards and low CO<sub>2</sub> emissions. The grant beneficiaries have signed agreements for the secondary procurement of 212 new vehicles, with deliveries expected to take place in 2022.

Regarding the implementation of measure Restructuring and Construction of a Sustainable Transport Sector, a number of activities were undertaken in 2021. Progress was achieved in setting up a legislative framework for maintaining and charging motorway toll fees. The Act on Amendments to the Roads Act came into force on 4 January 2022.<sup>19</sup> Amendments to the Roads Act were aligned to the Directive (EU) 2019/520 of the European Parliament and of the Council of 19 March 2019 on the interoperability of electronic road toll systems and facilitating cross-border exchange of information on the failure to pay road fees in the Union and Directive (EU) 2019/1936 of the European Parliament and of the Council of 23 October 2019 amending Directive 2008/96/EC on road infrastructure safety management.

The technical framework for implementing road safety measures was improved. The National Road Safety Plan of the Republic of Croatia for the 2021-2030 Period was adopted at the session of the Croatian Government on 29 July 2021 and came into force on the day it was passed. In line with the set vision and defined special goal, it defined expected values in reducing the

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<sup>19</sup> OG 144/21

number of persons killed in road accidents and serious road accidents by the end of the planned period and during the implementation of measures and activities.

### **Railway transport**

Implementation of activities in sector-based strategic guidelines is currently in progress. It will open another investment cycle in the railway sector and define requirements for further improvements in the railway services market.

On 1 July 2021, the Croatian Government adopted the Decision on Accepting Modernisation and Restructuring of the Railway Sector (so-called Sectoral Policy Letter). The fundamental elements of reforms in the railway sector are defined, including the implementation plan for measures and activities in reforming the railway sector. The Sectoral Policy Letter contains long-term goals for the development of the railway sector, the main elements in reforming the railway sector and the Implementation Plan for Measures and Activities in Reforming the Railway Sector of the Republic of Croatia which contains all elements of the reform, activities for their implementation and anticipated implementation deadline. The Sectoral Policy Letter for the railway sector provides a framework for the modernisation and restructuring of the railway sector in order to increase the competitiveness and efficiency of the railway sector while providing better services to users in passenger and cargo transport. Achieving these goals presumes the following activities: improving the financial and operational efficiency of state-owned railway companies, significant public investments in maintenance and modernisation of key railway infrastructure, redefining the scope of services for the purpose of better efficiency of the railway system and improving the functioning of coordination and planning across the entire transport sector. The reform of the railway sector is an integral part of the NRRP reform C.1.4. R2. In this regard, the adoption of the Sectoral Policy Letter by the Government achieved the criterion for achieving Milestone # 98 as set out in the Annex to the Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Croatia (10687/21 ADD 1). The letter of the sectoral policy created the preconditions for initiating a comprehensive reform and modernization of the railway sector.

In accordance with the Implementation Plan for Measures and Activities in Reforming the Sector Railway Sector, aimed at increasing the quality of railway transport services and reducing administrative and institutional barriers for more efficient management of project cycles related to railway line infrastructure projects within the implementation of measures and activities from the Sector Policy Letter, in 2021 an expert working group to support reform activities and an inter-ministerial working group to address liner projects in the railway sector was founded and began operating.

### **Maritime and inland waterways transport**

In terms of reforming maritime and inland waterways transport, on 15 December 2021, the Act on Inland Navigation and Inland Waterway Ports<sup>20</sup> was adopted. The new Act on Inland Navigation and Inland Waterway Ports facilitates identifying special risks on Croatian inland waterways to ensure the safety of navigation and prevent navigation accidents and possibly human victims, material damage and consequences for human health and the environment. The Act also provides for the harmonization and recognition of professional qualifications of inland waterway crew members, encourages labour mobility, and addresses the sectoral problem of shortage of skilled workers through the implementation of Directive (EU) 2017/2397 on the recognition of professional qualifications in inland navigation.

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<sup>20</sup> OG 144/21

The new Act on Transport in Liner Shipping and Occasional Coastal Maritime Transport came into force on 19 February 2022.<sup>21</sup> This Act, among other things, encourages the introduction of new construction on routes of public liner transport, as well as ships driven by alternative fuels and energy sources, which will contribute to reducing greenhouse gases from ships, as well as raising the quality of provided services in public liner maritime transport.

### **Development of fast broadband Internet**

The development of fast broadband Internet is carried out by investing in the Building Next Generation Networks (NGN) / Next Generation Access Networks (NGA) in White NGA Areas and Building the National Next Generation Aggregate Broadband Infrastructure and Connecting Targeted Users within Public Administration Bodies (public users) along with modern next-generation electronic communication infrastructure. Investments are carried out in terms of the Call for Building Next Generation Networks (NGN) / Next Generation Access Networks (NGA) in White NGA Areas for which 20 Grant Agreements were signed for projects financed from European Structural and Investment Funds in the 2014-2020 financial period.

Investments in Construction of the National Aggregate Next Generation Broadband and Connecting Targeted Users within Public Administration Bodies (public users) along with modern next-generation electronic communication infrastructure is undertaken through the same-named Call in terms of which the Grant Agreement for projects financed from European Structural and Investment Funds (ESIF) was signed for the 2014-2020 financial period.

### **Planned NRRP reforms and investments**

#### **Railway transport**

The Sectoral Policy Letter provides stimulation to use information and communication technological solutions to strengthen the competitiveness, reliability and safety of railway transport and reduce the costs of infrastructure management. When planning the development of the sector, the need for digital solutions will be taken into account to establish a centralised management system, optimise asset management, provide passenger and freight transport services, and improve signalling, security, and telecommunications systems.

In line with the NRRP and the Implementation Plan of Measures and Activities for the Reform of the Railway Sector from the Sectoral Policy Letter, the plan isto establish a new strategic framework for the railway sector. An analysis of the state of the railway system will be carried out as a precondition for further activities in drafting the Railway System Development Strategy in the Republic of Croatia from 2022 to 2032, the National Railway Infrastructure Development Plan until 2027 and the National Railway Infrastructure Management and Development Plan. The sectoral strategy will determine the objectives, measures, performance indicators and programs for the development of railway transport services, railway infrastructure development, and railway infrastructure management. As part of the National Railway Infrastructure Development Plan, projects and activities necessary for the development of railway infrastructure will be identified. The National Plan for the Management of Railway Infrastructure and Service Facilities will identify projects and activities for managing and organising railway traffic regulations and developing railway transport services. The adoption of the documents by the Government is planned to take place by the end of 2022. A contract with the selected service provider for drafting strategic documents Inovacija i razvoj d.o.o. was signed on 9 February 2022.

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<sup>21</sup> OG 19/22



Preparatory activities are underway to reorganise the management of railway companies and their operations. The expectation is that the Plan for Reorganising the Management of Railway Companies by the end of 2022 will be aligned with the rules on state aid.

### **Maritime and inland waterways transport**

The new Maritime Domain and Seaports Act will lead to the structural reorganisation of the port system of ports open to public traffic, and aims to ensure uniformity in implementing legal obligations for managing public ports and streamlining management costs. The Decision on the Establishment and Appointment of Members of the Working Group for Preparing the Draft on the Maritime Domain and Seaports Act, consisting of experts in the field covered by the topic and representatives of a wide range of stakeholders, was adopted.

The **new Maritime Domain and Seaports Act** is included in the NRRP within the C1.4. R3 maritime and inland navigation reform, where the deadline for its adoption is Q4/2022.

In line with the NRRP for the reform of maritime and inland navigation (C1.4. R3), preparation in implementing the tender for the constructing a scaffolding, an investment in the green transition, is underway. As part of the **investment, solar-powered electric scaffolding should be built connecting the mainland with Križnica** and become operational, with approval from the Croatian Register of Shipping. Due to the COVID-19 pandemic and delays in material delivery, preparation and procurement, the scaffolding process faces the challenge of timely implementation of the investment and the threat of missing the deadline, which will need to be extended to complete the reform.

### **Fast broadband Internet**

In 2022, the plan is to prepare the Feasibility Study and conceptual planning of the network for constructing passive electronic communications infrastructure and obtaining approval for state aid. The investment refers to constructing an open electronic communication infrastructure consisting of free-standing antenna poles, providing a low-voltage connection and fibre-optic or microwave transmission capacities for connecting mobile electronic communications network base stations. State infrastructure will facilitate development of 5G networks across the coverage area and, by providing operators with equal access to end-users, will enable users to choose operators and broadband access services. **The signing of the grant agreement and the start of the project for the construction of the passive electronic communications infrastructure** are planned to take place by Q1/2023.

## **C1.5. Improving the Use of Natural Resources and Strengthening the Food Supply Chain**

### **Improving the Use of Natural Resources and Strengthening the Food Supply Chain**

*2019.CSR3.1. Focus investment-related economic policy on research and innovation, sustainable urban and railway transport, energy efficiency, renewables and environmental infrastructure, taking into account regional disparities; 2020.CSR3.1. Front-load mature public investment projects and promote private investment to foster the economic recovery; 2020.CSR3.3. Focus investment on the green and digital transition; 2020.CSR2.2. Increase access to digital infrastructure and services*

## **Progress in implementing the recommendations**

The agricultural sector accounts for 3.3% of Croatia's total GDP and employs 6.2% of the workforce, more than the average share at the EU level. Following EU accession, difficulties in adapting to new economic circumstances have contributed to a worsening performance of the agricultural sector compared to the rest of the economy. From 2008 to 2017, gross agricultural production fell by an average of 3.7% each year, while gross value added of the agricultural sector fell by an average of 4.3% each year. Since 2018, Croatia's agricultural activity has been recovering and increasing the value of agricultural production.

These results are attributed to the implementation of agricultural policy measures, which in Croatia is defined by the Agriculture Act,<sup>22</sup> while the primary implementation document is the Rural Development Program, approved by the EC. In the program period 2023-2027, and in line with the reformed EU common agricultural policy rules, Croatia will implement the so-called strategic plan, the draft of which was also submitted to the EC for approval.

The draft strategic plan recognizes the progress in consolidating agricultural holdings, generational renewal, modernisation of production, and the recognisability of Croatian products.

In the current programming period, the financial envelope of the common agricultural policy of the Republic of Croatia is aimed at supporting rural development (58% of the envelope is focused on rural development measures, 40% on direct payments and 2% on common market measures).

Aid to agriculture (direct payments and support to rural development) contributes to the growth of economic results with a multiplier effect of 2.67 (on an annual basis, increase in economic results by 1.55%, value-adding by 2.93% and employment by 1.49%). Rural development projects bring broader economic effects by strengthening the structural link between primary agriculture and other economic sub-sectors.

The NRRP reform C1.5. Improving the use of natural resources and strengthening the food supply chain, especially the establishment of a network of logistics infrastructure, encourages the creation of partnerships in the sector as a prerequisite for improving the market position of farmers by organising sales and providing services that increase the added value of their products (warehousing, packaging, marking, processes). The first step in implementing this measure was the adoption of the Operational Programme for Strengthening the Market Capacity of the Fruit and Vegetable Sector for the period 2021-2026, adopted by the Government on 23 December 2021. The readiness to participate in the financing and the existence of already developed public investment projects within this reform was determined by the call for expressions of interest.

The call for expressions of interest was published for the reform measure Improving the System for Restructuring of Farmland and Its Consolidation. Local self-government and regional self-government unit were obliged to develop a conceptual design for land consolidation for the purposes of the invitation, and the criteria for eligibility of areas for land consolidation are given priority to those areas for which the consent of most agricultural landowners will be collected.

## **Planned NRRP reforms and investments**

The NRRP reform **Improving the Food Donation Systems** (C1.5. R4) and the accompanying investment **Infrastructural equipping of food bank and intermediaries in the food donation chain** (C1.5. R4-I1) are important in the context of a circular and sustainable economy, as they

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<sup>22</sup> OG 118/18, 42/20, 127/20 and 52/21

contribute to reducing food waste. The drafting of the Program for Infrastructural Equipment of Intermediaries in the Food Donation Chain and Food Bank, preparation of tenders for upgrading IT systems for food donation and construction of an internet platform for food waste prevention and preparation of information and educational campaigns are underway.

Investment in the NRRP reform “Improving the agricultural land restructuring and consolidation systems” (C1.5. R2) creates preconditions for better management of agricultural land, water conservation, soil erosion and acidification prevention, air conservation, and landscaping and landscape protection. Also, the investment Program for Permanent Monitoring of Agricultural Land will facilitate systematic and planned management of agricultural land and enable the identification of crisis areas where soils are exposed to threats. The investment in agricultural land consolidation, implemented within the NRRP, will increase the capacity of public administration to develop public consolidation projects at the central and local levels. The NRRP facilitates the implementation of land consolidation on a smaller part of agricultural land in Croatia, and land consolidation procedures will continue after the completion of activities planned by the NRRP, providing preconditions or providing in a land consolidation model applicable throughout the country.

The contribution to digital transition is most directly related to the reform “Digital Transformation of Agriculture” (C1.5. R3), which aims to digitise public services in the agricultural sector, making them more accessible to farmers while reducing administrative capacity. The reform will also lead to constructing a platform using consolidated data relevant for the day-to-day operations of farmers and the establishment of a national traceability information system available to the public.

In terms of the NRRP reform of digital transformation of agriculture and the establishment of logistics infrastructure in the fruit and vegetable sector, emphasis is placed on educational activities for acquiring digital skills necessary for the use of digital services and activities in acquiring knowledge and skills for infrastructure management and effective participation in the market chain.

### **Planned measures outside the NRRP framework**

The outbreak of the COVID-19 pandemic has caused serious disruptions in the agri-food sector due to disrupted supply chains, limited human movement and the closure or reduced activity of the hospitality industry. Therefore, the Government has adopted several support programs<sup>23</sup> under the Temporary Framework for State Aid Measures to Support the Economy of Member States in the Current COVID 19 Pandemic (EC), which has provided extraordinary assistance to farmers in the livestock, poultry and viticulture sectors.

Also, to help farmers with liquidity problems and micro, small and medium enterprises engaged in processing, marketing and development of agricultural products, the Rural Development Program was supplemented with a new measure 21 “Extraordinary temporary support to farmers and SMEs particularly affected by the COVID-19 crisis.” The Rural Development Program promotes the use of renewable energy sources by supporting farmers and micro, small and medium-sized enterprises registered for the processing of agricultural products. The aid is

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<sup>23</sup> Decision on the implementation of a temporary emergency aid measure for producers of fattening cattle, fattening pigs and lambs for slaughter with business problems caused by the COVID-19 epidemic and for entities operating in approved ungulate slaughter facilities (May, 2020); Support program for primary farmers due to difficult business conditions caused by the COVID-19 pandemic (December 2020); Support program for producers of fattening pig due to difficult business conditions caused by the COVID-19 pandemic (April, 2021); Support program for primary agricultural producers in livestock due to difficult business conditions caused by the COVID-19 pandemic (December 2021); Poultry support program due to difficult business conditions caused by the Covid-19 pandemic (December 2021); National aid program for the wine sector for the period 2019 to 2023

directed to the construction, reconstruction and equipping of plants for the production of energy from renewable sources and for the needs of a beneficiary's own production facilities.

## C1.6. Developing Sustainable, Innovative and Resilient Tourism

### Developing Sustainable, Innovative and Resilient Tourism

*2019.CSR2.1. Deliver on the education reform and improve both access to education and training at all levels and their quality and labour market relevance; 2019.CSR3.1. Focus investment-related economic policy on research and innovation, sustainable urban and railway transport, energy efficiency, renewables and environmental infrastructure, taking into account regional disparities; 2019.CSR3.2. Increase the administration's capacity to design and implement public projects and policies; 2020.CSR2.3. Promote the acquisition of skills; 2020.CSR3.1. Front-load mature public investment projects and promote private investment to foster the economic recovery; 2020.CSR3.3. Focus investment on the green and digital transition; 2020.CSR4.1. Reinforce the capacity and efficiency of the public administration to design and implement public projects and policies at central and local levels*

### Progress in implementing the recommendations

To help the tourism and hospitality sector cope with the consequences of the crisis caused by the COVID-19 pandemic, a number of measures and activities have been taken, aimed at strengthening the sector and strengthening its resilience. In March 2021, commenced implementation of the Program for Granting Assistance to Tourism and Sports in the Current COVID-19 Pandemic amounting to a total value of HRK 1.5 billion, with the aim of ensuring access to financing liquidity for small, medium-sized and large enterprises in the tourism and sports sectors by issuing state guarantees.

The Small Value Aid Program to Help Affected Activities in the Transport Sector, Tourism Sector and the Cultural and Artistic Events Industry to Launch and Normalize Current Operations Due to the Current COVID-19 Pandemic ensured travel agencies and travel organisers a total of HRK 16.54 million through 342 assistance packages.

In 2021, the implementation of the public call for investments in continental tourism infrastructure contributed to the development of a special form of tourism (cycling tourism) in the Croatian inland (hinterland), improving the quality and content of tourism products, developing tourism infrastructure, better valorisation of resources, and creating new motives for arrivals as well as more uniform spatial distribution of demand. In all, 14 projects with a total value of HRK 3.37 million were financed.

Moreover, the project *Safe Stay in Croatia* was initiated with the goal of informing and familiarising visitors and stakeholders in tourism with the protocols and measures implemented in Croatia at all levels of tourism sector activities. In 2021, a total of HRK 20 million was secured from the state budget for the procurement of rapid antigen tests for tourists who planned to stay in Croatia for a number of days, thus protecting the safety of tourists and preventing the spread of the pandemic.

In accordance with the commitments undertaken within the NRRP, in 2021, the development of the Sustainable Tourism Development Strategy until 2030 began with the National Plan for the Development of Sustainable Tourism 2021-2027. The adoption of the Sustainable Tourism Development Strategy until 2030 is planned for Q3/2022. Also, the preparation of public calls

for the tourism sector has been initiated within the planned investments of the NRRP, which are planned to be announced in 2022.

In terms of NRRP reform C1.6. R1 for the transition to the model of sustainable tourism development by the end of 2021, the Scenario Analysis was prepared, which includes guidelines for drafting the Sustainable Tourism Development Strategy until 2030 and addresses issues of aligning tourism investments with the criteria for a circular economy. The guidelines provide recommendations for directing tourism investment to innovation activities and research and development. In addition, the developed guidelines are aimed at encouraging balanced regional development by directing investments to less-developed tourist areas based on the tourism development index.

Documentation for the procurement services involving analysis of best practice, testing of educational needs and labour market, as well as analysis of development needs and potentials for increasing sustainability and resilience of the tourism sector is currently being prepared, based upon which new educational programs will be prepared to strengthen knowledge and skills, especially strengthening sustainability and resilience, the green and digital transition, and strengthening the skills of the unemployed and employers. These activities are carried out in terms of the NRRP investment C1.6. R1-I3 Strengthening the capacity of the system for resilient and sustainable tourism.

In addition to the above, in terms of implementing the projects of six Regional Competence Centres in the tourism and hospitality sector, since their launch in 2020, activities have been regularly undertaken in formal and non-formal education of adults, as well as that of employees in Regional Competence Centres along with regular development of new formal and non-formal educational programs.

Based on the call Improving the Access of Vulnerable Groups to the Labour Market in the Tourism and Hospitality Sector II, funded under the Operational Programme Effective Human Potential 2014-2020, published in 2021, a grant amounting to HRK 27.65 million was secured. The Public Call facilitates the financing of social inclusion of persons with disabilities on the labour market in the tourism and hospitality sector, as well as strengthening human capacities in the sector. The implementation of 14 contracted projects was commenced in Q1/2022.

### **Planned NRRP reforms and investments**

The NRRP includes three investments that contribute to the recovery, resilience, and green and digital transition of the tourism sector. Investment C1.6. R1-I1 Regional diversification and specialization of Croatian tourism through investments in the development of high value-added tourism products includes financing already prepared public investment projects in tourism infrastructure and sports and recreation centres and active tourism zones. This investment will facilitate transformation of the tourism model towards sustainability through support for public investment for the green and digital transition of public infrastructure. This investment will facilitate the recovery and resilience of the tourism sector through the diversification of the tourism assortment, increasing the attractiveness of destinations, and, thus tourist demand. Investment C1.6. R1-I2 Strengthening sustainability and encouraging green and digital transition of entrepreneurs in the tourism sector refers to investments by entrepreneurs in the tourism value chain in for developing a higher value-added tourism assortment, green and sustainable construction, energy efficiency, RES use, electricity connectivity and application of circular economy principles, land and sea waste management, and the use of digital technologies. Recommendations related to human resources development are contributed by the NRRP investment C1.6. R1-I3 Strengthening the capacity of the system for sustainable and sustainable tourism. In terms of the reform C1.6. R1 Increasing the resilience and sustainability

of the tourism sector, by drafting the Sustainable Tourism Development Strategy until 2030 will include the implementation of medium-term development needs and development potentials as well as define specific goals and projects of strategic importance to increase sustainability and resilience of the tourism sector, the seasonal nature of employment, the lack of quality workforce and the adjustment of the workforce to new business conditions due to the COVID-19 pandemic. In addition, a market analysis will be conducted to identify the sectorial requirements for new knowledge related to green and digital transition and innovation. Based on the conducted analysis, educational programs (strengthening digital and skills for sustainable business by entrepreneurs and skills related to safety and hygiene and sanitation) will be developed and implemented, as well as for vulnerable groups, including the unemployed and programs for civil servants working with the tourist boards (strengthen digital and destination management skills). The investment will also support the improvement of vertical mobility, especially in the gastronomy segment, development of professional potential in tertiary education and similar activities specifically aimed at raising the quality of tourism products and services in the entire tourism value chain, which ultimately contributes to recovery and resilience.

The objective of NRRP investment C2.3. R3-I15 Setting up tourism application solutions is to administratively relieve entrepreneurs and transform the tourism model towards sustainability of the tourism ecosystem through the digitalisation of destination management processes and the establishment of value chains, improving business intelligence systems in tourism. Investment C1.6 R1-I3 Strengthening system capacity for resilient and sustainable tourism through strengthening digital skills, as well as the skills of officials of tourist boards for sustainable management of destinations.

## 2 – PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS

### C2.1. Strengthening Capacity To Design And Implement Public Policies And Projects

#### Integration of strategic planning and development management

*2019.CSR3.2. Increase the administration's capacity to design and implement public projects and policies; 2020.CSR3.1. Front-load mature public investment projects and promote private investment to foster the economic recovery; 2020.CSR4.1. Reinforce the capacity and efficiency of the public administration to design and implement public projects and policies at central and local levels;*

#### Progress in implementing the recommendations

Based on the NRP 2019, work has continued on the reform of the strategic planning and development management system to increase the quality of formulating public policies and the quality targeting of investments from EU funds for the purpose of social progress and uniform regional development.

The legislative framework of the strategic planning system in the Republic of Croatia has been in full application since 1 January 2020. The mentioned legislative framework establishes a model for the standardising strategic planning procedures, has determined a clear relationship between long-term, medium-term and short-term strategic planning acts, regulates their dependency on the budget and determines the roles and responsibilities of public authorities in prescribing strategic planning procedures. The new model ensures the measurement of success in implementing objectives, measures and projects defined in strategic planning acts as prepared by public authorities at the national, regional and local levels.

A number of activities have been initiated to apply a standardized approach to preparing, monitoring and reporting, and evaluating the effectiveness of the implementation of public policies and projects

For the purpose of ensuring a standardised approach to drafting acts on strategic planning and proper application of provisions from the legislative framework, written instructions on approaches for all public authorities have been prepared. For the requirements of devising a relevant and reliable framework for monitoring and reporting on the implementation of medium-term and long-term strategic planning acts, the Library of Indicators has been established, which is regularly maintained and updated.

In February 2021, the 2030 National Development Strategy (2030 NDS) was adopted as the main and hierarchically highest strategic planning act that determines priorities for the development of the Republic of Croatia in the period leading to the year 2030 and sets guidelines for programming and utilisation of EU funds in the coming financial period. Preparations have begun on the medium-term strategic planning acts which will facilitate the implementation of the NDS. The preparation process is complete for a number of acts, and which have been adopted in 2021, whereas the remaining acts are expected to be passed in 2022.

To implement the goals, the Government Program has been defined and along with medium-term strategic planning acts, implementation programs for state administration bodies (SAB)

for the 2021-2024 period have been devised. Preparations have also been directed at the implementation programs for the LRSGUs in terms of the required goals, as defined in the relevant strategic planning acts of national importance. The implementation programs contain measures and elements for effective implementation (implementation framework, framework for monitoring progress and an indicative financial framework). Also implemented is the first cycle of semi-annual reporting on the execution of the SAB implementation programs based on specific data relating to the status of the execution of defined measures, achieved values of associated result indicators and budgetary funds utilised for implementation. Amendments to the SAB implementation programs have also been applied in accordance with new obligations for implementing goals as determined in the adopted static planning acts.

In terms of the Structural Reform Support Programming (SRSP) project titled Framework for Evaluating Efficiency of Public Policies in Croatia, the Guidelines on Evaluating Efficiency of Public Policies and Projects have been prepared, including the conceptual development of a platform for open data on the success of the implementation of public policies and projects. The platform facilitates reporting on the progress of implementing the 2030 NDS and associated strategic planning acts.

In terms of the SRSP project Improving Cost Estimates of Implementing Government Policies in Strategic Planning Processes, a proposed model for estimating costs of implementing structural policies and measures for investments has been prepared, including an evaluation of a model based on investment recommendations as defined in the National Recovery and Resilience Plan (NRRP).

In the period since 2021, Croatia has had at its disposal a more considerable amount of resources from EU funds than in the period up to 2020. Timely use of available funds requires quality preparation of projects for implementation. Given that the Recovery and Resilience Fund (RRF), like the Cohesion Policy, supports the financing of projects on green and digital transition and that much of the timeframe for project implementation overlaps, a sufficient stock of projects ready for implementation in the next financial perspective relating to key areas such as green and digital should be ensured. For this purpose, the call Preparation of Project-Technical Documentation for Projects in the Area of Digital Transformation and Green Transition for grants was prepared and announced.

Work on systematic capacity building for strategic planning and development management includes conducting training for civil servants at the national, regional and local levels. In 2020, more than 1,200 participants participated in the courses, and more than 700 in 2021.

To improve inter-departmental coordination, strengthen capacities, and exchange experiences in implementing the Strategic Planning and Development Management Framework, the Network of Strategic Planning Coordinators was established at the national, regional and local levels, which facilitated the coordination of the strategic planning process.

Croatia is continuously building its administrative capacity in its use of EU funds, which is noticeable in terms of accelerating the speed of spending funds in the 2014-2020 period. These experiences are used in preparing activities for the 2021-2027 period. The basic prerequisite for the use of funds in the period 2021-2027 is the establishment of an institutional framework (Act on the Institutional Framework for the Use of European Union Funds in the Republic of Croatia<sup>24</sup> and regulations stemming from it) which will define the Coordinating Body (and programme bodies in terms of shared management, and which are also covered by investment funds and instruments of the European Union in the Republic of Croatia (NCC). Within the competence of the NCC, a cooperation mechanism has been established between the Office of

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<sup>24</sup> OG 116/21



the Prime Minister, the Ministry of Finance (MFIN) and the Ministry of Regional Development and EU Funds (MRDEUF) for the use of crucial resources from EU funds. Given that progress in ensuring sufficient (quantitative and qualitative) capacity remains relevant, the legislative framework also institutionalises the scope of responsibility for strengthening capacity, both within the institutional framework for the use of EU funds and potential beneficiaries and partners.

To approach the issue of capacity building of the institutional framework for the use of EU funds in the new period, the institutions responsible for implementing EU and RRF funds have prepared an initial analysis of the workload in the last quarter of 2021 to ensure sufficient capacity for their implementation. Considering the ongoing establishment of individual management and control systems for the use of EU funds, the respective analysis will be updated once the system has been established.

### **Planned NRRP reforms and investments**

To strengthen the capacity of bodies responsible for developing and implementing public policies and projects, the NRRP envisages the **implementation of a reform on strengthening mechanisms for the integration and management of public policies along with the professionalization of strategic planning** (C2.1. R1).

Based on the results of the Structural Reform Support Programme (SRSP) project Framework for Evaluating the Efficiency of Public Policies in Croatia, and applying knowledge gained in the preparation, implementation and monitoring of strategic planning acts, amendments to the legal framework of the strategic planning system will be undertaken. The legal framework will be improved and aligned with the legally-stipulated framework for regulatory impact assessment, budgetary planning framework and the financial management and control framework. Amendments to the legal framework will be implemented by the second half of 2022.

Improving the legal framework and integrating strategic planning processes including other complementary processes, establishing coordination mechanisms in preparing and implementing policies, improving transparency in monitoring performance and evaluating the effectiveness of public policies will facilitate improving the efficiency and sustainability of strategic planning and public policy management.

To ensure a sufficient stock of projects within the NRRP investment C2.1.R2.-I1, on 31 December 2021 a call was issued to Local and regional self-government units (LRSGU), public institutions, the (co)founders of which are LRSGUs and others legal entities with public powers, the (co)founders of which are LRSGUs which are to be assisted in preparing project-technical documentation. The application deadline was 28 February 2022. A review of received project proposals is underway.

Projects requiring preparation of project-technical documentation in the field of digital transformation will have to incorporate to one of the following areas of intervention: ICT solutions, digitalisation, e-services, applications for public services and/or operations of public bodies; ICT infrastructure for public services: extensive computing resources/equipment, data centres, sensors and other wireless equipment; digitalisation in the field of health care; e-health services and applications (including e-care, the Internet of Things (IoT) for physical activity and environments of assisted living (AL)); digitisation of educational and training institutions and/or development of digital skills and content in these institutions; digitisation of urban transport; smart cities, the use of digital and communication technologies to better meet the

needs of citizens and improve the efficiency of urban services; smart villages - transformation of rural areas using digital and communication technologies.

Projects requiring preparation of project-technical documentation in the field of green transition relate to one of the following areas of intervention: construction of new energy efficient buildings; renovations to increase energy efficiency or energy efficiency measures for public buildings and public infrastructure; measures to adapt to climate change and to prevent and manage climate-related risks; risk prevention and management of non-climatic natural risks and risks related to human activities including awareness raising, civil protection and disaster management systems, infrastructure and ecosystem approaches; improving air quality; protection, restoration and sustainable use of Natura 2000 sites; nature and biodiversity protection, ecosystem conservation and restoration and related green infrastructure; protection, development and promotion of natural heritage outside the Natura 2000 network; green infrastructure in urban areas; bicycle infrastructure; rehabilitation of industrial sites.

The implementation of these activities will contribute to:

- Improving efficiency in implementing public policies, significantly improved conditions for developing a monitoring and reporting framework in strategic planning acts
- Improving transparency in implementing public policies, significantly improved conditions for independent performance evaluation in the implementation of public policies
- Improving the sustainability of public policies, significant improvements in linking strategic and budgetary planning processes.

Improving the quality of preparation and implementation of sustainable public policies, based on data and evidence, facilitates implementation of the UN Sustainable Development Goal 16. “Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels,” and Subgoal 16.7 “ensure responsive, inclusive, participatory and representative decision-making at all levels.”

Investments within the NRRP reform C2.1. R1 Strengthening mechanisms for the integration and management of public policies with the professionalisation of strategic planning, aims to strengthen capacities in strategic planning and better regulation. The investment goal is to implement training programs and encourage continuous learning in strategic planning and better regulation, strengthen the relevant competencies of employees in the state and public administration systems and ensure a long-term sustainable system for strategic planning, public policy management and better regulation.

The mapping of business processes in strategic planning and impact assessment will be carried out to harmonise and standardise the procedures carried out by the bodies within these processes. Based on the results of the mapping and the results of the project Development of the Competency Framework for Public Administration Employees (project implemented by the MJPA), a job description and catalogue of competencies necessary for effective strategic planning and regulatory impact assessment will be prepared including better regulation. The framework of developed competencies provides preconditions for drafting occupational standards for particular working positions within the strategic planning system and better regulation and establishment of training programs for work based on real needs, i.e., all preconditions for the professionalisation of working positions related to strategic planning and regulatory impact assessment. In line with the competence framework, the professionalisation of working positions in strategic planning organisational units will be carried out. The professionalisation of working positions prescribes competencies necessary for the effective performance of strategic planning tasks, but also ensures the authority and powers to officials to carry out tasks within their competence, including the efficient exchange of information and

active participation in associated processes. Professionalisation will facilitate affirmation of the Network of Strategic Planning Coordinators within the state and public administration systems.

The Ordinance on Training will be drafted and adopted by the end of 2022 based on the competency framework, and which will define specialist training programs, ongoing education and training programs, as well as the implementation of training programs in strategic planning and regulatory impact assessment.

At the beginning of each cycle of strategic planning, the Coordinating Body will ensure the strengthening and upgrading of key competencies by implementing prepared specialist training programs. The focus of the training courses will be on applying new methodologies and developing tools for strategic planning, and the training courses will be conducted for all officials involved in strategic planning and implementation of regulatory effects at the national and regional level.

Experts in public administration involved in the work of the Network of Coordinators for Strategic Planning, Coordination of the European Semester, Coordination of Regulatory Impact Assessment and Coordination of the Implementation of Public Consultation Procedures will be connected into a single network for preparation, monitoring and evaluation of public policies.

The professionalisation of jobs and institutionalisation of strategic planning and regulatory impact assessment, systematic strengthening of competencies for applying the prescribed methodology and developed tools, establishment of mechanisms for coordinating and integrating strategic planning and other complementary processes will significantly improve the efficiency and sustainability of strategic planning and impact assessment.

### **Planned measures outside the NRRP framework**

To ensure a standardised approach to the proper application of the provisions of the legislative framework of the strategic planning system, work will continue on harmonising the actions of public authorities in drafting strategic planning acts, primarily by providing clarifications and instructions, comments and suggestions for improvement. In line with the amendments to the legal framework of the strategic planning system, written instructions on the procedure for drafting and implementing strategic planning acts for all public authorities will be amended or harmonised. Work will continue on maintaining and supplementing the Library of Indicators, to ensure a uniform approach to developing a relevant and reliable framework for monitoring and reporting on the implementation of strategic planning acts among all stakeholders.

Work will continue on coordinating the overall strategic planning and development management system, and after the amended legal framework for the strategic planning system has entered into force, the harmonisation of the corresponding institutional and methodological framework will be carried out.

Guidelines, tools and recommendations, developed within the SRSP project Framework for Evaluating the Efficiency of Public Policies in Croatia and Improving the Cost Estimation of Government Policies in Strategic Planning Processes, will be appropriately integrated into the methodological framework of the strategic planning system, as well as other processes in the strategic planning and impact assessment of public policies.

Within the set deadlines, Annual Progress Report on the Implementation of the 2030 National Development strategy (NDS 2030) will be prepared, and which will, for the first time, publish all relevant data on the implementation progress of strategic objectives, achieved performance indicators and budget spent on implementation. The data will be made available to the general public and facilitate evaluation of the outcomes achieved in implementing the NDS 2030 on social and economic growth and development.

Under the Norwegian Financial Mechanism 2014-2021, the project Enhanced Strategic Planning at the Regional and Local Level in Croatia was contracted. Implementation of the project will strengthen the capacities for strategic planning and development management at the regional and local state levels. The project includes a quantitative and qualitative analysis of the current state of the strategic planning system at the regional and local level, provides recommendations for improving the preparation of public policy and strengthens the capacity of regional and local self-government, and implements targeted education prepared in line with the conducted analyses.

The Ministry of Regional Development and EU Funds (MRDEUF) in its capacity as a Coordinating Body, and in terms of the drafting of program documents for the new EU financial period, in cooperation with competent authorities and other bodies of the management and control system for the financial period 2014-2020, with the participation of Ministry of Justice and Public Administration (MJPA), will develop a **single national plan to strengthen administrative capacity in the use of EU funds** (Roadmap for Administrative Capacity Building), for EU funds under shared management. The scope of the Plan exceeds the limits not only of the Cohesion Policy but also of the Regulation (EU) 2021/1060 - Common Provisions for the period 2021-2027, given that it includes the 2023–2027 Common Agricultural Policy (CAP) Strategic Plan. The plan is envisaged by the Act on the Institutional Framework for the Use of EU Funds in the Republic of Croatia, where the actual process of drafting the document follows the course and development of the program process. The plan simplifies and covers the needs of all stakeholders within the institutional framework for the use of EU funds in Croatia for the program perspective 2021-2027. The development of the plan is based on OECD methodology, defined during the pilot phase at the EC level (2018-2020). The process began in January 2021 and 16 workshops were held with over 200 participants from 31 bodies in management and control systems. By the end of 2021, the objectives, measures and activities were defined and the harmonisation of the proposed measures and activities with the competent managing authorities is currently underway. Upon completing the harmonisation, the draft will be sent to the EC. After receiving feedback, and depending on completion of the program documents for the 2021-2027 financial period, the implementation of measures and activities will begin, the coordination of which, including the monitoring, reporting, evaluation and, if necessary, updating falls under the MRDEUF as the Coordinating Body for EU Funds.

## C2.2. Further Improving the Efficiency of Public Administration

### Decentralisation and rationalisation

*2019.CSR1.1. Reinforce the budgetary framework and monitoring of contingent liabilities at central and local level; 2019.CSR1.2. Reduce the territorial fragmentation of the public administration and streamline the functional distribution of competencies; 2020.CSR4.1. Reinforce the capacity and efficiency of the public administration to design and implement public projects and policies at central and local levels*

### Progress in implementing the recommendations

The Budget Execution Act of the Republic of Croatia for 2022 introduces a financial assistance mechanism for incentivising functional and real mergers. Adequate funds have been secured in the state budget to incentivise such mergers financially, and Government's Decision will stipulate the criteria and level of incentives along with greater fiscal incentives for real mergers,

while incentives for functional mergers will depend on the number and type of functions planned for the mergers.

The aim of reducing territorial fragmentation and simplifying the distribution of territorial responsibility in 2020 involves implementing reform is to implement measures in entrusting activities from state administration to the counties. The measure contributed to further decentralising the undertaking of state administration activities. A total of 64 particular laws were amended where certain state administration activities from 1 January 2020 were entrusted to counties. From that date, state administration offices within the counties ceased to operate. This measure was a step toward setting up an effective, quick and quality system to assist citizens in achieving their rights more easily while offering public services in a more straightforward and more accessible manner. Responsibility for various activities, such as requests for defining minimal technical conditions (for business premises), expropriations, approvals and excerpts from numerous registries, have been ceded to the counties. County administration bodies will no longer seek from citizens documents that can be found in their registries. This provides significant cost savings while assisting citizens in exercising their rights.

To reduce and rationalise the costs of local and regional self-government, the number of local officials was revised based on the adoption of the Act on Amendments to the Local and Regional Self-Government Act in December 2020. At the local elections held in May 2021, the total number of deputies was 568 less than the previous 671 deputies, and 103 deputies for municipal heads, town mayors, and county prefects were elected. Moreover, the number of members in representative bodies was reduced, i.e., 870 fewer councillors were elected; hence instead of the previous 8,254, a total of 7,384 members to municipal, town councils and county assemblies were elected.

The same goal is used to implement the ESF project Optimisation of the Local and Regional Self-Government System. The Project will facilitate a more effective undertaking of activities within the scope of LRSGUs, eventually increasing the quality of public services. Also, to improve the quality management system in public administration, the ESF project is currently being undertaken, where 15% of LRSGUs, i.e., 118 public administration bodies, are introducing the quality management system, as well as optimising and standardising some business processes relating to the most frequently occurring existential situations for citizens and businesses at the state and local level.

### **Planned NRRP reforms and investments**

Further improvement to the functionality and sustainability of local and regional self-government is planned within the NRRP, and the goal of reforming the functional and sustainable local government is to establish a high quality and efficient system of local and regional government by encouraging functional and real integration of local government units. In particular, the amended legislative framework and financial support mechanism will encourage the functional and actual merger of local self-government units (LSGUs), while ensuring sufficient funds in the state budget to financially encourage mergers. Thus, functionally merged LSGUs will retain the same funds from the budget that were otherwise available to them before the merger, for a period of at least 2 years, and the incentives will cover one-time merger costs and provide additional funds based on savings over the next 5 years. In addition, incentives for actual mergers of LSGUs will include one-off capital transfers over 5 years that the LSGUs will use specifically for infrastructure projects. The Government's Decision will prescribe the criteria and amount of incentives, with higher fiscal incentives for actual mergers, while incentives for functional mergers will depend on the number and type of

functions envisaged for mergers. After the adoption of the Government's Decision, a public call will be announced for local self-government units to express their interest in voluntary functional or actual mergers.

In the 2022 State Budget and projections for 2023 and 2024, HRK 100 million has been allocated for incentives directed to the voluntary functional or actual merging of local units.

The criteria for determining the amount of co-financing will depend, among other factors, on the number of tasks performed by the units together and will be determined by the decision of the Government. An individual unit will be entitled to additional funds or co-financing, if involved in the joint undertaking of certain listed tasks, for which at least one is performed together with another or other units. Funds for co-financing will be provided in the equalisation fund and planned in the state budget for the current year with projections for the next two years depending on the expressed and identified needs of units that decide on a functional merger. The exact criteria, manner and possibility for co-financing the joint undertaking of certain tasks and the status of employees in bodies that will perform tasks for several local units, as well as other professional tasks that units perform for their own needs will be determined.

## **Revising the wage setting system**

*2019.CSR2.4. In consultation with the social partners, introduce harmonised wage-setting frameworks across the public administration and public services*

### **Progress in implementing the recommendations**

The planned reform of the salary system in the civil and public service should ensure harmonisation of the framework for determining salaries in civil service and public service and harmonisation of the salary system. The salary system in civil service and public service will be standardised, including the implementation of the principle of equal pay for equal work, i.e., work of equal value, regardless of the segment of public administration in which the employee is employed, will be implemented, and a system of rewarding employees with extraordinary work results. To implement this reform, the Ministry of Justice and Public Administration (MJPA) and the Ministry of Labour, Pension System, Family and Social Policy (MLPSFSP) initiated cooperation with the World Bank in December 2021, which will analyse the current public sector salary system in 2022, present the way salary systems are regulated in other EU member states and propose a new model. Salaries in the public sector, on the basis of which the MJPA will draft the Civil Service Salaries Act in Q1/2023, and the MLPSFSP will draft the Public Services Salaries Act. To coordinate activities related to this complex reform, a joint governmental coordinating body headed by the Deputy Prime Minister – the Minister of Finance - was established by a decision of the Government. In terms of each state administration body, there will be formed a working group for expert support and cooperation with the World Bank and the MJPA as a coordinator of activities in the reform of the civil service salary system and MLPSFSP as a coordinator of activities in the reform of the public service salary system.

### **Planned NRRP reforms and investments**

In terms of the NRRP, the planned reform and investment C2.2 R2-I1 – Improving the remuneration system in the state administration and public services and in the period from Q2/2022 to Q1/2023 a comprehensive analysis of the current method of determining wages in the public sector will be done, including analysis of data on wages in the public sector based on the data from the Central Payroll System, the drafting of a proposal for reforming public sector wages and harmonisation with social partners as well as preparing a draft proposal for the

Wages Act, in order to refer the draft law on wages (for civil servants and employees and public servants) to the legislative procedure at the end of Q1/2023.

## **Quality management**

*2019.CSR3.2. Increase the administration's capacity to design and implement public projects and policies; 2020.CSR2.2. Increase access to digital infrastructure and services; 2020.CSR4.1. Reinforce the capacity and efficiency of the public administration to design and implement public projects and policies at central and local levels*

### **Progress in implementing the recommendations**

In the last two years, in terms of the project Introduction of a Quality Management System in Public Administration of the Republic of Croatia (HRK 40.5 million, 85% ESF), the necessary methodologies have been developed (Methodology for Mapping, Optimisation and Standardisation of Business Processes and the Quality Management Methodology in Public Administration of the Republic of Croatia) and the IT tool necessary for raising the quality of public administration. The development of e-learning training materials for 600 employees in 118 public administration bodies is also nearing completion.

### **Planned NRRP reforms and investments**

By mid-2023, the development of administrative capacity at all levels (managers, quality managers and internal auditors) for optimising and standardising processes, introducing quality management systems, as well as external assessment and evaluation of quality management in public administration will commence.

Business processes will be reviewed for optimisation and administrative relief. Inefficient business processes will be optimised or eliminated to reduce administrative burdens and achieve more efficient public administration. To achieve the above, regulations will be analysed and their modernity and adaptation to new technologies and the needs of citizens will be determined. Prior simplification and elimination of unnecessary processes is necessary for successful digitisation. Taking into account the already prepared analyses of life events in the project, the updated analyses will be updated by the end of Q3/2022 and the administrative burden on citizens will be calculated at the end of 2019 and 2021, with the first action plan for administrative relief of citizens (for the realization of NRRP indicator # 152) prepared by the end of Q1/2023, as well as methods of measuring the user (citizen) satisfaction with the services provided by public administration (contribution to SDG 16.6.2.).

*All the mentioned activities comply with SDG 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels*

## C2.3. Digital Transition of Society and Public Administration

### Digitalisation of public administration

#### Strategically directing the digitalisation process

*2020.CSR2.2. Increase access to digital infrastructure and services; 2020.CSR4.1. Reinforce the capacity and efficiency of the public administration to design and implement public projects and policies at central and local levels*

#### Progress in implementing the recommendations

Croatia has started implementing the digital transition and transformation of public administration by adopting national strategic planning acts for the period until 2020, in the field of digitalization and in line with the priorities of the Digital Agenda for Europe. Priorities identified in previous strategic acts are the development of public e-services and continuous upgrading of national infrastructure as a prerequisite for further development of digital technologies and the establishment of a central interoperability system as key prerequisites for secure data exchange and interconnection of public administration services for developing complex e-services tailored to users. Further strategic determinants and the direction in developing the digitalisation of public administration will be given in the 2021-2027 National Plan for Development of Public Administration in terms of the special Goal 2. Digital Transformation of Public Administration, which is in the final phases of adoption, and the framework strategic act called the 2030 Digital Croatia Strategy, the drafting and adoption of which is planned by the end of 2022.

#### Planned NRRP reforms and investments

One of the measures that addresses the digitalisation of public administration is the umbrella strategic document Digital Croatia Strategy for the period until 2030, to be developed and adopted by the end of 2022 within the NRRP reform C2.3. R1. The strategy defines the vision and strategic goals and priorities that will be the basis for defining measures in the following areas: (i) digital transition of the economy; (ii) digitisation of public administration and judiciary; (iii) development of broadband electronic communications networks; (iv) development of digital competencies and digital jobs. The strategy will determine the strategic direction of digital transformation to establish a systematic approach to digitalisation and anticipate the need to adhere to existing standards, best practices and design principles in developing new services, systems and platforms, and the need for continuous and coordinated upgrades and connectivity, based on the latest technologies and achievements in the field of digitalisation and setting the security of end users of the system as the primary task. Moreover, this strategic act will focus on addressing existing challenges in monitoring and coordinating the digitisation process. Strengthening inter-institutional cooperation and coordination are key prerequisites for successful digital transformation. Therefore, a **central coordination mechanism will be established for all public digitisation initiatives, as well as a system of interoperability for digital public services** to ensure coherent development of e-Government. The drafting of the Strategy includes defining the methodology for drafting the act, establishing a working group for drafting the Strategy, gathering information and drafting an assessment of the current situation, and drafting a proposal for the Digital Croatia Strategy for the period until 2030.



## **Electronic services and digitalisation of process**

*2020.CSR2.2. Increase access to digital infrastructure and services; 2020.CSR4.1. Reinforce the capacity and efficiency of the public administration to design and implement public projects and policies at central and local levels*

### **Progress in implementing the recommendations**

A key system important in the digitalisation of public administration is the e-Citizens system established in 2014. The project provides information and electronic services to citizens and entrepreneurs in one place, enabling quick and easy communication with public administration. Citizens and entrepreneurs can, on their own behalf, on behalf of their children or their business entity, access public electronic services provided by public sector bodies. The main goal of public electronic services is to save citizens and entrepreneurs time, provide communication from anywhere and quickly and efficiently resolve requests addressed to public sector bodies using digital technologies without visiting any of the institutions. Redesigning the e-Citizens web portal, which took place in 2021, focuses on requirements and how citizens use their digital identities. Today, the e-Citizens web portal services are utilised by more than 1.59 million citizens, whose numbers have increased by almost 25% in the past year. Of the total 100 services available today through the e-Citizens web portal, the most frequently used services are the EU Digital COVID Certificate, e-Civil Registries, e-Services of the Ministry of Interior, e-Tax Administration, e-Diary for parents and the Health Portal. These services have been used almost 81 million times, and only in 2021, more than 33.5 million times.

In implementing the project Croatian Digital Tourism e-Tourism, all procurement procedures have been undertaken that are essential for programming, testing and establishing public e-Services in tourism.

### **Planned NRRP reforms and investments**

In line with the Act on Amendments to the Civil Servants Act<sup>25</sup> and amended provisions relating to the title of the exam, obligation, content and deadlines for taking the current state professional exam and the Ordinance on Taking the State Exam prescribing a new way of taking the state exam in writing or electronically, a new system of taking the state exam electronically<sup>26</sup> will be established, to ensure a more objective, appropriate and transparent way of assessing the knowledge of candidates using standardised written exams. Exam materials for written tests or electronically taken exams will be prepared according to a predetermined methodology and criteria, enabling examination to be taken in a standardised and objective manner, under the same conditions for all candidates who take the state exam. To ensure implementation of the state exam electronically, a computer (application) system will be developed to execute procedures for the development of exam materials for the state exam, exam applications, the organisation and implementation of and taking the state exam, concluding with the issuing of the exam completion certificate. The system will create a database of exam tasks and materials, a candidate database and will ensure the creation of reports related to conducting the exams and the actual exam results. This comprehensive computer system will continuously monitor and improve all procedures in the development and implementation of state exams. Improving the training system for new employees and employees who are obliged to take the state exam will be covered by the development of a system of interactive e-learning programs - preparation for taking the state exam. The e-learning programs will be aligned to the level of education for

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<sup>25</sup> OG 70/19

<sup>26</sup> OG 70/20

which employees take the state exam. The development of professional training using e-learning techniques for employees who are obliged to take the state exam will improve and modernise the training system using ICT and e-learning programs, making them available to a large number of participants and all candidates obliged to take the state exam. By the end of 2022, all employees of public institution employees obliged to take the state exam will do so digitally and based on the new exam model.

All planned activities within the NRRP reform C1.5. Improving the Use of Natural Resources and Strengthening the Food Supply Chain include an element of digitalisation, with the reform Digital Transformation of Agriculture directly related to CSR 2020/2.2 given that planned investments will increase access to digital infrastructure and services. The catalogue of public services to be digitalised has been completed, and project documentation is being prepared for setting up appropriate portals which will give users access to the public services of the Ministry of Agriculture (MA). Activities stemming from investments in Smart Agriculture are in various stages of preparation or implementation, and will enable users to access all data relevant to agricultural production through a centralized platform.

Investment in the Traceability System in terms of the Digital Transformation of Agriculture will integrate existing food traceability systems of animal origin, and in upgrading the existing systems and devising new systems, will facilitate setting up a comprehensive set of food information displayed in QR codes. To read the information stored in the QR code, a mobile application will be devised within the project activities. The system will provide primary farmers and processors the ability to better recognise their products, providing added value, while consumers will receive products with a clear system of traceability of the food they buy and additional information about the food. Producers, processors and consumers will find out and learn about the system as part of a planned information and educational campaign.

The recommendation on improving access to digital services is facilitated by the NRRP reform C1.6. R1 Enhancing the Resilience and Sustainability of the Tourism Sector and the NRRP investment C2.3.R3-I15 Setting Up Tourism Application Solutions with the Aim of Administratively Relieving Entrepreneurs and Transforming the Tourism Model Towards Sustainability, and relates to upgrading business intelligence. The aim is to help entrepreneurs but also the public administration in deciding on sustainable destination management and monitoring the destination sustainability within tourism management. The planned investment will support activities in utilising tourist data from public registers such as the Central Tourist Register and the e-Visitor system, which are part of the Croatian Digital Tourism project called e-Tourism, and serves to make business decisions more effectively within the overall value chain of tourism, as well as effective and targeted promotion in the tourism market. In terms of the NRRP reform C2.3. R1, to achieve more efficient operation of the central state administration body responsible for sports, as well as the development of e-services for citizens and stakeholders in the sports system, the aim is to establish new application modules for the Information System in Sports (ISS), primarily in providing e-services to stakeholders in sports and health-oriented physical exercise at the local and regional level. This will contribute to improving the effectiveness of sports clubs by providing direct access to basic registers and records of the Information System in Sports (ISS), with functions for data entry; simplification and transparency of procedures for financing public needs in sport at the national, regional and local levels based on digitised processes; monitoring and managing the development of sports and health-oriented physical exercise, in terms of simplifying and improving the efficiency of data collection on sports and health-oriented physical exercise.

## **Planned measures outside the NRRP framework**

The digitalisation of public administration continues through upgrades to the e-Citizens system and state information infrastructure.

### **State information infrastructure**

*2019.CSR1.1. Reinforce the budgetary framework and monitoring of contingent liabilities at central and local level; 2019.CSR1.2. Reduce the territorial fragmentation of the public administration and streamline the functional distribution of competencies; 2020.CSR2.2. Increase access to digital infrastructure and services; 2020.CSR4.1. Reinforce the capacity and efficiency of the public administration to design and implement public projects and policies at central and local levels*

## **Progress in implementing the recommendations**

One of the identified problems that negatively affects the level of using public e-services in Croatia via the Internet and communication with public authorities using online applications is inadequate and inefficiently managed information and communication technology (ICT) infrastructure within public administration. The aim is to establish common platforms and appropriate digital infrastructure services for public administration bodies, facilitating the provision of electronic public services and reducing burdens (of regulatory costs and procedures) for citizens and businesses. According to the Act on State Information Infrastructure<sup>27</sup> and the Regulation on Organisational and Technical Standards for Connecting to the State Information Infrastructure,<sup>28</sup> work has begun on establishing the Shared Services Centre (SSC) (HRK 360.76 million, 85% EFRR). The SSC was rolled out at the end of November 2019, ensuring conditions for rational and economically feasible development of an interoperable ICT system within the state administration based on the “state cloud” paradigm.

The CDU is a long-term measure within the NRP and implies a strong political commitment, which is why the project was declared a strategic project of the Government. The CDU ensures the standardisation of digital services, better connection of databases across all state administration bodies, cost-effectiveness of the entire ICT system, data storage security and centralized data management. This project will enable all public sector bodies to reliably exchange information and documentation based on the cloud paradigm (Cloud) to integrate 300 institutions by 2023. In this regard, preparations have begun for the migration and inclusion of the first users in the CDU. In 2019, the project entailed a public procurement procedure for 15 procurement groups and 13 contracts were concluded (HRK 106.36 million). In 2022, the number of public sector bodies in the CDU will be increased.

## **Planned NRRP reforms and investments**

The development and introduction of new technologies requires having the most modern development environment for the development of future applications in state administration bodies. The Shared Services Centre (SSC) platform also needs to be adapted to DevOps methodologies to more effectively implement new services and upgrade existing services. The objective of the NRRP investment **C2.3. R3-I1 Upgrading the Shared Services Center** (HRK 259.95 million) is to expand capacity, further upgrade the existing national cloud and establish new functionalities. The most modern development environment and all the necessary resources for development teams regarding all future applications developed for state

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<sup>27</sup> OG 92/14

<sup>28</sup> OG 60/17

administration bodies will be implemented. The establishment of new functionalities/services in the period from 2021 to 2023 includes the establishment of the following functionalities/services: a) Platform for establishing a development and implementation environment in SSC for development, implementation and testing of applications intended for SAB, PA and LSG; b) Platform for the contact centre and for reporting issues to ICT; c) Central Information Security Supervision System, which establishes the service within a central system for monitoring, supervising and managing security events on the information and communication infrastructure of SAB, PA and LSG; d) A biometric authentication platform for citizens and employees of SAB, PA and LSG to establish a biometric identification service integrated with the existing central system for managing user privileges and identity system; e) Platform for content management of the SAB, PA and LSG portals, establishing a service for creating web pages for the needs of SAB, PA and LSG and managing their content; f) A blockchain platform to establish a service for combining public or private networks using open-source blockchain solutions for deployment in SAB, PA and LSG. The planned completion of the project is June 2026.

The establishment of processes and procedures to enable system users to access to certain data sets in accordance with legal regulations will be carried out based on the NRPP investment C2.3. R2-I2 Establishment of a central data repository and business analytics system (HRK 125.09 million). One of the identified challenges is establishing a partnership between Central State Office for Development of the Digital Society (CSODDS) as a service provider (and infrastructure) and the data resource administrator, along with specific user requirements, analytical queries and interpretation of individual data content with data warehousing (DWH) system owners and users. The aim is to introduce data storage systems along with their attributes and based on this, data to design different data warehouses as ecosystems to extract, load, transform, store, analyse, visualisation and analytics and also the introduction of an organisational culture as a source of reliable summarised data for decision making. The establishment of data warehousing and business analytics systems in public administration, achieves the primary goal of improving and optimally organising the data management system, reporting system and decision-making process at all levels and enables the private sector to build value-added services on available data and tools. The investment will establish a data lake and a DWH platform that, based on openness and integrity, facilitates data collection in standardised formats (structured and unstructured data), easy access to data sources, advanced analytics and visualisation of collected data. The platform is to be divided into two segments: (i) a data warehouse for state administration bodies where advanced analytics are conducted facilitate decision making; (ii) an open data warehouse, using analytical tools and artificial intelligence elements, available to the private and public sectors for developing new innovative services. The planned completion of the project is June 2026.

Croatia is lagging behind in implementing measures on establishing a single digital gateway and the application of the “only once” principle, which will be addressed by the NRRP investment C2.3. R2-I1, Establishment of a Central Interoperability System (HRK 105.12 million). The Single Digital Gateway Regulation (SDGR) aims to establish a single EU-wide place to facilitate the interaction of citizens, businesses and authorities by providing access to information on administrative procedures and assistance services in terms of their single market rights, while reducing the administrative burden. The implementation deadline is 2023. This investment aims to consolidate the basic registers, integrate these registers into the Government Service Bus (GSB) and establish a central interoperability portal in accordance with the European Interoperability Framework (EIF), create interoperability standards and policies, harmonise legal frameworks and fully implement the “once only” principle by 2023 in accordance with the SDGR, as well as establish cross-border data exchange between EU

Member States. The proposed investment is complementary to the project Establishment of a Shared Services Centre, co-financed by the ERDF under the OPCC. Furthermore, the initiative for systematic development of interoperability is complementary to the ESF co-financed project Process Informatisation and Establishment of a Complete Electronic Enrolment Service in Educational Institutions in terms of which a smaller scope of the register integration process in the GSB has begun in order to develop complex services for electronic applications and enrolment into institutions in the education system, the state matura register and the national information system for adult education. This project envisages the integration of 8 registers (e.g., register of veterans, state registers, register of residence) through the central bus, but not the establishment and implementation of all components of the Central Interoperability System in accordance with EIF principles. The project is ongoing, and this segment requires co-financing of registry connections to the GSB in terms of this investment. An analysis of the current state of the registers is planned, which should result in recommendations for improving the current state in legal, technical, organisational and procedural aspects, which is actually defined in the principles of the European Interoperability Framework. The planned completion of the project is June 2026.

## C2.4. Improving management of state assets

### Improving management of state assets

*2019.CSR4.1. Improving corporate governance of state-owned enterprises and intensifying the sale of such enterprises and inactive assets*

#### Progress in implementing the recommendations

The implementation of reform measures is continuing in the area of improving corporate governance in legal persons of special interest to the Republic of Croatia and in the area of faster activation and reduction of the real estate portfolio, as well as the portfolio of stock and business shares in companies of special interest to the Republic of Croatia. A business compliance function has been introduced in all majority state-owned legal persons; and the publication Review of Corporate Governance in State-Owned Enterprises in the Republic of Croatia prepared by the OECD was published; the Government's Decision on adoption of the Action Plan for the Implementation of OECD Recommendations for Improving Corporate Governance of Legal Entities Owned by the Republic of Croatia and the establishment of a Steering Committee for its implementation; also passed are the Guidelines for the Work of Supervisory Boards and Guidelines for the Work of Audit Committees in Legal Entities of Special Interest to the Republic of Croatia, as well as in other legal entities, the shares, business shares and founding rights of which are managed by the Restructuring and Sale Centre (CERP). The Methodology for selecting members to supervisory boards in state-owned companies has been developed as a basis for amending the existing Regulation that regulating the selection of members to supervisory boards and management boards in legal entities of special interest to the Republic of Croatia.

At the end of 2021, the Government adopted the Decision on Legal Entities of Special Interest to the Republic of Croatia with a revised list of legal entities and attached explanations from line ministries for reviewing reasons for state ownership based on criteria from the Decision on Criteria for Identifying Legal Entities of Special Interest to the Republic of Croatia. In 2021, activities began on the preparation and drafting of a new legislative framework on state-owned

enterprises, and the project of activating non-operational assets in majority state-owned companies was finalised, and draft documents for its implementation in 2022 are being drafted.

In 2021, the value of realised sales of stakes/ business shares from the CERP portfolio amounted to HRK 73.54 million, and revenues from the profit of legal entities of special interest to the Republic of Croatia amounted to HRK 1,311 million. Activities to reduce the portfolio and activate non-utilised state-owned non-financial assets were also carried out intensively, and total revenues from the managing and disposal of real estate in 2021 amounted to HRK 167.18 million. In all, 422 contracts on the disposal of real estate were concluded, of which 318 contracts with compensation in favour of the state budget, totalling HRK 123.56 million, and 28 contracts were concluded on donating the total estimated market value of donated property amounting to HRK 311.41 million for the purpose realizing development projects.

### **Planned NRRP reforms and investments**

In terms of the NRRP, subcomponent C2.4. Improving the Management of State Assets, implementation of state asset management reforms is continuing. Four reforms are envisaged in the field of corporate governance: 1) Revision of the list of legal entities of special state interest; 2) Improving corporate governance in state-owned enterprises of special interest to the Republic of Croatia and enterprises in majority ownership of the central government; 3) Strengthening human capacity to monitor corporate governance in state-owned enterprises; and 4) Continuing the privatisation of state-owned enterprises. There is also reform in the field of property management called Optimisation of the Management of State-Owned Real Estate. The set key phases and target values, as well as the intermediate steps for implementation of reforms, are covered in the five-year implementation period of the NRRP and extend beyond the framework of implementing the 2022 NRP. Activities in the previously mentioned reforms, occurring within the implementation time frame for this NRP, include: ongoing review of the reasons for state ownership, as well as the role of the state in legal entities with a clearly defined public or national interest; drafting a proposal for the legal framework for state-owned enterprises incorporating official OECD recommendations; launching a program for ongoing education of employees of Ministry of Physical Planning, Construction and State Assets (MPPCDA) and other line ministries for the acquiring and enhancing knowledge in corporate governance of state-owned enterprises; more frequent announcements of sales and the sale of companies that are not of special interest to the Republic of Croatia and managed by Restructuring and Sales Centre (RSC); the RSC action plan for initiating activities ensuring the preconditions for currently available-for-sale portion of the RSC portfolio; activities aimed at further reducing the state-owned real estate portfolio and creating preconditions for announcing international public calls for the implementation of investment projects; further improvement of relations with LRSGU in order to activate the existing real estate portfolio and implement development (infrastructure, cultural, social, economic and demographic) projects.

## C2.5. Modern Justice Fit for Future Challenges

### Modernisation and automatisisation of the courts

*2019.CSR4.3. Reduce the duration of court proceedings and improve electronic communication in courts; 2020.CSR2.2. Increase access to digital infrastructure and services; 2020.CSR4.2. Improve the efficiency of the judicial system*

#### **Progress in implementing the recommendations**

To improve the efficiency of the judicial system, electronic communication has so far been introduced across all commercial, county and municipal courts, including the High Commercial Court of the Republic of Croatia, the High Administrative Court of the Republic of Croatia and the Supreme Court of the Republic of Croatia in matters for which a legal framework exists. E-Communication also covers legal persons as mandatory participants and were obliged to access the electronic communication information system with all courts by 1 September 2020. E-Communication for individuals has also been enabled but is not required. A web portal for judges has also been implemented, providing the possibility of gaining insight into their own cases and performing some common activities in the system and monitoring selected reports from the eCasefile (eSpis) system. To administratively relieve the courts and increase productivity in dispatching tasks, the eDelivery (eDostava) system was introduced in 2019, enabling the electronic sending of documents from courts to the postal service provider in order to materialise documents and electronically sign them. As part of the ESF-funded project Upgrading the eCasefile (eSpis) Application System, a unique court web portal has been developed, allowing the public to access court e-services and essential information on the work of each court. Each court now has its own website, with the same design for all courts. From December 2020, eCasefile (eSpis) was introduced to misdemeanour departments at municipal courts, municipal misdemeanour courts and the High Misdemeanour Court of the Republic of Croatia. In June 2021, eCasefile (eSpis) was introduced into the daily work of administrative courts and the High Administrative Court of the Republic of Croatia. In accordance with the Enforcement Act and the Ordinance on Forms in the Enforcement Procedure, Manner of Electronic Communication Between Participants and Manner of Assigning Cases in Notary Public Operations, on 15 September 2021, an applicative system for submitting petitions for enforcement was established where enforcements are based on authentic documents to municipal courts, the so-called eOvrha (eEnforcement) System. The system was put into operation and connected to the FINA IT system and the eNotar system (Croatian Notaries Chamber).

The latest amendments to the Criminal Procedure Act,<sup>29</sup> which entered into force on 1 January 2020, to facilitate the introduction of e-Communication in criminal proceedings, stipulates that the verdict be signed only by the presiding judge, no longer by the clerk, given the secured digital signature certificate for judges and court advisers and the preparation of courts for future electronic operations.

The Act on Amendments to the Act on Administrative Disputes<sup>30</sup> was adopted, introducing electronic communication instruments to this type of court proceedings. A list of persons who are obliged to deliver submissions in electronic form via the information system and to whom the delivery is to be done in the same way are listed in the same form (state administration bodies and other state bodies, bodies of local and regional self-government units, legal entities

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<sup>29</sup> OG 126/19

<sup>30</sup> OG 110/21

with public authority, State Attorney's Office, lawyers, court experts, court appraisers, court interpreters, and legal entities), and other parties if they agree. These changes, i.e., utilising the potential provided by modern technology, will improve delivery in administrative disputes in a faster and more efficient way, which will ultimately shorten the duration of proceedings and lower costs.

To ensure greater efficiency of bankruptcy proceedings and prevent a potential increase in the number of these cases in the system due to the conditions brought on by the coronavirus pandemic, amendments have been made to the Bankruptcy Act and the Consumer Bankruptcy Act. The final draft act on amendments to the Consumer Bankruptcy Act and the final draft act on amendments to the Bankruptcy Act were passed on 11 March 2022 by the Croatian Parliament. The Action Plan for Participation in the European Exchange Rate Mechanism II (ERM II) means that the Republic of Croatia has undertaken to strengthen its national bankruptcy framework in accordance with Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 amending Directive (EU) 2017/1132 on Restructuring and Insolvency) on preventive restructuring frameworks, on the discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt procedures and to improve the existing legal framework for bankruptcy trustees and data collection.

All first instance courts are equipped and eligible for holding remote hearings.

Also, establishing a normative framework will contribute to increasing the efficiency of the courts, reducing the number of unresolved cases and shortening court proceedings. The adoption of amendments to the Courts Act and the Courts Areas and Seats Act in February 2022 envisages the establishment of specialised court departments for family cases and revises the normative framework for the work of permanent court experts and interpreters.

At the end of 2021, the proposed Act on Amendments to the Notary Act was drafted, primarily to modernise the work of notaries by introducing an electronic notary document and the work of notaries "remotely". The adoption of the law is expected in the first half of 2022. The new Framework Measures were adopted in December 2021 and took effect on 1 January 2022. The new Framework Measures for the Work of Judges stipulates increasing the number of cases to be resolved by judges, especially in municipal courts.

Since 2017, there has been intensive work on resolving cases that have been before the courts for over ten years. Tracking the resolving of such cases (based on the submission of monthly reports to the Ministry of Justice and Public Administration (MJPA) by the courts) is an effort to ensure rapid resolution of cases older than ten years and which are still before the municipal, county and commercial courts as well as the High Commercial Court of the Republic of Croatia. From 2016 to 2018, the number of such cases decreased by 41%, i.e., from 15,373 cases to 9,131 cases. In the period from the end of 2018 to the end of 2020, the number of old unresolved cases decreased by an additional 8% (8,426 cases at the end of 2020). Given the achieved reduction in the number of cases older than ten years, the focus of the MJPA in the coming period will be cases older than seven years.

Given that measures were undertaken in the previous period to reduce the number of cases in which proceedings began ten years ago or more and resulted in a significant decrease in the number of such cases, the focus is placed on cases for which proceedings have been going on for seven or more years. From 2018 to the end of 2021, there has been a continual decrease in the number of such cases, decreasing from 24,713 at the end of 2018 to 18,939 at the end of 2021, representing a decrease of 23%.



At the beginning of 2021, the MJPA, in cooperation with court presidents, devised action plans to improve the efficiency of court operations. For each judicial area (county court and municipal courts in their area), a special plan was developed focusing on three aspects: increasing the number of resolved cases in line with performance indicators for each type of case, quicker finalisation of cases in courts older than seven years, along with special monitoring and finalising of criminal cases for which in the next three years there exists the possibility of statutory limitations. The performance of action plans was tracked monthly, in synergy with court presidents, and subjective and objective reasons for eventual failure to fulfil the set goals in the action plans will be identified. In line with the achieved results, the action plans will also be adopted for 2022.

The achieved results of the action plans in 2021:

- Municipal courts fulfilled 86% of the goal in improving efficiency, and of the planned 455,302 to be completed, they finalised 393,042 (86%).
- County courts fulfilled 94% of the goal in improving efficiency, and of the planned 100,593 to be completed, they finalised 94,221 (94%).
- Overall, municipal and county courts, by the end of 2021, of the planned 555,892 to be completed, finalised 487,263 cases.

Finalising cases in which proceedings have lasted more than seven years:

- Municipal Courts reduced the number of unfinalised cases older than seven years from 20,282 to 13,919 (a reduction of 31%).
- County courts reduced the number of older ones from 5,585 to 3,684 (a reduction of 34%).
- In all, they reduced the number of older cases from 25,867 to 17,603 (a reduction of 32%).

Finalising cases in which the statutory limitations are approaching:

- Municipal Courts finalised 47% (279 of 590) cases in which the statutory limitation was to occur within three years and 57% (93 of 162) cases in which the statutory limitation was to occur in 2021.
- County Courts finalised 46% (29 of 63) cases in which the statutory limitation was to occur within three years and 35% (7 of 20) cases in which the statutory limitation was to occur in 2021.
- In all, they finalized 47% (308 of 653) cases in which the statutory limitation was to occur within three years and 55% (308 of 653) cases in which the statutory limitation was to occur in 2021.

### **Planned NRRP reforms and investments**

The priority is the use of the remote hearing protocol and e-Communication outside the civil branch of the judiciary, for which a redefined procedural normative framework in criminal trials has been prepared. **Reforming the criminal procedure will be based on expanding the use of information and communication technologies:** sound recording, remote hearings, video-links and e-Communication. Amendments to the Criminal Code will create the necessary preconditions for the above mentioned, and specific work process and procedural aspects of the use of information and communication technologies will be agreed in more detail with users in the courts.

The Draft Proposal of the Act on Amendments to the Criminal Code, was subjected to a consultation with the interested public and its adoption is planned for Q2/2022. The proposed amendments introduce electronic communication in criminal proceedings, facilitating the sending of documents in electronic form via the information system, which will shorten the time of sending submissions to the courts and delivery of court documents, but also reduce costs and facilitate communication with the courts. It will also shorten the duration of the hearing by

extending the possibility of audio recordings to all criminal proceedings in the coming period, upon fulfilling the technical preconditions in the courts and making it easier for the participants of the proceedings to monitor its course. These amendments further expand the use of audiovisual links in criminal proceedings, providing the opportunity of ensuring the presence of parties at the session of the indictment panel and at the preparatory hearing via audiovisual links.

In 2022, tender documents will be prepared, and a procurement procedure carried out to upgrade the eCasefile (eSpis) system, ensuring the digitalisation of communication between participants in court proceedings, supporting the courts to work with electronic casefiles and preparing the migration of eCasefile (eSpis) to the State Cloud (SSC) to increase stability and system availability. At the same time, the speed of data connections between the courts and the central location of the eCasefile (eSpis) system will be increased.

The development of tools for public announcements and searching all court decisions along with prior automatic anonymisation will increase the transparency of the judicial system and facilitate continuous access to information. In Q2 and Q3/2022, activities in analysing requirements be carried out, technical requirements will be defined, as well as defining an anonymisation methodology with the aim of preparing tender documentation, and for which a public procurement procedure will be carried out in Q4/2022.

In Q1/2022, in cooperation with the presidents of the courts, action plans were developed to improve the efficiency of the work of courts for 2022, and upon which new plans will be developed for each subsequent year, while taking into account achieved results.

In the coming period, the system of training the heads of judicial bodies, officials and other stakeholders in court proceedings will continue to be strengthened. **Six new training programs will be developed as part of the in-service training program for judicial officials, officers and employees** at the Judicial Academy: skills development (leadership and management skills for court presidents, court management for court administration directors and communication skills for officers in judicial bodies - three programs); promoting the rule of law and fundamental rights in high-quality educational courses within the Croatian judiciary; specialised training programs for judges in bankruptcy proceedings and training judges in the field of family law.

Reforms in civil procedure will be implemented by passing the Act on Amendments to the Civil Procedure Act. The draft proposal for the Act on Amendments to the Civil Procedure Act is currently in the parliamentary procedure (1st reading). The proposed amendments entail supplementing the provisions on holding remote hearings, the introduction of audio recording of hearings, regulating the small-claims dispute procedure regarding objections against payment orders as in the rule of the written procedure, signing the deadlines for finalising proceedings at particular instances of court proceedings, expanding the circle of obligated stakeholders in e-Communication, and the introduction of the proceedings management plan as well as redefining the provisions of the audit and model proceedings. Regarding the harmonisation of regulations with the EU legal order, the reason for the amendments is to amend the implementation provisions for the section of the Civil Procedure Act regulating European civil proceedings regarding cross-border delivery of documents and presentation of evidence. Accordingly, this ensures the implementation of the new regulations amending the previous ones.

Also, the reforming and strengthening of the conciliation process will be carried out by passing the Act on Amendments to the Conciliation Act. Working groups have been established to draft the Act on Non-Contentious Civil Procedures and the Draft Act on Amendments to the Conciliation Act, where several working group meetings having already been held.

Furthermore, reform of the land registry procedure will be implemented by adopting the Act on Amendments to the Land Register Act. The draft proposal for the Act on Amendments to the Land Register Act was published at the e-Consultations on 17 March 2022. Upon completion of the e-Consultation procedure, it will be sent to the Government. The draft bill on amendments to the Land Register Act establishes a normative, technological and organisational framework facilitating continued digitisation of land registers and speeding up the process of establishing and renewing land registers. The reform of the land registry procedure is based on the obligation to perform registration in the land register and exclusive electronic processing in the land register, and additionally, currently involved in the establishment and renewal procedure are notaries public as court commissioners where the establishment and renewal procedure has been further simplified and the need for holding hearings has been reduced. Also, the respective provisions have been harmonised with the provisions of the civil procedure regarding records and electronic delivery, and the provisions on the gratuitous write-offs of small claims have been deleted because it is a procedure not carried out in practice.

### **Planned measures outside the NRRP framework**

Some of the activities for analysing available tools for anonymising court decisions, based on artificial intelligence algorithms, will be carried out using the Norwegian Financial Mechanism and within technical assistance (TSI2022) from the EC (Directorate-General for Structural Reform Support – DG REFORM). The purpose of these activities is to analyse and review examples of good practice and existing anonymisation solutions already used and, on the other hand, to make recommendations on the methodology, anonymisation procedures and technical specifications for anonymisation solutions to be implemented within the NRRP project.

*All the mentioned activities comply with SDG 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels*

## **C2.6. Preventing and Combating Corruption**

### **Strengthen the institutional and normative framework for the fight against corruption**

*2019.CSR4.1. Improve corporate governance in state-owned enterprises and intensify the sale of such enterprises and non-productive assets; 2019.CSR4.2. Enhance the prevention and sanctioning of corruption, in particular at the local level; 2020.CSR 2.2. Increase access to digital infrastructure and services*

### **Progress in implementing the recommendations**

In the process of ensuring technical and legal preconditions for publishing records of wealth, in July 2020, at the sessions of the State Judiciary Council and the session of the State Attorney's Council, the Rules on Amendments to the Rules on the Content of the Judge's Asset Report Form and the Rules on Amendments on the Content of the Form of the Report on the Assets of the State Attorney and Deputy State Attorney and the Manner of its Submission, which entered into force in early September 2020, and records of wealth have been publicly available via the online application since 4 January 2021.

The national strategic document in combatting corruption titled Strategy in Preventing Corruption for the 2021-2030 Period<sup>31</sup> has been passed. The strategy defines the following five particular goals: 1) strengthening the institutional and normative framework in fighting corruption, 2) strengthening transparency and openness of work done by public authorities, 3) strengthening the system of integrity and handling conflicts of interest, 4) strengthening anti-corruption potential within the public procurement system, and 5) raising awareness among the public of the harmfulness of corruption, the necessity of reporting irregularities and strengthening transparency. Each special goal has defined a set of measures for managing corruption risk in prioritised areas. The measures will be further elaborated in actions plans for implementing the Strategy. The plan is to implement the Strategy through three three-year implementation documents (action plans) for the 2022-2024 period, followed by the 2025-2027 period, and the final implementation document in this strategic period for the 2028-2030 period.

The Conflict of Interest Prevention Act<sup>32</sup> has been adopted, the provisions of which significantly expand the circle of affected parties, and which includes members of management boards of companies in which local and regional self-government units have a majority stake, as well as their subsidiary companies. A novelty in the Act stipulates the manner of adopting and supervising the code of behaviour at the level of local (regional) self-government units, which will contribute to nurturing a culture of integrity and transparency for the purpose of strengthening anti-corruption capacities and trust from the public in institutions at the local level. The new Act means that the Committee for Deciding on Conflict of Interest remains an important independent anti-corruption body with expanded jurisdiction extending to new obligated parties and a new mechanism for preventing potential conflicts of interest and existing conflicts of interest. The process will be faster, more efficient, and transparent in relation to the course of proceedings before the Commission. The law tightens penalties for violating the provisions, and the cooling-off period, during which obligors will not be able to be appointed to management positions in companies with which the body they worked in was either in a business or supervised by the person, and the period is extended from 12 to 18 months.

In terms of protecting whistleblowers, for the purpose of adopting Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law in the legal order of the Republic of Croatia (Directive), the decision was made to prepare a completely new act to replace the Whistleblower Protection Act currently in force. The new Whistleblower Protection Act<sup>33</sup> was passed on 8 April 2022. In terms of strengthening capacities in this area, in 2022 the Judicial Academy held two educational courses for civil judges and judicial advisors at the municipal and county level, with an emphasis on those judges and judicial advisors involved in labour disputes, including deputies and judicial advisors in state attorney's offices from crime departments.

Furthermore, implementation of internal anti-corruption action plans is ongoing in companies in which local and regional self-government units have a majority stake, and where such plans are based on the 2021-2022 Anti-Corruption Program for Companies in Which Local and Regional Self-Government Units Have a Majority Stake, and which the Croatian Government passed in December 2020.

### **Planned NRRP reforms and investments**

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In 2022, the NRRP will pass the 2022-2024 Action Plan along with the Anti-Corruption Strategy for the period 2021-2030.

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<sup>31</sup> OG 120/21

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<sup>33</sup> OG 46/22

The Croatian Parliament passed the Whistleblower Act (EU) on 8 April 2022 and was subsequently published in the Official Gazette.

Following the adoption of the Anti-Corruption Strategy for the period 2021-2030, the Action Plan for the period 2022-2024 is to be adopted, containing specific activities for managing corruption risks in terms of previously strategically determining specific goals and measures in specific sectoral priority areas.

The NRRP also envisages a broad media campaign to raise awareness of the harmful effects of corruption, the need to prevent and combat it, and inform the general public about existing reporting channels and mechanisms for protecting whistleblowers. The plan is to create a central IT platform to improve the effectiveness of the preventive anti-corruption framework. In 2022, the plan is to prepare project documentation and start implementing public procurement procedures in these projects.

### **Planned measures outside the NRRP framework**

The existing Whistleblower Act<sup>34</sup> stipulates the obligation to adopt General Acts or Ordinances for those obliged to apply the law (employers). These ordinances regulate the procedure for internal reporting of irregularities (whistleblowing procedures) and the procedure for appointing a trusted person and their deputy. The aim of this act is to make the system for internal reporting of irregularities (whistleblowing) and information about it easily accessible and understandable to all persons in the work environment.

After the passing of the Whistleblower Act has been adopted, those obliged to apply the law will align their existing general acts with the new legal provisions. Accordingly, within the competence of the MJPA, the plan is to **adopt the Ordinance on the Manner of Appointing a Confidential Person and the Procedure of Internal Reporting to the MJPA.**

*All the mentioned activities comply with SDG 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.*

## **C2.7. Strengthening of the Fiscal Framework**

### **Strengthening the fiscal framework and reporting**

*2019.CSR 1.1. Reinforce the budgetary framework and monitoring of contingent liabilities at central and local level*

### **Progress in implementing the recommendations**

The new Budget Act<sup>35</sup> has been adopted to improve the budgetary process and associated budgetary documents, thereby ensuring the development of an effective and sustainable system for managing public finance. Strengthening the fiscal framework is one of the main elements in improving the management of public finance, which contributes to macroeconomic stability and creates the preconditions for increasing the potential growth rate and economic recovery and resilience. The new Budget Act determines the procedures and key documents necessary for drafting, adoption and execution of the state budget, the budget of local and regional self-government units (LRSGUs) and their extra-budgetary users, the framework for borrowing by

<sup>34</sup> OG 17/19

<sup>35</sup> OG 144/21

local and regional self-government units, tracking the use of proprietary and dedicated revenue, as well as projecting and controlling future consumption including perennial liabilities. Greater flexibility has also been given to implementing EU projects and compliance with the Council Directive 2011/85/EU to establish a more effective financial and statistical reporting system.

In addition, the president of the Commission on Fiscal Policy was selected on the basis of a public call, thereby ensuring the Commission's complete functioning. Namely, the Fiscal Responsibility Act stipulates that the president of the Commission who organises and manages its work is selected based on a public call, thereby giving the Commission a more decisive role in supervising the application of the Fiscal Responsibility Act and implementation of overall state fiscal policy, all to improve the public finance system.

The above was part of the National Recovery and Resilience Plan (NRRP) reform activities carried out in 2021. Namely, the reforms covered by the NRRP are aimed at further strengthening the fiscal framework and fiscal discipline in order to improve budgetary processes, improve financial reporting and develop a model of macroeconomic projections.

### **Planned NRRP reforms and investments**

**Development of the structural macroeconomic model of the Croatian economy** is currently underway. Medium-term forecasts of macroeconomic and fiscal aggregates are contained in a number of strategic documents published by the Government, with the Ministry of Finance (MF), as the body responsible for forecasting macroeconomic and budgetary aggregates and actively participating in policy formulation and preparation. Reliable macroeconomic and fiscal forecasts are also extremely important in terms of the European Semester and are published under the Convergence Programme, while playing an important role in calculating indicators under the Stability and Growth Pact.

Furthermore, as part of the process for Croatia's accession to the euro area, high-quality draft budget plans are becoming even more important in terms of the Fiscal Agreement. In the coming period, Croatia will also implement a number of structural reforms, resulting in the growing need for a model to simulate the effects of such reforms. During the NRRP implementation phase, ensuring adequate monitoring of investments and assessment the associated macroeconomic and fiscal effects will be extremely important.

The Project for Development of the Structural Macroeconomic Model of the Croatian Economy was commenced in September 2021, and its implementation is taking place in cooperation with experts from the World Bank. The development of a Structural Macroeconomic Model of the Croatian Economy will improve macroeconomic forecasts and facilitate assessment of the effects of shocks and Government economic policies on the economy, ultimately strengthening the capacity to produce quality budget forecasts. In addition to the appropriate tools for forecasting and simulating the mentioned effects, this also means that employees should have good analytical competency.

The project is funded under the EU TSI (Technical Support Instrument) and will develop a macroeconomic model of the Croatian economy in accordance with the needs of the MF. To ensure further use and development of the model, the project will prepare comprehensive documentation and hold specific workshops and training courses for relevant officials. In the second half of 2022, the development of a final model adapted to the Croatian economy and its testing by MF employees is planned. The planned project adheres to the Country Specific Recommendations (CSR), as it supports the strengthening of the budget framework given that the results of the model will be used to prepare budget documents, improving the quality of medium-term budget forecasts and the sustainability of public finances.

## C2.8. Strengthening the Anti-Money Laundering Framework

### Strengthening the anti-money laundering framework

#### Progress in implementing the recommendations

Croatia, in the prevention and fight against money laundering and financing terrorism, and in addition to comprehensive measures already taken in accordance with the 5th Anti-Money Laundering Directive - Directive (EU) 2018/843, has taken additional measures to strengthen the framework for preventing money laundering and financing terrorism, in accordance with the Croatian Action Plan for Participation in the European Exchange Rate Mechanism II (ERM II) and the Government Program, which sets out Croatia's obligations to join the euro area. In particular, the implemented measures relate to:

- Establishment of a framework for continuous training of employees obligated to report on the prevention of money laundering and terrorist financing conducted by the Anti-Money Laundering Office together with supervisory bodies (CNB, HANFA, Financial Inspectorate and Tax Administration), in addition to regularly holding the Annual Conference on Prevention of Money Laundering and Terrorist Financing, the aim of which is to acquaint banks and other obligors with preventive measures prescribed by the Act on the Prevention of Money Laundering and Terrorist Financing and the typologies and trends of money laundering and terrorist financing.
- Improving the existing institutional framework for preventing and combating money laundering and terrorist financing by continuing the work of the Interinstitutional Working Subgroup on Supervision and holding regular working meetings of the Anti-Money Laundering Office and supervisory bodies in the field of supervision and monitoring of money laundering and terrorist financing (banks, etc.) based on updated signed cooperation agreements.
- Implementation of the new Action Plan which included 13 measures to reduce the identified risks of money laundering and terrorist financing based on the updated National Assessment of Money Laundering and Terrorist Financing Risks in the Republic of Croatia, adopted by the Government in June 2020.

## C2.9. Strengthening the Public Procurement Framework

### Continuous provision of public procurement training in the area of public procurement

*2019.CSR3.2. Increase the administration's capacity to design and implement public projects and policies; 2020.CSR2.3. Promote the acquisition of skills; 2020.CSR4.1. Reinforce the capacity and efficiency of the public administration to design and implement public projects and policies at central and local levels*

#### Progress in implementing the recommendations

An effective training and certification program for public procurement officials has been established in Croatia but currently lacks adequate tools tailored to national specificities in enabling contracting authorities and public procurement officials to self-assess individual competencies and levels of expertise; identify shortcomings in their own administrative

capacity and introduce their own targeted learning and development measures to address existing shortcomings.

### **Planned NRRP reforms and investments**

Training courses for public procurement are conducted continuously, but the plan is to improve the training system for public procurement by developing new tools for acquiring theoretical and practical knowledge, professional skills and competencies for professional, economical, efficient and effective implementation of public procurement procedures at all levels. The ProcurCompEU tool will be adapted to specific Croatian circumstances and integrated into the existing mandatory training and certification scheme for public procurement. Priority will be given to training that has the greatest impact on achieving objectives, such as integrity and transparency, proper planning of procedures, fair and open technical specifications, clear selection and evaluation criteria, and management of contracts and associated modifications. **The legislative framework for public procurement will also be amended to establish a curriculum for training programs.**

A categorised webpage will be created on the Portal of Public Procurement where ProcurCompEU tools will be available and free for use for all stakeholders in the public procurement system, and the competent state administration body for public procurement policy will support its implementation in practice and supervision.

In addition, in 2022, **guidelines for small and medium-sized enterprises will be published and also on the Portal of Public Procurement, which aims to increase transparency and competition in procurement procedures.**

### **Analysis of the workload of employees of key institutions in the public procurement system**

*2019.CSR3.2. Increase the administration's capacity to design and implement public projects and policies; 2020.CSR2.3. Promote the acquisition of skills; 2020.CSR4.1. Reinforce the capacity and efficiency of the public administration to design and implement public projects and policies at central and local levels*

### **Progress in implementing the recommendations**

Analysis of Work Loads of Employees in Key Institutions within the Public Procurement System (Ministry of Economy and Sustainable Development - MESD, Central Finance and Contracting Agency – CFCA/SAFU, State Commission for Supervision of Public Procurement Procedures – SCSPPP/DKOM), along with an analysis of jobs which official undertake, is the basis for planning necessary personnel and their qualifications in order for institutions to promptly prepare to assist the system in implementing public procurement procedures for the Multi-Year Financial Framework for the 2021-2027 Budgetary Period, as well as implementation of the National Recovery and Resilience Program (NRRP). An insufficiency in this aspect is the challenge for quality planning for the necessary personnel.

### **Planned NRRP reforms and investments**

**A comprehensive analysis of the workload of employees at key institutions in the public procurement system involved in EU funds will be commenced**, as well as defining descriptions of jobs they perform and also defining the necessary competencies and remuneration system. Historical data on workloads will be considered and compared with



trends on increasing workload, including the need for continuous and planned training in certain topics on public procurement such as strategic, socially responsible, sustainable procurement, innovation procurement and the SME approach to the public procurement market. The aim of the measure is to ensure and retain an optimal number of highly qualified, motivated employees that meet the needs of key institutions within the public procurement system. Recommended measures will be adopted to ensure the employment and retention of highly qualified employees. In 2022, an analysis of the workload of employees at key institutions within the public procurement system will be performed along with an action plan for implementing recommendations and measures on human resources.

## **Strengthening the review system in public procurement**

*2019.CSR4.2. Enhance the prevention and sanctioning of corruption, in particular at the local level.*

### **Progress in implementing the recommendations**

Practice has shown that filing a complaint in public procurement procedures by electronic means of communication, using the systems provided by the Electronic Public Procurement Classifieds of the Republic of Croatia and the State Commission for Supervision of Public Procurement Procedures, increases the effectiveness of the complaint procedure. The current legal solution implies e-complaint (e-žalba) as a possibility, not an obligation. For this reason, **the plan is to change the legislative framework of public procurement to introduce e-complaint (e-žalba) as a mandatory way of exercising legal protection in the public procurement system.**

### **Planned NRRP reforms and investments**

The planned legislative changes will facilitate the optimization of the public procurement system in the area of legal protection within public procurement procedures. The plan is to introduce mandatory e-Complaints, to speed up and digitise the complaint process.

## 3 – EDUCATION, SCIENCE AND RESEARCH

### C3.1. Reform of the Education System

#### Improving early and preschool as well as general and vocation education

*2019.CSR2.1. Deliver on the education reform and improve both access to education and training at all levels and their quality and labour market relevance; 2020.CSR2.3. Promote the acquisition of skills*

#### Progress in implementing the recommendations

During the last year, several kindergartens have been built, extended, and reconstructed, increasing accommodation capacities and the inclusion of children in pre-school education programs. Nevertheless, the participation rate in early childhood and pre-school education (ECPSE) in Croatia is still among the lowest in the EU. Therefore, it is necessary to make the system of early and preschool education accessible to every child with measures to provide the necessary infrastructure and ensure the appropriate number and quality of educators and professional associates and managers. Amendments to the Preschool Education Act will open opportunities for prolonging the preschool program. A call has been sent to cities, towns and municipalities to participate in infrastructural projects involving the construction, extension, reconstruction and refurbishing of preschool institutions in their respective localities.

International assessments such as TIMSS, PIRLS and PISA show that students who have attended preschool for a long time (three or more years) achieve better average results than peers who attended preschool for one year or less.

Regarding primary schools, Croatia is one of the countries with the shortest school days in the EU, mainly due to the prevailing two-shift teaching model, resulting in fewer learning opportunities for all, especially the most vulnerable students. Infrastructural investments are necessary to transition the education system to a single school shift, the contemporary educational model, the only precondition for all-day schools. The all-day school model, comprising an integral part of the curriculum reform in education, aims to increase the quality of teaching and acquisition of learning outcomes for pupils, especial pupils from a lower socioeconomic background, by increasing the number of compulsory school hours, organising and implementing additional content in addition to continual improvements in education personnel.

Currently being implemented by the year 2023 is the ESF project Modernisation of the Vocational Education and Training System (VET) which includes an entire series of activities directed to strengthening links between education and the labour market. The emphasis is on **developing vocational curricula in line with devised vocational standards and qualification standards**, based on a curriculum approach and learning outcomes as well as flexibility within the learning and teaching process and school autonomy. The development of sectorial curricula is currently in progress in rationalising the number of curricula, enabling pupils better horizontal permeability and easier entry onto the labour market. This leads to rationalising the number of curricula and reducing the significant fragmentation of vocational curricula and educational programs.

## **Planned NRRP reforms and investments**

The NRRP ensures funds for the construction, extension, reconstruction and equipping of preschool institutions amounting to HRK 1.62 billion as a grant from the tender announced in April 2022. As part of reform C3.1. R1. Structural Reform of the Education System, the Government will adopt a model for financing the operating costs of ECEC facilities for municipalities/local government units with reduced financial capacity, ensuring the sustainability of investments after the renovation of an existing or construction of a new ECEC facility. This is also envisaged in the amendments to the Early Childhood Education and Care Act (ECEC).

To plan the provision of human resources, an assessment of the requirements for education and employment of educators has been done, enabling amendments to the ECEC Act.

The **all-day school model will be prepared** based on available analyses from European comparative reports and detailed analysis of standards and norms related to the construction of schools, the formation of classrooms, teacher norms and the like, along with close cooperation from stakeholders through established consultative procedures. At the same time, the MSE will **develop criteria and publish an invitation to the school founders to upgrade and construction schools.**

To improve general secondary education and modernise vocational education and training, the plan includes reform interventions such as higher participation rates in grammar school (gymnasium) programs and the optimisation, rationalisation and adaptation of vocational education programs to the development requirements of the economy.

To implement these reform interventions, an analysis of secondary education will be prepared, and a report presented at the national, regional and county level (NUTS 1,2,3) showing the structure of supply and enrolments in secondary school programs, while identifying inequalities and discrepancies between counties. Modalities will be proposed to increase and equalise the availability of grammar school (gymnasium) programs from the existing capacities and reduce the number of excess vocational programs.

## **Planned measures outside the NRRP framework**

Digital technologies are at the very core of introducing innovations into the learning and teaching system which, due to intensive development, require continuous investment in equipment and people to maintain the required level. The digital maturity of schools is gradually improving thanks to the e-School project. The **current implementation of the e-School project includes: development of the digitally mature school system (Phase II)**, implemented in a complementary manner through the ESF and ERDF until Q4/2023, while further investments are needed for the long-term transformation of the system.

The plan incorporates an activity to introduce national exams in primary schools (pilot implementation), serving to monitor and improve the quality of the educational process. Croatia currently conducts standardised assessments of student knowledge only at the end of higher secondary education (state matura). Accordingly, policymakers and teachers cannot undertake timely measures to ensure the quality of the system. The system of monitoring and using available data in formulating educational policies and the implementation of reforms needs to be improved. In this regard, the model of monitoring the educational outcomes of individual students and groups of students throughout the entire vertical perspective of the pre-tertiary educational system will be improved. Models for using differently collected and presented information will also be enhanced. These includes training teachers in the use of different

evaluation indicators to improve their own educational work, as well as a program to utilise the various available information on the quality of school work for advancement and improvement.

## **Lifelong learning**

*2020.CSR2.3. Promote the acquisition of skills*

### **Progress in implementing the recommendations**

The Adult Education Act<sup>36</sup> was passed in December 2021 to introduce changes to raise the quality of implemented education programs and, at the same time, enable recognition of previous non-formally and informally acquired knowledge and skills.

### **Planned NRRP reforms and investments**

The reform processes will set the preconditions for accessible adult education and increase the coverage of adults involved in lifelong learning to reach their full potential, actively participate in society and assume their social and civic responsibilities. Moreover, raising the level of key competencies and developing new knowledge and skills while recognising non-formally and informally acquired knowledge and skills provides citizens access to the labour market and the opportunity to progress on the market, as well as inclusion in ongoing education. Increasing the level of key competencies and acquiring new skills to help citizens access and progress in the labour market, will be supported by the establishment and implementation of a system of financial incentives for beneficiaries to participate in priority training programs.

### **Planned measures outside the NRRP framework**

The ongoing project Development of a Quality Assurance System in Adult Education is currently developing a quality assurance system in adult education through the implementation of the Programme for the International Assessment of Adult Competencies (PIAAC), development of quality assurance models, introduction of self-evaluation and external evaluation of adult education institutions. As a target group, education experts will be able to strengthen their capacities to implement quality assurance and monitoring and develop and implement education policies based on relevant research data and indicators. **Quality assurance will also be implemented by aligning formal adult education programs with the Croatian Qualifications Framework (CROQF)** to fully meet the needs of the labour market and provide a skilled workforce.

**A series of promotional activities aimed at the general population will be organized to inform citizens about the importance of inclusion in lifelong learning.**

These mentioned NRRP reform processes, investments and other measures outside the NRRP framework, financially supported by EU structural funds, will contribute to achieving the goals defined in the European Pillar of Social Rights Action Plan. The expectation is that the implementation of measures will facilitate the realisation of the following goals from the Action Plan until 2030, i.e., every year at least 55% of all adults should participate in training (age group 25-64) and at least 80% of adults should possess basic digital skills 16-74).

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<sup>36</sup> OG 144/21

## **Effective and relevant higher education**

*2019.CSR2.1. Deliver on the education reform and improve both access to education and training at all levels and their quality and labour market relevance; 2020.CSR2.2. Increase access to digital infrastructure and services; 2020.CSR2.3. Promote the acquisition of skills*

### **Progress in implementing the recommendations**

The increasing percentage of those acquiring a tertiary education can be attributed to state scholarships for students from lower socioeconomic backgrounds, providing them with greater access, equality and completion rates in higher education. Increasing the number of people who acquire qualifications in higher education in Croatia requires ensuring access and completion rates in higher education. The project **Awarding Scholarships to Students of Lower Socio-Economic Status** is implemented to increase access to higher education, improve the social dimension of higher education, and increase graduation rates in higher education by ensuring state scholarships for students from lower socioeconomic status backgrounds. The project has led to an annual increase in students from lower socioeconomic backgrounds receiving direct assistance, increasing from 5,400 to 10,000 scholarships. In 2021, a total of HRK 109.88 million was paid out. The procedure for awarding state scholarships in the STEM scientific fields is conducted within the scope of the project **Awarding Scholarships to Students in Priority STEM Fields**, and the project at the yearly level awarded 3,400 scholarships, with a total of HRK 37.11 million paid out.

### **Planned NRRP reforms and investments**

The NRRP envisages the complete modernisation of the higher education system, which includes raising the quality of higher education, and digitalisation of higher education. The digital transformation of higher education requires effective investment in the comprehensive digitalisation of higher education institutions, for which digital teaching infrastructure and digital teaching tools are prerequisites. The plan is to equip public higher education institutions in line with the recommendations of experts engaged through the EC Technical Support Instrument. Technical support includes the development of a methodology for effective investments in the digital infrastructure of higher education institutions in Croatia and an analysis of teaching and learning practices in the digital environment in Croatia and making comparisons with examples of good practice abroad to ultimately establish a sustainable digital environment. system modernization.

The basis for infrastructure investments within the NRRP is research into the digital maturity of higher education institutions and systems, conducted within the EC Technical Support Instrument. It will indirectly contribute to establishing the Central Higher Education Records as a central information system enabling better integration of individual records as well as monitoring and processing data from the higher education system in Croatia.

### **Planned measures outside the NRRP framework**

The procedure for awarding state scholarships in STEM areas of science is carried out within the project Awarding Scholarships to Students STEM Priority Areas. The goal of the annual awarding of 3,400 scholarships is to focus on university study programs with the greatest prospects of generating economic growth in Croatia while encouraging structural harmonisation of education and qualifications with labour market needs and employment of graduates, in continuation of the dominance of university study programs in the social sciences and humanities at a ratio of 60:40. The awarding of annual state STEM scholarships will

increase the retention rate of students in university study programs in STEM fields of science, i.e., the increase completion rate of studies in STEM fields of science.

## **Encouraging the acquisition of skills**

*2019.CSR3.1. Focus investment-related economic policy on research and innovation;*  
*2020.CSR2.3. Promote the acquisition of skills*

### **Progress in implementing the recommendations**

Analyses have shown that Croatia's research and innovation policy has not given enough importance to skills development, a very prominent area in the EU agenda. Accordingly, studies are currently being developed to provide Smart Skills Analysis, an assessment of needs and areas for improvement, and proposed solutions tailored to smart specialisation, based on international good practice. The programs within NRRP investment C3.2 R2-I1 will provide a special incentive for training young researchers to work in areas of smart specialisations and acquire skills that correspond to the needs of the labour market.

### **Planned NRRP reforms and investments**

The NRRP reform C3.2. R2 will create a framework for attracting and retaining quality students and researchers in the STEM and ICT fields, a prerequisite for increasing society's readiness for the digital transition. The NRRP investment C3.2. R2-I1 includes the following programs: (i) STEM and ICT scholarships; (ii) a Young Researchers Programme; (iii) a Tenure track programme; (iv) a Mobility scheme; (v) Starts up/spin off of young researchers' companies; and (vi) an Entrepreneurship Traineeships Programme. The open calls to implement the new programs will be published by the end of 2022.

This offers support for the development of digital skills, specifically highly specialised educational programs for training of digital professionals, as well as investments in research and innovation activities for developing the digital field.

The new legislative framework enabling these investments is the new Act on Quality Assurance in Science and Higher Education, and is in the process of being drafted. The new law is expected to enter into force by the end of Q3/2022. In the meantime, by 2026, investments in technological infrastructure in STEM and ICT areas are planned to take place through the NRRP, where approximately 21% of investments are related to advanced technologies such as high-performance computing and quantum computing.

### **Planned measures outside the NRRP framework**

The Rural Development Program finances the transfer of knowledge and information to farmers through grants for vocational training and skills acquisition, including demonstration and information activities.

## C3.2. Boosting Research and Innovation Capacity

### Stimulating research and innovation

*2019.CSR2.1. Deliver on the education reform and improve both access to education and training at all levels and their quality and labour market relevance; 2019.CSR3.1. Focus investment-related economic policy on research and innovation; 2019.CSR3.2. Increase the administration's capacity to design and implement public projects and policies*

#### Progress in implementing the recommendations

According to Eurostat data, the share of total allocations for research and development in the GDP of the Republic of Croatia in 2020 was 1.25%, while Croatia's goal is to reach 2.5% by 2025 (Government Program of the Republic of Croatia 2020-2024). The share of total allocation on research and development with respect to GDP indicates a positive trend of continuous growth since 2017 (0.85% in 2017, 0.95% in 2018, 1.08% in 2019), which should be in the medium and long term have a positive effect on the growth and competitiveness of the economy.

According to the European Innovation Scoreboard 2021 (EIS), Croatia is found in the group of emerging innovators lagging behind the EU average. However, Croatia has made a step forward in the rankings, taking 21st place in the 2021 rankings while it was in 25th place in the 2020 rankings.

According to the EIS, Croatia's strength lies in the area of innovators, the use of information technology and connectivity. The three best indicators include *product innovators*, *business process innovators* and *enterprises providing ICT training*. Croatia has below-average results for the indicators *in-house business process innovators*, *innovators that do not develop innovations themselves* and *climate change indicators*.

To strengthen the institutional framework, and based on the Council Recommendation (2016/C 349/01) and the Government Conclusion of 30 April 2020, the Croatian Productivity and Competitiveness Committee was established on 1 March 2021.

To promote investment in research and innovation, under the Act on State Aid for Research and Development Projects implemented since February 2019, the aid is granted as a tax relief. So far, 28 Grant Beneficiary Status Certificates have been issued for 2019. The value of the approved planned support is HRK 96.7 million (total project value HRK 478.1 million). In 2020, 27 Grant Beneficiary Status Certificates were issued. The value of the approved planned support is HRK 19.2 million (total project value HRK 95.15 million).

Furthermore, to promote investment in research and innovation, the National Innovation System (NIS) has been strengthened and preconditions have been created for bridging the gap between the research and business sectors, for the efficient functioning of the system and its long-term sustainability. The mid-term evaluation of the S3 strategy is complete, while the ex-post evaluation of the S3 strategy and the development of the S3 for the current period (2021 to 2029) are currently underway, which will provide further development and guidelines for investment in R&D in Croatia.

#### Planned NRRP reforms and investments

The NRRP component C3.2 plans to reform the public research sector by establishing an adequate model of funding and organisation of universities and research institutes (C3.2. R1),

setting the conditions for human resources development and a framework for attracting students and researchers into STEM and ICT areas (C3.2. R2 ) while improving the efficiency of public investment in research, development and innovation (C3.2. R3). Reform and investment measures stemming from component C3.2. will ensure more intensive and efficient public investment in research, development and innovation.

The **new Act on Scientific Activity and Higher Education is currently in the drafting stage** and is expected to come into force by the end of Q3/2022. The new **Act on Quality Assurance in Science and Higher Education** is also in preparation, and is a precondition for reforming human resources development in science. The new legislative framework will enable a more modern, accessible and flexible promotion system for researchers, encouraging internal and external mobility of researchers, career development in entrepreneurship and new funding programs through NRRP. By the end of Q3/2022, the new Act on the Croatian Science Foundation is expected to enter into force, facilitating the transformation and strengthening the Foundation's capacity as a body that will, with clearly agreed and defined competencies within inter-institutional coordination under the auspice of the National Innovation Council, providing a systematic approach to the policy of managing project financing Industrial Research and Innovation (IRI)

These changes and adjustments to the existing legal framework in the field of research and innovation will be accompanied by investments within the NRRP.

As part of reforming the funding model and the organisation of universities and research institutes (C3.2. R1), new program agreements will be introduced, with financing for the implementation of research projects based on internal calls from research organizations, where the envisaged investments exceed EUR 17 million by Q1/2023, and is the first in a series of measures and investments to support implementation of the three described reforms.

### **Planned measures outside the NRRP framework**

The Act on State Aid for Research and Development Projects provides an incentive to increase private sector investment in R&D, increase the number of entrepreneurs investing in R&D and encourage entrepreneurship with research and dissemination organizations on R&D projects. The type of support provided by the Act is a tax relief for R&D projects that fall into the categories of basic research, industrial research, experimental development or feasibility studies for R&D projects. The support is exercised as the right to an additional reduction of the income tax base, i.e., income tax for eligible costs. Tax relief amounts range from EUR 50,000 in the equivalent kuna value for feasibility studies to EUR 300,000 in the equivalent kuna value for basic research. Tax breaks can be increased when more than 50% of the cost of contract-based research, knowledge and patents the entrepreneur contracts with scientific organizations. The value is then EUR 7.5 million for feasibility studies up to EUR 40 million for basic research. This measure supports the implementation of risky R&D projects, as well as strengthening the cooperation of the economic sector with scientific research institutions. Incentive measures from the Act are currently in the implementation phase. A total of 93 applications have been received (total project value HRK 872.5 million), of which 68 Certificates on the Beneficiary Status have been issued. The value of the approved planned support is HRK 129.9 million.



## **Strengthening the national innovation system**

*2019.CSR3.1. Focus investment-related economic policy on research and innovation; 2019.CSR3.2. Increase the administration's capacity to design and implement public projects and policies*

### **Progress in implementing the recommendations**

The Croatian National Innovation System is currently relatively unconnected, limiting the impact of R&D investment on export growth and economic growth. The incentive system for research, development and innovation throughout the innovation cycle should be changed from the funding of basic research to applied and industrial research and experimental development and commercialisation of innovation. Policies need to be coordinated to better design, monitor and evaluate Croatia's national innovation system. A new institutional framework is currently in preparation to facilitate the targeting of public investment, research and innovation policies, and consistent and competitive support programs to have fast and connected innovation processes tailored to user needs (researchers, research institutions and companies).

Although the Republic of Croatia has recorded a slight increase in the share of total allocations from GDP for research and development, the national innovation system continues to undergo further development to reach the target of 2.5% by 2025.

### **Planned NRRP reforms and investments**

The implementation of reform C3.2. R3 Improving the Efficiency of Public Investment in Research, Development and Innovation plans to revise the existing R&D funding policy framework aimed at excellence in research and innovation and increases their focus on green and digital transition, implementing a new more functional and efficient research and innovation project funding model and strengthening human capacity to implement the new program framework.

A more efficient and functional governance model will be put in place making the selection process faster and more merit-based, where a key element of the new framework will be a robust monitoring and evaluation system, fully in line with objectives and indicators set out in the Smart Specialization Strategy. New programs must be mutually aligned and adapted to the needs of the scientific and business community, taking into account the specifics of the innovation cycle for different levels of technological readiness. The governance model will include strengthening the capacity of the Croatian Science Foundation, reducing the number of institutions currently involved in managing and implementing research and innovation funding programs.

Implementation includes the adoption of a new Act on the Croatian Science Foundation, facilitating implementation of the program in accordance with the new IRI funding framework. The draft law is in the process of being debated in the Croatian Parliament, and the law is planned to be adopted by the end of Q3/2022, enabling the transformation and strengthening of the Foundation's capacity.

### **Planned measures outside the NRRP framework**

The National Innovation Council (NIC), the umbrella body of the national innovation system, continues to work and holds regular sessions. In 2020 and 2021, work continued on monitoring the implementation of the Smart Specialisation Strategy for the period from 2016 to 2020. Also, a medium-term evaluation of the Strategy in the form of an in-depth analysis of S3 and the

contribution of instruments to the overall Strategy objectives with the information collected used in developing the new Strategy (2021-2029).

In 2022, activities on the ex-post evaluation of the Strategy began, where the success of achieving the expected goals and indicators will be analysed, including a qualitative and contextual analysis of the results of the Strategy. This is done by evaluating the performance of S3 instruments and the effectiveness of the management system.

## **Strengthening human potential in science**

*2019. CSR2.1. Deliver on the education reform and improve both access to education and training at all levels and their quality and labour market relevance; 2020.CSR2.3. Promote the acquisition of skills*

### **Progress in implementing the recommendations**

Croatia lags behind in the number of researchers, whose share in total employment in 2019 was 0.95%, compared to the EU-27 average of 1.45%. Due to insufficient investment in young researchers over the last decade, they have not been sufficiently encouraged to join the scientific community. Although the annual number of graduates in natural and technical sciences in Croatia in 2019 (19.8 per 1000 inhabitants) grew close to the EU-27 level (20.8 per 1000 inhabitants), the current number of researchers and experts is not enough to increase the share of knowledge-based services and products in the Croatian economy.

### **Planned NRRP reforms and investments**

To strengthen human resources in science, the plan requires introducing a new incentive framework for researcher career advancement and development in STEM and ICT areas. The goal of the new framework for developing researcher careers is to increase the number and quality of researchers and experts in the scientific and, consequently, business sector, and provide conditions for attracting and retaining quality researchers. The new framework for developing scientist careers includes new stimulating conditions for work in science and more open access to technological infrastructures for linking science and entrepreneurship. Scientific careers will become more attractive through a clear, transparent and merit-based employment policy and undertaking work on cutting-edge scientific topics. Young scientists will be provided with training in skills that are also needed in the business sector to enable them greater mobility in their careers. The regulatory framework consists of the new Act on Quality Assurance in Science and Higher Education and the Ordinance on the Conditions for Election to Scientific Titles, to be adopted by the end of Q3/2022.

## **Strengthening the national research infrastructure and science and technology systems through links with the economy**

*2019. CSR2.1. Deliver on the education reform and improve both access to education and training at all levels and their quality and labour market relevance; 2019.CSR3.1. Focus investment-related economic policy on research and innovation; 2019.CSR3.2. Increase the administration's capacity to design and implement public projects and policies; 2020.CSR2.2. Increase access to digital infrastructure and services; 2020.CSR2.3. Promote the acquisition of skills*

## Progress in implementing the recommendations

Total investment in research and development increased from 0.85% of GDP in 2017 to 1.08% in 2019. Croatia still has room for improvement in the quality of scientific research in terms of the number of influential scientific publications (according to the criteria and standards for each scientific field or individual discipline), cooperation between research institutions and the business sector, the number of patents and efficient technology transfers, and is third-worst in the EU on the European Innovation Scoreboard for 2020. In 2021, extensive investments in scientific research infrastructure within the Multiyear Financial Framework (MFF) 2014-2020 continued, aimed at providing basic conditions for modern scientific research and conditions for cooperation with the economy. They include investments in construction or reconstruction and preparing project documentation for future projects to construct or reconstruct research-development-innovation (RDI) infrastructure. In 2021, 62 projects were implemented, of which 14 projects were completed. The total value of the seven Calls for implementing these projects is HRK 2.4 billion, of which HRK 365.81 million was disbursed in 2021. In addition, since 2021, there is a continuation of numerous projects for the reconstruction of scientific and educational infrastructure damaged by the earthquake, and financed from the EU Solidarity Fund, are currently being implemented. Also, investments in collaborative projects within the scientific community and by entrepreneurs, research focused on the needs of the economy, proof-of-concept programs for entrepreneurs, as well as other programs to strengthen innovative activities in entrepreneurship.

## Planned NRRP reforms and investments

The NRRP reform C3.2. R1 plans to strengthen the national research infrastructure and science system. The reform consists of two components: I. adopting a new model of programme agreements for funding the public scientific research system (performance-based funding), which introduces and determines development goals and criteria for allocating the entire budget; II. Strengthening the institutional, infrastructural and organisational capacities of the scientific research sector through the integration of universities/scientific institutes to increase the quality and excellence of scientific research and create a stronger link between research results and the needs of the economy. The implementation of both components of the reform will enable the adoption of the new Act on Scientific Activity and Higher Education and planned for adoption by the end of Q3/2022. Based on the new Act and the signed program agreements, organisational reform of higher education institutions and scientific institutes will be carried out, reducing fragmentation of the scientific system by constructing infrastructure to facilitate integration/consolidation of university and scientific institutes.

Furthermore, the NRRP investment C3.2. R2-I2 **plans to finance scientific-technological and innovation infrastructure of strategic importance and important research potential for STEM and ICT areas**. Investments in strategic projects relating to technological infrastructure in applied and targeted research, will enable researchers in the STEM and ICT fields to develop their careers in collaboration with the business sector and cooperate in innovation activities. This infrastructure will directly contribute to strengthening human capacity for cutting-edge scientific research and cooperation with the business sector. The investment is planned for completion by mid-2026.

Investments in the national science and technology infrastructure will be carried out in accordance with the criteria developed in the National Plan for the Development of Research Infrastructure of the Republic of Croatia 2021-2027, which is in the final stage of development.

## 4 – LABOUR MARKET AND SOCIAL PROTECTION

### C4.1. Improving Employment Measures and the Legal Framework for a Modern Labour Market and the Economy of the Future

#### Implementation of active labour market policy measures

*2019.CSR2.1. Deliver on the education reform and improve both access to education and training at all levels and their quality and labour market relevance; 2020.CSR2.3. Promote the acquisition of skills; 2020.CSR3.3. Focus investment on the green and digital transition*

#### Progress in implementing the recommendations

Despite the extraordinary circumstances in Croatia resulting from the pandemic and earthquake, the situation on the labour market is showing positive indicators. In the period from 2020 to 2021, the average number of unemployed (source: Croatian Employment Service - CES) decreased by 14,008 persons, i.e., from 150,824 in 2020 to 136,816 in 2021. Also, the average number of insured persons (source: Croatian Pension Insurance Institute - HZMO) increased in the same period by 34,534, i.e., from 1,540,020 in 2020 to 1,574,554 in 2021.

In 2021, a total of 31,401 people were included in the measures, mostly self-employment measures and employment support. Active employment policy measures continuously encourage economic development and job growth.

#### Planned NRRP reforms and investments

**Active labour market policy measures in 2022 are aimed at stimulating employment, self-employment, training and education** to increase employability and retain employment.

One of the most important new measures for the transition to a digital/green economy lies within the NRRP, i.e., **education through a voucher system** undertaken in the period from April 2022 to June 2026. These vouchers finance the acquisition of work-related competencies and act as a mechanism for providing fast and accessible education to employed and unemployed people. Rapid technological changes, especially the digital and green transition, demand new skills to respond to these changes. Of the estimated 30,000 vouchers to be awarded to employed and unemployed people, at least 40% of the vouchers will be awarded to the long-term unemployed, inactive and young people, which often covered the previous categories. The average monetary value of the vouchers is HRK 10,000, and it will facilitate the acquisition the knowledge and skills needed in the labour market. In all, HRK 300 million is planned for vouchers within the NRRP.

New active labour market policy measures also stimulate employment and self-employment, which is linked to the green and digital transition of the economy. By the end of 2025, the plan is to include a total of 26,400 people in the measures, with special attention given to long-term unemployed and young people.

Furthermore, a new measure called *I choose Croatia* supplements existing support for self-employment. The measure has two goals: 1) offer people who have acquired knowledge and skills in the EEA countries (and Switzerland) additional incentives to return to Croatia, and 2) development of economically less developed areas.

Planned measures within the NRRP will facilitate the transition to a digital/green economy. One of the most important measures to be financed from the NRRP is education based on the voucher system and, at the same time, financially strengthening measures to support employment, traineeships and self-employment in activities facilitating the transition to a green and digital economy.

All the mentioned activities comply with SDG 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Also, the stated measures facilitate the implementation of the European Pillar of Social Rights in the section regarding Active Labour Market Support

## **Enhancing the legislative framework in the area of labour**

*2019.CSR2.3. Strengthen labour market measures and institutions and their coordination with social services; 2020.CSR2.1. Strengthen labour market measures and institutions and improve the adequacy of unemployment benefits and minimum income schemes*

### **Progress in implementing the recommendations**

At the start of 2021, the Croatian Government adopted the National Program for the Suppression of Undeclared Work in the Republic of Croatia 2021-2024 and the Action Plan for Implementing the National Program as the first step in suppressing undeclared work. It envisages a series of activities to reduce this phenomenon, which will be implemented by the end of 2024. Hence, in September 2021, an interdepartmental Coordination Body for the Suppression of Undeclared Work was established, and an inspection unit was established overlooking the payment of minimum wages as agreed in collective agreements and the application of which was extended in line with the general labour regulations. Regarding the issue of particular labour relations, since 2020 and during 2020, consultations were held systematically with social partners concerning possible changes in the area of labour legislation. The Act on Amendments to the Minimum Wage Act was also adopted, improving the minimum wage system in the Republic of Croatia.

### **Planned NRRP reforms and investments**

To further address the respective challenges, the NRRP envisages the measure Improvements to the Labour Legislation. This measure is of a reform nature and includes the adoption of three regulations in the field of labour legislation. Execution of the measure is planned in three steps. The first step is to amend the Minimum Wage Act. This measure was implemented once the act came into force December 2021. The next steps is the **adoption** of two other important laws, namely the **Act on Amendments to the Labour Act**, as a general regulation on labour relations and a completely new **Act on Suppression of Undeclared Work**. will be adopted by the end of 2022.

All the mentioned activities comply with SDG 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

All three laws, in particular the Labour Act, facilitate implementation of the European Pillar of social rights, namely gender equality, secure and adaptable employment, wages, information about employment conditions and protection in case of dismissal, and work-life balance.

## **Material and legal protection of the unemployed**

*2019.CSR2.2. Consolidate social benefits and improve their capacity to reduce poverty; 2020.CSR2.1. Strengthen labour market measures and institutions and improve the adequacy of unemployment benefits and minimum income schemes*

### **Progress in implementing the recommendations**

The fundamental right exercised by an unemployed person after the termination of employment or self-employment is the right to receive financial compensation during unemployment. The cash benefit provides tangible legal protection to those who have become unemployed involuntarily or through no fault of their own.

The duration of the cash benefit depends on the duration of previous employment/self-employment and covers from 90 to 450 days. The basic condition for acquiring the right to financial compensation is 9 months of employment in the last 24 months before the termination of employment or self-employment.

The amount of the monetary compensation for the first 90 days of use is 60% and 30% of the base wage for the remaining time. The maximum amount of monetary compensation does not exceed 70% for the first 90 days of use, and for the remaining time higher than 35% of the average net salary paid per employee in legal entities of the Republic of Croatia measured in the previous year based on the latest officially published data. The minimum amount of monetary compensation cannot be less than 50% of the minimum wage, less for contributions for compulsory insurance (in 2021, HRK 2,482.55).

The base amount for determining financial compensation for a person whose employment has been terminated is the average gross salary earned in the three-month period preceding the termination of employment or service. The base amount for determining financial compensation for a self-employed person is the average of the base amount for which contributions for compulsory insurance were calculated and paid, in the three-month period preceding the termination of self-employment. If the base amount cannot be determined in the manner described, it is determined in line with the minimum wage.

The highest cash compensation in 2021 was HRK 4,734.10, and the average cash benefit paid was HRK 2,560.22.

The average number of beneficiaries of unemployment benefits in 2021 was 27,044. The cash beneficiaries are dominated by women (58.1%), followed by middle-aged people aged 25 to 54 (68.3%), people with secondary education (64.5%) and the short-term unemployed. (93.9%). On average, 19.8% of unemployed persons were covered by monetary benefits. Coverage is relatively higher for women (20.7%) compared to men (18.6%), and in terms of the age of beneficiaries, coverage is significantly higher for people aged 25 to 54 (21.4%) and the older working people aged 55+ (22%) compared to young people aged 15 to 24 (9.4%). Persons with secondary and higher education are more often covered by monetary benefits (21.1% and 22.4%, respectively) than persons with lower levels of education (14.2%), while the short-term unemployed are many times more likely (33.5%) to receive monetary benefits, compared to the long-term unemployed (2.7%).

### **Planned measures outside the NRRP framework**

**An analysis of unemployment benefits** is required to provide adequate material and legal protection to the unemployed. The analysis includes the amount, duration and conditions for exercising the right to monetary benefits at the levels of comparable EU countries and the

structure of beneficiaries of monetary benefits. Based on the analysis results, appropriate legislative changes will be passed.

At the same time, these measures facilitate the implementation of the principles of the European Pillar of Social Rights in the section Unemployment Benefits.

## C4.2. Improving the Pension System Through Increased Pension Adequacy

### Improving the Pension System Through Increased Pension Adequacy

*2019.CSR2.2. Consolidate social benefits and improve their capacity to reduce poverty; 2020.CSR2.1. Strengthen labour market measures and institutions and improve the adequacy of unemployment benefits and minimum income schemes*

#### Progress in implementing the recommendations

The Government Program defined the goal of having a sustainable pension system that envisages the continuation of the pension reform directed to increasing the adequacy of the pension. Accordingly, further improvement in the legislative framework is essential, as is strengthening all three levels of the pension system to ensure larger pensions for current and future pensioners. The mandatory pension insurance based on generational solidarity (Pension Pillar 1) has to cover users of pensions with below-average pension earnings. Therefore, there are plans for increasing the family pension and smallest pensions so that, in line with economic opportunities, a greater adequacy of pensions for these vulnerable categories of retirees is ensured. This is planned to take place through amendments to the Pension Insurance Act. Importantly, ensuring sustainability and relevance of the pension system follows the principles of the European Pillar of Social Rights related to the Income in Old Age and the Pension and Social Protection.

In May 2020, the National Elderly Allowance Act was adopted, which starting from 1 January 2021, introduces within the legal system a new national allowance for the elderly – cash benefits for Croatian citizens older than 65 years of age, with permanent residence in the Republic of Croatia 20 years prior to submitting the application, and who are not pension beneficiaries nor beneficiaries of rights within the social welfare system. This allowance within the scope of economic possibilities ensures an income for persons who have not set aside an income for their old age and are not in the position to do so in any other way, i.e., they have insufficient income in their old age, as a form of social protection of this exceptionally vulnerable category of citizens. The amount of the national elderly allowance from 1 January 2021 has been determined to amount to HRK 800.00, which is also the census for achieving rights for one or more beneficiaries in the household. The national allowance will be adjusted each calendar year according to the rate of change in the consumer price index starting from 1 January 2022, and the decision will be made by the Governing Council of the Croatian Pension Insurance Institute. In 2021, the national elderly allowance was received by 5,696 beneficiaries, for which a total of HRK 4.5 million was secured from the state budget. The average age of beneficiaries of the national elderly allowance is 73 years. According to a breakdown of the share of males and females, of the total number of beneficiaries, 64.94% are women and 35.06% are men. Also, a large share of the beneficiaries are persons living in single-person households, in all 2,752 of them.

## **Planned NRRP reforms and investments**

Implementation of the NRRP reform **C4.2. R1 Increasing Pension Adequacy Through Continued Pension Reform** seeks to overcome these challenges in the medium term. Accordingly, the reform will be implemented using several key milestones measures, and in 2022 the plan is to achieve the key point of **Adoption of Amendments to the Pension Insurance Act**, with an implementation deadline is Q1/2023. Modifying the legal framework includes plans to increase the pension factor, which will increase the pension for all family pension beneficiaries and enable using part of the pension of the deceased spouse/extramarital partner in addition to the personal pension (old age, early old age, disability). Furthermore, the plan is to further raise the lower level of pension insurance rights by increasing the minimum pension. Regular adjustments of pensions twice a year will gradually increase the amount of the lowest pension by a total of 3% (by 1.5% from 1 January 2023 and by 1.5% from 1 January 2025).

### **C4.3. Improving the social welfare system**

#### **Integrating welfare benefits**

*2019.CSR2.2. Consolidate social benefits and improve their capacity to reduce poverty; 2020.CSR2.1. Strengthen labour market measures and institutions and improve the adequacy of unemployment benefits and minimum income schemes; 2020.CSR2.2. Increase access to digital infrastructure and services*

#### **Progress in implementing the recommendations**

Analysis of the social welfare benefits conducted within the framework of the project Synergetic Social Welfare System, has determined that there are no uniform criteria for granting the benefits. Namely, income and assets tests are conducted for particular benefits, whereas for others, only an income test but no asset test, and for others, there is no income or assets test. In addition, fragmentation of the system, where inconsistency and non-transparency create a challenge, and the administration of social benefits itself is fragmented, scattered at the national and local levels. Local authorities make their own decisions on the fee amounts (housing and heating fees) and other rights for their specific area, leading to inconsistencies and inequalities and not guaranteeing the same minimum standard for all citizens.

The new Social Welfare Act<sup>37</sup> passed in January 2022 will combine housing and heating costs to better address the guaranteed minimum benefit for families with children and work incapable singles, which represents the initial phase of implementing this reform.

In the NRP 2020, the reform measure Integration of Social Benefits was implemented with the aim of providing a transparent and coordinated system of social benefits and available data on the type and amount of benefits for persons and beneficiaries within the social security system, including continual monitoring of social benefits provided at the local and national level and transparent monitoring to distribute resources more equitably and reduce poverty. The implementation of this reform measure provided insight into data on each user in the social welfare system, whether they receive social benefits at the national and/or local level, as is evident in the IT system for social welfare. The IT system for social welfare exchanges data with various bodies in line with applicable legally-stipulated regulations to facilitate

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administrative relief for users and employees of the social welfare system and provide a more efficient and transparent social welfare system.

Also, personnel within local and regional self-government units have received training in entering group data on social welfare benefits from the social welfare system within the ESSPROS methodology using the SoNal web application, with the aim of ensuring continuity in monitoring social welfare benefits secured at the local level and transparency in monitoring for the purpose of a more just allocation of funds and mitigation of poverty.

However, implementation of the mentioned reform has not provided comprehensive insight into data on social welfare benefits in the social welfare system at the national and local level for each beneficiary, but solely for beneficiaries of the social welfare system with limited access to data on social welfare benefits given that the information system at the Tax Administration in the Ministry of Finance (using the JOPPD form) is not shown individually by item.

### **Planned NRRP reforms and investments**

The integration of social benefits is based on the proposed NRRP reform C4.3 R1 Transparency and Adequacy of Social Benefits in the Social Protection System. This measure will combine benefits from different sources for the same or similar purpose, achieving uniformity in exercising the respective rights. Accordingly, the plan is to commence the process in 2022, developing expert-analytical baselines on which the recommendation is based, and includes a proposal for the normative regulation of functionally consolidating benefits for persons at risk of poverty and persons with disabilities. The analysis should focus on proposing benefits for functional integration, and eligibility conditions (censuses) while also simplifying the process, aligning the legislative framework and standardising the criteria. Furthermore, measure C4.3. R1 Transparency and adequacy of social benefits in the social protection system also envisages the possibility of adopting a law on an inclusive allowance. The adoption of this law is covered in the National Plan for Equalization of Opportunities for Persons with Disabilities for the period from 2021 to 2027 and the corresponding Action Plan for Equalisation of Opportunities for Persons with Disabilities for the period from 2021 to 2024. A working group has been established to draft the inclusive allowance act, conduct an analysis of the expressions received from members of the working group, and a draft of the proposed act is being drafted.

Certain NRRP investments are also envisaged to achieve full transparency in monitoring social benefits within the social protection system by exchanging data across all levels. Implementation of the investment Improving the Digitalisation of the Social Benefits System between the National and Local Levels will provide each LRSGU insight into the type and amount of welfare benefits from the social protection system at the national level for each individual beneficiary and vice versa, in accordance with applicable legislation. The establishment of a central interoperability system will ensure the ability to exchange of data on each individual beneficiary of welfare benefits in the social protection system between bodies that recognise benefits at the national level and in accordance with applicable legislation. Moreover, a social protection system that is more transparent and accessible to all citizens requires implementation of the investment Development of a web application on the possibility of receiving social benefits at the national level, offering information to all citizens based on the entry of certain conditions, and the ability to achieve certain welfare benefits at the national level. The implementation deadline for these investments is December 2025.

## **Improving social services**

*2019.CSR2.3. Strengthen labour market measures and institutions and their coordination with social services; 2020.CSR2.3. Promote the acquisition of skills*

### **Progress in implementing the recommendations**

The new Social Welfare Act facilitates the strengthening of the social welfare system, better organisation, more comprehensive protection of beneficiaries, as well as better quality and availability of services. At the same time, the role of the local community in assessing the needs in developing social services and adopting welfare plans is strengthened. The Act prescribes new services such as social mentoring, comprehensive assessment and planning, professional assessment and psychosocial treatments to prevent violent behaviour, and more precisely, stipulates the content and duration of services.

The intention of improving social services at the end of 2021 led to adopting the 2021-2027 National Plan for the Development of Social Services. The plan ensures regional equity and accessibility of social services for all groups within the social welfare system throughout Croatia. The plan identifies priorities in developing welfare services and the needs of all user groups for various forms of care, both institutional and non-institutional, to achieve a systematic and comprehensive care plan tailored to user needs. This includes increasing quality and improving control over the provision of welfare services. The 2021-2027 National Plan for Equal Opportunities for Persons with Disabilities, adopted at the end of 2021, covers all important areas for improving the quality of life for persons with disabilities while improving existing and introducing new services for children with disabilities and people with disabilities.

To develop a unique methodology for pricing welfare services, the project Developing a Welfare Services Pricing Methodology was implemented and applies to all providers within the welfare system, regardless of their legal status and/or founder. The project aims to contribute to the development of a transparent welfare system based on available information on the type and amount of benefits received by each beneficiary, establishing an equal status of beneficiaries regardless of type and status of service providers while ensuring equal access to all welfare service providers, as well as monitoring the quality of provided services. The project was implemented under the 2019 Structural Reform Support Program (SRSP). The value of the project was EUR 300,000 and implemented in cooperation with the Directorate-General for Structural Reform Support (DG REFORM), along with the technical support of Ernst & Young Savjetovanje d.o.o. Implementation of the project began in December 2019 and was completed in April 2021. The result of the project is the Ordinance on Pricing Social Services,<sup>38</sup> in force since 1 January 2022.

### **Planned NRRP reforms and investments**

The NRRP reform C4.3. R3 Developing community-based services to prevent institutionalisation has been defined. Given the regional inequality and uneven availability of social services in the community, the aim of the reform is to facilitate access to services for all user groups. To continue the deinstitutionalisation process, additional efforts will focus on increasing the scope support services to children, youth and families at risk and persons with disabilities. In addition to existing services, there is a need to develop new social services to prevent the institutionalisation of children, youth and persons with disabilities, and the development of other new services to overcome adverse life situations and crises, stop and prevent domestic violence and facilitate better integration of users into community life.

<sup>38</sup> OG 136/21

Accordingly, the plan is to introduce services involving psychosocial counselling, psychosocial treatment to prevent violent behaviour, social mentoring, rest from care and family assistants.

The improvement of social services includes the plan to strengthen the capacity of employees and investment measure C4.3 R1-II which includes targeted education and licensing of professional workers in social welfare centres for implementing legal protection measures for children, as well as standardisation of family assistants. The measure includes training and licensing for a total of 750 professional worker leaders in the field of family law protection measures and training of 30 workers for the family assistant service until 2024, while in 2022, the plan is to train 150 leaders for the intensive professional assistance and support measure. The standardisation of professional practices and the introduction of guidelines for activities will improve work processes, reliability and uniformity of quality.

The NRRP reform **C4.3.R2 Development of Social Mentoring Service** intends to develop a service for beneficiaries of guaranteed minimum benefits and hard-to-employ groups of beneficiaries such as people with disabilities, Roma, migrants, victims of violence, homeless and young people leaving the social security system, persons returning from serving a prison sentence and intending to return to or enter the labour market, or strengthening social and life skills and social integration and activation of the inactive proportion of hard-to-employ groups in the labour market. In terms of this reform measure, training is to take place in 2022 for a total of 220 employees of social welfare centres and employment services. Achieving this goal requires strengthening cooperation between the regional offices of the Croatian Employment Service (CES/HZZ) and the Social Welfare Centres.

### **Planned measures outside the NRRP framework**

Improving social services means expanding the range of quality, regionally available and affordable extra-institutional services. In addition to the services stipulated in the Social Welfare Act, other services also need to be improved, such as personal assistant services, which include personal assistants, interpreters/translators and Croatian sign language translators and sighted companions, and innovative social services in a broader sense, for instance, services involving rest from care which will make it easier for family members to care for a family member who requires daily care and attention, and facilitating balance between private and work life. To standardise the personal assistance service, the drafting of the Personal Assistance Act is underway.

The implementation of the project Support for Improvement of Social Services in Croatia is funded by the TSI (EUR 400,000). The project is currently implemented in cooperation with the Directorate-General for Structural Reform Support (DG REFORM) and with the technical support of the Northern Ireland Co-operation Overseas (NI-CO) from Northern Ireland. The main goal of the project is to help reduce regional disparities in the provision of social services in the Republic of Croatia and improve the quality of services, along with the development of a new methodology for assessing needs in the area of social services and developing quality standards.

The expected results of the Project include improved planning of social services by developing a new methodology for assessing needs and will be piloted in the Osijek-Baranja County. The estimated duration of the project is until March 2023.

## Deinstitutionalisation and transformation of social welfare institutions

### Progress in implementing the recommendations

In the previous period in the deinstitutionalisation process, some positive steps were made and a series of social services in the community were developed, which are important for the process of deinstitutionalisation and prevention of institutionalisation. Six providers of social services of which the Republic of Croatia is the founder (five providers for children and one for persons with disabilities) have left the institutional form of care and terminated the provision of accommodation services, and subsequently provide only extra-institutional social services. According to the most recent available data, the program for organising housing with assistance covers 1,128 persons with disabilities and 312 children and youth (source: Annual Statistical Report on Other Legal Persons Undertaking Social Welfare Care and on Social Welfare Users in the Republic of Croatia for 2020 and the Annual Statistical Report on Social Welfare Homes and Social Welfare Users for 2020).

Particular social services providers have expanded their activities to other groups, established extra-institutional services which they have not provided in the past and have increased the coverage of users of already existing services, given that the capacities were inadequate. The achieved results is a change in the ratio of institutional and extra-institutional forms of care in favour of the latter, except in relation to persons with psychological trauma.

As support for the deinstitutionalisation process, EU funds were utilised. Within the scope of the Public Call for Development, Expansion and Improvement of the Quality of Extra-Institutional Social Services as Support for the Deinstitutionalisation Process (HRK 90 million, 85% ESF) in 2021, a total of 22 projects were implemented at a total value of HRK 88.84 million and directed to the process of the deinstitutionalisation of vulnerable groups. A total of 21 projects involving social welfare institutes with a total value of HRK 180.47 million based on the ESF tender Support for the Process of Deinstitutionalisation and Preventing Deinstitutionalisation of Children and the Youth (HRK 63 million, 85% ESF) and Support for the Ongoing Process of the Deinstitutionalisation and Transformation of Social Welfare Homes for Persons with Disabilities (HRK 135 million, 85% ESF). The project has provided services within the community until the end of 2021 for 700 children and young, including 1113 persons with disabilities. Funds from the EFRR have secured infrastructural conditions and equipment for the deinstitutionalisation process. Hence, in 2021 and 2022, in all, 59 projects were contracted at a total value of HRK 634.38 million within the scope of the Public Call for Improving Infrastructure for Providing Social Services in the Community as Support for the Deinstitutionalisation Process – Phase Two (HRK 616.2 million from EFRR).

Also, in 2021 and 2022, projects contracted through the previously published Calls (Improving Infrastructure for Providing Social Services in the Community for Persons with Disabilities as Support for the Deinstitutionalization Process - Phase I, Improving Infrastructure for the Purpose of Providing Social Services for Children and Youth as Support for the Deinstitutionalization Process - Phase I, Improving Infrastructure of Social Welfare Centres as Support for the Deinstitutionalization Process - Phase I). A total of 19 projects valued at HRK 112.16 million were contracted through these calls.

### Planned NRRP reforms and investments

The NRRP reform **C4.3. R3 Developing community-based services to prevent institutionalisation** has led to the passing of the National Plan for the Development of Social Services for the period from 2021 to 2027 in December 2021 and the corresponding Action Plan for the Development of Social Services for the period from 2021 to 2024. These documents

envisage measures and activities for continued deinstitutionalization of beneficiaries and the transformation of social service providers, focused primarily on children and youth without adequate parental care, children and youth with behavioural problems, children with disabilities and adults with disabilities.

To **further implement deinstitutionalization and prevent institutionalization**, the provision of non-institutional services requires employing 159 workers in 2022, of a total of 220 workers planned to be employed by 2024 in state social care homes.

Also, **new social services will be further developed to support parenting and families and prevent the institutionalisation of children and youth**, as well as other services to overcome adverse life circumstances, crises, stop and prevent domestic violence and better integration of users into community life.

### **Planned measures outside the NRRP framework**

The National Plan for Equalisation of Opportunities for Persons with Disabilities for the period from 2021 to 2027 and the Action Plan for Equalization of Opportunities for Persons with Disabilities for the period from 2021 to 2024, adopted in December 2021, define the specific goal “Deinstitutionalisation and Prevention of the Institutionalisation of Persons with Disabilities” setting the measures and activities aimed at reducing the number of persons with disabilities using long-term accommodation services and increasing the number of persons with disabilities using non-institutional services.

Although the number of users of non-institutional social services has increased significantly due to the development of community services and a greater supply of such services by service providers, the number of users entering the institutions has not been sufficiently reduced, especially children. In line with the commitment to deinstitutionalisation and transformation, further improving the quality of life of beneficiaries, a new operational plan is under development and aimed at continuing the process of deinstitutionalisation, transformation and preventing institutionalisation, which is a prerequisite for the announcing the public calls for further implementation of the process of deinstitutionalisation (improving infrastructure and strengthening professional capacities for providing non-institutional services) for the period from 2021 to 2024. The plan defines goals, as well as further activities aimed at reducing users entering institutions and increasing the exiting from institutions to new forms of care for the following user groups: children and young people without adequate parental care, children and young people with behavioural problems, children with disabilities and adults with disabilities.

### **Developing and expanding the network of social services**

*2020.CSR2.1. Strengthen labour market measures and institutions and improve the adequacy of unemployment benefits and minimum income schemes; 2020.CSR 2.3. Promote the acquisition of skills*

### **Progress in implementing the recommendations**

The provision of social services is financed from ESF, and in 2021, a total of 103 projects valued at HRK 143.7 million were contracted within the scope of the Public Call for Expanding the Network of Social Services in the Community – Phase 1 (HRK 152.15 million, 85% ESF) which finances employing the necessary workers for providing services and improving the quality of services by educating experts who work with vulnerable groups as well as smaller investments in premises and equipment. By the end of 2021, a total of 1,074 children and young

people, 1,190 people with disabilities, 3,266 elderly people and 992 other disadvantaged people, such as people with addictions and the homeless, received social services in the community through implemented projects. Also, the Public Call for Ensuring a Support System for Women as Victims of Violence and Victims of Domestic Violence (HRK 70 million, ESF 85%) in 2021 led to the contracting of six projects to improve the system of support across six counties in the Republic of Croatia, including prevention and protection from violence against women and violence in the family (domestic violence).

### **Planned NRRP reforms and investments**

In terms of reform C4.3.R3 Developing community-based services, the NRRP also envisages investment C4.3. R3-I4 Construction and equipping of centres for the elderly care (home and community-based services and institutional services). The measure aims to facilitate availability of integrated comprehensive care for the elderly by improving infrastructure, requires the building and equipping of eight centres for the elderly by 2026. The new centres will create preconditions for providing comprehensive care for the elderly, primarily extra-institutional services to people living at home, and exceptionally accommodation services for 800 people who need help and supervision due to impaired functioning and poor health, as well as supervision of persons in satisfying such needs in full. The centres for the elderly will provide the local elderly population meal delivery, home help, organised daily activities, accompaniment to medical examinations, delivery of medicines, improvement of digital skills, recreational activities, organising tribunals and education for formal and informal carers, devising campaigns, etc. In 2021, steps along with implementation deadlines were devised (a selection of locations, preparation of project-technical documentation, announcement of public calls, implementation of infrastructure works and equipment).

Reform C4.3.R3 Developing Community-Based Services to Prevent Institutionalisation and the associated investment C4.3.R3-I1 Strengthening the Capacity of Community Service Professionals is aimed at providing support to the process of deinstitutionalisation and preventing institutionalisation for young people and children with disabilities, and also adults with disabilities at social service providers founded by the Republic of Croatia.

Development of sufficient, accessible and appropriate community services aimed at supporting individuals and families (counselling and assistance, psychosocial support, early intervention, assistance in inclusion prevent in education programs, home help, daily stays and organised housing), standardisation, improvement and the implementation of family law protection measures and ensuring the sustainability of the provision of non-institutional services and family law protection measures prevent the entry of new beneficiaries into the institution and facilitates further deinstitutionalisation.

The insufficient number of professionals involved in the provision of social services, hindering the development of social services in the community, requires hiring additional professionals and the introduction of new profiles of workers providing new social services and conducting continuous and targeted training in improving professional competencies.

The NRRP measure envisages employing 400 workers: 110 managers of intensive professional support and assistance measures, 30 family assistants, 220 workers for the provision of other non-institutional services in the community and 40 professional workers in family centres providing extra-institutional services.

The measure entailing investment C4.3. R2-I1 Introduction of Social Mentoring Services is planned for implementation after the completion of education in 2022 and gradual employment to enable the provision of social mentoring services. Commencing employment of 95

professional workers for the provision of social mentoring services is planned to take place in the last quarter of 2022. By the end of 2025, the plan is to employ 220 new professionals making the social mentoring service available to 30,000 people with lower employability, and which educated professionals employed in 118 social welfare centres and their branches will provide.

### **Planned measures outside the NRRP framework**

In further developing social services, priority is given to the development of lacking services, which aims to ensure that users primarily receive services in their homes and local community, and only when this is not possible are they provided with alternative forms of foster care or adoption. Special attention will be paid to increasing the number of foster families for the youngest children while providing continuous professional support.

Adjustments to changes and needs in the provision of social services is achieved by improving the professional competencies of social service providers.

Further improving the quality of social services requires the involvement of a larger number of volunteers leading to a greater range of activities and additional content in the provision of social services.

Due to the inadequate infrastructure of social service providers, posing an additional obstacle to providing sufficient and diverse social services in the community, infrastructure investments will create adequate conditions for the development of services (insuring property owned by the Republic of Croatia or LRSGU/construction/reconstruction/rent and equipping for the provision of non-institutional services). Improving on-premises conditions will ensure safe working conditions, thus facilitating the smooth running of operations, comprehensive protection of users and improvements to the quality of customer service. Ensuring the availability of social services in the community and strengthening the capacity of social service providers will be encouraged through program and project funds from national and EU sources, adding value to programs financed from the state budget.

In 2022, the financing of projects aimed at expanding social services in the community from various providers (social welfare institutions, associations, religious communities, foundations, LRSGU, international organisations and national minorities councils) will continue. Funding for the development of social services that associations provide in the field of social welfare will continue.

## **Assistance programs for the most deprived**

### **Progress in implementing the recommendations**

Croatia has been continually implementing measures to reduce poverty and material deprivation and provide assistance in eliminating food shortages. The measures are implemented by financing project and programs. Due to the recorded high level or risk of poverty and material deprivation in Croatia, which requires additional measures for helping the most needy, activities based on the Fund for European Aid to the Most Deprived (FEAD) are carried out to provide aid in the form of food and/or basic material needs, representing added value to existing national programs. In 2021, three tenders were implemented within the FEAD, and aid was given to 71,000 persons at risk of poverty. Projects ensuring school meals (HRK 51.81 million, 85% FEAD) in about 380 primary schools received financing, resulting in school meals for about 27,000 children over a period of two school years. Projects were also implemented by humanitarian organisations with a total value of the Public Call at HRK 76.15 million in 2021,

ensuring aid for approx. 44,000 of the neediest in the form of meals and basic material assistance.

The implementation of these activities also contributes to achieving SDG: Objective 1. Eradicate all forms of poverty everywhere in the world and Objective 2. Eradicate hunger, achieve food security and improved nutrition and promote sustainable agriculture.

At EU level, relying on the European Pillar of Social Rights and the recommendation in the field of child poverty titled Investing in children – Breaking the Cycle of Disadvantage on 14 June 2021, the EU Council adopted a recommendation on the establishment of the European Child Guarantee. The recommendation supplements the EU Strategy on the Rights of the Child 2021-2024 and gravitates toward giving each child access to fundamental rights and services. The emphasis is on effective and free access to quality services in the area of early and preschool education, education (including extra-institutional activities) and healthcare, as well as healthy (school) meals and appropriate housing. The European Child Guarantee firstly focuses on children at risk, primarily children at risk of poverty and social exclusion. It envisages additional investments by EU member states in developing services for children and additional mechanisms of support directed to children at risk of poverty and social exclusion. The Republic of Croatia is one of the countries where the program Child Guarantee is being tested, and the pilot program Testing the Child Guarantee in the EU Member States implemented. In cooperation with the UNICEF Croatian Office, on 29 July 2020, the **two-year Child Guarantee Program** was initiated and co-financed by the European Commission where the related activities were undertaken in the County of Međimurje due to a large number of children of the Roma national minority at risk of poverty and social exclusion, and at the same time due to the lack of services related to the protection of children and support to families as well as early intervention services.

The general goal of the Program for children from the County of Međimurje is that they have access to integrated multidisciplinary, adequately financed services for support in the community and family, in preschools and early intervention in childhood. The quality, accessibility and availability of childcare are crucial to ensuring children's rights, and efforts are needed to provide vulnerable children, such as children living in poverty and ethnic minorities, with services for their care and entertainment.

For the purpose of setting up the Child Guarantee in Croatia, currently in preparation is the proposed National Implementation Plan based on in-depth analysis of policies, programs, services, budgets and mechanisms directed to child poverty, social exclusion and access to services in Croatia, which will result in improvements to national policies and programs related to child poverty and issues involving social exclusion as well as monitoring and evaluating such activities.

The draft of the national implementation document for the Child Guarantee in Croatia places emphasis on an integrated approach for three of the most involved childcare systems – the social welfare system (especially relating to developing centres for providing services for children, youth and families at risk where such services are not adequately developed and where there is no provider of such services), followed by the education system (especially relating to improving early education, school meals, extra-curriculum and school activities) and finally the healthcare system (especially in terms of equal availability of the network of paediatric, stomatological and other healthcare services for children).

The groups of children covered in the Republic of Croatia:

- Children who are growing up in single-parent families or families with three or more children,



- Children who are growing up in households with a low work intensity
- Older children (12-17 years of age)
- Children belonging to the Roma national minority
- Children beneficiaries of the guaranteed minimum benefit (GMB) within the social welfare system
- Children in less developed areas, especially rural areas
- Children with developmental difficulties
- Children migrants (asylum seekers, children without accompaniment, under international protection)
- Children in alternative forms of care

### **Planned measures outside the NRRP framework**

As part of the allocation for Croatia under REACT-EU funds for 2021, the Operational Program for the use of FEAD has been increased by EUR 10 million. These funds are used to implement an additional fourth phase of the call to **alleviate poverty by providing assistance to the most deprived or basic material assistance** with the aim of further resolving the consequences of the COVID-19 pandemic and earthquakes for the most needy in Croatia. Projects are contracted for the period 2022/2023, and approx. 35,000 people at risk of poverty should receive assistance in 2022.

## 5 – HEALTH CARE

### C5.1. Strengthening the Resilience of the Health Care System

#### Ensuring financial sustainability of the health care system

*2019.CSR1.1. Reinforce the budgetary framework and monitoring of contingent liabilities at central and local level; 2019.CSR1.2. Reduce the territorial fragmentation of the public administration and streamline the functional distribution of competencies; 2020.CSR1.3. Enhance the resilience of the health system; 2020.CSR1.4. Promote balanced geographical distribution of health workers and facilities, closer cooperation between all levels of administration and investments in e-health*

#### Progress in implementing the recommendations

The Croatian health care system and the health care systems of other countries have faced the coronavirus outbreak, i.e., the epidemic of the infectious COVID-19 disease caused by the SARS-CoV-2 virus. With the outbreak of SARS-CoV-2 and COVID-19 in late December 2019, and its rapid spread in January 2020, the World Health Organization declared on 30 January 2020 the COVID-19 epidemic a public health threat of international importance. On 11 March 2020, it was declared a pandemic. The outbreak of SARS-CoV-2 and the COVID-19 disease has significantly affected the entire health system and the economy.

The Government began preparing and implementing epidemiological and other measures aimed at curbing the spread of the COVID-19 epidemic immediately after the first recorded case in Croatia (25 February 2020). On 4 March 2020, the Minister of Health issued a Decision Declaring an Epidemic Threat, while on 11 March 2020, he promulgated the Decision on Declaring the COVID-19 Disease an Epidemic Caused by the SARS-CoV-2 Virus in the Republic of Croatia.

Due to the COVID-19 epidemic in April 2020, the current legal framework was amended, i.e., amendments to the Act on Protection of the Population Against Infectious Diseases, while the amendments to the Act of December 2020 and December 2021 aimed to further strengthen the general legislated crisis management model, adapted to the severity and urgency of the pandemic and/or epidemic as characterized by rapid and unpredictable changes and the constant danger of an exponential increase in the number of patients, such that the institutional model or organised to enable rapid implementation and realisation of two basic principles of action and decision-making during the global pandemic and national epidemic. These include the principle of effectiveness and the principle of proportionality.

Throughout the epidemic, the health system responded adequately to all challenges. A sufficient number of qualified health workers, hospital bed capacities and medical-technological equipment have been provided. The Ministry of Health has continuously issued instructions related to organising continual health care, especially in the care of emergency, priority and oncological patients. The organising of health workers is done so as to increase their availability and ensure the resilience of the entire health system.

The epidemic has also shown a direct link between public health and the health of the national economy. The new situation has additionally pointed out the need for the health care system to be sustainable. Hence, a proposal for health care reform was drafted, defining reform areas and reform measures.

In 2021, an umbrella sectoral strategic document was adopted called the 2021-2027 National Healthcare Development Plan, setting specific objectives, measures, projects and activities to be implemented under the auspices of the Ministry of Health and aimed at improving the health system and health outcomes of the population.

To achieve financial sustainability of the system, on 5 November 2021, the Decision on Joint Implementation of Procurement Procedures was adopted, and on 15 March 2022, the Decision on amendments to the Decision on Joint Implementation of Specific Procurement Procedures, with the Decision covering procurement categories representing 80% of total hospital consumption.

### **Planned NRRP reforms and investments**

Reform measures from the NRRP will be implemented to increase the strength, resilience and sustainability of the patient-centred health care system and protect the nation's health. The reform ensures a health care system in line with the principles of comprehensiveness, accessibility and solidarity, where quality health care is available to all.

In terms of NRRP reform C5.1. R4 Ensuring the Financial Sustainability of the Health System, **the Act on Amendments to the Health Care Act and the Act on Amendments to the Compulsory Health Insurance Act will be adopted in 2022.** These are key legal frameworks related to the health care system.

Amendments to the Health Care Act and the Compulsory Health Insurance Act will ensure stronger cooperation among all stakeholders within the system, improving the functional connection and coordination among health institutions, including premises resources, equipment, human resources and business processes (including joint procurement that will contribute to savings and better quality) at all levels of care such as prevention, primary, secondary and tertiary levels of health care and coordinating with long-term care institutions to reduce system fragmentation, increase system functionality, increase efficiency and streamline systems, ultimately increasing accessibility and strengthening the quality of health services. A special focus is placed on strengthening primary health care. The plan is to strengthen the organisational, human and financial health centres so that such centres provide the most efficient and comprehensive health services to patients and relieve the hospital system.

The plan is to continue the functional integration of hospital health institutions. Functional integration has been carried out between hospitals within the same county, but this is to continue in relation to hospitals between different counties, taking into account existing specifics, depending on the needs of the gravitating population and available hospital capacity, all with the aim of improving health care.

Furthermore, the modernisation of the hospital system will continue in line with modern medical doctrine and strategic documents, human resources development planning, procuring new medical-technological equipment, and a new categorisation of hospitals will set a transparent scale of health system excellence, better utilisation of contracted capacities and eliminate unnecessary multiplication of procedures at short geographical distances.

The modernisation of the health infrastructure will continue by building new or renovating existing capacities.

## **Improving the efficiency, quality and accessibility of the health system and investing in eHealth**

*2019.CSR2.1. Deliver on the education reform and improve both access to education and training at all levels and their quality and labour market relevance; 2020.CSR1.3. Enhance the resilience of the health system; 2020.CSR2.2. Increase access to digital infrastructure and services; 2020.CSR2.3. Promote the acquisition of skills*

### **Progress in implementing the recommendations**

Certain activities have been undertaken to promote a balanced geographical distribution of healthcare workers and healthcare institutions and establish closer cooperation between administrative bodies at all levels. They also include investments in e-Healthcare. At the time of the epidemic, many activities were reduced in scope and adapted to the new situation, especially in terms of time frames, but the activities were not halted.

In 2021, information systems (for vaccination, making appointments, expressing interest in being vaccinated) were continuously adjusted for vaccination records and the introduction of the third vaccination dose, in line with the opinions of the European Medicines Agency (EMA) and the European Centre for Disease Prevention and Control (ECDC).

On 8 April 2021, the Government adopted the Decision on the Establishment of a Working Group to Develop a Technical Solution for Cross-Border Interoperable Digital Green Certificates for a national system of EU Digital COVID certificates, ensuring their cross-border interoperability. As an EU member state, Croatia had the earliest and most successful pilot test of EU Digital COVID Certificates.

Also on 31 May 2021, the Government adopted a Decision on the Establishment of a National System for Issuing EU Digital COVID Certificates, formally establishing a national system for issuing EU Digital COVID Certificates to facilitate the free movement of citizens during the epidemic and more effectively contributing to the gradual abolition of restrictions, while achieving a high level of public health protection.

As of 1 June 2021, the national system for issuing EU Digital COVID Certificates started operating in Croatia. The rules for issuing EU Digital COVID Certificates have been harmonised at the EU level and further harmonised with the recommendations of the Croatian Institute of Public Health (HZJZ). These rules have been changed in line with scientific achievements, the epidemiological situation and recommendations of institutions such as the ECDC and WHO. Therefore, the entire system is being continuously upgraded.

The Central Health Information System (CEZIH) can help all Croatian citizens, especially those belonging to one of the vulnerable groups (chronic patients, cancer patients, the elderly, the disabled, children, people with special needs, people in self-isolation and the like) to meet certain health needs without coming into the doctor's surgery or waiting room, meaning remotely whenever possible. The ultimate goal is to protect the entire population, protect the mentioned vulnerable groups on account of their extreme vulnerability, protect healthcare workers, and prevent the further spread of COVID-19 disease.

The epidemic and objective reasons for reducing the scope of hospital work have had an effect on waiting lists. As soon as the epidemiological situation provided some relief, the hospital system was reactivated, and regular work in hospitals was reinstated, which included the evaluation of waiting lists and making up for missed appointments for scheduled medical examinations and procedures.

Based on data from the eWaitinglists (eListi čekanja) and eAppointment (eNaručivanja) system, the number of appointments totalling 1,488,705 at the end of February 2020, before the onset of the COVID-19 disease epidemic, was halved in January 2021 to 757,216 appointments. In line with the reduction of the waiting list, partly due to missed scheduled appointments, the waiting times were shortened. With the relaxation of epidemic measures, the system returned to its nominal capacity. As of 31 December 2021, there were a total of 1,094,287 appointments scheduled, 30.80% less than before the outbreak of the epidemic. Analyses of data from the eWaitinglists (eListi) and eAppointments (eNaručivanje) as well as the Central Management System (CMS/CUS), i.e., control of the work of organizational units and health professionals in relation to contractual obligations with health institutions and issued invoices for healthcare service created the prerequisites for monitoring the efficiency of available resources and organisational structure as well as better management of waiting lists. The Ministry of Health and the Croatian Health Insurance Fund (CHIF/HZZO) monitor the increase of appointments and examine the effectiveness of available resources to ensure that the healthcare system adequately responds to the demand for health services.

Also, the Ministry of Health has instructed hospitals to increase the capacity of the Central Appointment Units and provide additional times for making appointments with outpatients for specialist-consultative examinations and diagnostic and therapeutic procedures to prevent long waiting lists.

### **Planned NRRP reforms and investments**

To improve the efficiency, quality and accessibility of the health care system across the entire territory of Croatia and in terms of the NRRP, appropriate reforms and investments are planned.

A big contribution to achieving the goal of a balanced allocation of healthcare workers and healthcare institutions comes from planned activities over the entire duration of the NRRP, aimed at introducing a mobile pharmacy service in primary health care and mobile clinics, as well as centralised financing of physician specialisations at the primary level of health care and public health, as well as specialist training of nurses and technicians in the field of emergency medicine.

In terms of the NRRP investment C5.1 R3-I2 Specialist training of medical nurses in emergency medicine, the plan is to make a decision on specialist training of medical nurses in the field of emergency medicine. Such specialist training ensures knowledge and skills, i.e., competencies for medical nurses to work autonomously in emergency medicine.

In terms of NRRP investment C5.1. R3-I1 Central funding for specializations, the plan is to make a decision on funding 467 specialisations for medical doctors. It facilitates the balanced and sufficient occupancy of the public health service network and improve the availability of health care to all citizens.

These activities will increase the availability and quality of health care for residents in remote and rural areas, especially at the level of public health and the basic primary level of health care.

In terms of NRRP reform C5.1. R1 Improving the efficiency, quality and accessibility of the health system, a **framework for assessing the efficiency of the health system** will be adopted in 2022. The framework for assessing health system efficiency facilities measuring health system efficiency, identification of key performance indicators in line with the defined assessment methodology and facilitates linking measures with objectives as set in national strategic documents and reforms, the timeliness of data and better monitoring of health outcomes.

The NRRP also includes investments in the health system enabling new modern medical technologies for the prevention, diagnosis and treatment of patients, especially cancer patients. This will contribute to the quality of treatment of oncology patients and increase the resilience of the health system to respond to key health challenges and diseases that are the leading causes of death in Croatia.

To ensure effective cooperation between health professionals, institutions and multidisciplinary teams and complete the electronic health record with all diagnostic results, special attention will be paid to the role of effective digital technology that provides support, and will be one of the key tools for sharing and connecting health data among stakeholders within the public health service.

In terms of the NRRP, in the section on e-Health (C5.1. R5), the goal of Croatian e-health is to improve management capacity through more efficient use of data, encouraging innovative solutions in health care to better manage the health system. Structures, processes and procedures will be established to introduce data analysis and reporting into existing decision-making and policy-making practices at the level of health care providers, monitors and policymakers. The system will incorporate algorithms to automatically convert previously selected health data into health information on the basis of which key decisions will be made. The need to upgrade data structures to more comprehensive clinical concepts and exchange formats has been recognised in order to support not only administrative and payment processes but also structured clinical data adhering to a set of international interoperability standards that serve not only to provide health care to individuals but also manage the entire system based on data and evidence, using a wider range of analytics as well as the use of secondary data in healthcare. Structured clinical information, coding systems and unified forms ensure data exchange and machining processing of data. The management of health information and knowledge through the Central Information Health System of the Republic of Croatia (CEZIH), the National Public Health Information System (*Nacionalni arhivski informacijski sustav* - NAIS) and other IT systems in health have still not been fully utilised. Central data warehousing and health analytics technologies used as a platform for population health activities are limited to basic reporting services of the Croatian Health Insurance Fund (CHIF/HZZO) and the Croatian Institute of Public Health (CIPH/HZJZ), which is a safe area for improvement. Clinical data collected in the central system require quality upgrades before its use for advisory and secondary purposes, population health care, and clinical management.

In terms of the NRRP, investments in hospital health institutions are planned in 2022, i.e., **C5.1. R1-I4 Modernization of Health Services in the Clinical Hospital Center Split and C5.1. R5-I5 Digitalisation and equipping of Clinical Hospital ‘KB Merkur’ diagnostic units**, i.e., the diagnostic units at the Clinical Hospital Merkur.

Furthermore, in terms of the NRRP, the **implementation of the Telecordis project** is planned by the end of 2022, and the **implementation of the Teletransfusion project** by the end of Q1/2023, providing accessible and continuous health services to patients in remote and rural areas, whereby accessibility to specialist health services is significantly increased.

The goal of the TeleCordis project is to install medical and computer equipment to perform ECG holter, pressure holter and 12-channel ECG services in remote and rural areas that are insufficiently covered by these services, i.e.. do not have cardiology specialists available.

The Teletransfusion project will support the existing digital infrastructure in the treatment process by using patient data obtained from the ePrescription and eDossier necessary for commencing treatment at a secondary or tertiary health care institution. The project will connect hospital transfusion centres in Croatia and the service will be available 24 hours a day, 7 days a week.

## Promoting healthy lifestyles and disease prevention

### Planned measures outside the NRRP framework

Based on the identified problems in the health care system, investments will be made to improve the health of citizens throughout their lives. For this purpose, the challenges of the health system will be addressed by supporting activities aimed at the general public or certain groups of people or professionals to promote disease prevention and a healthy lifestyle, combat erroneous information and misinformation on disease prevention, cause and treatment of diseases, addressing vaccination hesitancy and supporting efforts to reinforce altruistic behaviours, such as organ and blood donations. To improve health outcomes, the health status of the population and reduce the morbidity rates of chronic non-communicable diseases, the National Health Development Plan 2021-2027 defines several measures aimed at promoting health, strengthening healthy living habits, as well as raising public awareness of the importance of primary and secondary prevention, i.e., early detection of disease and early intervention. Promoting healthy living habits and measures to prevent the leading causes of morbidity and mortality (chronic non-communicable diseases, mental disorders and injuries) aims to increase life expectancy and quality of life by increasing the number of years of healthy life or years without disease and/or disability. Accordingly, action will be taken at various levels, from measures at the individual level, across at-risk population groups, to the whole community. National programs for early detection of colon, breast, cervical and lung cancers will be intensively promoted and fundamentally reformed to achieve satisfactory response rates.

The **National Strategy for the Development of Mental Health 2022-2030** will be adopted by the end of 2022, where its goals aim to improve the health of citizens throughout life and reduce the incidence of mental disorders. Specific objectives in implementing the National Strategy include mental health promotion, prevention and early detection of mental health problems, improved treatment and rehabilitation as well as contributing to the protection of human rights of persons with mental health problems and community mental health activities.

Also, the adoption of the **National Strategy for Action in the Area of Addiction for the period 2022-2030** is incorporated in the plan, which contains strategic goals, priorities and measures to ensure responsibility for the implementation of the overall national policy on addictions and behavioural addictions as well as the establishment of a multidisciplinary and integrated approach at the national, local and international levels. The National Strategy also provides guidelines to identify the most effective response from society to the modalities and trends of consumption and abuse of addictive substances in society.

## 6 – RENOVATION OF BUILDINGS

### C6.1. Renovation of buildings

#### Energy renovation of buildings

*2019.CSR3.1. Focus investment-related economic policy on energy efficiency, renewables*  
*2020.CSR3.3. Focus investment on the green and digital transition, in particular on environmental infrastructure, sustainable urban and rail transport, clean and efficient production and use of energy*

#### **Progress in implementing the recommendations**

In December 2021, the Government adopted the Program for Energy Renovation of Multi-Apartment Buildings for the period until 2030, the Program for Energy Renovation of Buildings with a Cultural Heritage Status for the period until 2030, the Program for Combating Energy Poverty Which Includes the Use of Renewable Energy Sources in Residential Buildings in Assisted Areas and Areas of Special State Concern for the period until 2025, the Program for the Development of Green Infrastructure in Urban Areas for the period 2021-2030 and the Program for the Development of Circular Management of Space and Buildings for the period 2021-2030.

Additional programs were also prepared such as the Program for Energy Renovation of Public Sector Buildings for the period until 2030, adopted by the Government at its session on 31 March 2022, and the Draft Program for Energy Renovation of Family Houses for the period until 2030, which will be proposed to the Government for adoption in 2022.

Energy renovation programs for buildings encourage deep and comprehensive renovation of buildings, highly efficient alternative systems, special attention to ensuring healthy indoor climatic conditions, fire protection, and eliminating risks associated with increased seismological activity.

#### **Planned NRRP reforms and investments**

The Program for Granting Small Value (de minis) Aid for the Energy Renovation of Apartment Buildings was adopted and published on 23 March 2022 on the official website of the Ministry of Physical Planning, Construction and State Assets (MPPCDA). As part of NRRP investment C6.1. R1-I1, a public call for the energy renovation of apartment buildings, was published on 1 April 2022.

The goal is to renovate at least 180,000 m<sup>2</sup> of apartment buildings undamaged by earthquakes by the end of 2026. Furthermore, the goal is also to constructively and energetically renovate 45,000 m<sup>2</sup> of apartment buildings damaged by the earthquake by mid-2026. The implementing body for the renovation of these buildings is the Reconstruction Fund. At the end of March 2022, the 2030 Program for Energy Renovation of Public Sector Buildings was adopted, covering comprehensive renovation of public sector buildings and incorporating energy efficiency measures, as well as heat demand and energy consumption reductions in public sector buildings and increasing the use of energy from renewable sources and reducing CO<sub>2</sub> emissions.



The goal is to implement the signed contracts valued at EUR 66.36 million for the energy renovation of public buildings and multi-residential buildings by the end of 2022. This entails announcing a public call for energy renovation of multi-residential buildings with an allocated HRK 300 million and a direct allocation of HRK 250 million to the Croatia Real Estate Agency (APN) and HRK 150 million to the Central State Office for Reconstruction and Housing Care (SCORHC). The contracts set out the energy efficiency requirements for each building in terms of reducing energy consumption for heating by at least 50% compared to annual energy consumption for heating before undertaking renovation and achieving a 30% increase in primary energy savings across the entire component again prior to renovation while respecting the principle of non-significant harm as set out in Article 17 of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment.

## **Developing a framework for ensuring adequate skills in the context of green jobs needed for post-earthquake reconstruction**

*2020.CSR2.3. Promote the acquisition of skills*

### **Planned NRRP reforms and investments**

As part of NRRP reform C6.1. R2, the plan by the end of 2022 is to **publish the National Skills Development Plan for green jobs related to energy efficiency and post-earthquake reconstruction.**

The aim is to improve green skills in terms of energy recovery, earthquake recovery, green infrastructure, implementation of nature-based solutions and circular management of space and buildings, based on a review of existing programs as well as the development and adaptation of educational programs identified under the reform.

Preparations are underway to launch a public tender for the drafting of the National Plan for the Development of Skills for green jobs related to energy and earthquake reconstruction.

## **Increasing effectiveness, reducing the administrative burden and digitalisation of the renovation process**

*2020.CSR2.2. Increase access to digital infrastructure and services*

### **Planned NRRP reforms and investments**

The plan is to increase efficiency, reduce the administrative burden and digitise the reconstruction process, including the launching of a Central Internet Contact System in which all the necessary information for energy and post-earthquake reconstruction is collected. The Single Contact Centre will be implemented in two phases: 1) emergency services necessary for urgent structural reconstruction and necessary repair of damage to guarantee a level of safety for citizens and facilities, and 2) integrating all other services and information necessary for comprehensive and energy recovery along with included services and information based on the principle of better reconstruction.

In terms of NRRP reform C6.1. R3, the plan by mid-2022, is to achieve the first phase of establishing an online one-stop shop and the first version of an online one-stop shop to include emergency recovery activities after the earthquake, which will later be upgraded with detailed elements to build back better and energy efficiency. Currently, the first part of the application has been devised to provide information to citizens about earthquake reconstruction. This

means that the online one-stop shop for emergency services in urgent structural renovation and necessary repairs has been established and enabled through the e-renovation application. Upgrading the system by integrating other information services on comprehensive and energy recovery is in preparation. The second phase of the system is planned to be completed by the end of 2022.

## **Seismological data network development**

### **Planned NRRP reforms and investments**

In terms of NRRP investment **C6.1. R4-I1 Seismological data network development**, the aim is to strengthen the organisational and infrastructural capacities of the Seismological Survey of the Republic of Croatia, requiring the purchasing of at least 300 devices by the end of 2022. This will increase the quality of collection, processing and application of seismological data required for the process of renovating buildings, planning the development of new facilities and monitoring public infrastructure, as well as strengthening Croatia's resilience to earthquakes and associated risks. The public procurement procedure for the procurement of seismological equipment and the procurement of external services for preparing and implementing public procurement procedures are underway, while the public procurement procedure for the external project management service is in the phase of reviewing and evaluating received bids.

## IV. Progress in implementing the UN Sustainable Development Goals (SDGs)

### Goal 1. End poverty in all its forms everywhere

In 2021, three national plans were adopted along with the accompanying action plans: the National Plan for Equalisation of Opportunities for Persons with Disabilities for the period from 2021 to 2027 and the Action Plan for Equalisation of Opportunities for Persons with Disabilities for the period from 2021 to 2024; National Plan for the Development of Social Services for the Period 2021 to 2027 and Action Plan for the Development of Social Services for the Period 2021 to 2024; National Plan for Combating Poverty and Social Exclusion for the period from 2021 to 2027 and the Action Plan for Combating Poverty and Social Exclusion for the period from 2021 to 2024. In January 2022, the new Social Welfare Act was adopted. Also coming into force in January 2021 is the National Elderly Allowance Act, which introduced a national allowance for the elderly, providing income for the most vulnerable categories of the elderly population, mostly women, who were not able to secure an income for their old age through employment and they were not able to do so in any other way. The amount of the national benefit for the elderly is set at HRK 800. The adoption of these acts creates a policy framework at the national level to support poverty eradication. For the purpose of setting up the Child Guarantee in Croatia, currently in preparation is the proposed National Implementation Plan based on in-depth analysis of policies, programs, services, budgets and mechanisms directed to child poverty, social exclusion and access to services in Croatia, which will result in improvements to national policies and programs related to child poverty and issues involving social exclusion as well as monitoring and evaluating such activities.

Regulations in the field of agriculture ensure equal rights for the possibility of farm management, use of agricultural resources and the use of agricultural support funds, including funds from agricultural funds for investments in agricultural holdings.

### Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture

The Agriculture Act<sup>39</sup> defines the goals of Croatian agricultural policy in connection with the objective of sustainable development and is in line with the reformed common agricultural policy of the EU for the period until 2027 (adopted in 2021).

Starting from the NRS, establishing self-sufficiency in food as one of its strategic goals, in 2021 the proposal of the Agriculture Strategy of the Republic of Croatia for the period 2030 was finalised and is in the process of adoption. The main goal of the Agriculture Strategy is to increase the value of agricultural production in Croatia.

In 2021, HRK 2.94 billion was provided to farmers for direct payments. Moreover, in the same year, 24 tenders were announced for the allocation of funds from the Rural Development Program, making an additional HRK 2.38 billion in grants available. Examples of activities covered by these tenders are restructuring, modernisation and increasing the competitiveness of agricultural holdings; restoration of agricultural land and production potential; support for

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<sup>39</sup> OG 118/18, 42/20, 127/20, 52/21

the development of small farms; support for young farmers; vocational training for farmers; use of renewable energy sources.

In addition, funding was provided from the State Budget and EU funds for producers who faced difficulties due to the consequences of COVID-19 measures. The aim of this aid was to stabilise the market for agricultural products.

In 2021, a number of national support programs for the agricultural sector were approved, such as the program for the conservation of native and endangered breeds of domestic animals.

Moreover, the preparation of the national strategic plan for the implementation of the common agricultural policy in the period 2023-2027 was completed in 2021, identifying agricultural policy measures in the next programming period. The strategic plan was submitted to the EC for approval.

Most of the activities from NPOO reform C1.5 Improving the Use of Natural Resources and Strengthening the Food Supply Chain contribute to this goal, specifically, establishing a network of logistics infrastructure to strengthen the production-market chain in the fruit and vegetable sector, digital transformation of agriculture and improving food donation systems.

### **Goal 3. Ensure healthy lives and promote well-being for all at all ages**

The adoption of the National Health Development Plan for 2021-2027 and the Action Plan for Health Development for the period from 2021 to 2025<sup>40</sup> support the implementation of this SDG. As part of the National Health Development Plan and its special goal, i.e., better healthy living habits and more effective disease prevention, the following measures are defined: promotion of healthy living habits; prevention of leading non-communicable diseases, prevention of priority communicable diseases; prevention of disability caused by the most common risk factors; prevention of diseases due to the harmful effects of environmental factors. Furthermore, measures have been identified for implementing the specific objective of improving the model of care for key health challenges, namely: the development of improved clinical guidelines; improving the treatment of patients with cardiovascular and cerebrovascular diseases; improving the treatment of patients with oncological diseases; improving the treatment of patients with dementia and disorders of consciousness; improving the availability and quality of health care for patients with rare diseases; capacity building in the field of diabetes care.

In line with the Health Care Act and the Public Health Service Network, health care is provided at three levels: primary, secondary and tertiary levels of health care. The availability of primary health care is ensured throughout Croatia in health centres and medical teams. Primary health care includes four basic activities available across the entire territory of Croatia based on the health needs of the population, namely general/family medicine, health care for preschool children, women's health care, and dental health care.

In addition to the National Health Development Plan, we also single out certain legislative acts that are in force or in the process of adoption, and relate to the objective in question:

- The National Strategic Framework against Cancer to 2030 has been adopted.
- The Government has adopted the National Road Safety Plan adopted for the period 2021-2030. years. This plan is in line with global and European guidelines in the field of road safety legislation.
- At the proposal of the CNIPH, the Minister of Health adopted the following vaccination programs: three-year mandatory vaccination program in the Republic of Croatia for 2022-

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<sup>40</sup> OG 147/21

2024 against diphtheria, tetanus, pertussis, polio, measles, mumps, rubella, tuberculosis, hepatitis B, diseases caused by haemophilus influenzae type B and pneumococcal diseases.

- Three-year program of immunisation, seroprophylaxis and chemoprophylaxis for special groups of the population and individuals at increased risk of tuberculosis, hepatitis A and B, rabies, yellow fever, cholera, typhoid fever, tetanus, measles, severe lower respiratory tract diseases caused by respiratory viral infection, tick-borne encephalitis, chickenpox, rotavirus gastroenterocolitis, malaria, streptococcal diseases (including invasive pneumococcal disease, haemophilus influenzae - invasive diseases, invasive meningococcal diseases, HPV infections and the COVID-19 disease in 2022-2024).
- Implementation of the mandatory vaccination program in the Republic of Croatia in 2022 against diphtheria, tetanus, pertussis, polio, measles, mumps, rubella, tuberculosis, hepatitis B, diseases caused by haemophilus influenzae type B and pneumococcal diseases.
- Implementation program for immunization, seroprophylaxis and chemoprophylaxis for special groups of the population and individuals at increased risk of: tuberculosis, hepatitis A and B, rabies, yellow fever, cholera, typhoid fever, tetanus, measles, severe lower respiratory tract disease causing respiratory infection, tick-borne encephalitis, chickenpox, rotavirus gastroenterocolitis, malaria, streptococcal diseases (including invasive pneumococcal disease), haemophilus influenzae - invasive diseases, invasive meningococcal diseases, HPV infections and COVID-19 diseases in 2022.
- The adoption of a new National Program for the Protection and Promotion of Breastfeeding for the period from 2022 to 2025 is being prepared. The drafting of the National Plan for the Fight against Dementia is in progress

In 2022, the adoption of the National Strategy for Action in the Field of Addiction for the period 2022-2030, the National Strategy for the Development of Mental Health 2022-2030, as well as the Action Plan for the Prevention of Obesity are planned.

#### **Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**

The realisation of infrastructural investments in kindergartens covered by NRRP reform C3.2. R1 involved a number of informal meetings have been held, and thematic meetings with representatives of municipalities/cities/counties are currently in preparation. The process of defining the key elements in the tender documentation for these investments was preceded by collecting data on the state of the system by the LRSGUs.

Currently underway are preparatory activities for the all-day school model based on available analyses from European comparative reports and detailed analyses of standards and norms relating to the construction of schools, organisation of year classes, teacher norms and the like. Also in progress is the drafting of the fundamental Act on Primary and Secondary Schools Education.

An analysis of secondary education is also underway to increase the coverage of students in grammar school (gymnasium) programs and reduce the number of surplus programs in vocational education. Upon completion of the analysis, modalities will be proposed to facilitate an increase and harmonising the availability of high school programs while reducing the number of surplus vocational programs from the existing capacities, as well as performing an appropriate simulation.

## **Goal 5. Achieve gender equality and empower all women and girls**

In May 2019, the Republic of Croatia signed the Declaration on Women in Digital and its commitments, whereby the Central State Office for Development of the Digital Society (CSODDS) and the Office for Gender Equality were assigned the task of coordinating its implementation with the goal of introducing the theme of women's representation in the digital world in public space and encouraging girls to enrol into the relevant faculties. A discussion was initiated on the insufficient proportion of women in the ICT sector and the annual International Girls Day in ICT by organising workshops for girls, visits to ICT companies, etc. In terms of promoting this theme, articles were published on websites.

In 2021, as part of the CALIPER project (Linking Research and Innovation for Gender Equality) at the Faculty of Electrical Engineering and Computing, University of Zagreb, which aims to increase gender equality in research and research funding institutions, a webinar on promoting equality in STEM areas was held. The plan in the coming period is to include the topic of women's commitment to the digital world through events organised as part of the Conference on the Future of Europe to be organised with Croatian high school students.

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Regarding sub-objective 5.1. on the framework for ending all forms of discrimination against all women and girls, importantly, the National Plan for Gender Equality 2022-2027 is currently in the procedure of approval for a public hearing.

In relation to sub-goal 5.2. regarding violence against women, emphasis is placed on the following: changes in the national legislative framework in recent years have improved prevention, tightened punishment and further strengthened the protection of victims of violence. In 2020 and 2021, the Act on Protection from Domestic Violence, the Criminal Code and the Criminal Procedure Act were amended. Ensuring the conditions for effective work by the competent authorities in dealing with domestic violence led to the adoption of the new Protocol on Dealing with Domestic Violence in 2019. To improve and further develop inter-ministerial cooperation in the field of violence, and on the basis of the Agreement on Inter-Ministerial Cooperation in the Field of Preventing and Combating Violence Against Women and Domestic Violence, the National Team for Preventing and Combating Violence against Women and Domestic Violence and county teams were established. Regarding the helplines for victims of violence, there are eight SOS hotlines in Croatia, mostly run by civil society organisations and financially supported by the Ministry of Labour, Pension System, Family and Social Policy (MLPSFSP). Since 25 November 2020, the National Call Centre for Victims of Crime and Misdemeanours has been operating 24 hours a day. Croatia became the fifth European country to introduce a free standardised number at the EU level to provide support to victims and witnesses (116 006). Furthermore, there are now a total of 25 shelters in Croatia, of which 23 are funded by MLPSFSP. The six new shelters have been funded by the European Social Fund since the end of 2020 and the beginning of 2021.

Amendments to the Act on Areas and Seats of Courts and the Court Rules of Procedure during 2021 envisage the establishment of 15 family departments in municipal courts in the seats of county courts.

Given that sexual violence, in addition to domestic violence, is one of the dominant forms of gender-based violence, in 2018, at the suggestion of the Office for Gender Equality, the Government adopted a new, updated Protocol on Sexual Violence. The Protocol contains the stipulated obligations and the manner of cooperation with competent bodies involved in the detection and suppression of sexual violence and providing assistance and protection to persons exposed to sexual violence. Furthermore, the Office for Gender Equality joined the Council of Europe's campaign to prevent sexism by promoting and translating the Recommendation on

Preventing and Combating Sexism into Croatian in 2019 and the Council of Europe's #StopSexism website - under the slogan "See it. Name it. Stop it."

Given that special attention should be paid to combating violence among the young population, on 6 February 2020, the Government voted to adopt the Action Plan for the Prevention of Violence in Schools for the period from 2020 to 2024.

Certain measures taken after the ratification of the Istanbul Convention are the result of open dialogue and useful discussion with representatives of civil society organisations. The #ženeujavnomprostoru (womeninpublic) campaign, as well as the #metoo campaign, and the latest movement "I didn't ask for it", have also contributed to raising public awareness. Legislative changes and ongoing campaigns aimed at raising awareness of the unacceptability of any form of violence against women show a growing trend of reports of domestic violence, sexual harassment, sexual intercourse without consent, rape and prostitution.

Given that no survey has been conducted in Croatia so far on the incidence of gender-based violence, the Central Bureau of Statistics will conduct a National Safety Survey in 2022 on a nationally representative sample. The standard methodology for this survey was developed by Eurostat. The results of the survey are expected in 2023.

In relation to sub-goal 5.5. regarding women's participation in decision-making positions, we point out that due to public awareness campaigns on the importance of women's participation in public and political decision-making, the parliamentary elections held in July 2020 improved the share of women in the Croatian Parliament. The total number of female representatives at the 10th convening of the Croatian Parliament is 30.4%, a significant increase compared to the end of the 9th convening when the share of female deputies was 19.2%.

According to the Central Bureau of Statistics, the share of women among senior civil servants and officials in 2018 was 26.5%, while the share of ambassadors is currently 27.9%.

Women's participation in representative and executive power at the local level remains relatively low, although a shift is visible when compared to previous local elections. For example, compared to 2017, the number of city and female municipal councillors increased from 25.2% to 28.2%, and female county councillors from 26.8% to 30.2%.

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During the use of parental benefits (parental leave, parental leave and parental care), parents should be provided with ensured social security in the form of appropriate salary compensation or monetary benefits, and in addition to generous benefits, importance is also placed on the impact of the leave duration and flexible opportunities, giving parents adequate time to care for their child after birth and during the child's earliest age.

In the recent times, legislation in this area has been improved, with amendments to the Maternity and Parental Benefits Act of 2017 and 2020, leading to an increase in the maximum amount of salary compensation for employed and self-employed parents during parental leave and monetary benefits for certain groups of beneficiaries within the system of maternity and parental benefits. Legislative changes concerning the associated benefits have endeavoured to have a positive impact on maintaining and strengthening the material standard and quality of life for families, making it easier to decide on parenthood and expanding the family.

2017:

- An increase of the maximum salary compensation paid during parental leave for employed parents, increasing from the previous limit of HRK 2,660.80 to HRK 3,991.20,

- An increase in salary compensation for parents who use their right to parental leave for twins, their third and each subsequent child, up to the third year of the child's life, increasing from HRK 1,663.00 to HRK 2,328.20,
- An increase in financial support for employed and self-employed parents who use leave to care for a child with severe disabilities, increasing from HRK 2,161.90 to HRK 2,328.20 and for half full-time work for enhanced child care and other rights concerning groups of beneficiaries,
- An increase in the amount of financial compensation for unemployed parents and employed parents who do not meet the legally prescribed condition of employment insurance period (12 months continuously and 18 months intermittently), increasing from HRK 1,663.00 to HRK 2,328.20.

2020 :

- The maximum salary compensation paid during the use of parental leave for employed and self-employed parents has been increased from 120% of the budgeted base amount per month (previous limit HRK 3,991.20) to 170% of the budgeted base amount (HRK 5,654.20),
- An increase in the maximum salary compensation when exercising the right to parental leave in the event of the death of the child of an employed or self-employed mother,
- The duration of the previous insurance of an employed or self-employed parent as a condition for exercising the right has been changed such that the duration of the previous insurance has been reduced be more favourable for the beneficiaries.

The proposed normative solution in terms of the new Maternity and Parental Allowances Act will define the legal preconditions for increasing the maximum salary compensation paid during the use of parental leave for employed and self-employed parents. Accordingly, the recommendation is to increase the maximum salary compensation paid during the use of parental leave for employed and self-employed parents **from the current HRK 5,654.20 (170% of the budgeted base amount) to HRK 7,500.13 (225.5% of the budgeted base amount)**.

Despite the above mentioned, the implementation of activities aimed at promoting the active role of fathers in the early development of the child and achieving a higher degree of gender equality within the family should be continued. There are currently no special provisions on the right to paternity leave in Croatia, and the introduction of such a right will have a positive impact on the sharing of responsibilities for care between women and men. The involvement of fathers in childcare leads to greater life satisfaction, the physical and mental health of fathers who care for children and better cognitive abilities and behaviour of children.

The new Maternity and Parental Allowances Act harmonises national legislation in order to transpose Directive 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU. The Directive seeks to ensure the implementation of the principle of equality between women and men with regard to their opportunities in the labour market and their treatment in the workplace; enable parents and carers to better reconcile business and guardianship obligations and strengthen minimum standards related to parental leave and flexible working conditions, as well as introduce minimum standards related to paternity leave.

Although the provisions of the new Directive are partly aligned with the national regulation of the subject matter as prescribed by the current Maternity and Parental Allowances Act, the provisions of the Directive require normative interventions regarding certain rights from the parental benefits system with the obligation of introducing a new right to paternity leave. In



line with the objectives of the Directive, further preconditions that will allow flexibility in the use of existing and introduction of new rights should be provided, with the aim of greater involvement of parents in parental leave and more equal distribution of childcare at the earliest age by both parents, with an emphasis on stronger involvement of fathers to participate in the early upbringing of children.

One of the most important guidelines of the proposed Act is the introduction of a new right, i.e., (paid) paternity leave for **10 working days for employed and self-employed parents**. Furthermore, the purpose of paternity leave, a new principle introduced into the legal system, is to enable greater involvement of fathers in childcare and participation at an early age of the child. The intention is also to increase the number of fathers who use parental leave for the purpose of reconciling private and business life, as prescribed by the Directive.

## **Goal 6. Ensure availability and sustainable management of water and sanitation for all**

To ensure the implementation of this goal and synergy in the field of sustainable water resources management and their protection, Croatia has identified key areas of intervention: improving the public water supply system, improving public drainage and wastewater treatment systems, and maintaining good water status for the purpose of improving the sustainability of water use and management. A prerequisite for the effective implementation of the necessary investments in the field of water management is reforming the water services sector and defining the financial framework. Therefore, in terms of NRRP reform C1.3. Improving Water Management and Waste Management, the Regulation on Service Areas<sup>41</sup> was adopted in December 2021 as a supplement to the legal framework necessary for the operational implementation of the reform in the water services sector and the Multiyear Program for the Construction of Municipal Waterworks Buildings to 2030,<sup>42</sup> which identifies the framework for investing in the development of the public water supply and sewage, as well risk assessment and mitigation measures.

The proposed Agriculture Strategy of the Republic of Croatia for the period until 2030, and which is in the process of adoption, illustrates the need for better access to irrigation water to improve agricultural productivity. Accordingly, an intervention entitled Improving Access to Water for Irrigation and the Its Efficient Use was developed, which aims to implement the National Project for Irrigation and Management of Agricultural Land and Water Use in the Republic of Croatia (NAPNAV). The emphasis is placed on the construction, rehabilitation and modernisation of irrigation and drainage infrastructure on existing agricultural land and the adoption of new technologies in irrigated agriculture.

In terms of the Rural Development Program of the Republic of Croatia, 17 public irrigation projects were approved, covering a total of 7,072 ha of agricultural land.

The implementation of the measure for agricultural land consolidation, as planned in the NRRP, provides the preconditions for the construction of the necessary infrastructure in rural areas, including irrigation systems.

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<sup>41</sup> OG 147/21

<sup>42</sup> OG 147/21

## **Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all**

To ensure the implementation of this goal, funds have been provided through the NRRP and the OPCC. In terms of the NRRP, investments will ensure the modernisation and strengthening of the electricity system, enhancing energy efficiency (especially in industry and the economy), strengthening renewable sources in heating and cooling and the preconditions for the more intensive implementation of clean transport measures (biofuels, transport electrification, hydrogen in traffic, etc.). Furthermore, in terms of the OPCC, additional investments in energy efficiency (especially in industry and the economy), encouraging individuals to use renewable energy sources for their own supply (micro solar systems and heat pumps), additional investments in the use of geothermal energy in district heating, investments in pilot projects for the development of new technologies for renewable energy sources (e.g., offshore wind, recovery of waste sludge, etc.), development of battery systems and strengthening the infrastructure for alternative fuels in transport (with emphasis on electricity and hydrogen).

## **Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**

Investing in equity and quasi-equity financing instruments will facilitate greater availability of alternative sources of financing for domestic entrepreneurs (SDG 8 and 9) for investments in innovation, growth and development (SDG 9) and while respecting the “green and digital” goals of the RRF it will. Help raise awareness, as well as human and institutional capacities to reduce the impact on climate change (SDG 13), given that investments will, whenever possible, be conditional upon adherence to the principle of “do no significant harm” (DNSH).

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Activities from NRRP reform C1.5 (Improving the Use of Natural Resources and Strengthening the Food Supply Chain) indirectly contribute to overall economic growth, productivity and employment. The Strategy for the Development of Wood Processing and Furniture Production in the Republic of Croatia 2017-2020 along with the Action Implementation Plan, defines development models, development guidelines and strategic measures, contributing to sustainable economic growth and competitiveness of wood processing and furniture production. The strategic choice is the circular economy of a large number of small and medium-sized businesses distributed mainly in rural areas. The strategy recognises forestry, wood processing and furniture production as economic activities linked in a value-added chain and a true example of the circular economy as a strategic determinant of EU policies. Their interrelationship in rural development contributes to the goal of ensuring economic, social and spatial cohesion, creating the preconditions for economic growth, development, investment and employment, and the retention of the population in rural areas. In adhering to the Strategy, small value grants were awarded to entrepreneurs for investments in the previous period, totalling slightly more than HRK 136 million for 693 investments of 455 entrepreneurs. The Government's response to future strategic planning in developing these activities and the continuity of the policy initiated by the Strategy is in the form of a new act National Plan for the Development of Wood Processing and Furniture Production of the Republic of Croatia for the period 2022 to 2030, which aims to create conditions for sustainable growth and development of the wood processing and furniture production while promoting a resource-sustainable and also efficient, circular, green and low-carbon economy and positioning Croatia as an exporter of higher value-added products. The national plan will focus on the specific objectives of strengthening competitiveness and innovation, encouraging digital and green transition and increasing productivity and strengthening the resilience of wood processing and

furniture production against climate change, as well as strengthening regional competitiveness and balanced regional development of the said activities.

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To raise awareness of sustainable development, the Ministry of Tourism and Sport (MTS) has established a portal on sustainable tourism, and in 2022 additional investment and development will improve the port and ensure transparent monitoring and reporting on the impact of sustainable development on tourism. At the same time, it will promote sustainable tourism practices, connect stakeholders in tourism and beyond, raise awareness and inform the public. In accordance with NRRP reform C1.6., the development of the Strategy for Sustainable Tourism Development until 2030 began in 2021 with the National Plan for the Development of Sustainable Tourism 2021-2027. The reparation of public calls has begun within the planned investments of the NRRP, where the publication in 2022 will be aimed at building and establishing sustainable public and private tourism infrastructure outside major tourist and coastal areas, green and digital transition of existing public tourism infrastructure and sustainable development of high value-added tourism products while preserving local traditions and creating new jobs, in accordance with the legislative framework for climate and protection of the environment and natural resources (especially space and the sea along with coastal ecosystems). In 2022, the training of stakeholders in tourism will be conducted to strengthen management competencies related to adaptation to climate change, in accordance with the Strategy for Adaptation to Climate Change of the Republic of Croatia for the period 2040 with a view to 2070.<sup>43</sup>

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Full employment and dignified work for all are at the core of the NRRP reform Improving labour legislation. The aim of the new legislation is to promote fair working conditions, encourage the transition to forms of employment for an indefinite period and at the same time encourage the use of innovative forms of work, enable a better work-life balance and thus increase employment and worker satisfaction and their productivity. Also, the labour protection of minors will be further strengthened. Given that the employment rate is directly affected by the reduction of undeclared work, the establishment of a legal framework will enable the transition from undeclared to registered work, provide such workers with social protection, health care and the right to a secure old-age income.

## **Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**

In terms of the reform of the public research sector (NRRP reform C 3.2. R1), a new Act on Scientific Activity and Higher Education is currently in preparation and should be adopted by the end of Q3/2022. After the Act enters force and by the end of 2022, the plan is to sign program contracts as part of the first two-year implementation cycle (2022-2024). Institutions with signed program agreements will announce the first tenders for research projects, and by the end of Q1/2023, 30% of the investment value will be allocated in the mentioned tenders (C3.2. R1-I1). A new Act on Quality Assurance in Science and Higher Education is currently being drafted and is a prerequisite for implementing NRRP C3.2. R2 dealing with human resource development in science. The plan is to pass the Act at the end of Q3/2022. A study is also being prepared to provide an in-depth analysis of the state of smart skills, assess needs and areas for improvement and propose solutions adapted to the Croatian Smart Specialisation Strategy (S3), based on international good practice. Based on the findings of the analysis, a call for scholarships in the fields of STEM and ICT will be published in 2022, and is intended for

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<sup>43</sup> OG 46/20

undergraduate and graduate students. By implementing NRRP reform C3.2. R3, the plan is to revise the existing program framework of R&D&I funding policies aiming at excellence in research and innovation. The new programs will be mutually harmonised and adapted to the needs of the scientific and business community. The implementation of the reform includes the **adoption of a new Act on the Croatian Science Foundation**, which is to be adopted by the end of Q3/2022. The proposal for the new Act has been accepted by the Committee on Education, Science and Culture before the Croatian Parliament and is currently being debated in Croatian Parliament. Also, through the NRRP investment C3.2. R2-I2, the plan is to finance scientific-technological and innovation infrastructure of strategic importance and great research potential for STEM and ICT areas, enabling the development of researcher careers in cooperation with the business sector and cooperation on innovation activities.

Thus, this infrastructure will directly contribute to strengthening human capacity for cutting-edge scientific research and cooperation with the business sector. The investment is planned to be completed by mid-2026.

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By restructuring the road and rail sector, and in particular drafting strategic planning acts, the preconditions for developing quality, reliable, sustainable and adaptable infrastructure, including regional and cross-border infrastructure, with a focus on cheap and equal access for all, have been met. In December 2021, the Act on Amendments to the Roads Act<sup>44</sup> was passed. The amendments bring the Roads Act in line with Directive (EU) 2019/520 of the European Parliament and of the Council of 19 March 2019 on the interoperability of electronic road toll systems and facilitating cross-border exchange of information on the failure to pay road fees in the Union and Directive (EU) 2019/1936 of the European Parliament and of the Council of 23 October 2019 amending Directive 2008/96/EC on road infrastructure safety management. The National Road Traffic Safety Plan of the Republic of Croatia for the period from 2021 to 2030 was adopted at the session of the Government on 29 July 2021.

It sets expected values of the reduction in the number of people killed in traffic accidents and serious traffic accidents by the end of the planning period. At the session of Government on 1 July 2021, the text Modernisation and Restructuring of the Railway Sector (the so-called Sector Policy Letter) was adopted. The Sector Policy Letter contains the Government's long-term goals for the development of the railway sector, the main elements of railway sector reform and the implementation plan of measures and activities for reforming the railway sector in the Republic of Croatia.

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Intensive preparations are currently underway, including the conducting of necessary training to strengthen the capacity for tender preparation and preparation of tender documents for the publication of calls for strengthening sustainability and encouraging green and digital transition of companies in the tourism sector. The announcement of the tender is planned for Q3/2022. Investments will focus on climate change mitigation or adaptation, digitisation, and activities in accordance with the criteria of reducing greenhouse gas emissions, energy efficiency or waste reduction, transition to a circular economy and networking activities in innovation clusters and innovation of products and services in enterprises in tourism activities and related activities throughout the tourism value chain.

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<sup>44</sup> OG 144/21

## Goal 10. Reduce inequality within and among countries

In 2021, the Act on Amendments to the Minimum Wage Act was passed and entered into force in December 2021. The aim of the amendments was to redefine the concept behind the minimum wage and gradually raise the amount of the minimum wage to ensure fair wages for work performed according to internationally recognised standards while increasing the minimum wage also directly affects poverty reduction among employees, i.e., the so-called in-work poverty.

New technologies are not always adapted and accessible to all citizens; hence, the accessibility of electronic services is a prerequisite for equal participation and active role of all citizens in society and contributes to the smart, sustainable and inclusive development of a digital society and society as a whole. People with visual, hearing, motor or cognitive difficulties, the elderly and the injured encounter obstacles on a daily basis, not only in the physical but also in the digital world. Digital information and services are accessible when most people can easily observe and understand them despite all the difficulties mentioned. In the Republic of Croatia, the Act on Accessibility of Websites and Software Solutions for Mobile Devices of Public Sector Bodies<sup>45</sup> has been in force since 2019. Accordingly, Directive (EU) 2016/2102 of the European Parliament and of the Council of 26 October 2016 on the accessibility of public sector websites and mobile applications was transposed into Croatian legislation. The law provides measures to ensure the accessibility of websites and software solutions for mobile devices (mobile applications) of public sector bodies to users, especially persons with disabilities and the elderly.

The digitisation of everyday processes of public bodies ensures faster and more transparent public administration services, while the accessibility of electronic services is a prerequisite for equal participation of all citizens in an active role in society. Special attention is paid to the digital accessibility of websites belonging to public sector bodies and mobile applications, i.e., digital accessibility is an inclusive practice ensuring that digital content and services are acceptable and suitable for people with disabilities or the elderly. To more effectively adapt to the requirements of digital accessibility, the Central State Office for Development of the Digital Society (CSODDS), in cooperation with the Office of the Information Commissioner, national umbrella organisations for persons with disabilities and the State School of Public Administration, implement measures to facilitate accessibility, continuously taking action to raise awareness about the importance of publishing digitally accessible content and implementing educational programs for effective implementation of accessibility requirements.

The employment system for foreign workers has been completely changed to manage migration and respond quickly to labour market developments. At the beginning of 2021, with the entry into force of the new Aliens Act, a new model of employing foreign workers was established - instead of the current quota system, a labour market test was introduced to check whether sought workers who fulfil the conditions set by the employer can be found on the labour market. For the first time, the law prescribes the possibility of regulating temporary residence, the so-called digital nomads, i.e., third-country nationals doing business digitally for foreign employers.

From 1 January 2021, online applications for certain categories of residence and work permits have been introduced, a significant change compared to the current way of doing things. Also, in 2022, **the plan is to introduce an online application approach for the work involving**

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<sup>45</sup> OG 17/19

**additional categories of persons (seasonal work up to 90 days) and the purchase of IT equipment through EU funds.**

In the field of international protection, there was a record number of received requests in 2021 for international protection and requests to determine the responsibility of member states in considering such requests. Given the political and security situation in Afghanistan, a legal route has been provided for vulnerable Afghan citizens in need of international protection.

In terms of the project Establishment of the Relocation Mechanism (value: EUR 25,000), the mobile application (Re)Settle in Croatia was published in 2021, providing information on the resettlement process and life in Croatia; translated into three languages (English, Kurmanji and Arabic). In 2022, the implementation of projects co-financed by the national program for Asylum, Migration and Integration Fund (AMIF) will continue and relates to the inclusion of persons with approved international protection in Croatian society (implemented by NGOs, value: EUR 1.9 million); providing free legal aid in the procedure of granting international protection (value: EUR 373,000); providing legal advice in the procedure of granting international protection (value: EUR 98,250); provision of translation services during integration assistance (value: EUR 68,000).

In 2022, the **RECORD project is expected to be implemented - development, implementation and maintenance of an application for the needs of international protection** (value: EUR 800,000), which will increase the quality of data collection and processing in international protection.

In 2021, the renovation and **reconstruction of the Reception Centre for International Protection Seekers in Kutina** (value: EUR 1.25 million) began with the aim of improving the accommodation and living conditions of applicants and working conditions of officials with completion planned for Q2/2022. In 2022, work is expected to **begin on the reconstruction, arrangement and renovation of the Reception Centre for International Protection Seekers in Zagreb** (value: EUR 3.45 million).

In Q2/2022, the plan is to complete the draft text of the Immigration Policy of the Republic of Croatia, setting out the principles for the implementation of a comprehensive immigration policy covering a period of at least five years and forwarding the document for further procedural processing. Given the current demographic trends, population decline and depopulation of parts of Croatia, the immigration of skilled labour is necessary to maintain the total population and working population at a level that will not jeopardise the functioning of the state. The immigration policy of the Republic of Croatia will include measures to encourage the immigration of new residents in accordance with labour market requirements, encourage the retention of Croatian citizens and facilitate the inclusion of immigrants and returnees in communities while respecting human rights, security and welfare of all those living in Croatia.

**Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable**

Regarding waste management and within NRRP reform C1.3. R2 Implementation of sustainable waste management the plan is to implement two activities C1.3. R2-I1 Waste disposal reduction program and C1.3. R2-I2 Remediation programme for closed landfills and sites contaminated with hazardous waste by the end of 2022, with final effect occurring upon adoption of the Waste Management Plan of the Republic of Croatia for the period 2022-2028. These activities reduce the share of municipal waste for disposal to 30% by 2026 and involves the rehabilitation of 10 closed landfills and/or contaminated sites by 2026.

Implementing activities to modernise the public transport system by investing in new rolling stock contributes to reducing negative environmental impacts and increasing energy efficiency, improving access to safe, cheap, affordable and sustainable transport systems for all while paying special attention to the needs of those in vulnerable situations, i.e., women, children, people with disabilities and the elderly. Based on the signed grant agreements with eight public city transport companies, a total of HRK 356.13 million has been provided for the renewal of vehicle fleets incorporating vehicles with a higher environmental standard and low CO<sub>2</sub> emissions. Grant beneficiaries have concluded secondary procurement contracts for 212 new vehicles, with delivery expected in 2022. Modernisation of the fleet in the company HŽ Passenger Transport has continued, improving local and regional connectivity and mobility through the procurement of 11 new electric trains for urban-suburban and 10 electric trains for regional transport in line with the Agreement signed in November 2020. The production of trains, expected to be delivered in 2022 and 2023, is currently in progress.

Intensive preparations are underway in conducting the necessary training to strengthen the capacity for preparing for tenders and preparation of tender documents intended for the publication of calls for financing the green and digital transition of existing public tourism infrastructure and the development of public tourism infrastructure outside major tourist and coastal areas. The announcement of the tender is planned to take place in Q3/2022. The tender documentation prescribes that investments are to focus on projects that increase the green and digital aspect of the quality of tourist infrastructure and reduce the impact on the environment, and, consequently, reduce the concentration of guests during the season. Eligibility criteria include compliance with the Technical Guidelines for the Implementation of the Do No Significant Harm Principle (2021/C58/01).

## **Goal 12. Ensure sustainable consumption and production patterns**

Contributing to this goal is the Government's adoption of the Plan for the Prevention and Reduction of Food Waste of the Republic of Croatia 2019-2022. Its implementation identified the need to enhance the food donation system as a measure of priority action due to its social and environmental character. Accordingly, from 2015 until today, the legislative framework has been improved, meaning that food can be donated even after the expiration of "best if used by" date in line with the guidelines published by the Croatian Agency for Food and Agriculture and tax incentives have been provided for donators, as well as administrative relief. In line with this approach, the Guide to Food Donations has been published, and workshops have been held for donors and intermediaries in the food donation chain. Furthermore, the e-donation project has saved over 200 tons of food so far, and includes 95 intermediary and 132 donor profiles.

Sectoral guides for the prevention of food waste in retail/wholesale, catering and institutional kitchens, in primary production and in food production and processing have been published.

Special emphasis has been placed on educating and informing consumers, especially the youngest ones. As part of the week marking the International Day of Awareness of Food Loss and Waste, the Ministry of Agriculture (MA) organised an exhibition of student projects and an educational day in schools in 2021, during which a picture book titled "How Dora and Mario Saved Food" was distributed to first-grade pupils. Also, an expert meeting titled "Food is Not Waste, Together Towards the Goal" was held, bringing together state, local and regional government bodies, food businesses, the academic and scientific community as well as civil society, with the aim of exchanging knowledge, information and experiences on the topic of prevention of food waste. A booklet containing recipes for preparing dishes from surplus food and titled "I'll Cook It and Not Throw It Away" has also been published. In December, a special

TV and radio campaign was aired to raise consumer awareness, as well as educate in differentiating shelf life and reducing food waste.

The continuation of activities in the prevention of food waste will be financed by the RRF, and with the implementation of the NRRP measure called Improving Food Donation Systems in the Republic of Croatia (HRK 32 million).

Food donation has been on the rise ever since 2016, when data was first kept. In 2020, about 1,700 tons of food were donated, an increase of about 13% compared to 2019. The increase in the total purchase value of donated food in 2020 (HRK 19.28 million) increased by 48.4% compared to 2019 (HRK 12.99 million).

In January 2022, preliminary data from the statistical survey on the amount of food waste was published, indicating that about 296 thousand tons of food are thrown away in Croatia every year. This data is of great importance and is the first of its kind in Croatia, providing the starting point for further evaluating and monitoring the progress of activities in preventing food waste.

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In 2021, educational courses were prepared and conducted for Ministry of Tourism and Sport (MTS) officials and potential beneficiaries of funds allocated within the NRPP (C1.6.) for developing sustainable, innovative and resilient tourism. The Croatian Portal on Sustainable Tourism will be further improved and developed in 2022 to raise awareness of sustainable development, provide transparent monitoring and reporting on the impact of sustainable development on tourism, thus promoting sustainable tourism practices while linking up stakeholders in tourism and beyond, and also raising awareness and informing the public. To implement the sustainable development policy and enhance the efficiency and utilisation of resources in the production and consumption within the tourism sector, outside the NRRP reform, improvements were made in adopting sustainable practices and reporting through the EU Ecolabel certification of tourism companies. Moreover, projects such as the project to reduce food waste in the hotel industry were implemented and continue to raise the quality of sustainable destination management by providing support for monitoring the impact of tourism on the environment and vice versa with the support of the Croatian Sustainable Tourism Observatory (CROSTO). All these activities will continue in 2022 upon the launching of new projects, such as the project for the reduction of disposable plastic waste within the Global Tourism Plastics Initiative (UNWTO).

### **Goal 13. Take urgent action to combat climate change and its impacts**

Work is continuing on integrating climate goals into all policies, including the drafting of planning documents for low-carbon development and adaptation to climate change, ensuring that the respective actions are coherent and supportive. Investment in reducing greenhouse gas emissions and implementing climate change adaptation measures will increase. Communication regarding climate change will also increase, and is also part of this goal.

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The Ministry of the Interior has drafted a Strategy for Disaster Risk Management until 2030, which will be adopted by the Government in line with the Civil Protection System Act.<sup>46</sup> The draft Strategy was prepared based on the activities of working groups comprising representatives of institutions responsible for risk management and who have previously actively participated in the work of the Croatian Platform for Disaster Risk Reduction. So far, two Disaster Risk Assessments for the Republic of Croatia (2015 and 2019) and the Risk Management Capacity Assessment have been prepared using the Croatian Platform for Disaster

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<sup>46</sup> OG 82/15, 118/18 and 31/20



Risk Reduction. The goal of the Strategy is to make Croatia more resilient to disasters based on two strategic goals: 1) reducing the greatest risks of disasters and 2) increasing preparedness for disaster management. It is the first such document to present a unique approach to disaster risk management, guiding activities and investments in risk management, and aiming to reduce the risk of disasters, the response to them and recovery. The 2030 Disaster Risk Management Strategy is important for sustainable economic development, and its adoption is a prerequisite for the use of resources from European funds, programs and instruments in the financial period of 2021-2027.

In October 2021, the Ministry of the Interior signed a contract for the purchase of equipment and **implementation of an early warning and crisis management system (software) with licenses**. Completion of the project will ensure fast and reliable communication for crisis management based on modern technologies. It will enable quick and effective notification of civil protection participants and citizens via mobile phones and other modern technologies concerning dangers that pose a threat and measures needed to reduce human casualties and material damage. The project is funded by a grant from the European Regional Development Fund (ERDF), i.e., the total estimated value of the project is HRK 63 million, with the ERDF grant amounting to a maximum of HRK 53.5 million, or 85% of the eligible project costs.

Furthermore, the aim is also to modernise and upgrade the alert and information system, provide capacity for further uniform development of the alert system and which must be flexible for management and supervision of the system, as well as provide technical conditions for connecting alert systems for legal entities that are required by law to set up their own systems for alerting and integrating them into the Central Alerting System of the Republic of Croatia. Consequently, a project concept for modernising the alerting system was devised, and is being currently developed within the project Technical Assistance for the Preparation of Disaster Risk Management Projects and funded by the EU Civil Protection Mechanism.

#### **Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development**

Following the obligations and activities arising from the EU Maritime Strategy Framework Directive 2008/56/EC, Croatia is developing, updating and implementing the documents of the Marine Environment and Coastal Zone Management Strategy. In the second cycle of implementing the Strategy in 2021, the Government adopted the Monitoring and Observation System for Continuous Assessment of the State of the Adriatic Sea in 2021-2026,<sup>47</sup> which has commenced with implementation, and activities have begun on updating the existing Program of Measures for the Protection and Management of the Marine Environment and the Coastal Zone of the Republic of Croatia adopted by the Government in 2017.<sup>48</sup> In addition to the above, the plan by the end of 2022 is to adopt the Program of Measures for the Protection and Management of the Marine Environment and the Coastal Zone of the Republic of Croatia 2022-2027.

The contribution to this goal in nature conservation activities is expected from strategic projects implemented by the MESD under the Operational Programme Competitiveness and Cohesion, primarily: Development of the Framework for Managing the Natura 2000 Ecological Network, Development of Management and Control Systems for Invasive Alien Species, Mapping Coastal and Benthic Marine Habitats in the Region of the Adriatic Sea Under National Jurisdiction, and Development of the System for Tracking Conservation of Species and Habitat Types.<sup>49</sup>

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<sup>47</sup> OG 28/21

<sup>48</sup> OG 97/17

<sup>49</sup> Main outcomes of the project available on:

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Croatia applies rules to prevent, deter and eliminate illegal, unreported and unregulated fishing in accordance with Council Regulation (EC) No 1005/2008, which has been in force since 1 January 2010. Fishing opportunities are determined each year at the EU level for each Member State, including Croatia, relying on the state of stocks on the basis of scientific advice. In line with these basic principles of the EU's Common Fisheries Policy (CFP), Croatia does not provide aid to cause overcapacity for fishing, nor for illegal, unreported and unregulated fishing. Croatia supports efforts to adequately address these issues at the international level in line with the World Trade Organization's Fisheries Agreement.

The Marine Fisheries Act<sup>50</sup> stipulates that traditional fishing skills in the Adriatic are protected as an intangible cultural heritage. The right to use traditional fishing gear for Croatian fishermen was secured during the negotiations on the accession of the Republic of Croatia to the EU.

### **Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss**

Strategic nature protection projects implemented by the MESD in terms of the OPCC, primarily: Development of the Framework for the Management of the Natura 2000 Ecological Network, Development of Management and Control Systems for Invasive Alien Species and Development of Monitoring Systems for Species and Habitat Types contribute to this SDG.

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The Agricultural Land Act<sup>51</sup> stipulates that agricultural land is of interest to the Republic of Croatia and is specially protected. Furthermore, the Act prescribes the obligation to protect agricultural land from degradation due to intensive agricultural production, pollution from harmful substances and organisms, including erosion and conversion.

Some activities facilitating the protection of agricultural land are the prescribed conditions for good agricultural and environmental practice, in line with the EU Common Agricultural Policy requirements, and are a prerequisite for farmers acquiring the right to state support. Also, the Agricultural Land Act provides prescribes the establishment of a permanent system for monitoring the condition of agricultural land. Activities involving the establishment of this system are co-financed by the NRRP, and their goal is to provide conditions for effective protection of agricultural land, continuous availability of data necessary for soil assessment and implementation of sustainable management policy, as well as reporting to Croatia in line with international commitments.

The Rural Development Programme envisages the possibility of co-financing investments in developing forest areas and improving forest sustainability. Since the implementation of the Program, under measure 8 for investments in developing forest areas and improving forest sustainability, a total of 12 tenders have been announced and making HRK 862.35 million available to beneficiaries. The first tenders for implementing types of operations under Measure Eight were announced in 2016, while the last tender for implementing Operation 8.6.2 Modernisation of Technologies, Machines, Tools and Equipment for Pre-Industrial Wood Processing was announced in December 2021, and the deadline for lodging the application for

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- <http://www.haop.hr/hr/projekti>
  - <https://mingor.gov.hr/o-ministarstvu-1065/djelokrug/uprava-za-zastitu-prirode-1180/ekoloska-mreza-natura-2000/projekt-razvoj-okvira-za-upravljanje-ekoloskom-mrezom-natura-2000/5990>
  - <https://mingor.gov.hr/o-ministarstvu-1065/djelokrug/uprava-za-zastitu-prirode-1180/strane-i-in vazivne-strane-vrste/projekt-razvijanje-sustava-upravljanja-i-kontrole-invazivnih-stranih-vrsta/5550>

<sup>50</sup> OG 62/17, 14/19

<sup>51</sup> OG 20/18, 115/18 i 98/19

support is in the period from February to May 2022. The value of the announced tender is HRK 147 million. Tenders under Measure 8 will continue in 2022. Two tenders are planned for the first quarter: for operation type 8.5.1 "Conversion of degraded forest stands and forest crops" (HRK 75 million) and operation type 8.6.1 "Modernization" technology, machines, tools and equipment in wood extraction and silvicultural works "(HRK 100 million).

At the Climate Change Conference (COP26, Glasgow, 2021), in terms of contributing to the Global Action Plan for Climate Change Mitigation and contribution to the implementation of the Glasgow Climate Pact, Croatia has committed itself to the afforestation of more than one million seedlings/trees annually by 2030 to annul greenhouse gas emissions from vehicles of tourists entering Croatia.

The proposed 2023-2027 Common Agricultural Policy Strategic Plan envisages the continued implementation of reconstructing (converting) degraded forests and forest crops, transforming forests of lower to higher cultivation form and obtaining indigenous vegetation. In synergy with other forestry support measures through EU EAFRD funding, i.e., construction of forest infrastructure and modernisation of technologies in wood extraction, the preconditions for optimal and sustainable/permanent forest management are met. In addition to the mentioned financial resources in Croatian forestry, dedicated collected funds are used for public forest functions as financial support for a wide range of forestry works/activities and sustainable/permanent forest management, which, along with investments in fire prevention and protection, seeks to minimise natural risks.

## **Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**

To achieve the goal of "ending the abuse, exploitation and trafficking of children", cooperation will continue with relevant ministries involved in the anti-trafficking system, civil society organisations, the Croatian Red Cross and international organisations. Also, for the purpose of early detection and suppression of human especially child trafficking, and identification of victims, operational police cooperation will continue in implementing international and regional operational actions and projects aimed at identifying victims and combating crime related to human and child trafficking.

Reducing illicit money and arms flows is addressed in further improving inter-institutional cooperation among the National Police Office for the Suppression of Corruption and Organised Crime (PNUSKOK), State Attorney's Office of the Republic of Croatia (DORH), Tax Administration, Customs Administration and other state bodies and institutions (AFCOS network) and to intensify efforts in identifying channels and models of such action as well as suppressing illegal cash flows through international institutional cooperation. The same can be done by strengthening the framework for combating money laundering and intensifying the search for illicitly acquired property from all forms of crime, all with the aim of uncovering predicate offences and proving the crime of money laundering, given that perpetrators of such offences, tend to invest illegally obtained financial resources in legal businesses to legalise acquired assets.

In view of reducing corruption and all forms of bribery, an important note is that in June 2021, the General Police Directorate adopted the Plan for the Implementation of Anti-Corruption Measures, and within the NRRP, the Ministry of the Interior (MI) will implement a project to combat corruption and organised crime by strengthening four PNUSKOK centres, which will be additionally capacitated, digitised and equipped with smart technology. To further strengthen cooperation with the European Public Prosecutor's Office (EPPO), the Agreement on

Cooperation and Access to Data Related to the Detection and Prosecution of Criminal Offenses between the European Public Prosecutor's Office and the Ministry of the Interior is currently undergoing harmonisation.

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In endeavouring to create a coherent and efficient state information system and provide high quality and economical electronic services at the national and European level, a new national strategic framework for a priority area of public policy, i.e., the digital transition of society and economy in Croatia, will be developed. By the end of 2022, the plan is to adopt the Digital Croatia Strategy for the period until 2030 and harmonise with the European digital strategy (Shaping Europe's Digital Future).

In terms of the project Establishment of a Coordination Mechanism to Ensure Coherent Development of e-Government, funded by the Technical Support Instrument (TSI), the plan is to revise the existing management and coordination system in the digitalisation of public administration, drafting recommendations for its improvement, drafting guidelines for inter-institutional collaboration and coordination, as well as guidelines and recommendations for monitoring, reporting and evaluating investments and digitisation projects in public administration. This project will contribute to strengthening inter-institutional cooperation and coordination for the successful digital transition of society and the economy. The project should be completed in April 2023.

The Central State Office for Development of the Digital Society (CSODDS/SDURDD) is in charge of managing three portals for better exercising the right of access to information, which also create conditions for the development of effective, accountable and transparent administration - the Central Catalogue of Official Documentation of the Republic of Croatia, Open Data Portal and e-Consultation Portal.

The Central State Office for Development of the Digital Society of the Republic of Croatia is a central place that provides permanent, free of charge and unhindered access to official documents from one place for all users and is one of the ways to exercise the right of access to information. For the purpose of improving the Central Catalogue, the implementation of the project Establishment of an Integrated System for the Management of Official Documentation of the Republic of Croatia is underway. The project ensures better management of official documentation, a higher level of openness, transparency and availability of official documentation and information on the work of public authorities providing permanent availability and reusability of public official documents and information to all interested parties under equal conditions, impartially and free of charge.

In addition to the Central Catalogue, a higher level of openness of official information is achieved through the Open Data Portal of the Republic of Croatia, which serves for collecting, categorising and distributing open data from the public sector. The goal is to improve the dissemination of public and open data through a single and central location and facilitate development of innovative non-commercial and commercial applications that will use the data. It also seeks to encourage better cooperation with the private sector, especially in the field of information technology, and encourage the improvement of electronic public services as well as increase the transparency of public administration. The implementation of the project Adaptation of Information Systems of Public Sector Bodies to the Open Data Portal will technologically and visually improve the Open Data Portal, facilitate adaptation of information systems of public sector bodies to the Open Data Portal, as well as increase the quality of open data sets from public authorities and increase the number of users of such open data sets, while strengthening the capacity of state and public administration employees.

The e-Consultation Portal helps getting involved in open public consultations during the process of passing laws, other regulations and acts, facilitating active involvement and participation in political decision-making. The project e-Consultation - Expanding, Upgrading and Improving the Legislative Process of Public Consultation ensures technological, procedural and functional improvement and expansion of the IT system of e-Consultation as well as strengthening the capacity and improving the work of competent bodies within the e-Consultation system, including employees of state and public administrations for working in the e-Consultation system, but also access to the e-Consultation Portal of local and regional self-government units (LRSGUs).

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One of the priorities is to strengthen legal certainty and build strong institutions. Numerous activities have been successfully carried out in recent years with the aim of shortening the duration of court proceedings, streamlining the judicial network and modernising the functioning of the entire system. The development of action plans to improve the efficiency of the courts has begun with the aim of improving the efficiency of court proceedings in early 2021. In line with the same goal, the MJPA is carrying out normative activities in the form of amendments to key procedural laws and umbrella policies for courts and state attorney's offices, as well as improving the bankruptcy framework. Large investments in the past period have resulted in improvements to e-Communication and the introduction of the information system for managing court cases (eCasefile/eSpis). The Case Tracking System (CTS), as a central information system for the management and operations of state attorney's offices, fully monitors all operational processes within state attorney's offices, and the Real Property Registration and Cadastre Joint Information System (JIS) has established a single database and application for managing and maintaining cadastre and land registry data. Upgrades and improvements of these IT systems are planned in the coming period. Investing in the infrastructure of judicial bodies is important for achieving greater efficiency, but also professionalism in the judiciary, and to meet the emerging needs of the judiciary in epidemic conditions and comply with EU standards on energy efficiency.

With the aim of continuing strategic implementation and upgrading of the anti-corruption measures system, a new Anti-Corruption Strategy for the period from 2021 to 2030 was developed after the expiration of the Anti-Corruption Strategy for the period from 2015 to 2020.<sup>52</sup> In addition to implementation and upgrading of existing anti-corruption mechanisms, the purpose of the Strategy is to strengthen existing and create new systematic solutions to prevent corruption at all levels, raising awareness of the harmfulness of corruption and making it socially unacceptable. In addition, the Strategy insists on more strongly affirming the role of citizens, civil society and the media as indispensable partners to public authorities in the uncompromising fight against corruption and in monitoring its effectiveness.

The modernisation of public administration in Croatia including the fast and reliable provision of public services are prerequisites for a stimulating business environment and better living conditions for all citizens. In the coming period, the adoption of a new strategic framework for developing public administration and implementing numerous reforms contained in the NRRP, will facilitate further transformation of Croatian public administration into a modern, highly professional, efficient and transparent public administration orientated to society and citizens, and resting on the principle of quality. Furthermore, public administration will utilise the opportunities provided by digital transformation to improve its operational processes and public services, as well as reduce the administrative burden for citizens and businesses.

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<sup>52</sup> OG 26/15

## **Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development**

An agreement has been reached at the EU level on the share of gross national income (GNI), which Member States have committed to allocate annually to Official Development Assistance (ODA). That share for the so-called old Member States amount to 0.7% of GNI, while for the new Member States, i.e., those that joined the Union after 2003, the agreed share is 0.33% of GNI. In total, Croatia's official development assistance in 2020 amounted to HRK 516.89 million. Compared to 2019, allocations increased by 7.5%. This is a continuing trend in increasing Croatia's total annual allocation for implementing development and humanitarian projects abroad. According to the latest results of the OECD Development Assistance Committee, Croatia's ODA allocations in 2020 amounted to 0.13% of GNI.

## V. EU Funds

### V.1. Programming and complementarity

The program process defining the future financial period began with the adoption of the Decision on (Operational) Programmes related to the Cohesion Policy for the period of the European Union 2021-2027 in the Republic of Croatia and the bodies in charge of their preparation. The formal process of drafting program documents for the financial period 2021-2027 began with the establishment of five working groups for preparing the program documents for the financial period of the European Union 2021-2027, each of which primarily covers one of the five objectives of Cohesion Policy in accordance with the Regulation on Common Provisions for the Programming Period 2021-2027 (2021/1060) and accompanying sectoral Regulations from the EC. Each of the working groups have named content holders at the level of state secretaries at the respective ministry. There were a number of stakeholders within each working group and whose membership is established in adherence to the principle of partnership based on a multilevel governance approach (stakeholders from national, regional and local levels, as well as representatives of economic and social partners, civil society, academia and the scientific community). Over 90 institutions and 800 members/associates participated in the program process. In addition to the working groups involved in devising program content, a Subcommittee on Funds for the period 2021-2027 was established that agrees and approves draft proposals of programming documents before their submission for approval to the National Coordination Committee (NCC) for European Structural and Investment Funds (ESIF) and European Union Instruments in the Republic of Croatia. In this sense, the National Coordination Committee (NCC) is the backbone of the upgrade to the coordination framework for 2021-2027 and is responsible for ensuring overall coordination of the use and monitoring of ESIF implementation, as well as other instruments and programs, while ensuring the coherence of different sources of funding and investment. To ensure the highest level of coordination and monitoring of implementation, NCC members and thematic subcommittees are made up of ministers, state officials, county prefects and civil servants at the highest operational level. The NCC will continue to ensure overall coordination and monitoring of the implementation of the funds (main operational programmes under the ERDF, ESF +, Cohesion Fund, EMFF, AMIF, ISF and BMVI) including other EU and relevant national funding instruments, including European Territorial Co-operation programs.

The role of the thematic Funds Sub-committee for the period 2021-2027 will be to increase the impact and efficiency of utilisation of ESI Funds through: (a) planning, management and control of the total absorption of funds as well as management and control systems; (b) where appropriate, identifying and monitoring project preparation; (c) aligning identified projects with different funding sources and mechanisms (e.g., financial instruments, CLLD, ITI, ETC, etc.); (d) establishing, where appropriate, uniform minimum standards and rules for the implementation of the program (taking into account the specificities of each Fund) and supporting the authorities in preparing calls for proposals; (e) ensuring delimitation, synergy and complementarity between the Funds; (f) coordinating evaluation activities; and (g) coordinating communication activities.

During the programming process, complementarity was identified in the segments of strengthening research and development activities (NRRP, ESF + and ERDF), the development of digital educational materials and strengthening of digital competencies (ESF +) while increasing eServices will be done through NRRP and ERDF. The issue of ensuring the protection and resilience of critical infrastructure is planned using the ISF and the ERDF.

As part of the earthquake recovery, the planned investments from the NRRP for comprehensive (construction and energy) renewal will be supported with investments in energy efficiency from the ERDF (public and private sector) while relevant investments in energy efficiency and greenhouse gas emissions be funded from EFPRA in the fisheries segment. The measures for the transition to a circular economy will be financed primarily from the ERDF, and the increase in biodiversity and green infrastructure from the ERDF and EFPRA. Fulfilling further needs of water utility infrastructure will continue with funding in 2014-2020 and due to the still large obligations that Croatia has under the Accession Agreement, the projects will be funded from the NRRP and the ERDF. The development of sustainable mobility (TEN-T, non-TEN-T and cross-border) will be funded in a complementary way from the NRRP and CF, and the parts related to border management through Border Management and Visa Instrument (BMVI).

In terms of supporting small and medium-sized enterprises to improve competitiveness, the labour market will receive support from the NRRP and ERDF while the ESF+ will provide support through active labour market policies (ALMPs) in strengthening skills and raising the qualifications of the workforce in accordance with labour market needs. The NRRP will enable investments in the construction, extensions, reconstruction and equipping of preschool institutions, schools for the needs of single-shift work and all-day school, and secondary schools. The introduction of all-day school begins with the financing of activities from the NRRP and continues with the ERDF (infrastructure and equipping new or modernisation of existing primary education institutions, including infrastructure needed to ensure healthy living conditions for children) and curriculum adaptation and training of educators using ESF+. Reforms in the secondary school system will facilitate investments in establishing and developing the infrastructure of the centre for strengthening the capacity of educators and providing support to pupils. The modernisation of higher education through digital transformation will be implemented from the NRRP, whereas access to higher education will be provided from the ERDF in terms of strengthening accommodation for students, while scholarships, quality improvement in higher education, digital transformation of higher education institutions, development of external evaluation systems, development of research capacities and ensured access to the international research community will be financed from the ESF+.

Improving the social welfare system through transparency and adequacy of social benefits, development of social mentoring services and development of community services to prevent institutionalisation (strengthening the capacity of professionals to provide community services, digitalisation including construction and equipping of centres for the elderly) will be funded from the NRRP, while the ESF+ will support initiatives and activities related to the provision of social services in the community to vulnerable groups (children and youth, people with disabilities, migrants, the homeless, the elderly, victims of domestic violence, victims of human trafficking, people with addictions) supporting the process of deinstitutionalisation of children. The ERDF will finance complementary investments in infrastructure for the provision of social services in the community for all vulnerable groups (the elderly, the homeless, people with addictions, children, young people and families at risk, people with disabilities), as well as investments in infrastructure for general housing and social housing as support in the process of de-institutionalisation and transformation.

Complementarity will also be ensured with funding from the ERDF to build infrastructure for the psychosocial and health empowerment of the war veteran population, and the ESF+ programs, measures and activities for psychosocial and health empowerment of target groups. The ERDF plans to invest in the infrastructure of local and regional self-government units, civil society organisations (e.g., partner organisations that constantly collect humanitarian aid) in which social services are provided or will be provided, programs, measures and activities aimed



at reducing material deprivation (soup kitchens, social self-service stores, food warehouses and basic material assistance), while the ESF+ will invest in activities to combat material scarcity by distributing food and basic material needs.

The NRRP will assist in transforming and strengthening the competitiveness of cultural and creative industries along with encouragement to do so, while investments in the construction, reconstruction and equipping of cultural infrastructure financed from the ERDF will focus on sustainable projects that contribute to social development. Complementary investments from the ESF+ are aimed at implementing participatory cultural and artistic activities for members of vulnerable groups, developing services that provide easier access to culture and strengthening the knowledge and skills of stakeholders in the cultural sector.

Moreover, the NRRP will invest in increasing the resilience and sustainability of the tourism economy through regional diversification and specialisation of Croatian tourism by investing in tourism product development, encouraging green and digital transition of entrepreneurs in the tourism sector and strengthening the capacity of resilient and sustainable tourism systems. The tourism infrastructure targeted by the ERDF covers private and public tourism infrastructure which is the basis for developing tourism products with a strong social inclusion component and an emphasis on the local population while encouraging the employment of vulnerable groups. The ESF+ funds will enable investments in awareness-raising activities among employees, ensuring that people with disabilities are included in the use of tourism services.

Health care reform will be implemented with the aid of the NRRP by improving the efficiency, quality and availability of the health care system (mobile pharmacies, mobile clinics), functional integration of hospitals and strengthening day hospitals, ensuring financial sustainability, introducing strategic human resource management systems and strengthening telemedicine. Targeted activities, such as strengthening preventive care and emergency medical care, while ensuring sufficient capacity to relieve hospital capacity, will be co-financed from the ERDF and ESF + (scholarships, medical education).

## **V.2. Progress in increasing effective use of ESIF resources**

Croatia has at its disposal in the 2014-2020 financial period a total of 10.73 billion euros from the ESIF. This amount includes EUR 8.45 billion earmarked for cohesion policy objectives, EUR 2.02 billion for agriculture and rural development and EUR 252.6 million for fisheries development.

The ESIF's investment strategy is aimed at strengthening the competitiveness of the economy, increasing employment, knowledge-based growth, reducing poverty, strengthening social inclusion, reducing regional inequalities and ensuring quality living conditions in line with the Europe 2020 strategy.

In line with Regulation (EU) 2020/2221 of the European Parliament and of the Council of 23 December 2020 amending Regulation (EU) No 1303/2013, additional funds have been made available to Member States to help address the crisis in the context of the COVID-19 pandemic and its social consequences, and to prepare for a green, digital and resilient economic recovery (REACT-EU). Commission Implementing Decision (EU) 2021/182 of 12 February 2021 setting out the breakdown by Member State of REACT-EU resources for 2021 and 2022 allocated to the Republic of Croatia EUR 571.50 million for 2021 and EUR 101.06 million for 2022 (the allocation for 2022 required making a change to the OP).

Pursuant to Regulation (EU) 2020/2220 of the European Parliament and of the Council of 23 December 2020 laying down certain transitional provisions for support from the European Agricultural Fund for Rural Development (EAFRD) in the years 2021 and 2022 and amending Regulations (EU) No 1305/2013, (EU) No 1306/2013 and (EU) No 1307/2013 as regards resources and application in the years 2021 and 2022 and Regulation (EU) No 1308/2013 as regards resources and the distribution of such support in respect of the years 2021 and 2022, the period of duration for the program was extended for those receiving support from the European Agricultural Fund for Rural Development (2014-2020) until 31 December 2022 (to two years).

To ensure the continuation of this support to farmers and other beneficiaries during the transition period, amendments to the Program and existing measures were submitted, increasing the allocation from the Multiannual Financial Framework (European Agricultural Fund for Rural Development EUR 597.56 million) and the European Recovery and Resilience Plan (EUR 201.67 million).

Accordingly, the total allocation for Croatia is EUR 12.09 billion (ESI funds EUR 10.73 billion, REACT-EU EUR 561.50 million, Rural Development Programme (RDP) 2021-2022, a total of EUR 799.23 million).

Overall and looking into the 2021-2027 financial period for the Republic of Croatia, slightly more than EUR 14 billion were provided from the MFF, and almost EUR 11 billion from the Recovery Instrument / Next Generation EU (including loans), at current prices. In terms of the Cohesion Policy, EUR 9.3 billion (MFF and NGEU) is available for the Republic of Croatia, at current prices. This amount, in addition to the already existing European Structural and Investment Funds (European Regional Development Fund, Cohesion Fund, European Social Fund Plus), includes the Just Transition Fund financed from the two sources already mentioned, the MFF and the NGEU.

By 10 February 2022, of the total EISF allocation of EUR 10.73 billion, the contracted amount is EUR 13.34 billion, or 124.29% of the allocated funds.

The Operational Programme Competitiveness and Cohesion (OPCC) has the best percentage of contracted funds (132.99%), whereas the Maritime and Fisheries Operational Programme (EMFF) has the lowest percentage of contracted funds (98.10%). According to the contracted projects, EUR 7.13 billion have been paid so far, or 66.47% of the allocated funds. The best percentage of disbursed funds is recorded by the Rural Development Program (RDP) (82.32%), whereas the worst percentage of disbursed funds is recorded by the Maritime and Fisheries Operational Programme (49.47%). A total of EUR 6.03 billion was certified, which represents 56.17% of the allocated funds. The best percentage of certified funds is recorded by RDP (81.05%), whereas the worst percentage of certified funds is recorded by Maritime and Fisheries Operational Programme (49.16%). Continued growth in the utilisation of funds indicates the progress made in the use of ESI funds. By 10 February 2022, a total of EUR 129.64 million had been contracted and EUR 3.90 million had been paid through the REACT OPCC.

### V.3. Progress in the Use of EU Instruments

Table 2. Utilisation of centralised EU instruments in Croatia

Instrument	Croatia's Results
<b>Investment plan for Europe</b>	The total funding under the European Fund for Strategic Investments (EFSI) in Croatia by the end of December 2020 amounts to EUR 443 million. The InvestEU instrument, a kind of continuation of the Investment Plan created in the practice of the European Fund for Strategic Investments, did not commence with planned implementation in 2021 due to delays surrounding the coronavirus pandemic. InvestEU is in its final preparation for use. Croatia will participate in it in an even more direct way than

	was the case for the EFSI, and during the current year will normatively define the framework for monitoring and reporting.
<b>Instruments for connecting Europe</b>	Total utilisation of the Connecting Europe Facility (CEF) by mid-2021 was EUR 495.9 million, and data on utilisation by the end of 2021 is currently being collected. The program is continuing with its activities in the new multiannual financial period.
<b>Union programmes</b>	The Union's programmes are an integrated set of activities adopted by the EU to promote cooperation between Member States in various areas of common EU policies. They aim to improve cooperation between EU Member States and their citizens in various sectors: culture, science, education, transport, energy, environment, health, justice, fiscal and customs policy, etc. Croatia participates in all available Union Programmes. The budget of the Union Programme for the financial period 2014-2020 amounted to EUR 104.12 billion. Total utilisation of the program in Croatia by the end of 2020 was EUR 619.19 million, while utilisation analysis for 2021 is still in progress. The program budget in the new financial period 2021-2027 amounts to EUR 164.28 billion. Given that the 2021-2027 programs started implementation in 2021, the first analysis of the utilisation of available funds will be done in 2022.

## VI. Institutional Processes and the Inclusion of Stakeholders

### VI.1. Inclusion of stakeholders in the preparation and implementation of reforms

The MESD ensures the involvement of all relevant stakeholders (state administration bodies, business sector, interested public and the EC) in preparing documents on reform activities from the NRRP (also contained in this NRP). In the process of passing laws, other regulations and acts, in addition to interdepartmental coordination, public consultation procedures with the interested public are carried out using the central state Internet portal for public consultations called e-Consultation, where reports on the course and outcome of the consultation process are published. Expert meetings are also used to present the reforms to the general public.<sup>53</sup> In 2022, inter-ministerial consultations are planned regarding the continuation of reforming regulated professions, i.e., the liberalization of the services market. Stakeholders in reform and investment measures, such as the State Commission for the Supervision of Public Procurement Procedures and the Central Agency for Financing and Contracting of EU Programs and Projects, participate in preparations, implementation, and exchanging information and also contributing to preparing the necessary reports.

The measures included in the Action Plans for Administrative Relief of the Economy were defined in a comprehensive process that analysed and measured 939 regulations, and in which 3,076 administrative obligations for the economy were detected. The procedure for measuring and determining measures to relieve the burden on the economy was carried out with interdepartmental coordination involving competent state and public administration bodies and included numerous consultations with business associations as representatives of entrepreneurs to whom the regulations apply. For the purpose of preparing the action plans in 2018 and 2019, a total of 47 focus groups were conducted in which 317 entrepreneurs participated and 539 questionnaires providing remarks and proposals for administrative relief were collected.

Cooperation with the business sector in the form of focus groups has led to strengthening mutual trust between entrepreneurs and public administration and contributed to exchanging quality and useful information and facilitated the participation of the business sector in drafting regulations from the onset.

The competent authorities used their practice from early consultations with businessmen to include regular activities when amending and adopting regulations. The final result is the establishment of an economical and efficient regulatory framework for entrepreneurs, which leads to improving the business environment, strengthening investment activities and job creation.

The MESD ensures the involvement of all stakeholders in energy sector reforms (energy entities, regional and local self-government, industry, transport, agriculture, facility management and other sectors) in the programming and utilisation of NRRP and OPCC funds, but also in adopting strategic and legislative documents. A public hearing is planned for all of these stakeholders, and additional workshops are planned to strengthen the involvement of stakeholders in the process of drafting and adopting documents. Reports and relevant documents are published on the e-Consultation portal and on the MESD website, where all potential stakeholders can also contact the MESD staff directly and forward their inquiries.

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<sup>53</sup> E.g., <https://www.amcham.hr/webinar-na-temu-alata-za-javnu-nabavu-procurcompeu-e405>

The amendment of the legal framework for implementing the reform in the water services sector refers to the adoption of three regulations (Regulation on Evaluation of Business Efficiency of Water Service Providers, Regulation on the Methodology for Pricing Water Services and Regulation on Special Conditions for Water Services). In preparing and adopting these regulations, key stakeholders (public water service providers and local self-government units (LSGUs) as their founders) will be involved in the public consultation process on the e-Consultation portal, as well as in meetings and workshops. In terms of the NRRP, by the end of Q4/2022, eight workshops with public water service providers are planned to take place as support for the merger. Participants at these workshops will be given the opportunity to present their suggestions and comments, and learn how to implement these regulations in their business.

Other measures within the scope of water management envisaged by the NRP are implemented in direct contact with stakeholders.

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The Ministry of the Sea, Transport and Infrastructure (MSTI) ensures the involvement of all relevant stakeholders (infrastructure managers, carriers in passenger and freight transport, government agencies, regulators, the World Bank, etc.) in preparing sectoral strategic documents related to the NRRP reform activities. In the process of enacting laws, other regulations and acts, public consultation procedures are conducted with the interested public, and reports on the course and outcome of the consultation procedure are published on the central state Internet portal for public consultations called e-Consultation and the official MSTI website.<sup>54</sup> The opinions of the competent SABs are also collected. The received comments and remarks are taken into consideration and the text of the act is supplemented in accordance with the accepted comments. Stakeholders involved in implementing the reform and investment measures, including public bodies, LRSGUs, privately and majority-owned economic operators and operators, participate in exchanging information and contributing to the preparation of monthly and semi-annual reports on key milestones and targets of the NRRP.

Introducing stakeholders and the public to the content of the NRRP subcomponent C1.4. Development of a Competitive, Energy Sustainable and Efficient Transport System was carried out, with other activities, by holding thematic meetings. The emphasised goal of the thematic meetings was to involve stakeholders outside the circle of public authorities in implementing the reforms. Hence, at the meeting on 2 March 2021, the participation of the Air Transport Association and members of the Croatian Chamber of Economy took place, while the meeting held on 29 March 2021 included representatives of the Croatian Employer's Association from the transport, logistics and distribution sectors, and the meeting on 22 April 2021 focused on members of the Croatian Chamber of Economy from the transport sector.

To achieve a developed railway sector that provides quality services to society and is fully integrated with other branches of transport, the Ministry of the Sea, Transport and Infrastructure (MSTI) in cooperation with the management of railway companies (HŽ Infrastruktura, HŽ Putnički prijevoz and HŽ Cargo), creates and implements activities in the railway sector. Accordingly, all railway companies are actively involved in the processes of defining and implementing the NRRP. In 2021, an expert working group for supporting reform activities and an interdepartmental working group for resolving issues involving liner projects in the railway sector were established for the purpose of increasing the quality of railway transport services and reducing administrative and institutional barriers for more efficient management of project cycles related to railway line infrastructure projects in terms of the implementation of measures and activities from the Sectoral Policy Letter. Accordingly, monitoring of specific performance indicators and result indicators will make measuring the work of companies possible, thus

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<sup>54</sup> <https://mmpi.gov.hr/>

directly linking state support to improving efficiency, and consequently increasing the efficiency of spending public funds.

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In the consultations on amendments to the Rural Development Program 2014-2022 during 2021, and in adhering to extending the validity of the Program in the transition period (2021 and 2022) and additional funds from the MFF 2021-2027 and the European Union Recovery Instrument (EURI), all measures and related allocations were discussed with the Programme Monitoring Committee (hereinafter: Programme MC), consisting of representatives of 48 members of the SABs, LRSGUs, public bodies, social and economic partners, academia and civil society organisations.

In 2021, the draft Strategic Plan of the Common Agricultural Policy of the Republic of Croatia 2023-2027 was also intensively consulted, i.e., the basic programming document for the use of European agricultural funds, and from which measures defined in the 2030 Agricultural Strategy are financed. Consultations were held at public presentations, discussions with sectoral associations and the academic community, as well as the Monitoring Committee for implementation of the Strategic Plan of the Common Agricultural Policy of the Republic of Croatia in the shadows (members of the Programme MC).

The NRRP investment Traceability System within the Digital Transformation of Agriculture envisages activities within the information and educational campaign to inform primary producers and processors about the planned system including its advantages and benefits that the system can bring to their products. The project also includes consumers for whom a questionnaire has been prepared on attitudes regarding food traceability, and consumer preferences obtained in the survey will be key in setting food priorities and food information that consumers expressed as most needed. The inclusion of all stakeholders in the system will be ensured in organising professional meetings and trainings, information campaigns and educational materials. To achieve the best possible project outcome, workshops will be organised with representatives of all key stakeholders in the system from primary producers through to processors, distributors, retailers and end consumers. Relevant stakeholders are consulted when drafting documents for implementing the NRRP by holding targeted discussions in meetings and e-Consultation. Furthermore, the most important information about the implemented activities is published on the official website of the Ministry of Agriculture (MA).

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In the tourism segment, the Ministry of Tourism and Sport (MTS) organises the participation of the interested public and key stakeholders in four stages, i.e., through information, consultation, involvement and partnership: 1) information through the Ministry's website; 2) consultation on the central portal for public consultation, meaning e-Consultation; 3) involving representatives of the interested public at open public hearings, specialised meetings or working groups; 4) partnership in terms of appointing members of the working group under the partnership principle. In addition to the above methods of gathering opinions from the general public, in 2021 the MTS published a questionnaire on its website that will contribute to better and more comprehensive preparation of strategic documents for sustainable tourism development. The questionnaire collects project proposals from entrepreneurs, tradespersons/craftsmen, family farms, associations, public institutions, cooperatives, LRSGU, tourist boards, clubs and other legal entities in the tourism and sports sector to ensure that future investments retain Croatia's position among the leading European tourist destinations in terms of safety, quality, added value, sustainability and innovation. The analysis of project proposals collected from the survey identified real needs in the tourism and hospitality sector, as well as a lot of other information related to financial, operational and administrative capacities and the

overall real situation as to the needs in the tourism and hospitality sector. It is a valuable database that serves as a source of guidance in creating tourism development policies.

In undertaking the activities for drafting the Sustainable Tourism Development Strategy for 2030, all relevant stakeholders from the sector and the SAB are already actively involved and informed about reform activities due to their participation in the working group. For the purpose of better project preparation and being better informed, the MTS has created a web subpage for NRRP which contains all the information and educational materials to facilitate the process of applying for future public calls for potential beneficiaries. In addition, webinars, a catalogue of examples of good practice and a B2B platform for connecting investors and suppliers in the tourism and hospitality sector were prepared for all interested parties, as well as additional materials and information to help potential beneficiaries prepare their projects. During November and December 2021, workshops were held in Osijek, Varaždin, Zadar, Split, Dubrovnik, Rijeka, Pazin and Zagreb. All workshops could be followed online, and recordings of workshops for all interested parties are also available on the MTS website.

Regarding the calls currently in preparation, for the green and digital transitioning of existing public tourism infrastructure and development of public tourism infrastructure outside major tourism and coastal areas and in strengthening sustainability and encouraging green and digital transition of tourism enterprises, with at least 50% of total investments supporting the green transition, all interested stakeholders will have the opportunity to contribute throughout the public consultation process prior to the final publishing.

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The coordinator for implementing the NRRP reform C2.3. R3 Modernization and Further Development of State Information Infrastructure as a basis for secure and cost-effective interaction among public administration bodies is the Central State Office for Development of the Digital Society (CSODDS/SDURDD), along with the participation of public administration bodies responsible for the digital transformation of the economy, judiciary and administration, and bodies involved in implementing EU cohesion policy, and finally other relevant stakeholders. Given the importance of these reforms, in addition to CSODDS/SDURDD and the external experts, other public administration bodies involved in the preparation, planning, monitoring and implementation of digital development activities of society and the economy as well as private sector stakeholders will participate in reform implementation. This will ensure a partnership in developing a strategic framework and adhering to public and private perspectives in creating the appropriate measures. The CSODDS/SDURDD will coordinate all stakeholders during the drafting of the document by way of regular communication and meetings. A wide range of stakeholders is involved in drafting the Digital Croatia Strategy for the period up to 2030, i.e., an established working group consisting of representatives of other public authorities, academia, civil society and the private sector. Coinciding with its development, a project financed from the EC Technical Support Instrument Establishment of a Coordination Mechanism to Ensure Coherent Development of e-Government, in terms of which the existing system of management and coordination in the area of public administration digitalisation will be revised, guidelines will be devised for inter-institutional collaboration and coordination, as well as guidelines and recommendations for monitoring, reporting and evaluation of investments and digitisation projects in public administration. All key institutions are involved in the project activities.

Activities to establish the interoperability of information systems implies the involvement of the heads of registers and SABs, as well as other institutions that must integrate registers on the state bus and adapt services to the real needs of the systems to which they are connected. Also, the institutions responsible for each procedure of the Single Digital Gateway Regulation

(SDGR) are obliged to implement and adapt these services in accordance with the EC Regulation, and accordingly, continuous communication and their involvement is ensured.

Due to the application of basic principles, which includes the principle of rationalisation and optimisation of financial costs, public bodies (as defined by the Act on State Information Infrastructure) are obliged to migrate their systems to SSCs and use shared services provided by the SSCs. This segment also includes LRSGUs and all bodies that are budgetary users and have public powers. Continuous communication is carried out with all the aforementioned bodies in order to involve them both in the preparation and implementation of these processes.

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Activities in the field of public administration and justice covered by this NRP are also contained in the National Plan for the Development of Public Administration and the National Plan for the Development of the Judicial System adopted by the Government on 23 March 2022. These plans were developed in adherence to the principles of partnership and transparency, relying on various mechanisms of dialogue and consultation with stakeholders. The Government decided to establish expert working groups to devise national plans and comprising institutional stakeholder representatives responsible for developing public administration and the judiciary, the scientific and academic community, local and regional self-government units, economic associations and social partners, civil society and other public authorities that deal with various areas of development of public administration and the judicial system. Consultations in devising the National Plan for the Development of Public Administration were also conducted with the Council for Local and Regional Self-Government Reform in shaping the implementation framework. Also, public consultations on national plans lasting 30 days were conducted via the e-Consultation portal.

Due to the horizontal nature of whistleblower protection, the working group for drafting the Whistleblower Act included representatives of other ministries, the Ombudsman, representatives of judicial bodies, trade unions, employers, civil society and academia. In December 2021, an online conference on the protection of whistleblowers was held in cooperation with the Ministry of the Interior, the Ombudsman, the French Embassy, the Human Rights House and the State School of Public Administration. The conference discussed new legislative solutions in Croatia and France on the obligation to transpose the Directive and discussed the current practice of protecting whistleblowers. Public consultation on the Draft of the proposed Whistleblower Act was held from 12 November 2021 to 2 December 2021.

The drafting of the Action Plan for the period from 2022 to 2024, along with the Anti-Corruption Strategy for the period from 2021 to 2030, relied on the participation of Working Group members for drafting the respective Strategy and Prevention Council members, including representatives of state administration bodies, judicial bodies, independent state bodies, trade unions, employers, civil society organisations, academia, and LRSGU associations. The process of drafting in January 2022 involved a session of the Council for the Prevention of Corruption, which discussed the content of the Action Plan.

Monitoring the implementation of medium-term strategic planning acts (national plans) in the field of public administration and justice requires setting up councils for developing public administration and justice, with the role of improving and systematically monitoring the implementation and evaluation of the outcome estimates and goal results, measures and activities from the national strategy and implementation documents on public administration and justice development policy. Furthermore, the Council for the Prevention of Corruption is a governmental working body composed of representatives from relevant public institutions and civil society organisations. It participates in forming and monitoring the implementation of national anti-corruption documents. In addition to the above-mentioned Council for the



Prevention of Corruption at the executive level, the National Council for Monitoring the Implementation of the Anti-Corruption Strategy was established at the parliamentary level to ensure a quality mechanism for monitoring the implementation of anti-corruption policies.

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Reforms planned in the NRRP, under component 3. Education, Science and Research, and integrated into this NPR, are communicated with key stakeholders based on the needs and schedules for implementing NRRP reforms and activities.

In implementing the NRRP structural reform of the education system (C3.1. R1) and infrastructural investments in kindergartens as a precondition for increasing coverage within the system, as well as infrastructural investments to facilitate the transition of primary schools operating in multiple shifts to a single-shift mode and teaching, the Ministry of Science and Education (MSE) will consult with LRSGUs on all key segments in announcing the Calls for Grants directed to these purposes. The process of defining the key elements in the tender documentation for investments required that the LRSGUs collect data on the state of the current system. Regarding investments in kindergartens, online workshops were held with representatives of cities and municipalities, resulting in a large response and interest, especially at the city level. The workshops will be organised again after announcing the public call.

The MSE is in the process of drafting the Model for the Introducing All-Day School and in the process of drafting the fundamental Act on Primary and Secondary Education, where all the important provisions of the Model and new Act will be presented and discussed, and with other key stakeholders in the system (union organisations, director association, etc.).

Regarding implementation of NRRP reform C3.2 R1, in terms of which the new Act on Scientific Activity and Higher Education is being drafted, stakeholders in the Working Group are involved in preparing the draft law, which includes representatives from public research institutes, public universities and faculties, polytechnics and colleges, trade unions, private universities and university professors of law faculties (Osijek, Rijeka, Zagreb and Split).

Investment C3.2. R1-II Development of a System of Programme Agreements for Funding Universities and Research Institutes, the negotiation process for devising programme agreements through working groups will comprise stakeholders from the MSE, universities and scientific institutes, with the support of a team of external experts. The communication strategy will define the main communication and time frame for drafting the programme agreements and liaising with stakeholders. A Commission for drafting the Act has also been established, including representatives of all nine public universities, offering their comments on the draft Act. The draft Act will require a 30-day consultation process with the interested public. The same procedure for drafting the Act and conducting public consultation will be applied to the Act on Quality Assurance in Science and Higher Education.

Some of the measures are financed from the EU financial period 2014-2020. (e-School project, awarding scholarships to students in priority areas of STEM) and liaising with relevant stakeholders was carried out during programming in line with the requirements of ESI funds as well as the process of awarding EU funds. Regarding the introduction of national exams in primary schools (pilot implementation), communication with key stakeholders is achieved through eight expert working groups where members were selected based on a public call. Their task is to prepare national exams and supporting materials. After implementing the national exams, further communication activities will be carried out concerning the exam results at different levels; pupils, schools, institutions within the education system and the general public.

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Implementation of planned reform and investment measures within NRPP component C4. Labour Market and Social Protection implies an active approach from a significant number of stakeholders. Social welfare centres, family centres and social service providers directly involved in providing social services through direct contact with beneficiaries and the Croatian Employment Service (CES/HZZ) have a key role in preventing the social exclusion of socially vulnerable groups so as to integrate socially vulnerable groups into the labour market more successfully. There are currently 20 family centres operating as branches of social welfare centres, and the new Social Welfare Act guarantees their independence. The plan is to help family centres implement prevention programs, individual and group counselling, psychosocial treatment to prevent domestic violence, family mediation, structured treatments, education of potential adoptive parents, the education of parents for more successful parenting and raising the quality of family life for children, youth and families at risk. In providing these services, family centres play a significant role in de-institutionalisation and transformation and preventing institutionalisation; hence the plan is to hire 40 new experts under the investment measure Strengthening the Capacity of Professionals to provide services in the community. Ensuring the sustainability of community support services, without which it is impossible to ensure continuity of deinstitutionalisation and prevention of institutionalisation, requires employing and educating leaders, family associates and other professionals in social care homes who work directly with beneficiaries. To implement the planned activities in a quality and timely manner, social care homes will be provided with continuous support, with the involvement of UNICEF. Cooperation between social welfare centres and employment services, including other relevant stakeholders in the local community, should also be improved to implement measures for the social inclusion of beneficiaries using joint case management. Therefore, the plan is to introduce a social service involving social mentoring, i.e., educating and employing 220 social mentors in 118 social welfare centres and the associated branch offices. Furthermore, specialised counsellors in the Croatian Employment Service (CES) will be appointed to undergo additional training in working with beneficiaries receiving social mentoring. To ensure full complementarity of services from both institutions, the plan is to draft rules and a protocol on cooperation between the CES and social welfare centres, further improving cooperation with the relevant employment service in implementing social inclusion measures for socially vulnerable groups.

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The health reforms incorporated in the NRRP were presented to the public on 12 May 2021. Implementation of reforms requires the involvement of all relevant stakeholders in preparing laws, bylaws and other regulations and acts in working groups focusing on specific professional topics. Also, the process of passing laws, other regulations and acts is subject to public consultation procedures with the interested public.

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The Ministry of Physical Planning, Construction and State Assets (MPPCDA) presented its activities from the NRRP (initiative: Renovation of Buildings and the subcomponent: A Resilient, Green and Digital Economy (Culture) during the public presentation of the NRRP by counties, in Zagreb on 14 May 2021. Also, activities associated with energy renovation of buildings for the purpose of informing professionals and the general public were publicly presented at conferences and workshops (ZagRE 2021, Sixteenth Annual International Conference on Real Estate Development, October 2021; ArhiBau 2021, Fair on the Culture of Construction and Sustainable Development, Transformation of the Existing Building Stock; 8th Congress of Croatian Builders, Construction and Climate Change: Green Future of Cities, Expert Meeting of the Croatian Engineering Association titled STEM's Contribution to Achieving the Goals of the National Recovery and Resilience Plan, February 2022; Professional conference organized by the Faculty of Architecture, University of Zagreb and the Cluster for

Energy Efficiency and Sustainability in Buildings - nZEB.hr titled: Buildings 3+ Safety, Comfort, Quality, February 2022). At the end of March 2022, an educational conference titled From the Recovery and Resilience Plan to the Energy Renovation of Buildings was held, organised by MPPCDA, the EC Representation in Croatia and the association ZGRADOčelnik.hr.

## **VI.2. National institutional process for approval of the NRP**

The Decision on Coordination of Activities within the Economic Governance Framework of the European Union<sup>55</sup> establishes the institutional framework and procedures on the coordination of activities within the Economic Governance Framework of the European Union - European Semester at the level of the Government, thereby ensuring coordination of policies and measures encompassed in the economic policy coordination mechanism within the EU and those necessary for stimulating growth and job creation, as well as measures to mitigate the economic and social impact of the COVID-19 epidemic and the challenges posed by the green transition and digital transformation

The Decision established the Interdepartmental Working Group for the European Semester, headed by the Deputy Prime Minister for the Economy. Coordinators for the European Semester at the level of SAB officials have also been appointed and are responsible for developing and implementing reform measures, as well as recommendations from the EU Council.

Importantly, Croatia has addressed key reforms for the period 2021-2026 within its NRRP, and this NRP has adopted those measures from the NRRP for which the implementation deadline is in the period Q2/2022 – Q1/2023, i.e., in the period for implementing this NRP. The reforms in question have already been communicated to key stakeholders and the public in the phase of drafting the NRRP, i.e., they are communicated in the preparatory phase of the reforms when the social partners are involved in drafting laws and/or bylaws, and the interested public is involved in consultations provided to the interested public, and which may affect the content of the final decisions in line with the procedure for passing laws.

On 4 April 2022, at the session of the Economic and Social Council (ESC/GSV), we informed the participants about the process of drafting the NRP, and subsequently, on 19 April, a meeting was held with social partners to inform them about planned measures and activities. After the adoption of the NRP, the Government presents the document to the Croatian Parliament, the Committee on European Affairs.

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<sup>55</sup> OG 13/17, 51/17, 97/17, 50/18, 74/19, 16/20, 89/20 and 37/22

## Appendices

Appendix 1. **Croatia's Contribution to Implementing the Recommendations of the EU Council** has been updated in the EC CESAR information system, while Appendix 2. **Implementation of Measures from the National Recovery and Resilience Program** has been updated in the EC FENIX information system. The NRP text, Croatia's contribution to the implementation of the recommendations of the EU Council and progress in implementing measures from the NRRP is contained under the sub-title of Progress in the Implementation of Recommendations.

### Appendix 3. Reform priorities and economic policy measures<sup>56</sup>

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	S D G	E SS P					Unit measures	Initial value	Target value	Quarter	Year			
<b>1 - ECONOMY</b>																
1	7	2019.CSR4.subpart4, 2019.CSR4.subpart5, 2020.CSR3.subpart2, 2020.CSR3.subpart3			1 - ECONOMY - C1.1.1 R1-I2 Continuing administrative and fiscal burden relief, and better regulatory environment	Target	Implementation of the 2017, 2018, 2019 and 2020 Action Plans for the reduction of administrative burden of the economy		%	61.02%	95	Q4	2022	MESD, SAB	Implementation of administrative relief measures set out in the action plans for 2018, 2019 and 2020 amounting to least 95% of the planned cost reduction. The Administrative Relief Action Plans will optimise and digitise administrative procedures identified as the greatest burden on the private sector. All relief measures are determined in cooperation with representatives of the business community, chambers and professional associations.	
2	12.2	2019.CSR4.subpart5, 2020.CSR3.subpart3, 2020.CSR2.subpart4			1 - ECONOMY - C1.1.1. R2 Continuing the reform of regulated professions	Milestone	Adopting the third Action Plan for the Liberalization of the Services Market	The adopted third Action Plan for the Liberalization of the Services Market is published on the MESD website				Q1	2023	MESD, SAB	Through the horizontal coordination of the competent state administration bodies, the MESD will coordinate proposals for additional measures to deregulate the profession through the third Action Plan for the Liberalization of the Services Market. This will take into account the overall governance of public policy in this area, which goes beyond the narrow issue of mandatory alignment with relevant EU legislation, including the implementation of EU reform recommendations and strategic framework in the field of the single market in services. As	

<sup>56</sup> Green means measures covered in the NRRP

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Target value	Quarter	Year			
															defined in the NRRP implementation table, the premise of implementation is “motivated human resources in the competent authorities and strong horizontal coordination of public policy by the MESD”, while the key risk of high probability and impact is “institutional and professional resistance to deregulation measures.”	
3	14	2019.CSR3.subpart3, 2020.CSR3.subpart6, 2020.CSR3.subpart8	8	2, 3	1 - ECONOMY - C1.1.1 R4-II – Support to enterprises for the transition to an energy- and resource efficient economy	Milestone	Publication of a call for grants for investments focused on environmentally friendly activities with established eligibility criteria for applicants and projects (in addition, criteria for compliance with the principle of do no significant harm)	Announcement of call for submitting grant proposals				Q2	2022	MESD	Publication of a call for proposals for grants to support the green transition of SMEs and mid-caps to an energy-efficient economy. The grant will support the development and application of green technologies in business processes with the aim of reducing negative effects on the climate and environment, promoting sustainable production, increasing the number of employees in more sustainable jobs and strengthening local and regional competitiveness (according to the EU Taxonomy). The selection/eligibility criteria will reflect the requirements of the applicable intervention fields set out in Annex VI and VII of the Regulation on the RRF and ensure that supported projects comply with the the ‘Do no significant harm’ Technical Guidance (2021/C58/01), the application of the list of ineligible activities and investments and the requirements for compliance with relevant environmental legislation at the EU level and national level. The measure excludes support for investments in installations covered by the EU Emissions Trading Scheme (ETS). The grant will support private sector investment for projects: to promote a circular economy by introducing resource efficiency in the production cycle and life cycle of products, including the sustainable supply of primary and secondary raw materials, and/or - decarbonisation and emission reduction of energy-intensive industries, including demonstration and deployment of innovative low-emission technologies.	

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Target value	Quarter	Year			
4	23	2020.CSR1.subpart1	7, 8, 9, 11, 13	2, 3	1 - ECONOMY - C1.1.1. R5-II Investments made in equity and quasi-equity instruments (PE)	Milestone	Creation of an equity and quasi-equity financing instrument (PE)	The Agreement published between the competent ministry (MESD or MF) and HBOR for investments in VC funds, the increase of existing PE funds developed in cooperation with the EIF and/or the development of new funds and/or co-investments				Q4	2022	HBOR	As part of the existing cooperation with the European Investment Fund (EIF), HBOR shall set up financial instrument aimed at increasing or reaching the maximum size of private equity and venture capital funds active in the Croatian market and setting up new funds and/or co-investments. Private equity and venture capital funds shall be set up with the participation 30% of private investors in relation to the target size of the individual fund. The financial instruments shall ensure compliance with the 'Do no significant harm' Technical Guidance (2021/C58/01) of supported beneficiaries under this measure through the use of sustainability proofing, the requirement of compliance with the relevant EU and national environmental legislation, and the requirement for beneficiaries that derived more than 10% of their revenues during the preceding financial year from activities or assets in the exclusion list to adopt and publish green transition plan. This measure shall not support investments in installations falling within the scope of the EU Emission Trading System (ETS). All activities are directed towards 'financially viable' projects, the financial viability of which is determined by fund management companies in accordance with the investment policies set out by the EIF and HBOR. In implementing the investment, HBOR shall ensure that resources are used in accordance with the limits described in the description of the measure as well as the 'exclusion' list described in the FI for SME, Mid-cap and Large Entities.	
5	37	2019.CSR3.subpart3, 2019.CSR4.subpart5, 2020.CSR3.subpart8,	7	20	1 - ECONOMY - C1.2. R1 Decarbonisation of the energy sector	Milestone	Entry into force of legislation and/or regulation to improve uptake of renewable energy sources, including introduction of	Entry into force of legislation and/or regulation				Q2	2022	MESD	Revised Electricity Market Act and High-Efficiency Cogeneration Act shall alleviate barriers and administrative procedures restraining higher uptake of renewable energy sources, including measures to promote the renewable energy self-consumption and	

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Target value	Quarter	Year			
		2020.CSR3.subpart3, 2020.CSR3.subpart6					a premium-based system for the support of renewable energy sources.							renewable energy communities. Premium-based system for the support of renewable energy sources will be fully operational.		
6	60	2019.CSR3.subpart3, 2020.CSR3.subpart6	6		1 - ECONOMY - C1.3. R1 Implementation of the water management programme	Milestone	Amendments to the legal framework in the water sector	Entry into force of four legal amendments to: i) Service Areas Regulation; ii) Regulation on Evaluation of Performance of Water Operators; iii) Regulation on the methodology for determining the pricing of water services; iv) Regulation on specific conditions for the provision of water services, which will reform public water operators;				Q4	2022	MESD	The Services Areas Regulation, the Regulation on performance evaluation of water operators, the Regulation on the methodology for determining the pricing of water services, and the Regulation on specific conditions for the provision of water services, shall be amended to create the legal precondition for consolidation of water operators. The Regulation on performance evaluation of water operators shall also include the legal basis for the creation of mandatory benchmarking system of utility companies, made publicly available, as well as for ensuring that at least summaries of annual audited reports of utility companies are made publicly available.	
7	63	2019.CSR3.subpart3, 2020.CSR3.subpart6	6		1 - ECONOMY - C1.3. R1-I1 Public sewage development programme	Target	Public sewerage network constructed or reconstructed		Number	0	115	Q2	2022	MESD, HV	At least 115 km of public sewerage (drainage) network built or reconstructed. The investment shall ensure compliance with the Urban Wastewater Treatment Directive in subject areas, in line with the Multiannual Water and Wastewater Construction Programme.	2,237,700,887 (MINGOR) 390,398,000 (HV) 167,752,000 (JLS/JIVU)
8	68	2019.CSR3.subpart3, 2020.CSR3.subpart6	6		1 - GOSPODARSTVO - C1.3. R1-I2 Public water supply development programme	Target	Public water supply network constructed or reconstructed		Number	0	226	Q2	2022	MESD, HV	At least 226 km of public water supply network constructed or reconstructed. The investment consists in building drinking water supply systems with an average energy consumption of $\leq 0,5$ kWh or an Infrastructure Leakage Index (ILI) of $\leq 1,5$ , and in renovating existing drinking water supply systems to decrease the average energy	

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Target value	Quarter	Year			
														consumption by more than 20% or decrease leakage by more than 20%.		
9	69	2019.CSR3.subpart3, 2020.CSR3.subpart6	6		1 - ECONOMY - C1.3. R1-I2 Public water supply development programme	Target	Water metering devices installed at water abstraction sites		Number	0	526	Q4	2022	MESD, HV	At least 526 metering devices installed at water abstraction sites, for measuring water quantities	
10	74	2019.CSR3.subpart3, 2020.CSR3.subpart6	6		1 - ECONOMY - C1.3. R1-I3 Disaster risk reduction programme in the water management sector	Target	Works contracts concluded for flood protection projects		Number	0	20	Q4	2022	MESD, HV	At least 20 works contracts concluded for projects in the flood protection sector, related to contracts to be awarded by the end of 2022. Tender criteria shall focus on nature based solution measures and green infrastructure. The contracts shall ensure that projects will be implemented in accordance with the EU acquis and environmental regulations and the annexes to Commission Delegated Regulation (C(2021)2800 final) supplementing Regulation (EU) 2020/852. It is expected that this measure does no significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measures and the mitigating steps set out in the recovery and resilience plan in accordance with the DNSH Technical Guidance (2021/C58/01). All activities shall comply with the requirements of EU water legislation as incorporated into the Croatian law. Environmental impact assessment shall be conducted in compliance with authorization procedures under EIA in accordance with Directive 2011/92/EU and with screening and/or appropriate assessment pursuant to Article 6(3) of the Habitats Directive. Evidence shall be provided that the project does not have a significant effect of the integrity of the Natura 2000 sites concerned.	
11	75	2019.CSR3.subpart3, 2020.CSR3.subpart6	6		1 - ECONOMY - C1.3. R1-I3 Disaster risk reduction programme in the water management sector	Target	Flood protective structures built		Number	0	13	Q4	2022	MESD, HV	At least 13 km of flood protective structures built in order to protect against the harmful effects of water;	
12	76	2019.CSR3.subpart3,	6		1 - ECONOMY - C1.3. R1-I3 Disaster risk	Target	Revitalised watercourses		Number	0	2	Q4	2022	MESD, HV	At least 2 km of restored watercourses including revitalisation of abandoned sleeves,	



RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESG					Unit measures	Initial value	Target value	Quarter	Year			
		2020.CSR3.subpart6			reduction programme in the water management sector									permanent river and sleeve contact and investment in related infrastructure		
13	83	2019.CSR3.subpart3, 2020.CSR3.subpart6	11, 12		1 - ECONOMY - C1.3. R2 Implementation of sustainable waste management.	Milestone	Adoption of the Waste Management Plan of the Republic of Croatia for the period 2022-2028	Publication of the Croatian Waste Management Plan 2022-2028 in the Official Gazette of the Republic of Croatia				Q4	2022	MESD, EPEEF	Adoption and publication of Croatia's Waste Management Plan for the period 2022-2028 in conjunction with the new objectives laid down in the Waste Management Act and the Circular Economy Action Plan, following public consultations. The plan shall specify a target of at least 55% for waste recycling, sorting, reusing and repairing by 2025, and a target for collection and recycling of biowaste.	2,300,000
14	84	2019.CSR3.subpart3, 2020.CSR3.subpart6	11, 12		1 - ECONOMY - C1.3. R2-II Waste disposal reduction programme	Target	Reduction of the share of municipal waste sent for disposal (49%)		%	66	49	Q4	2022	MESD, FZOEU	The share of municipal waste sent for disposal shall be reduced to 41% as a result of investments in infrastructure to reduce landfilling, including the establishment of re-use centres, the construction of sorting facilities for separately collected municipal waste, the construction of bio-treatment facilities for separately collected bio-waste, the construction and equipment of civic amenity sites and recycling yards for construction waste, the acquisition of equipment for the separate collection of useful fractions of municipal waste.	
15	99	2019.CSR3.subpart2, 2020.CSR3.subpart7	9	20	1 - ECONOMY - C1.4. R2 Reform of the railway sector	Milestone	The National Plan for the Development of Railway Infrastructure and the National Management Plan for Railway Infrastructure and Service Facilities	The National Plan for the Development of Railway Infrastructure and the National Management Plan for Railway Infrastructure and Service Facilities adopted by the Croatian Government				Q4	2022	MSTI, HŽ Infrastruktura, HŽ Putnički prijevoz, HŽ Cargo	The National Plan for the Development of Railway Infrastructure shall determine projects and activities necessary for the development of railway infrastructure. The National Management Plan for Railway Infrastructure and Service Facilities shall determine projects and activities for management, organization of railway traffic regulation and development of railway transport services.	1,235,000

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Targeted value	Quarter	Year			
16	111	2019.CSR3.subpart2, 2020.CSR3.subpart7	9	20	1 - ECONOMY - C1.4. R3 Maritime and inland navigation reform	Milestone	The new Maritime Domain and Seaports Act	Entry into force of the new Maritime Domain and Seaports Act				Q4	2022	MSTI	The new Maritime Domain and Seaports Act shall reorganise the structure of the port system open to public traffic, which aims to ensure uniformity in the implementation of the legal obligations to operate public ports and rationalise management costs.	
17	114	2019.CSR3.subpart2, 2020.CSR3.subpart7	9	20	1 – ECONOMY - C1.4. R3-I3 Construction of new cable ferry 'Križnica', Municipality of Pitomača	Target	New cable ferry 'Križnica' operational across the River Drava in the Municipality of Pitomača		Number	0	1	Q4	2022	MSTI	This investment shall result in the construction of a solar-powered electric cable ferry connecting the mainland to the island of Križnica, in operation with the approval of the Croatian Register of Shipping.	2,437,000
18	138		2	2, 3, 19	1 - ECONOMY - C1.5. R4 – Improving food donation systems		The online platform for food waste prevention and upgraded food donation IT system	The online platform for food waste prevention and upgrade of the technical solution for the IT system for food donation are operational and available to public				Q2	2022	MA	The online platform on food waste prevention and reduction shall be launched to disseminate best practices, raise awareness and educate about the issue of food waste and food donation. The food donation IT system, which is already in operation, shall be upgraded with new functionalities, of which the possibility of regional governance of the system and statistical representation of data are highlighted.	500,000
19	141	2019.CSR3.subpart4, 2020.CSR4.subpart1	8, 12		1 - ECONOMY - C1.6. R1 Enhancing the resilience and sustainability of the tourism sector	Milestone	Adoption of the Strategy for the Development of Sustainable Tourism by 2030 of the Government of the Republic of Croatia	Provision on the entry into force of the Strategy for the Development of Sustainable Tourism by 2030				Q3	2022	MTS	As part of this reform, the process of transforming the tourism development model towards sustainability will be implemented through the development of the 2030 Sustainable Tourism Development Strategy, from the point of view of socio-economic sustainability, environmental and territorial sustainability. The strategy, as a long-term act of strategic planning of national significance, will also pay particular attention to the issues of land use so far, i.e., overtourism in individual destinations, as one of the key problems of tourism development. The Strategy will also provide a response to how to better promote the reduction of uneven regional development in Croatia.	1,053,898
20	144	2019.CSR3.subpart3, 2020.CSR3	8, 11, 12	2, 3	1 - ECONOMY - C1.6. R1-I1 Regional diversification and	Milestone	Launching public calls for the green and digital transition of existing	Publication of tender documentation				Q3	2022	MTS	The tender documentation shall specify that investments shall focus on projects that can increase the green and digital quality of	21,129

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Target value	Quarter	Year			
		.subpart6, 2020.CSR3 .subpart5			specialization of Croatian tourism through investments in the development of high added value tourism products		public tourism infrastructure and the development of public tourism infrastructure beyond the main tourist and coastal areas	for the green and digital transition of existing public tourism infrastructure and the development of public tourism infrastructure beyond the main tourist and coastal areas							tourism infrastructure and reduce the environmental impact and consequently the concentration of guests in the season. In the main tourist and coastal areas, according to the Tourism Development Index, only investments in the green and digital transition of existing tourism infrastructure and up to EUR 29,623,731 of the total budget of the investment shall be eligible contributing to the sustainable management of destinations, reducing environmental impacts during the tourist season. Eligibility criteria shall include compliance with the Do No Significant Harm Technical Guidance (2021/C58/01).	
21	146	2019.CSR3 .subpart3,2 020.CSR3. subpart6,2 020.CSR3. subpart1,2 020.CSR3. subpart5	8,9 ,12	2,3	1 – ECONOMY - C1.6. R1-I2 Strengthening the competitiveness of entrepreneurs and fostering the green and digital transition of the tourism sector	Milestone	Launch public calls to strengthen sustainability and boost the green and digital transition of tourism entrepreneurs, with at least 50% of total investments supporting the green transition	Publication of tender documentation to strengthen sustainability and foster the green and digital transition of tourism entrepreneurs/ 2088;				Q3	2022	MTS	The tender documentation shall specify that at least EUR 29,862,632 of the total investments will be awarded to investment focussed on climate change mitigation or adaptation, the digitalisation of activities in line with the criteria of reducing greenhouse gas emissions or energy efficiency and waste reduction, as well as the transition to a circular economy. Project selection criteria shall contribute to the green transition, in line with the NRS, the Green Treaty for Europe, the sustainability indicators defined in the feasibility study for the creation of a sustainable tourism satellite account of the Republic of Croatia and the guidelines for drawing up the Sustainable Tourism Development Strategy for 2030. Consistently with the principles of 'Do no significant harm' Technical Guidance applicants shall demonstrate how they will mitigate the negative environmental impacts that can be associated with the project and how they will contribute to positive impacts during the implementation of the project.  The tender document shall assign at least EUR 29,862,632 of the total investments to support the green transition, and shall specify for those investment the selection/eligibility criteria	353,073,077

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESG					Unit measures	Initial value	Targeted value	Quarter	Year			
														reflecting the requirements of the applicable intervention areas [3-100] of Annex [VI/VII] and compliance with the 'Do no significant harm' Technical Guidance (2021/C58/01) and the compliance of supported projects with the relevant EU and national environmental acquis.		
22		2019.CSR3.subpart3, 2020.CSR3.subpart6	13	5, 8	1 - ECONOMY – CLIMATE CHANGE AND ENERGY SUSTAINABILITY, Establishment of a plan framework for implementing the Low-Carbon Development Strategy	Milestone	Contribution by Croatia to EU emission reduction by 55% by 2030	Amount of greenhouse gas emissions according to the National Emission Inventory. Limitation of greenhouse gas emissions to the level of the national annual quota for sectors outside the ETS (compared to 2005)	In % decrease compared to 1990 levels (1990 index = 100)  kt CO2eq	73.3  19,105,632	65  19,317,944	Q4	2022	MESD	For 2019, Croatia was allowed a national annual quota of 19,105,632 tCO2-eq, while actual emissions for 2019 (outside the trading system) were 16,058,241 tCO2-eq. Following the European Commission's audit in 2022, the actual emissions will be known for 2020 and in 2023 for 2021.	
23		2019.CSR3.subpart3, 2020.CSR3.subpart6	13	5, 8	1 - ECONOMY - CLIMATE CHANGE AND ENERGY SUSTAINABILITY, Establishment of a plan framework for implementing the Low-Carbon Development Strategy	Milestone	Development of a five-year Action Plan for the implementation of priority measures from the Low Carbon Development Strategy	Adoption of the Action Plan for Low Carbon Development				Q4	2022	MESD	An action plan will be drawn up to implement the priority measures of the Low Carbon Development Strategy, which will include new national commitments to achieve the EU's common goal of reducing greenhouse gas emissions by 55% by 2030 and achieving EU climate neutrality by 2050.	
24		2019.CSR3.subpart3, 2020.CSR3.subpart6	13	5, 8	1 - ECONOMY - CLIMATE CHANGE AND ENERGY SUSTAINABILITY, Establishment of a planning framework for the implementation of the Climate Change Adaptation Strategy	Milestone	Drawing up the planning framework for the implementation of the Climate Change Adaptation Strategy	Adoption of the Action Plan for Climate Change Adaptation				Q4	2022	MESD	An action plan for the implementation of priority measures from the Climate Change Adaptation Strategy for the first five-year period will be developed.	

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Targeted value	Quarter	Year			
25		2019.CSR3.subpart3, 2020.CSR3.subpart6, 2020.CSR3.subpart8	13	5, 8	1 - ECONOMY - CLIMATE CHANGE AND ENERGY SUSTAINABILITY, Investing in the decarbonisation of the economy through the EU Modernisation Fund 2021-2030	Milestone	Drafting the legislative framework for investing funds from the EU Modernization Fund 2021-2030	Adoption and publishing of the Regulation on the Implementation of the Modernization Fund in the Official Gazette				Q2	2022	MESD	The regulation will be drafted which will prescribe the competent authorities and other rules for the implementation of the EU Modernisation Fund 2021-2030. Funds are available to Croatia for 100% of the financing of decarbonisation in Croatia (total funds available for Croatia are at least HRK 5.9bn / EUR 782.51m by 2030).	667,512
26		2020.CSR3.subpart6	6, 13, 15, 17	10, 16	1 - ECONOMY - CLIMATE CHANGE AND ENERGY SUSTAINABILITY, Limiting greenhouse gas emissions		A five-year action plan for the operational implementation of the Low Carbon Development Strategy with new ambitious targets for reducing greenhouse gas emissions.	E-portal to monitor the implementation of the planting of a million trees a year	Number	0	1.000.000	Q4	2022	MA, MTS, MESD, Hrvatske šume d.o.o.	Development and implementation of an action plan for planting an additional million trees per year, which will define implementation activities, available and areas suitable for planting, types and approximate quantities of forest and ornamental reproductive material according to climate, stakeholders and sources of financing and total estimated implementation costs.	
<b>2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS</b>																
27	256	2019.CSR3.subpart4, 2020.CSR2.subpart4, 2020.CSR4.subpart1			2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.9. R1 Continuous provision of public procurement training	Milestone	Guidance on improving SMEs' participation in and pooling of public procurement procedures	Publication of guidelines on the Public Procurement Portal				Q3	2022	MESD	In order to further encourage the involvement of SMEs in public procurement procedures, guidelines shall be developed and published for contracting entities and tenderers to encourage SMEs' participation in the public procurement market. The guidelines shall also include the most important provisions of the Public Procurement Act aimed at making it easier for SMEs to compete for public contracts. Cooperation with business associations in providing targeted training to bidders in public procurement procedures shall continue. The guidance will be prepared based on the result of the Structural Reform Support Programme project.	
28	257	2019.CSR3.subpart4, 2020.CSR2.subpart4, 2020.CSR4.subpart1			2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.9. R1 Continuous provision of public procurement training	Milestone	Amendment to the Rules on training in public procurement	Entry into force of the amendments to the Rules on training in public procurement				Q1	2023	MESD	The amendments to the legislative framework in order to improve training in public procurement shall include i) establishing a curriculum for Upskilling Programmes, defining the competences and learning objectives, (ii) integrating ProcurCompEU into the mandatory training and certification	619.500

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)	
	NR RP	CSR	S D G	E SS P					Unit measures	Initial value	Target value	Quarter	Year				
																<p>scheme for public procurement; (iii) a requirement to conduct a qualitative assessment of the trainings.</p> <p>The amendments are expected to provide a comprehensive approach necessary to ensure the strengthening of the administrative capacity of staff in key public procurement institutions, also using the recommendations from the workload analysis (R1-II). Based on the results of the organisational assessment and strategic priorities, priority shall be given to trainings that can provide the greatest impact in achieving objectives such as integrity and transparency issues, proper planning of procedures, fair and open technical specifications, clear selection and evaluation criteria for tenders, contract management and amendments.</p>	
29	259	2019.CSR3.subpart4,2020.CSR4.subpart1			2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.9. R1-II Analysis of the workload of employees of key institutions in the public procurement system (MESD, SAFU and DKOM)	Milestone	Publication of independent analysis and concrete recommendations to improve the burden management of all staff of key institutions in the procurement system (MESD, SAFU, DKOM).	Publication of analysis of the workload of employees of key institutions in the public procurement system (MESD, SAFU and DKOM) including an action plan to implement human resources recommendations and measures				Q3	2022	MESD	A comprehensive analysis shall be carried out by independent external experts of the workload of staff of key institutions in the public procurement system included in the EU funds, including the description of the tasks they perform and the necessary competences and compensation system. The published independent report will be based on a comprehensive analysis of roles in the public procurement system and workload, taking into account historical workload data and comparing them with trends in increasing workload, including training needs on specific topics such as sustainable procurement and access to SMEs. The report shall include an action plan to implement measures and recommendations for improvement to ensure the recruitment and retention of highly skilled personnel.	750,000	
30	260	2019.CSR4.subpart2			2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.9. R2 Strengthening the	Milestone	Amendment of the public procurement legislative framework making the use of e-appeal a mandatory	Entry into force of the amendments to the Public Procurement				Q3	2022	MESD	The public procurement legislative framework (the Public Procurement Act and relevant by-laws) shall be amended to introduce e-appeal as a mandatory means of obtaining redress in the public procurement system.		

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Target value	Quarter	Year			
					review system in public procurement		means of lodging an appeal	Act and the by-laws (Ordinance on Appeals in Public Procurement Procedures)								
31	205	2020.CSR2.subpart3	16	20	2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.3. R4-I2 Construction of passive electronic communications infrastructure	Milestone	Grant agreement signed for the construction of passive electronic communications infrastructure	Report from the Ministry of Sea, Transport and Infrastructure (MSTI)				Q1	2023	MSTI	Signature of the Grant Agreement and start of project implementation for the construction of passive electronic communications infrastructure	
32	165	2019.CSR3.subpart4, 2020.CSR4.subpart1			2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.2. R1-I2 E-State exam	Target	100% of officials of all public institutions required to pass the state exam, digitally pass the state exam, based on a new exam model.		%	0	100	Q4	2022	MJPA	100% of officials of all public institutions, required to pass the state exam, pass the exam through a fully digitised model. The process of passing the State exam is digitised with a view to making the exam system more transparent, accessible (in multiple locations across the country) and efficient.	2,243,343
33	216	2019.CSR4.subpart3, 2020.CSR4.subpart2	16	2, 3	2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.5. R1 Increasing the efficiency of the justice system to increase citizens' trust.	Milestone	Adopted amendments to the Code of Criminal Procedure	Entry into force of amendments to the Code of Criminal Procedure				Q2	2022	MJPA	Amendments to the Criminal Procedure Act (published in the Official Gazette) allowing the use of ICT in criminal proceedings, including the introduction of remote hearings, the extension of the possibility of giving on-line testimonies for victims of crime, the possibility to communicate with lawyers via a secure video link and the preparation of hearings for accused persons in pre-trial detention, and the introduction of e-communications.	
34	217	2019.CSR4.subpart3, 2020.CSR4.subpart2	16	2, 3	2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.5. R1 Increasing the efficiency of the justice system to increase citizens' trust.	Target	New training programmes introduced in the framework of the judicial training programme for judicial officials		Number	0	6	Q1	2023	MJPA	Six new training programmes shall be completed as part of the judicial training programme for judicial officials and officers of the judicial authorities in the Judicial Academy: -Developing different skills (management and management skills for court presidents, court management for heads of court administration and communication skills for court staff – three programmes).	200,300

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESG					Unit measures	Initial value	Target value	Quarter	Year			
														-Promoting the rule of law and fundamental rights through high-quality education in the Croatian judiciary. -Specialised training programmes for insolvency judges and training courses for family law judges.		
35	150	2019.CSR3.subpart4, 2020.CSR4.subpart1	16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C.2.1.R1 Strengthening mechanisms for the integration and management of public policies with the professionalisation of strategic planning	Milestone	Amendments to the Act on the System of Strategic Planning and Management of Development of the Republic of Croatia and bylaws	Entry into force of the act amending the Act on the System of Strategic Planning and Governance for the Development of the Republic of Croatia and the accompanying by-laws				Q4	2022	MRDEUF	Amendments to the Act on Strategic Planning and Development Management System of the Republic of Croatia and accompanying bylaws shall improve the effectiveness of strategic planning and the professionalisation of the preparation of strategic documents. It shall also include a basis for job descriptions and competences of civil servants related to strategic planning;	2,044,000
36	161	2019.CSR3.subpart4, 2020.CSR4.subpart1, 2020.CSR3.subpart4			2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.1. R2-II Provide assistance to beneficiaries in the preparation of technical tender project-technical documentation	Target	Preparation of project technical documentation for green and digital transition projects		Number	0	6,370,695	Q4	2022	MRDEUF	EUR 6,370,695 shall be awarded, through decisions on financing for the development of project technical documentation prepared by ministries, national agencies and local and regional authorities to support the green and digital transitions.	2,375,000
37	249	2019.CSR1.subpart1			2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.7. R2 Development of a structural macroeconomic model of the Croatian economy	Milestone	Development of a structural macroeconomic model of the Croatian economy for producing medium-term macroeconomic forecasts, budgetary planning and economic policy analyses	Development and putting into use of a fully functional structural macroeconomic projection model of the Croatian economy to draw up projections				Q3	2022	MF	A structural macroeconomic model of the Croatian economy shall be developed for producing medium-term macroeconomic forecasts, simulate the effects of economic policies and the impact of shocks, and ultimately strengthen the capacity of the Ministry of Finance for preparing budgetary forecasts. The initial model shall be developed by the end of 2021 and shall be fully operational by mid-2022, enabling to draw up projections underlying the 2023 budget. The results of the model shall be used for the preparation of budgetary documents,	



RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Target value	Quarter	Year			
								underlying the annual budget.							improving the quality of medium-term budgetary forecasts and thus the sustainability of public finances.	
38	195	2019.CSR2.subpart3, 2020.CSR2.subpart1, 2020.CSR2.subpart3	16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.3. R3-I12 Digitalisation of the HZMO archives (eArhiva)	Milestone	Digital archives of the Croatian Pension Insurance Institute (HZMO)	HZMO's handover record of the operating system for managing digital archives				Q4	2022	MLPSFSP	The system for managing digital archives (Digital Archives Management System) shall be operational	23,140,000
39	202	2020.CSR3.subpart9	16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.3. R4 – Strengthening connectivity as a cornerstone of the digital transition of society and the economy	Milestone	Optimisation of the permit granting process for connectivity investments	Entry into force of a revised legal framework				Q2	2022	MPPCDA	A revised legal framework shall support the optimisation of the licensing process and allow the presentation of the electronic communication infrastructure in spatial plans. The new framework shall address administrative burden and regulatory barriers related to the construction of very high capacity networks, including 5G networks.	2,200,000
40	176	2020.CSR2.subpart3, 2020.CSR4.subpart1	16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.3. R1 Digital Croatia Strategy and strengthening inter-institutional cooperation and coordination for a successful digital transition of society and the economy	Milestone	Digital Croatia Strategy	Entry into force of the Digital Croatia Strategy				Q4	2022	CSODDS	The 2030 Digital Strategy for Croatia shall clearly define strategic objectives and priorities that will form the basis for defining actions in the following areas: digitalisation of public administration and judiciary; development of broadband electronic communications networks; developing digital competences and digital jobs.	690,710
41	177	2020.CSR2.subpart3	16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.3. R2-I2 Establishment of a central data repository and business analytics system	Milestone	Set-up of the platforms for the central interoperability system	Report from the Central Office for the Development of Digital Society (SDURDD) that the platforms are operational				Q4	2022	CSODDS	The central national interoperability portal shall provide a catalogue of all services available and the Data Warehouse (DWH) shall be operational for use.	164,749,236

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESP					Unit measures	Initial value	Target value	Quarter	Year			
								and tested for use								
42	179	2020.CSR2.subpart3	16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - C2.3. R3-II Upgrading the Shared Services Centre	Target	Upgrade of the State Cloud		Number	0	6	Q4	2022	CSODDS	Six new functionalities shall be operational for use in the State cloud (CDU) and accessible to users: -A platform for the development, implementation and testing of applications for users, -A platform for ICT support, -A central information security monitoring system for managing potential security events, -A Biometric Authentication Platform, -A platform to manage the digital content of the websites, -A platform for the development of block-chain technologies for the State cloud.	138,679,970
43		2019.CSR4.subpart3, 2020.CSR4.subpart2	16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - Modern judiciary ready for future challenges	Milestone	Drafting of analysing and recommendations for the anonymisation of court decisions	Drafted analysis and recommendations for the anonymisation of court decisions				Q4	2022	MJPA	Examples of good practice and existing solutions for the anonymisation will be analysed, as well as recommendations related to the anonymisation methodology and technical specification of solutions for anonymisation and publication of court decisions.	
44		2019.CSR4.subpart2, 2020.CSR4.subpart2	16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - Preventing and combating corruption	Milestone	Process of adopting of the Ordinance on the Manner of Appointing a Confidential Person and the Procedure for Internal Reporting to the MJPA	Adoption of the Ordinance on the Manner of Appointing a Confidential Person and the Procedure for Internal Reporting to the MJPA				Q3	2022	MJPA	Following the enactment of the Act on the Protection of Whistleblowers, the Ordinance on the Manner of Appointing a Confidential Person for the Internal Reporting Procedure in the MJPA will be adopted.	
45		2019.CSR3.subpart2, 2020.CSR4.subpart1	16		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - Providing preconditions for systematic strengthening of administrative capacities for the use of EU funds	Target	Plan for strengthening administrative capacity for programming and implementation of EU funds		Number	0	1	Q2	2022	MRDEUF	Based on the implementation of a comprehensive analysis of the situation and needs related to administrative capacity for the management of EU funds (covered through three categories: people and organization; strategic planning, programming and implementation and beneficiaries and stakeholders), and taking into account the experience and practices of existing	

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Target value	Quarter	Year			
															management and control systems in the use of EU funds 2014-2020, the application of the principle of involvement of competent authorities and relevant stakeholders, goals, activities and measures aimed at strengthening administrative capacity will be defined in the entire seven-year financial perspective 2021-2027.	
46			10		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - WORKING WITH FOREIGNERS Improving working with foreigners	Target	Procurement of IT equipment for police departments and police stations using EU funds for officials working on administrative affairs with foreigners		Number	0	1	Q4	2022	MI	Due to a significant increase in the number of third-country nationals with regulated stays in the Republic of Croatia, a specific challenge is the processing of requests for regulating residency in the Republic of Croatia, given the level of equipment and obsolete equipment. Therefore, the project of purchasing IT equipment for regulating the stay of third-country nationals was developed. In this regard, a project for the procurement of IT equipment from the national Asylum, Migration and Integration Fund (AMIF) will be developed.	5.270.000
47			10		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - WORKING WITH FOREIGNERS Improving working with foreigners	Target	Improving the information of stakeholders on the implementation of the procedure for regulating residence and work permits by holding seminars with representatives of professional associations of employers (Croatian Employer's Association - HUP, Croatian Chamber of Trades and Crafts - HOK, Croatian Chamber of Economy - HGK)		%	0	100%	Q2	2022	MI	Given the complexity of the legislative framework related to the employment of third-country nationals and to further sensitise employers of the conditions and documentation related to the implementation of the procedure for regulating stays and work permits, a seminar will be held in cooperation with representatives of professional associations on the specified matter. Better informing of employers will enable faster and more efficient procedures in terms of submitting complete and adequate documentation, which will reduce the processing time of individual applications and the need to supplement the application with additional documentation. 100% of employers who attended the seminar will be familiar with the process of regulating residence and work permits.	
48			10		2 - PUBLIC ADMINISTRATION, JUDICIARY AND	Target	Holding seminars with officers of police departments and police		Number	0	1	Q3	2022	MI	Given the complexity of the legislative framework relating to the employment of third-country nationals and the provision of	

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Targeted value	Quarter	Year			
					STATE ASSETS - WORKING WITH FOREIGNERS Improving working with foreigners		stations who work on issuing residence and work permits in order to standardise the process and share best practices								additional support and capacity building to police officers at police departments / police stations to regulate the residence of foreigners, in particular the issuance of residence and work permits, a seminar will be held with officers of police administrations and police stations. By participating in the seminar, all participants will have the opportunity to share the challenges they face in their daily work, with an emphasis on practical solutions to these challenges and good practice, which will contribute to the standardisation of procedures and faster procedures.	
49			10		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - WORKING WITH FOREIGNERS, Development, implementation and maintenance of applications for international protection - RECORD	Target	Implementation of applications that will enable the quality collection, management, processing, monitoring and reporting of data in the field of international protection		%	0	100%	Q1	2023	MI	The implementation of the application that will enable the quality of collection, management, processing, monitoring and reporting on data in the field of international protection, to improve the management of databases and generation of statistical reports, as well as digitisation of certain business processes.	6,000,000
50			10		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - WORKING WITH FOREIGNERS, Strengthening the receiving infrastructure for applicants seeking international protection	Milestone	Completion of the reconstruction of the Reception Centres for International Protection Seekers in Kutina	The reception centre for applicants for international protection in Kutina is in operation				Q2	2022	MI	The renovation of the Reception Centre for International Protection Seekers in Kutina will ensure better reception and accommodation conditions for international protection seekers, as well as all persons involved in the process of granting international protection.	7,960,000
51			10		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - WORKING WITH FOREIGNERS, Strengthening the receiving infrastructure for	Milestone	The beginning of the renovation of the Reception Centre for International Protection Seekers in Zagreb	Contract signed with contractor				Q4	2022	MI	The renovation of the Reception Centre for International Protection Seekers in Zagreb will ensure better reception and accommodation conditions for international protection seekers, as well as all persons involved in the process of granting international protection.	23.720.000

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Target value	Quarter	Year			
					applicants seeking international protection											
52			10		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - DISASTER RISK MANAGEMENT, National Disaster Risk Management Strategy	Milestone	Adoption of the 2030 National Disaster Risk Management Strategy	Publication on the official websites of the Government and the Ministry of the Interior				Q2	2022	MI	Publication of the of the Disaster Risk Management Strategy until 2030 on the official websites of the Government of the Republic of Croatia and the Ministry of the Interior, which is adopted by the Government according to the Civil Protection System Act. The goal of the Strategy is to make the Republic of Croatia more resilient to disasters, through the realization of two strategic goals: 1. Reducing the greatest risks from disasters, and 2. Increasing preparedness for disaster management. The strategy consolidates and determines priority activities for risk management, defines possible sources of financing for these activities and monitors total investments in risk management, as well as their impact.	
53			10		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - DISASTER RISK MANAGEMENT, Early warning and crisis management system	Milestone	Implementation of the early warning and crisis management system	Developed software for early warning and crisis management; Linking the locations of data centres of mobile operators and the headquarters of the Ministry of the Interior with optical connections; Acquired and installed hardware (system) that is installed in the operator's data centres and at				Q4	2022	MI	The implementation of the project Early Warning and Crisis Management System will ensure fast and reliable communication for crisis management using modern technologies. The establishment of new communication channels and the improvement of the communication process will significantly contribute to the rapid and reliable distribution of credible, timely, accurate and effective information on hazards and related information. Timely issuance and distribution of these notices, as essential components of a comprehensive early warning system, will contribute to raising the overall ability to respond to crisis situations in the Republic of Croatia. The ultimate goal of the project is to quickly and effectively inform civil protection participants and citizens via mobile phones and other modern technologies about the dangers that threaten and the measures that need to be taken to reduce human casualties and material damage.	58.490.000

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Targeted value	Quarter	Year			
								the headquarters of the Ministry of the Interior								
54			11, 13		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - DISASTER RISK MANAGEMENT, Modernization of the warning system	Milestone	Drafting the project " Modernization of the warning system "	Project prepared and other necessary documentation				Q1	2023	MI	The project will establish a reliable alert and information system. The technical conditions for early and reliable warning and alerting of citizens and the communication of instructions on how to behave in the event of an emergency will be significantly improved in order to reduce the consequences, which will strengthen the overall social capacity in crisis situations. The project idea is being developed within the project Technical Assistance for the Preparation of Projects in the Field of Disaster Risk Management, funded by the Union Civil Protection Mechanism, for funding from ESI funds in the new EU programming period 2021-2027, according to a pre-feasibility study, the project Modernization of the Warning System will be launched, i.e., the first activities of the project Drafting the Project for Modernisation of the Warning System.	
55			13		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS – COMBATTING HUMAN TRAFFICKING, Combatting human trafficking	Milestone	Adoption of the national plan for combatting human trafficking	Publication on the official website				Q4	2022	Office for Human Rights and the Rights of National Minorities of the Croatian Government	Establish better and more effective international cooperation with other police forces via Interpol, Europol, etc., in order to prevent trafficking of children and all other forms of violence against children	
56			1, 17		2 - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - DEVELOPMENT COOPERATION - Creating and implementing development and	Milestone	Amendments to the Act on Development Cooperation and Humanitarian Aid for Abroad Adoption of the National Plan for Development Cooperation and Humanitarian Aid of the	Adoption of amendments to the Law and the National Plan				Q4	2022	MFEA	Development cooperation and humanitarian aid from the Republic of Croatia is based on the Development Cooperation and Humanitarian Aid Abroad Act of 2008 and the National Strategy for Development Cooperation of the Republic of Croatia for the period 2017-2021. We are currently working on amendments to the existing Act in order to comply with national strategic priorities and global goals of sustainable development, as	

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Target value	Quarter	Year			
					humanitarian policy at the EU level		Republic of Croatia for the period 2022-2026							well as on the new National Plan for Development Cooperation and Humanitarian Aid of the Republic of Croatia for the period 2022-2026. year.		
57			1, 17		2 - - PUBLIC ADMINISTRATION, JUDICIARY AND STATE ASSETS - DEVELOPMENT COOPERATION - Public call for financing international development cooperation projects with civil society organizations	Target	Announcement of the second Public call for financing international development cooperation projects with civil society organizations	Kn		3,000,000	Q4	2022	MFEA	In 2021, a Public Call was announced to finance international development cooperation projects aimed at empowering vulnerable groups in society, fostering economic development and strengthening democracy in neighbouring countries, Eastern Europe and Africa. The funds were awarded to civil society organisations with experience in implementing humanitarian development projects abroad. In all, 11 associations, which received funding, began implementing project activities in the second half of 2021 and are expected to be completed in 2022. Also in the second half, a new Public Call for funding international development cooperation projects abroad is expected.	3,000,000	

### 3 - EDUCATION, SCIENCE AND RESEARCH

58	267	2019.CSR2.subpart1, 2020.CSR2.subpart4	4	1	3 - EDUCATION, SCIENCE AND RESEARCH - C3.1. R1 Structural reform of the education system	Milestone	Adoption of the Model for the Financing of Early Childhood Education and Care	Entry into force of the Early Childhood Education and Care funding model				Q1	2023	MSE, MF	The Croatian Government shall adopt a model for financing the operating costs of ECEC facilities for municipalities/local government units with less financial capacity, in order to ensure the sustainability of the investment after the renovation of existing or construction of new ECEC facilities.	
59	273	2019.CSR2.subpart1, 2020.CSR2.subpart4	4		3 - EDUCATION, SCIENCE AND RESEARCH - C3.1. R2 Modernisation of higher education	Milestone	Adoption of the new Act on Scientific Activity and Higher Education	Entry into force of the New Science and Higher Education Act				Q3	2022	MSE	The new framework shall enable organisational reform of public universities and scientific institutes and introduce a performance based funding model.	
60	275	2019.CSR3.subpart1, 2019.CSR3.subpart4	8, 9		3 - EDUCATION, SCIENCE AND RESEARCH - C3.2. R1 Reform and strengthening of the research and	Milestone	New Science and Higher Education Act	Entry into force of the New Science and Higher Education Act				Q3	2022	MSE	The new legislative act shall create legal and financial conditions for organisational and functional reform of public universities and scientific institutes and funding aimed at achieving institutional development objectives.	

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Target value	Quarter	Year			
					development capacities of the public research sector											
61	276	2019.CSR2.subpart1, 2019.CSR3.subpart1	8,9		3 - EDUCATION, SCIENCE AND RESEARCH - C3.2. R1-II Development of a system of programme agreements for funding universities and research institutes focused on innovation, research and development	Target	Funding allocated to research projects based on internal calls by research organisations during the first two-year cycle of program agreements implementation		Number	0	17,619,079	Q1	2023	MSE and scientific institutions awarding grants	EUR 17 619 079 shall have been awarded to research projects carried out by universities and research institutes which have signed the programme agreements. The projects shall support direct scientific and research activities (research projects) and be based on published tender specifications, with terms of reference including eligibility criteria that ensure that the selected projects comply with the 'Do no significant harm' Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.	119,461,059
62	281	2019.CSR2.subpart1	8,9		3 - EDUCATION, SCIENCE AND RESEARCH - C3.2. R2 Creating a framework for attracting students and researchers to STEM and ICT fields	Milestone	New legal framework regulating quality requirements for study programmes, doctoral studies and working conditions for scientific institutions	Entry into force of a new legal framework				Q3	2022	MSE	The new legal framework shall provide a basis for a new promotion system based on excellence and better regulation of career development, thus enabling conditions for attracting and retaining quality researchers. The new legal framework shall allow young scientists to thrive on the basis of internationally recognised scientific quality criteria and with less administrative barriers. It shall include flexible working arrangements to promote the recruitment of researchers with care responsibilities. The new legal framework consists of: 1) New Quality Assurance in Science and Higher Education Act 2) Ordinance on the conditions for selection in scientific titles	
63	284	2019.CSR3.subpart1, 2019.CSR3.subpart4, 2020.CSR4.subpart1	8,9		3 - EDUCATION, SCIENCE AND RESEARCH - C3.2. R3 Improving the efficiency of public investment in research, development and innovation	Milestone	New law on the Croatian Science Foundation	Entry into force of the new Act on the Croatian Science Foundation.				Q3	2022	MSE	The new Act on the Croatian Science Foundation shall define a clear mission of the Foundation for Conducting, Coordination, Design, Monitoring and Evaluation of the Programme and Evaluation of R & D project funding programmes and policies, creating a strong and independent system for implementing the selection, funding and monitoring of the effects of R & D projects.	



RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Target value	Quarter	Year			
64		2019.CSR2.subpart1 2020.CSR2.subpart4	4	1	3 - EDUCATION, SCIENCE AND RESEARCH - Linking education with the labour market by developing vocational curricula in accordance with the CROQF	Target	Drafting and development of vocational curricula harmonised with the CROQF and the needs of the labour market		Number	4	50	Q1	2023	MSE, Agency for Vocational Education and Training (ASOO), regional centres of competence	The development of vocational curricula in line with the CROQF concept will achieve a strong link with the needs of the labour market through developed occupational standards and qualification standards.	536,220,405
65		2019.CSR2.subpart1 2020.CSR2.subpart4	4	1	3 - EDUCATION, SCIENCE AND RESEARCH - Quality assurance of formal adult education programs through the CROQF	Target	Development of formal adult education programs harmonised with the CROQF		Number	0	35	Q1	2023	MSE, Agency for Vocational Education and Training (ASOO), institute for adult education, higher education institutions	To fully harmonise formal adult education programs with the Croatian Qualifications Framework, thus increasing the quality of programs and their implementation.	
66		2019.CSR2.subpart1	4	1	3 - EDUCATION, SCIENCE AND RESEARCH - Implementation of student scholarship programs	Target	Awarding scholarships to students of lower socioeconomic status	Publication of a public competition to award scholarships to students of lower socioeconomic status	Number	10,000	10,000	Q2	2022	MSE	Scholarships for Students of Lower Socio-Economic Status aim to increase the availability of higher education, improve the social dimension of higher education and increase the completion rate in higher education by providing state scholarships for students of lower socioeconomic status. The project annually awards 10,000 grants directly to students of lower socioeconomic status.	143,237,615
67		2019.CSR2.subpart1	4	1	3 - EDUCATION, SCIENCE AND RESEARCH - Implementation of student scholarship programs	Target	Awarding scholarships to students in STEM priority areas	Announcement of the Decision on awarding scholarships to students in priority areas of STEM	Number	3,400	3,400	Q2	2022	MSE	The procedure for awarding state scholarships in STEM areas of science is carried out within the project Awarding Scholarships to Students in Priority Areas of STEM. The goal of the annual award of 3,400 scholarships is to focus on study programs that have the greatest prospects of generating economic growth in the Republic of Croatia while encouraging structural harmonisation of education and qualifications with labour market needs and	24,926,575

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Target value	Quarter	Year			
														employment of graduates, in the continuation of dominance of study programs in social sciences and the humanities at a ratio of 60:40.		
68		2019.CSR2.subpart1 2020.CSR2.subpart4	4	1	3 - EDUCATION, SCIENCE AND RESEARCH - Increasing the coverage of adults involved in lifelong learning	Milestone	Adoption of the National Plan for the Development of the Education System 2021-2027					Q3	2022	MSE	In the National Plan for the Development of the Education System 2021-2027 will include an indicator on the basis of which the Action Plan for the Implementation of the European Pillar of Social Rights (Involvement in Adult Education in the Last Year) will increase the rate of adults (age groups 25-64) in education and training in the last year and 2027 to be at least 45%.	
69		2019.CSR2.subpart1, 2020.CSR2.subpart3	4		3 - EDUCATION, SCIENCE AND RESEARCH - Modernisation of higher education	Milestone	Digital transformation of higher education	Information system Central Records of Higher Education of the Republic of Croatia is developed				Q1	2023	MSE	A prerequisite for the introduction of a new funding model is the existence of reliable data in records in higher education. Devising the Central Records of Higher Education of the Republic of Croatia, as the central information system in higher education, will connect individual information systems (records) in higher education, which will enable better analysis of data from higher education systems and their connection with other national information systems. This will enable quality monitoring of indicators important for the adoption of national policies, including mobility, progress through studies, graduation and employability of students in certain studies, employment, promotion and mobility of teachers and more.	
70		2019.CSR2.subpart1, 2020.CSR2.subpart3	4		3 - EDUCATION, SCIENCE AND RESEARCH - Modernisation of higher education	Milestone	Digital transformation of higher education	Technical report on investment in digital infrastructure in higher education institutions has been prepared				Q1	2023	MSE	The Technical Assistance Project (OECD) will conduct research on the digital maturity of higher education institutions, which will be the basis for the development of methodology and proposals for investing in digital infrastructure belonging to higher education institutions (Document: technical report on investment in digital infrastructure of higher education institutions). According to the report, the digital infrastructure of higher education institutions will be improved as envisaged by the National Recovery and Resilience Plan (NRRP).	

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Targeted value	Quarter	Year			
71		2019.CSR2.subpart1, 2020.CSR2.subpart4	4	1	3 - EDUCATION, SCIENCE AND RESEARCH - Structural reform of the education system	Milestone	Model of all-day school devised	A document has been prepared based upon which the experimental implementation of the all-day school model will begin				Q2	2022	MSE	The all-day school model will be prepared based on available analyses from European comparative reports and a detailed analysis of standards and norms related to school buildings, class formation, teacher norms and the like, in close cooperation with stakeholders through established consultation procedures.	55,523,788
72		2019.CSR2.subpart1, 2020.CSR2.subpart4	4		3 - EDUCATION, SCIENCE AND RESEARCH - E-Schools Project: Development of Digitally Mature School System (Phase II)	Target	Proportion of primary and secondary schools at the level of e-enabled digital maturity		%	0	48,4	Q1	2023	MSE, CARNET	Proportion of primary schools at the middle level of digital maturity (level 3).	221,814,291

#### 4 - LABOUR MARKET AND SOCIAL PROTECTION

73	287	2019.CSR2.subpart3, 2020.CSR2.subpart1, 2020.CSR3.subpart6	8	4	4 - LABOUR MARKET AND SOCIAL PROTECTION - C4.1. R1 Development and implementation of new targeted active labour market policies for the purposes of green and digital transition of the labour market	Target	Including unemployed and employed persons in active employment policy measures	Including 5,000 persons in the active employment policy measures for green/digital transition	Number of beneficiaries	0	5000	Q4	2022	MLPSFSP	In 2022, special active employment policy measures will be implemented with the aim of a green and digital transition of the economy, based on employment support measures, traineeship support and self-employment support.	216,200,000
74	292	2019.CSR2.subpart1, 2020.CSR2.subpart4	8	1	4 - LABOUR MARKET AND SOCIAL PROTECTION - C4.1. R3-II Use of an education voucher system for the unemployed and employed	Target	Inclusion of the unemployed and employed in education for acquiring green and digital skills	Including 4,000 beneficiaries for education vouchers	Number of beneficiaries	0	4000	Q4	2022	MLPSFSP	From 2022, it will be possible to use education vouchers in order to adapt the unemployed and employed to the green/digital transition of the economy.	105,000,000
75	294	2019.CSR2.subpart3, 2020.CSR2.subpart1	8, 10	2, 5, 6, 7, 9	4 - LABOUR MARKET AND SOCIAL PROTECTION - C4.1. R4 Improvements to the labour legislation	Milestone	Adoption of the Law on Tackling Undeclared Work and the new Labour Law	Entry into force of the Law on Tackling Undeclared Work and the Act amending				Q4	2022	MLPSFSP	The amended or new Labour Act shall regulate outplace work and platform work, limit the number of successive temporary contracts, strengthen the right to work for other employers and revise the 65-year retirement clause, change the provisions on financing of sick leave and severance for workers at retirement age, encourage	

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Targeted value	Quarter	Year			
								the Labour Law							additional employment and part-time employment, redefine the provisions on wages so that their determination is transparent and predictable, respecting the autonomy of the social partners, and include provisions to allow flexibility in working time and place of work and reduce the gender pay gap. Alignment of the new Act with the EU Directive on work-life balance and the EU Directive on Transparent and Predictable Working Conditions will increase women's employment and reduce the gender gap, as well as job stability and information on working conditions. The new or amended Act on Suppressing Undeclared Work shall define undeclared work and all its manifestations, strengthen inspections and laying down misdemeanour provisions, regulate the process of transferring workers from undeclared to declared work.	
76	297	2019.CSR2.subpart2, 2020.CSR2.subpart2	1	15	4 - LABOUR MARKET AND SOCIAL PROTECTION - C4.2. R1 Increasing pension adequacy through continued pension reform	Milestone	Adoption of amendments to the Pension Insurance Act	Entry into force of the new or amended Pension Insurance Act.				Q1	2023	MLPSFSP	The amendments to the Pension Insurance Act shall increase the minimum pension and the pension factor used to calculate the amount of the survivor's pension to make it possible to use part of the survivor's pension in addition to a personal pension (old/invalidity) under conditions related to age and income, for lower income pensioners.	1,200,000,000
77	309	2019.CSR2.subpart3, 2020.CSR2.subpart4, 2020.CSR2.subpart1	1, 8	12	4 - LABOUR MARKET AND SOCIAL PROTECTION - C4.3. R2 Development of social mentoring service	Target	Training of at least 220 social mentoring professionals		Number	0	220	Q2	2022	MLPSFSP	The training of social workers to provide social mentorship services will allow the introduction and availability of social mentorship services to potential users with the aim of their return or entry on the labour market, and strengthening their social and life skills, and social integration and activation of inactive part gravitating towards employable groups on the labour market, improving capacities of social welfare centres and services for employment to handle cases together and their better cooperation and exchanging of data.	640,000

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Targeted value	Quarter	Year			
78	313		1	12, 17	4 - LABOUR MARKET AND SOCIAL PROTECTION - C4.3. R3 Developing community-based services to prevent institutionalisation	Milestone	Adoption of standards of treatment for family assistants	Adoption of standards of treatment for family assistants				Q4	2022	MLPSFSP	Developed standards to regulate activities of family assistants shall enable the harmonised provision of on-the-spot services in the beneficiary's home in cooperation with other stakeholders at the local community level.	250.000
79			1	11	4 - LABOUR MARKET AND SOCIAL PROTECTION – REDUCING POVERTY, Child Guarantee	Milestone	Adoption of the national implementation plan for the Child Guarantee	Adoption of the national implementation plan for the Child Guarantee				2Q	2022	MLPSFSP	To establish the Child Guarantee in Croatia, a draft National Implementation Plan is being prepared based on an in-depth analysis of policies, programs, services, budgets and mechanisms dealing with child poverty, social exclusion and access to services in Croatia, which will improve national policies and programs in relation to child poverty and social exclusion issues and their monitoring and evaluation.	
80		2019.CSR2.subpart3, 2019.CSR2.subpart2, 2020.CSR2.subpart1, 2020.CSR2.subpart2	8	13	4 - LABOUR MARKET AND SOCIAL PROTECTION - REDUCING POVERTY, Analysis of the adequacy of monetary assistance during a period of unemployment	Milestone	Conducting the analysis of the adequacy of monetary assistance during a period of unemployment	Conducting the analysis of the adequacy of monetary assistance during a period of unemployment				Q4	2022	MLPSFSP	To provide adequate material and legal protection for the unemployed, an analysis of unemployment benefits will be conducted. The content of the analysis will include the amount, duration and conditions for exercising the right to monetary assistance at the level of comparable EU countries and the structure of beneficiaries of monetary assistance. Based on the results of the analysis, appropriate legislative changes will be made.	500,000
81			1, 2	12	4 - LABOUR MARKET AND SOCIAL PROTECTION - REDUCING POVERTY, Support to the most need	Target	Providing assistance of the most needy by distributing food and/or basic material assistance		Number of persons who have received assistance in kind and financed through the REACT EU FEAD project	0	35.000	Q4	2022	MLPSFSP	Implementation of the Call for Poverty Reduction Call by providing assistance to the most deprived persons through the distribution of food and/or basic material assistance - Phase IV, REACT EU FEAD Operational Programme.	

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Targeted value	Quarter	Year			
82			5	3, 11	4 - LABOUR MARKET AND SOCIAL PROTECTION - Increasing social security for families with children	Milestone	New Act on Maternity and Parental Benefits	Coming into force of the new Act on Maternity and Parental Benefits				Q3	2022	CSODY	Aligning legislation with Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU. The plan is to introduce maternity leave for father as a new right in the system of maternity and parental benefits amounting to a duration of 10 working days. The plan is also to raise the maximum wage amount for employed and self-employed beneficiaries of parental leave.	
<b>5 - HEALTH CARE SYSTEM</b>																
83	318	2020.CSR1.subpart2	3	16	5 - HEALTH CARE - C5.1. R1 Improving the efficiency, quality and accessibility of the health system		Entry into force of the Health System Performance Assessment Framework	Entry into force of the Health System Performance Assessment Framework				Q3	2022	MH	The Health System Performance Assessment (HSPA), shall establish a health performance measurement framework, set-out of key performance indicators according to a defined assessment methodology, linked to the process of linking measures to the objectives set out in the national strategy papers and reforms, the timeliness of the data, and to improve the monitoring of health outcomes.	
84	323	2020.CSR1.subpart2	3		5 - HEALTH CARE - C5.1. R1-I4 Digital imaging diagnostics KBC Split	Milestone	Modernisation of health services in Clinical Hospital Centre KBC Split	Purchased equipment for the Clinical Institute for Diagnostic and Intervention Radiology KBC Split				Q4	2022	KBC Split	Installing of equipment for the Clinical Institute for Diagnostic and Intervention Radiology and at the Clinical Nuclear Medicine Institute and construction and equipment of a hybrid endoscopic room at the Gastroenterology Institute, to allow for the introduction of new diagnostic and therapeutic procedures in Clinical Hospital Centre KBC Split. The installed equipment shall be at least magnetic resonance 3T, neurointervention digital DSA angio room, digital diascopic X-ray machine, endoscopic gastroenterological room.	40,248,750
85	336	2019.CSR1.subpart1, 2019.CSR1.subpart2, 2020.CSR1.subpart2	3		5 - HEALTH CARE - C5.1. R4 Ensuring the financial sustainability of the health system	Milestone	Amendment of the Health Care Act and Compulsory Health Insurance Act	Entry into force of the Acts Amending the Health Care Act and the Compulsory				Q4	2022	MH	The amendments to the Health Care Act shall allow the new Joint Procurement Decision to be binding also on those health institutions whose participation has so far been voluntary and shall consequently increase the number of stakeholders covered by the joint procurement. -The Single Office for Emergency Medicine improves the organisation of emergency	

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Targeted value	Quarter	Year			
							Health Insurance Act							<p>medicine activities and carries out operational tasks throughout the territory of the Republic of Croatia through certain organisational units;</p> <p>-The reorganisation of the public health service shall contribute to increasing efficiency and strengthen the public health system, with a particular focus on prevention and early diagnosis, improved response in emergency and special circumstances (pandemics);</p> <p>-Transferring the management rights of the hospitals currently managed by the counties and the City of Zagreb to the Republic of Croatia in order to achieve rational and quality use of existing capacities, improve the availability and quality of healthcare by reorganising the hospital management model.</p> <p>The amendments to the Compulsory Health Insurance Act shall establish a clear and transparent criteria for determining the programme of health care measures under compulsory health insurance, the bodies that shall establish and adopt a programme of measures and the scope of health care to be covered by compulsory health insurance and compliance with other legislation. The Act shall aims at:</p> <p>-Making healthcare more accessible and timely for insured persons when they need it;</p> <p>-Reduction of waiting lists for individual medical services, optimisation and, in this connection, better distribution of available healthcare resources from compulsory health insurance</p> <p>-Provide finance for the purpose of achieving financial stability, its sustainability and, in this connection, improving the situation of insured persons in the exercise of statutory health insurance;</p> <p>-Insert provision to favour the contracting entities of the HZZO as healthcare providers from compulsory health insurance, as regards</p>		

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Target value	Quarter	Year			
														the payment of the HZZO's obligations towards them within the time limits prescribed by law, in order to guarantee the right to health care for insured persons.		
86	343	2020.CSR1.subpart2, 2020.CSR2.subpart3	3		5 – HEALTH CARE - C5.1. R5-15 Digitalisation and equipping of Clinical Hospital 'KB Merkur' diagnostic units	Target	Diagnostic units Clinical Hospital Centre (KBC) Merkur		Number	0	4	Q1	2023	KB Merkur	To improve the quality of the service, increase the number of patient treatments, speed up and increase the availability and quality of healthcare for all categories of patients the equipment shall be installed for at least 4 diagnostic units at Clinical Hospital Centre (KBC) Merkur. The installed equipment shall consist of: -Apparatus for transthoracic and transesogastric echocardiography; -Three monitors for coronary unit purposes; -System for telemetry of patients in the open ward; -Stronger power ultrasound; -Lower power ultrasound; -Magnetic resonance MR 3T; -Mammography scanner; -Multi-slice computer tomography (MSCT); -Ultrasound; -Ultrasound with 3D/4D convex, 3D/4D vaginal, 2 D vaginal and 2D convex probe and printer; -Ultrasound High Class Color Doppler.	30,550,000
87	346	2020.CSR1.subpart2, 2020.CSR2.subpart3	3		5 - HEALTH CARE - C5.1. R5 eHealth	Milestone	Improvement and extension of telemedical services	Entry into force of a national telemedical framework extending the scope of telemedical services				Q4	2022	Croatian Institute of Emergency Medicine (CIEM)	The reform shall introduce provisions for the establishment of a functional national telemedical framework for the transmission of patient vital parameters from Emergency Health Service (HMS) to Joint Emergency Hospital Service (OHBP) and remote monitoring of outpatient Emergency Health Service (HMS). The project shall deliver: i). Situational analysis; ii) National framework for establishing remote Emergency Health Service (HMS) surveillance and iii) An action plan for the introduction of supervision and a framework for monitoring implementation. Given the limited resources and duration of technical assistance, the teleradiology component shall only be an introductory	



RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESDP					Unit measures	Initial value	Targeted value	Quarter	Year			
														component at the level of best practice mapping.		
88	348	2020.CSR1.subpart2	3		5 - HEALTH CARE - C5.1. R5-I2 TELECORDIS	Target	Telecardiological services	Number	0	40	Q1	2023	Croatian Institute of Emergency Medicine (CIEM)	The objective of the TeleCordis project is to install the medical and computer equipment necessary for the performance of electrocardiogram (ECG) holter, pressure holter and 12 channel electrocardiogram (ECG) services in remote and rural areas which are insufficiently covered by those services, such as not having a cardiology specialist at their disposal. The equipment shall be purchased (package per centre) and placed in at least 40 telemedical access centres. The programme shall connect with telemedical specialist centres and provides a telecardiology service.	5,224,800	
89	349	2020.CSR1.subpart2	3		5 - HEALTH CARE - C5.1. R5-I3 Teletransfusion	Target	Teletransfusion services	Number	0	35	Q4	2022	Croatian Institute of Emergency Medicine (CIEM)	The Teletransfusion project shall support the existing digital treatment process infrastructure where it uses the patient data obtained from the ePrescription and eDossier needed to start treatment in a secondary or tertiary healthcare facility. The project shall connect hospital transfusion centres in Croatia's territory (at least 35 hospital transfusion centres) and shall make the service available 24 hours a day seven days a week. The equipment shall be purchased (package per centre) and placed in telemedical access centres, the programme shall connect with telemedical specialist centres and provides a teletransfusion service.	15,091,000	
90			3	16	5 - HEALTH CARE - Promoting healthy lifestyles and disease prevention	Target	Adoption of the National Strategy For Action in the Area of Addiction for the period 2022-2030	Number	0	1	Q4	2022	MH	National Strategy for Action in the Area of Addiction for 2022-2030 contains strategic goals, priorities and measures, which will effectively ensure responsibility for the implementation of the general national policy on addictions and behavioural addictions and establish a multidisciplinary and integrated approach on national, local and international levels. Also, the National Strategy contains guidelines that to identify the most effective response from society to the modalities and		

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Targeted value	Quarter	Year			
														trends of consumption and abuse of addictive substances in society.		
91			3	16	5 – HEALTH CARE - Promoting healthy lifestyles and disease prevention	Target	2022.-2030. Adoption of the National Strategy for Mental Health Development 2022-2030		Number	0	1	Q4	2022	MH	Strategic goals of the National Strategy for the Development of Mental Health 2022-2030 aim to improve the health of citizens throughout life and reduce the incidence of mental disorders. Specific goals in implementation of the National Strategy are in the areas of mental health promotion, prevention and early detection of mental health problems, improvement of treatment and rehabilitation with a contribution to the protection of human rights of people with mental health problems and community mental health activities.	
<b>6 - RENOVATION OF BUILDINGS</b>																
92	353	2019.CSR3.subpart3, 2020.CSR3.subpart8	7, 11, 12, 13	3, 17, 19	6 - RENOVATION OF BUILDINGS - C6.1. R1-I1 Energy renovation of buildings	Target	Contracts signed for the energy renovation of public and multi-dwelling buildings		Number	0	66.361.404	Q4	2022	MPPCDA, APN, SDUSZ	Contracts signed providing EUR 66,361,404 for energy renovation of buildings. All contracts to state the relevant energy efficiency requirement of a minimum reduction of energy consumption for heating by at least 50% compared to the annual energy consumption for heating prior to the renovation for each building (except for building with a status of a cultural good), which shall deliver an increase of 30% primary energy savings compared to pre-renovation state and respecting the “do no significant harm principle” as set out in Article 17 of Regulation (EU) 2020/852 on establishing a framework to facilitate sustainable investment.	1,843,929,591
93	359	2020.CSR2.subpart4, 2020.CSR2.subpart1	4, 7, 11, 13	1, 3, 5	6 - RENOVATION OF BUILDINGS - Developing a framework for ensuring adequate skills in the context of green jobs needed for post-earthquake reconstruction	Milestone	Publication of the National Skills Development Plan in the context of green jobs related to energy efficiency and post-earthquake reconstruction	Publication on the official website of the Ministry of Physical Planning, Construction and State Assets				Q4	2022	MPPCDA	The publication of the National Skills Development Plan that shall improve the skills of green jobs in the context of energy renovation, post-earthquake renovation, green infrastructure, application of nature-based solutions and circular management of space and building, based on a review of existing programmes and preparation and adaptation of educational programmes defined by the reform.	

RB	Reference				Measure (reform or investment)	Milestone / Target	Name	Qualitative indicators (for milestones)	Qualitative indicators (for targets)			Implementation period		Authority	Description of milestone and target	Cost of implementation (all sources in kuna)
	NR RP	CSR	SDG	ESSP					Unit measures	Initial value	Targeted value	Quarter	Year			
94	363	2019.CSR3.subpart3, 2020.CSR3.subpart8	7, 11, 13, 16	3, 10	6 - RENOVATION OF BUILDINGS - Increasing efficiency, reduction of administrative burden and digitalisation of the renovation process	Milestone one	On-line one-stop-shop for energy renovation and seismic reinforcement set up and operational	On-line one-stop-shop operational				Q4	2022	MPPCDA	Putting into operation of an on-line one-stop-shop system bringing together all the necessary information for energy renovation and post-earthquake reconstruction. The one-stop-shop shall be implemented in two phases: (i) emergency services necessary for the urgent structural renovation and necessary restoration of damage in order to ensure a level of safety for citizens and facilities; (ii) integrating all other services and information needed for comprehensive and energy renovation with the services and information included for the 'build back better' concept.	11,500,000
95	366				6 - RENOVATION OF BUILDINGS - C6.1.R4-I1 – Seismological data network development		Acquisition of new seismic equipment		Number	0	300	Q4	2022	MSE	The investment shall strengthen the organisational and infrastructure capacity of the Seismological Survey of the Republic of Croatia through the purchase of at least 300 equipment units in order to increase the quality of the collection, processing and application of the seismic data needed for the renovation process of buildings, planning for the development of new facilities and monitoring of public infrastructure, as well as strengthening Croatia's resilience to earthquakes and associated risks.	38,868,000

## Appendix 4. Report on the implementation of the European Pillar of Social Rights: Description of Main Measures and Their Estimated Impact

Principle	List of main measures	Estimated effect of measures (qualitative and quantitative)
1. Education, training and life-long learning	Adoption of the Model for the Financing of Early Childhood Education and Care	The Croatian Government shall adopt a model for financing the operating costs of ECEC facilities for municipalities/local government units with less financial capacity, in order to ensure the sustainability of the investment after the renovation of existing or construction of new ECEC facilities.
	Inclusion of the unemployed and employed in education for acquiring green and digital skills	From 2022, it will be possible to use education vouchers in order to adapt the unemployed and employed to the green/digital transition of the economy.
	Publication of the National Skills Development Plan in the context of green jobs related to energy efficiency and post-earthquake reconstruction  <i>Contributes to achieving Principles 3 and 5</i>	The publication of the National Skills Development Plan that shall improve the skills of green jobs in the context of energy renovation, post-earthquake renovation, green infrastructure, application of nature-based solutions and circular management of space and building, based on a review of existing programmes and preparation and adaptation of educational programmes defined by the reform.
	Drafting and development of vocational curricula harmonised with the CROQF and the needs of the labour market	The development of vocational curricula in line with the CROQF concept will achieve a strong link with the needs of the labour market through developed occupational standards and qualification standards.
	Development of formal adult education programs harmonised with the CROQF	To fully harmonise formal adult education programs with the Croatian Qualifications Framework, thus increasing the quality of programs and their implementation.
	Awarding scholarships to students of lower socioeconomic status	Scholarships for Students of Lower Socio-Economic Status aim to increase the availability of higher education, improve the social dimension of higher education and increase the completion rate in higher education by providing state scholarships for students of lower socioeconomic status. The project annually awards 10,000 grants directly to students of lower socioeconomic status.
	Awarding scholarships to students in STEM priority areas	The procedure for awarding state scholarships in STEM areas of science is carried out within the project Awarding Scholarships to Students in Priority Areas of STEM. The goal of the annual award of 3,400 scholarships is to focus on study programs that have the greatest prospects of generating economic growth in the Republic of Croatia while encouraging structural harmonisation of education and qualifications with labour market needs and employment of graduates, in the continuation of dominance of study programs in social sciences and the humanities at a ratio of 60:40.
	Adoption of the National Plan for the Development of the Education System 2021-2027	In the National Plan for the Development of the Education System 2021-2027 will include an indicator on the basis of which the Action Plan for the Implementation of the European Pillar of Social Rights (Involvement in Adult Education in the Last Year) will increase the rate of adults (age groups 25-64) in education and training in the last year and 2027 to be at least 45%.
	Model of all-day school devised	The all-day school model will be prepared based on available analyses from European comparative reports and a detailed analysis of standards and norms related to school buildings, class formation, teacher norms and the like, in close cooperation with stakeholders through established consultation procedures.
2. Gender equality	Article 3. The Gender Equality Act obliges making assessments and evaluations of the effects acts, decisions or actions on the position of women or men, in all phases of	This is a horizontal principle that is an integral part of the activities carried out by Croatia and, and depends on the type of project, with the need to include all groups related to gender equality and equal opportunities is taken into account. A detailed explanations of the planned reforms and investments related to the contribution to this principle are contained in the NRRP, subchapters Gender Equality and Equal Opportunities for All" (pp. 52, 449, 816, 903, 973, 1090, 1141 -

Principle	List of main measures	Estimated effect of measures (qualitative and quantitative)
	planning, adoption and implementation of legal acts, decisions or actions, in order to achieve real equality.	<a href="https://bit.ly/3KCiOAz">https://bit.ly/3KCiOAz</a> which describe the compliance of planned reforms and investments with the principles of the 2nd and 3rd European Pillars of Social Rights.
<b>3. Equal opportunities</b>	As in the previous	
<b>4. Active support to employment</b>	Including unemployed and employed persons in active employment policy measures	In 2022, special active employment policy measures will be implemented with the aim of a green and digital transition of the economy, based on employment support measures, traineeship support and self-employment support.
<b>5. Secure and adaptable employment</b>	Adoption of the Act on Suppression of Undeclared Work and the new Labour Law  <i>Also contributes to Principles 2, 6, 7 and 9</i>	The amended or new Labour Act shall regulate outplace work and platform work, limit the number of successive temporary contracts, strengthen the right to work for other employers and revise the 65-year retirement clause, change the provisions on financing of sick leave and severance for workers at retirement age, encourage additional employment and part-time employment, redefine the provisions on wages so that their determination is transparent and predictable, respecting the autonomy of the social partners, and include provisions to allow flexibility in working time and place of work and reduce the gender pay gap. Alignment of the new Act with the EU Directive on work-life balance and the EU Directive on Transparent and Predictable Working Conditions will increase women's employment and reduce the gender gap, as well as job stability and information on working conditions. The new or amended Act on Suppressing Undeclared Work shall define undeclared work and all its manifestations, strengthen inspections and laying down misdemeanour provisions, regulate the process of transferring workers from undeclared to declared work.
	Contribution by Croatia to EU emission reduction by 55% by 2030  <i>Also contributes to achieving Principle 8</i>	For 2019, Croatia was allowed a national annual quota of 19,105,632 tCO <sub>2</sub> -eq, while actual emissions for 2019 (outside the trading system) were 16,058,241 tCO <sub>2</sub> -eq. Following the European Commission's audit in 2022, the actual emissions will be known for 2020 and in 2023 for 2021.
	year Action Plan for the implementation of priority measures from the Low Carbon Development Strategy	An action plan will be drawn up to implement the priority measures of the Low Carbon Development Strategy, which will include new national commitments to achieve the EU's common goal of reducing greenhouse gas emissions by 55% by 2030 and achieving EU climate neutrality by 2050.
	Drawing up the planning framework for the implementation of the Climate Change Adaptation Strategy  <i>Also contributes to achieving Principle 8</i>	An action plan for the implementation of priority measures from the Climate Change Adaptation Strategy for the first five-year period will be developed.
	Drafting the legislative framework for investing funds from the EU Modernization Fund 2021-2030  <i>Also contributes to achieving Principle 8</i>	The regulation will be drafted which will prescribe the competent authorities and other rules for the implementation of the EU Modernisation Fund 2021-2030. Funds are available to Croatia for 100% of the financing of decarbonisation in Croatia (total funds available for Croatia are at least HRK 5.9bn / EUR 782.51m by 2030).
<b>6. Wages</b>		
<b>7. Information about employment conditions and protection in case of dismissals</b>		
<b>8. Social dialogue and involvement of workers</b>		

Principle	List of main measures	Estimated effect of measures (qualitative and quantitative)
<b>9. Work-life balance</b>		
<b>10. Healthy, safe and well-adapted work environment and data protection</b>	On-line one-stop-shop for energy renovation and seismic reinforcement set up and operational <i>Also contributes to achieving Principle 3</i>	Putting into operation of an on-line one-stop-shop system bringing together all the necessary information for energy renovation and post-earthquake reconstruction. The one-stop-shop shall be implemented in two phases: (i) emergency services necessary for the urgent structural renovation and necessary restoration of damage in order to ensure a level of safety for citizens and facilities; (ii) integrating all other services and information needed for comprehensive and energy renovation with the services and information included for the 'build back better' concept.
	A five-year action plan for the operational implementation of the Low Carbon Development Strategy with new ambitious targets for reducing greenhouse gas emissions. <i>Also contributes to achieving Principle 16</i>	Development and implementation of an action plan for planting an additional million trees per year, which will define implementation activities, available and areas suitable for planting, types and approximate quantities of forest and ornamental reproductive material according to climate, stakeholders and sources of financing and total estimated implementation costs.
<b>11. Childcare and support to children</b>	Adoption of the national implementation plan for the Child Guarantee	To establish the Child Guarantee in Croatia, a draft National Implementation Plan is being prepared based on an in-depth analysis of policies, programs, services, budgets and mechanisms dealing with child poverty, social exclusion and access to services in Croatia, which will improve national policies and programs in relation to child poverty and social exclusion issues and their monitoring and evaluation.
	New Act on Maternity and Parental Benefits <i>Also contributes to achieving Principle 3</i>	Aligning legislation with Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU. The plan is to introduce maternity leave for father as a new right in the system of maternity and parental benefits amounting to a duration of 10 working days. The plan is also to raise the maximum wage amount for employed and self-employed beneficiaries of parental leave.
<b>12. Social protection</b>	Training of at least 220 social mentoring professionals	The training of social workers to provide social mentorship services will allow the introduction and availability of social mentorship services to potential users with the aim of their return or entry on the labour market, and strengthening their social and life skills, and social integration and activation of inactive part gravitating towards employable groups on the labour market, improving capacities of social welfare centres and services for employment to handle cases together and their better cooperation and exchanging of data.
	Adoption of standards of treatment for family assistants <i>Also contributes to achieving Principle 17</i>	Developed standards to regulate activities of family assistants shall enable the harmonised provision of on-the-spot services in the beneficiary's home in cooperation with other stakeholders at the local community level.
	Providing assistance of the most needy by distributing food and/or basic material assistance	Implementation of the Call for Poverty Reduction Call by providing assistance to the most deprived persons through the distribution of food and/or basic material assistance - Phase IV, REACT EU FEAD Operational Programme.
<b>13. Unemployment benefits</b>	Conducting the analysis of the adequacy of monetary assistance during a period of unemployment	To provide adequate material and legal protection for the unemployed, an analysis of unemployment benefits will be conducted. The content of the analysis will include the amount, duration and conditions for exercising the right to monetary assistance at the level of comparable EU countries and the structure of beneficiaries of monetary assistance. Based on the results of the analysis, appropriate legislative changes will be made.
<b>14. Minimum income</b>		
<b>15. Old age income and pensions</b>	Adoption of amendments to the Pension Insurance Act	The amendments to the Pension Insurance Act shall increase the minimum pension and the pension factor used to calculate the amount of the survivor's pension to make it possible to use part of the survivor's pension in addition to a personal pension (old/invalidity) under conditions related to age and income, for lower income pensioners.

Principle	List of main measures	Estimated effect of measures (qualitative and quantitative)
<b>16. Health care</b>	Entry into force of the Health System Performance Assessment Framework	The Health System Performance Assessment (HSPA), shall establish a health performance measurement framework, set-out of key performance indicators according to a defined assessment methodology, linked to the process of linking measures to the objectives set out in the national strategy papers and reforms, the timeliness of the data, and to improve the monitoring of health outcomes.
	Adoption of the National Strategy For Action in the Area of Addiction for the period 2022-2030	National Strategy for Action in the Area of Addiction for 2022-2030 contains strategic goals, priorities and measures, which will effectively ensure responsibility for the implementation of the general national policy on addictions and behavioural addictions and establish a multidisciplinary and integrated approach on national, local and international levels. Also, the National Strategy contains guidelines that to identify the most effective response from society to the modalities and trends of consumption and abuse of addictive substances in society.
	Adoption of the National Strategy for Mental Health Development 2022-2030	Strategic goals of the National Strategy for the Development of Mental Health 2022-2030 aim to improve the health of citizens throughout life and reduce the incidence of mental disorders. Specific goals in implementation of the National Strategy are in the areas of mental health promotion, prevention and early detection of mental health problems, improvement of treatment and rehabilitation with a contribution to the protection of human rights of people with mental health problems and community mental health activities.
<b>17. Inclusion of people with disabilities</b>		
<b>18. Long-term care</b>		
<b>19. Housing and assistance for the homeless</b>	The online platform for food waste prevention and upgraded food donation IT system <i>Also contributes to achieving Principles 2 and 3</i>	The online platform on food waste prevention and reduction shall be launched to disseminate best practices, raise awareness and educate about the issue of food waste and food donation. The food donation IT system, which is already in operation, shall be upgraded with new functionalities, of which the possibility of regional governance of the system and statistical representation of data are highlighted.
<b>20. Access to essential services</b>	Entry into force of legislation and/or regulation to improve uptake of renewable energy sources, including introduction of a premium-based system for the support of renewable energy sources.	Revised Electricity Market Act and High-Efficiency Cogeneration Act shall alleviate barriers and administrative procedures restraining higher uptake of renewable energy sources, including measures to promote the renewable energy self-consumption and renewable energy communities. Premium-based system for the support of renewable energy sources will be fully operational.
	The National Plan for the Development of Railway Infrastructure and the National Management Plan for Railway Infrastructure and Service Facilities	The National Plan for the Development of Railway Infrastructure shall determine projects and activities necessary for the development of railway infrastructure. The National Management Plan for Railway Infrastructure and Service Facilities shall determine projects and activities for management, organization of railway traffic regulation and development of railway transport services.
	The new Maritime Domain and Seaports Act	The new Maritime Domain and Seaports Act shall reorganise the structure of the port system open to public traffic, which aims to ensure uniformity in the implementation of the legal obligations to operate public ports and rationalise management costs.
	New cable ferry 'Križnica' operational across the River Drava in the Municipality of Pitomača	This investment shall result in the construction of a solar-powered electric cable ferry connecting the mainland to the island of Križnica, in operation with the approval of the Croatian Register of Shipping.
	Grant agreement signed for the construction of passive electronic communications infrastructure	Signature of the Grant Agreement and start of project implementation for the construction of passive electronic communications infrastructure

## Appendix 5. Report on SDGs: Description of Main Measures in the Future and Their Estimated Impact

SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
1. End poverty in all its forms everywhere	Adoption of amendments to the Pension Insurance Act	The amendments to the Pension Insurance Act shall increase the minimum pension and the pension factor used to calculate the amount of the survivor's pension to make it possible to use part of the survivor's pension in addition to a personal pension (old/invalidity) under conditions related to age and income, for lower income pensioners.
	Training of at least 220 social mentoring professionals <i>Also contributes to achieving SDG 8</i>	The training of social workers to provide social mentorship services will allow the introduction and availability of social mentorship services to potential users with the aim of their return or entry on the labour market, and strengthening their social and life skills, and social integration and activation of inactive part gravitating towards employable groups on the labour market, improving capacities of social welfare centres and services for employment to handle cases together and their better cooperation and exchanging of data.
	Adoption of standards of treatment for family assistants	Developed standards to regulate activities of family assistants shall enable the harmonised provision of on-the-spot services in the beneficiary's home in cooperation with other stakeholders at the local community level.
	Amendments to the Act on Development Cooperation and Humanitarian Aid for Abroad Adoption of the National Plan for Development Cooperation and Humanitarian Aid of the Republic of Croatia for the period 2022-2026. <i>Also contributes to achieving SDG 17</i>	Development cooperation and humanitarian aid from the Republic of Croatia is based on the Development Cooperation and Humanitarian Aid Abroad Act of 2008 and the National Strategy for Development Cooperation of the Republic of Croatia for the period 2017-2021. We are currently working on amendments to the existing Act in order to comply with national strategic priorities and global goals of sustainable development, as well as on the new National Plan for Development Cooperation and Humanitarian Aid of the Republic of Croatia for the period 2022-2026. year.
	Announcement of the second Public call for financing international development cooperation projects with civil society organizations <i>Also contributes to achieving SDG 17</i>	In 2021, a Public Call was announced to finance international development cooperation projects aimed at empowering vulnerable groups in society, fostering economic development and strengthening democracy in neighbouring countries, Eastern Europe and Africa. The funds were awarded to civil society organisations with experience in implementing humanitarian development projects abroad. In all, 11 associations, which received funding, began implementing project activities in the second half of 2021 and are expected to be completed in 2022. Also in the second half, a new Public Call for funding international development cooperation projects abroad is expected.
	Adoption of the national implementation plan for the Child Guarantee	To establish the Child Guarantee in Croatia, a draft National Implementation Plan is being prepared based on an in-depth analysis of policies, programs, services, budgets and mechanisms dealing with child poverty, social exclusion and access to services in Croatia, which will improve national policies and programs in relation to child poverty and social exclusion issues and their monitoring and evaluation.
	Providing assistance of the most needy by distributing food and/or basic material assistance <i>Also contributes to achieving SDG 2</i>	Implementation of the Call for Poverty Reduction Call by providing assistance to the most deprived persons through the distribution of food and/or basic material assistance - Phase IV, REACT EU FEAD Operational Programme.
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture	The online platform for food waste prevention and upgraded food donation IT system	The online platform on food waste prevention and reduction shall be launched to disseminate best practices, raise awareness and educate about the issue of food waste and food donation. The food donation IT system, which is already in operation, shall be upgraded with new functionalities, of which the possibility of regional governance of the system and statistical representation of data are highlighted.



SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
3. Ensure healthy lives and promote well-being for all at all ages	Entry into force of the Health System Performance Assessment Framework	The Health System Performance Assessment (HSPA), shall establish a health performance measurement framework, set-out of key performance indicators according to a defined assessment methodology, linked to the process of linking measures to the objectives set out in the national strategy papers and reforms, the timeliness of the data, and to improve the monitoring of health outcomes.
	Modernisation of health services in Clinical Hospital Centre KBC Split	Installing of equipment for the Clinical Institute for Diagnostic and Intervention Radiology and at the Clinical Nuclear Medicine Institute and construction and equipment of a hybrid endoscopic room at the Gastroenterology Institute, to allow for the introduction of new diagnostic and therapeutic procedures in Clinical Hospital Centre KBC Split. The installed equipment shall be at least magnetic resonance 3T, neurointervention digital DSA angio room, digital diascopic X-ray machine, endoscopic gastroenterological room.
	Amendment of the Health Care Act and Compulsory Health Insurance Act	<p>The amendments to the Health Care Act shall allow the new Joint Procurement Decision to be binding also on those health institutions whose participation has so far been voluntary and shall consequently increase the number of stakeholders covered by the joint procurement.</p> <ul style="list-style-type: none"> <li>-The Single Office for Emergency Medicine improves the organisation of emergency medicine activities and carries out operational tasks throughout the territory of the Republic of Croatia through certain organisational units;</li> <li>-The reorganisation of the public health service shall contribute to increasing efficiency and strengthen the public health system, with a particular focus on prevention and early diagnosis, improved response in emergency and special circumstances (pandemics);</li> <li>-Transferring the management rights of the hospitals currently managed by the counties and the City of Zagreb to the Republic of Croatia in order to achieve rational and quality use of existing capacities, improve the availability and quality of healthcare by reorganising the hospital management model.</li> </ul> <p>The amendments to the Compulsory Health Insurance Act shall establish a clear and transparent criteria for determining the programme of health care measures under compulsory health insurance, the bodies that shall establish and adopt a programme of measures and the scope of health care to be covered by compulsory health insurance and compliance with other legislation. The Act shall aims at:</p> <ul style="list-style-type: none"> <li>-Making healthcare more accessible and timely for insured persons when they need it;</li> <li>-Reduction of waiting lists for individual medical services, optimisation and, in this connection, better distribution of available healthcare resources from compulsory health insurance</li> <li>-Provide finance for the purpose of achieving financial stability, its sustainability and, in this connection, improving the situation of insured persons in the exercise of statutory health insurance;</li> <li>-Insert provision to favour the contracting entities of the HZZO as healthcare providers from compulsory health insurance, as regards the payment of the HZZO's obligations towards them within the time limits prescribed by law, in order to guarantee the right to health care for insured persons.</li> </ul>
	Diagnostic units Clinical Hospital Centre (KBC) Merkur	To improve the quality of the service, increase the number of patient treatments, speed up and increase the availability and quality of healthcare for all categories of patients the equipment shall be installed for at least 4 diagnostic units at Clinical Hospital Centre (KBC) Merkur. The installed equipment shall consist of: <ul style="list-style-type: none"> <li>-Apparatus for transthoracic and transesogastric echocardiography;</li> <li>-Three monitors for coronary unit purposes;</li> <li>-System for telemetry of patients in the open ward;</li> <li>-Stronger power ultrasound;</li> <li>-Lower power ultrasound;</li> <li>-Magnetic resonance MR 3T;</li> <li>-Mammography scanner;</li> </ul>

SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
		<ul style="list-style-type: none"> <li>-Multi-slice computer tomography (MSCT);</li> <li>-Ultrasound;</li> <li>-Ultrasound with 3D/4D convex, 3D/4D vaginal, 2 D vaginal and 2D convex probe and printer;</li> <li>-Ultrasound High Class Color Doppler.</li> </ul>
	Improvement and extension of telemedical services	<p>The reform shall introduce provisions for the establishment of a functional national telemedical framework for the transmission of patient vital parameters from Emergency Health Service (HMS) to Joint Emergency Hospital Service (OHBP) and remote monitoring of outpatient Emergency Health Service (HMS). The project shall deliver: i). Situational analysis; ii) National framework for establishing remote Emergency Health Service (HMS) surveillance and iii) An action plan for the introduction of supervision and a framework for monitoring implementation.</p> <p>Given the limited resources and duration of technical assistance, the teleradiology component shall only be an introductory component at the level of best practice mapping.</p>
	Telecardiological services	<p>The objective of the TeleCordis project is to install the medical and computer equipment necessary for the performance of electrocardiogram (ECG) holter, pressure holter and 12 channel electrocardiogram (ECG) services in remote and rural areas which are insufficiently covered by those services, such as not having a cardiology specialist at their disposal. The equipment shall be purchased (package per centre) and placed in at least 40 telemedical access centres. The programme shall connect with telemedical specialist centres and provides a telecardiology service.</p>
	Teletransfusion services	<p>The Teletransfusion project shall support the existing digital treatment process infrastructure where it uses the patient data obtained from the ePrescription and eDossier needed to start treatment in a secondary or tertiary healthcare facility. The project shall connect hospital transfusion centres in Croatia's territory (at least 35 hospital transfusion centres) and shall make the service available 24 hours a day seven days a week. The equipment shall be purchased (package per centre) and placed in telemedical access centres, the programme shall connect with telemedical specialist centres and provides a teletransfusion service.</p>
	Adoption of the National Strategy For Action in the Area of Addition for the period 2022-2030	<p>National Strategy for Action in the Area of Addiction for 2022-2030 contains strategic goals, priorities and measures, which will effectively ensure responsibility for the implementation of the general national policy on addictions and behavioural addictions and establish a multidisciplinary and integrated approach on national, local and international levels. Also, the National Strategy contains guidelines that to identify the most effective response from society to the modalities and trends of consumption and abuse of addictive substances in society.</p>
	Adoption of the National Strategy for Mental Health Development 2022-2030	<p>Strategic goals of the National Strategy for the Development of Mental Health 2022-2030 aim to improve the health of citizens throughout life and reduce the incidence of mental disorders. Specific goals in implementation of the National Strategy are in the areas of mental health promotion, prevention and early detection of mental health problems, improvement of treatment and rehabilitation with a contribution to the protection of human rights of people with mental health problems and community mental health activities.</p>
	<b>4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b>	Adoption of the Model for the Financing of Early Childhood Education and Care
Adoption of the new Act on Scientific Activity and Higher Education		<p>The new framework shall enable organisational reform of public universities and scientific institutes and introduce a performance-based funding model.</p>
Publication of the National Skills Development Plan in the context of green jobs related to energy efficiency and post-earthquake reconstruction <i>Also contributes to achieving SDG 7, 11 and 13</i>		<p>The publication of the National Skills Development Plan that shall improve the skills of green jobs in the context of energy renovation, post-earthquake renovation, green infrastructure, application of nature-based solutions and circular management of space and building, based on a review of existing programmes and preparation and adaptation of educational programmes defined by the reform.</p>

SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
	Drafting and development of vocational curricula harmonised with the CROQF and the needs of the labour market	The development of vocational curricula in line with the CROQF concept will achieve a strong link with the needs of the labour market through developed occupational standards and qualification standards.
	Development of formal adult education programs harmonised with the CROQF	To fully harmonise formal adult education programs with the Croatian Qualifications Framework, thus increasing the quality of programs and their implementation.
	Awarding scholarships to students of lower socioeconomic status	Scholarships for Students of Lower Socio-Economic Status aim to increase the availability of higher education, improve the social dimension of higher education and increase the completion rate in higher education by providing state scholarships for students of lower socioeconomic status. The project annually awards 10,000 grants directly to students of lower socioeconomic status.
	Awarding scholarships to students in STEM priority areas	The procedure for awarding state scholarships in STEM areas of science is carried out within the project Awarding Scholarships to Students in Priority Areas of STEM. The goal of the annual award of 3,400 scholarships is to focus on study programs that have the greatest prospects of generating economic growth in the Republic of Croatia while encouraging structural harmonisation of education and qualifications with labour market needs and employment of graduates, in the continuation of dominance of study programs in social sciences and the humanities at a ratio of 60:40.
	Adoption of the National Plan for the Development of the Education System 2021-2027	In the National Plan for the Development of the Education System 2021-2027 will include an indicator on the basis of which the Action Plan for the Implementation of the European Pillar of Social Rights (Involvement in Adult Education in the Last Year) will increase the rate of adults (age groups 25-64) in education and training in the last year and 2027 to be at least 45%.
	Digital transformation of higher education	A prerequisite for the introduction of a new funding model is the existence of reliable data in records in higher education. Devising the Central Records of Higher Education of the Republic of Croatia, as the central information system in higher education, will connect individual information systems (records) in higher education, which will enable better analysis of data from higher education systems and their connection with other national information systems. This will enable quality monitoring of indicators important for the adoption of national policies, including mobility, progress through studies, graduation and employability of students in certain studies, employment, promotion and mobility of teachers and more.
	Digital transformation of higher education	The Technical Assistance Project (OECD) will conduct research on the digital maturity of higher education institutions, which will be the basis for the development of methodology and proposals for investing in digital infrastructure belonging to higher education institutions (Document: technical report on investment in digital infrastructure of higher education institutions). According to the report, the digital infrastructure of higher education institutions will be improved as envisaged by the National Recovery and Resilience Plan (NRRP).
	Model of all-day school devised	The all-day school model will be prepared based on available analyses from European comparative reports and a detailed analysis of standards and norms related to school buildings, class formation, teacher norms and the like, in close cooperation with stakeholders through established consultation procedures.
Proportion of primary and secondary schools at the level of e-enabled digital maturity	Proportion of primary schools at the middle level of digital maturity (level 3).	
5. Achieve gender equality and empower all women and girls	Adoption of the National Plan for Gender Equality for the period from 2022 to 2027 and the Action Plan for Gender Equality 2022-2024	This is a national act on strategic planning that aims to establish a higher level of equality between women and men, with the emphasis on action in the field of human rights, work environment, combating all forms of violence, education, equal participation in decision-making, greater sensitivity for the diversity of needs in public policies and assistance provided by the Republic of Croatia to women through development cooperation
	Article 3. The Gender Equality Act obliges making assessments and evaluations of the effects acts, decisions or actions on the	This is a horizontal principle that is an integral part of the activities carried out by Croatia and, and depends on the type of project, with the need to include all groups related to gender equality and equal opportunities is taken into account. A detailed explanations of the planned reforms and investments related to the contribution to this principle are contained in

SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
	position of women or men, in all phases of planning, adoption and implementation of legal acts, decisions or actions, in order to achieve real equality.	the NRRP, subchapters Gender Equality and Equal Opportunities for All" (pp. 52, 449, 816, 903, 973, 1090, 1141 - <a href="https://bit.ly/3KCiOAz">https://bit.ly/3KCiOAz</a> ) which describe the compliance of planned reforms and investments with the principles of the 2nd and 3rd European Pillars of Social Rights.
	Adoption of the national plan for combatting human trafficking <i>Also contributes to achieving SDG 8</i>	Establish better and more effective international cooperation with other police forces via Interpol, Europol, etc., in order to prevent trafficking of children and all other forms of violence against children
	New Act on Maternity and Parental Benefits	Aligning legislation with Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU. The plan is to introduce maternity leave for fathers as a new right in the system of maternity and parental benefits amounting to a duration of 10 working days. The plan is also to raise the maximum wage amount for employed and self-employed beneficiaries of parental leave.
<b>6. Ensure availability and sustainable management of water and sanitation for all</b>	Amendments to the legal framework in the water sector	The Services Areas Regulation, the Regulation on performance evaluation of water operators, the Regulation on the methodology for determining the pricing of water services, and the Regulation on specific conditions for the provision of water services, shall be amended to create the legal precondition for consolidation of water operators. The Regulation on performance evaluation of water operators shall also include the legal basis for the creation of mandatory benchmarking system of utility companies, made publicly available, as well as for ensuring that at least summaries of annual audited reports of utility companies are made publicly available.
	Public sewerage network constructed or reconstructed	At least 115 km of public sewerage (drainage) network built or reconstructed The investment shall ensure compliance with the Urban Wastewater Treatment Directive in subject areas, in line with the Multiannual Water and Wastewater Construction Programme.
	Public water supply network constructed or reconstructed	At least 226 km of public water supply network constructed or reconstructed. The investment consists in building drinking water supply systems with an average energy consumption of $\leq 0,5$ kWh or an Infrastructure Leakage Index (ILI) of $\leq 1,5$ , and in renovating existing drinking water supply systems to decrease the average energy consumption by more than 20% or decrease leakage by more than 20%.
	Water metering devices installed at water abstraction sites	At least 526 metering devices installed at water abstraction sites, for measuring water quantities
	Works contracts concluded for flood protection projects	At least 20 works contracts concluded for projects in the flood protection sector, related to contracts to be awarded by the end of 2022. Tender criteria shall focus on nature based solution measures and green infrastructure. The contracts shall ensure that projects will be implemented in accordance with the EU acquis and environmental regulations and the annexes to Commission Delegated Regulation (C(2021)2800 final) supplementing Regulation (EU) 2020/852. It is expected that this measure does no significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852, taking into account the description of the measures and the mitigating steps set out in the recovery and resilience plan in accordance with the DNSH Technical Guidance (2021/C58/01). All activities shall comply with the requirements of EU water legislation as incorporated into the Croatian law. Environmental impact assessment shall be conducted in compliance with authorization procedures under EIA in accordance with Directive 2011/92/EU and with screening and/or appropriate assessment pursuant to Article 6(3) of the Habitats Directive. Evidence shall be provided that the project does not have a significant effect of the integrity of the Natura 2 000 sites concerned.
	Flood protective structures built	At least 13 km of flood protective structures built in order to protect against the harmful effects of water;
	Revitalised watercourses	At least 2 km of restored watercourses including revitalisation of abandoned sleeves, permanent river and sleeve contact and investment in related infrastructure

SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
	<p>A five-year action plan for the operational implementation of the Low Carbon Development Strategy with new ambitious targets for reducing greenhouse gas emissions. <i>Also contributes to achieving SDG 13, 15 and 17</i></p>	<p>Development and implementation of an action plan for planting an additional million trees per year, which will define implementation activities, available and areas suitable for planting, types and approximate quantities of forest and ornamental reproductive material according to climate, stakeholders and sources of financing and total estimated implementation costs.</p>
<p><b>7. Ensure access to affordable, reliable, sustainable and modern energy for all</b></p>	<p>Creation of an equity and quasi-equity financing instrument (PE)  <i>Also contributes to achieving SDG 8, 9, 11 and 13</i></p>	<p>As part of the existing cooperation with the European Investment Fund (EIF), HBOR shall set up financial instrument aimed at increasing or reaching the maximum size of private equity and venture capital funds active in the Croatian market and setting up new funds and/or co-investments. Private equity and venture capital funds shall be set up with the participation 30% of private investors in relation to the target size of the individual fund. The financial instruments shall ensure compliance with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) of supported beneficiaries under this measure through the use of sustainability proofing, the requirement of compliance with the relevant EU and national environmental legislation, and the requirement for beneficiaries that derived more than 10% of their revenues during the preceding financial year from activities or assets in the exclusion list to adopt and publish green transition plan. This measure shall not support investments in installations falling within the scope of the EU Emission Trading System (ETS). All activities are directed towards ‘financially viable’ projects, the financial viability of which is determined by fund management companies in accordance with the investment policies set out by the EIF and HBOR. In implementing the investment, HBOR shall ensure that resources are used in accordance with the limits described in the description of the measure as well as the ‘exclusion’ list described in the FI for SME, Mid-cap and Large Entities.</p>
<p><b>8. Promote sustained, inclusive and sustainable economic</b></p>	<p>Entry into force of legislation and/or regulation to improve uptake of renewable energy sources, including introduction of a premium-based system for the support of renewable energy sources.</p>	<p>Revised Electricity Market Act and High-Efficiency Cogeneration Act shall alleviate barriers and administrative procedures restraining higher uptake of renewable energy sources, including measures to promote the renewable energy self-consumption and renewable energy communities. Premium-based system for the support of renewable energy sources will be fully operational.</p>
	<p>Contracts signed for the energy renovation of public and multi-dwelling buildings <i>Also contributes to achieving SDG 11, 12 and 13</i></p>	<p>Contracts signed providing EUR 66,361,404 for energy renovation of buildings. All contracts to state the relevant energy efficiency requirement of a minimum reduction of energy consumption for heating by at least 50% compared to the annual energy consumption for heating prior to the renovation for each building (except for building with a status of a cultural good), which shall deliver an increase of 30% primary energy savings compared to pre-renovation state and respecting the “do no significant harm principle” as set out in Article 17 of Regulation (EU) 2020/852 on establishing a framework to facilitate sustainable investment.</p>
	<p>On-line one-stop-shop for energy renovation and seismic reinforcement set up and operational <i>Also contributes to achieving SDG 11, 13 and 16</i></p>	<p>Putting into operation of an on-line one-stop-shop system bringing together all the necessary information for energy renovation and post-earthquake reconstruction. The one-stop-shop shall be implemented in two phases: (i) emergency services necessary for the urgent structural renovation and necessary restoration of damage in order to ensure a level of safety for citizens and facilities; (ii) integrating all other services and information needed for comprehensive and energy renovation with the services and information included for the ‘build back better’ concept.</p>
	<p>Publication of a call for grants for investments focused on environmentally friendly activities with established eligibility criteria for applicants and projects (in</p>	<p>Publication of a call for proposals for grants to support the green transition of SMEs and mid-caps to an energy-efficient economy. The grant will support the development and application of green technologies in business processes with the aim of reducing negative effects on the climate and environment, promoting sustainable production, increasing the number of employees in more sustainable jobs and strengthening local and regional competitiveness (according to the</p>

SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
growth, full and productive employment and decent work for all	addition, criteria for compliance with the principle of do no significant harm)	EU Taxonomy). The selection/eligibility criteria will reflect the requirements of the applicable intervention fields set out in Annex VI and VII of the Regulation on the RRF and ensure that supported projects comply with the the ‘Do no significant harm’ Technical Guidance (2021/C58/01), the application of the list of ineligible activities and investments and the requirements for compliance with relevant environmental legislation at the EU level and national level. The measure excludes support for investments in installations covered by the EU Emissions Trading Scheme (ETS). The grant will support private sector investment for projects: to promote a circular economy by introducing resource efficiency in the production cycle and life cycle of products, including the sustainable supply of primary and secondary raw materials, and/or - decarbonisation and emission reduction of energy-intensive industries, including demonstration and deployment of innovative low-emission technologies.
	Adoption of the Strategy for the Development of Sustainable Tourism by 2030 of the Government of the Republic of Croatia  <i>Also contributes to achieving SDG 12</i>	As part of this reform, the process of transforming the tourism development model towards sustainability will be implemented through the development of the 2030 Sustainable Tourism Development Strategy, from the point of view of socio-economic sustainability, environmental and territorial sustainability. The strategy, as a long-term act of strategic planning of national significance, will also pay particular attention to the issues of land use so far, i.e., overtourism in individual destinations, as one of the key problems of tourism development. The Strategy will also provide a response to how to better promote the reduction of uneven regional development in Croatia.
	Launching public calls for the green and digital transition of existing public tourism infrastructure and the development of public tourism infrastructure beyond the main tourist and coastal areas  <i>Also contributes to achieving SDG 11 and 12</i>	The tender documentation shall specify that investments shall focus on projects that can increase the green and digital quality of tourism infrastructure and reduce the environmental impact and consequently the concentration of guests in the season. In the main tourist and coastal areas, according to the Tourism Development Index, only investments in the green and digital transition of existing tourism infrastructure and up to EUR 29,623,731 of the total budget of the investment shall be eligible contributing to the sustainable management of destinations, reducing environmental impacts during the tourist season. Eligibility criteria shall include compliance with the Do No Significant Harm Technical Guidance (2021/C58/01).
	Launch public calls to strengthen sustainability and boost the green and digital transition of tourism entrepreneurs, with at least 50% of total investments supporting the green transition  <i>Also contributes to achieving SDG 9 and 12</i>	The tender documentation shall specify that at least EUR 29,862,632 of the total investments will be awarded to investment focussed on climate change mitigation or adaptation, the digitalisation of activities in line with the criteria of reducing greenhouse gas emissions or energy efficiency and waste reduction, as well as the transition to a circular economy. Project selection criteria shall contribute to the green transition, in line with the NRS, the Green Treaty for Europe, the sustainability indicators defined in the feasibility study for the creation of a sustainable tourism satellite account of the Republic of Croatia and the guidelines for drawing up the Sustainable Tourism Development Strategy for 2030. Consistently with the principles of ‘Do no significant harm’ Technical Guidance applicants shall demonstrate how they will mitigate the negative environmental impacts that can be associated with the project and how they will contribute to positive impacts during the implementation of the project.  The tender document shall assign at least EUR 29,862,632 of the total investments to support the green transition, and shall specify for those investment the selection/eligibility criteria reflecting the requirements of the applicable intervention areas [3-100] of Annex [VI/VII] and compliance with the ‘Do no significant harm’ Technical Guidance (2021/C58/01) and the compliance of supported projects with the relevant EU and national environmental acquis.
	New Science and Higher Education Act  <i>Also contributes to achieving SDG 9</i>	The new legislative act shall create legal and financial conditions for organisational and functional reform of public universities and scientific institutes and funding aimed at achieving institutional development objectives.

SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
	<p>Funding allocated to research projects based on internal calls by research organisations during the first two-year cycle of program agreements implementation</p> <p><i>Also contributes to achieving SDG 9</i></p>	<p>EUR 17 619 079 shall have been awarded to research projects carried out by universities and research institutes which have signed the programme agreements. The projects shall support direct scientific and research activities (research projects) and be based on published tender specifications, with terms of reference including eligibility criteria that ensure that the selected projects comply with the 'Do no significant harm' Technical Guidance (2021/C58/01) through the use of an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation.</p>
	<p>New legal framework regulating quality requirements for study programmes, doctoral studies and working conditions for scientific institutions</p> <p><i>Also contributes to achieving SDG 9</i></p>	<p>The new legal framework shall provide a basis for a new promotion system based on excellence and better regulation of career development, thus enabling conditions for attracting and retaining quality researchers. The new legal framework shall allow young scientists to thrive on the basis of internationally recognised scientific quality criteria and with less administrative barriers. It shall include flexible working arrangements to promote the recruitment of researchers with care responsibilities.</p> <p>The new legal framework consists of:</p> <ol style="list-style-type: none"> <li>1) New Quality Assurance in Science and Higher Education Act</li> <li>2) Ordinance on the conditions for selection in scientific titles</li> </ol>
	<p>New Law on the Croatian Science Foundation</p>	<p>The new Act on the Croatian Science Foundation shall define a clear mission of the Foundation for Conducting, Coordination, Design, Monitoring and Evaluation of the Programme and Evaluation of R &amp; D project funding programmes and policies, creating a strong and independent system for implementing the selection, funding and monitoring of the effects of R &amp; D projects.</p>
	<p>Including unemployed and employed persons in active employment policy measures</p>	<p>In 2022, special active employment policy measures will be implemented with the aim of a green and digital transition of the economy, based on employment support measures, traineeship support and self-employment support.</p>
	<p>Inclusion of the unemployed and employed in education for acquiring green and digital skills</p>	<p>From 2022, it will be possible to use education vouchers in order to adapt the unemployed and employed to the green/digital transition of the economy.</p>
	<p>Adoption of the Act on Suppression of Undeclared Work and the new Labour Law</p> <p><i>Also contributes to achieving SDG 10</i></p>	<p>The amended or new Labour Act shall regulate outplace work and platform work, limit the number of successive temporary contracts, strengthen the right to work for other employers and revise the 65-year retirement clause, change the provisions on financing of sick leave and severance for workers at retirement age, encourage additional employment and part-time employment, redefine the provisions on wages so that their determination is transparent and predictable, respecting the autonomy of the social partners, and include provisions to allow flexibility in working time and place of work and reduce the gender pay gap. Alignment of the new Act with the EU Directive on work-life balance and the EU Directive on Transparent and Predictable Working Conditions will increase women's employment and reduce the gender gap, as well as job stability and information on working conditions. The new or amended Act on Suppressing Undeclared Work shall define undeclared work and all its manifestations, strengthen inspections and laying down misdemeanour provisions, regulate the process of transferring workers from undeclared to declared work.</p>
	<p>Conducting the analysis of the adequacy of monetary assistance during a period of unemployment</p>	<p>To provide adequate material and legal protection for the unemployed, an analysis of unemployment benefits will be conducted. The content of the analysis will include the amount, duration and conditions for exercising the right to monetary assistance at the level of comparable EU countries and the structure of beneficiaries of monetary assistance. Based on the results of the analysis, appropriate legislative changes will be made.</p>
<p><b>9. Build resilient infrastructure,</b></p>	<p>The National Plan for the Development of Railway Infrastructure and the National</p>	<p>The National Plan for the Development of Railway Infrastructure shall determine projects and activities necessary for the development of railway infrastructure. The National Management Plan for Railway Infrastructure and Service Facilities shall determine projects and activities for management, organization of railway traffic regulation and development of railway transport services.</p>

SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
promote inclusive and sustainable industrialization and foster innovation	Management Plan for Railway Infrastructure and Service Facilities	
	The new Maritime Domain and Seaports Act	The new Maritime Domain and Seaports Act shall reorganise the structure of the port system open to public traffic, which aims to ensure uniformity in the implementation of the legal obligations to operate public ports and rationalise management costs.
	New cable ferry 'Križnica' operational across the River Drava in the Municipality of Pitomača	This investment shall result in the construction of a solar-powered electric cable ferry connecting the mainland to the island of Križnica, in operation with the approval of the Croatian Register of Shipping.
<b>10. Reduce inequality within and among countries</b>	Procurement of IT equipment for police departments and police stations using EU funds for officials working on administrative affairs with foreigners	Due to a significant increase in the number of third-country nationals with regulated stays in the Republic of Croatia, a specific challenge is the processing of requests for regulating residency in the Republic of Croatia, given the level of equipment and obsolete equipment. Therefore, the project of purchasing IT equipment for regulating the stay of third-country nationals was developed. In this regard, a project for the procurement of IT equipment from the national Asylum, Migration and Integration Fund (AMIF) will be developed.
	Improving the information of stakeholders on the implementation of the procedure for regulating residence and work permits by holding seminars with representatives of professional associations of employers (Croatian Employer's Association - HUP, Croatian Chamber of Trades and Crafts - HOK, Croatian Chamber of Economy - HGK)	Given the complexity of the legislative framework related to the employment of third-country nationals and to further sensitise employers of the conditions and documentation related to the implementation of the procedure for regulating stays and work permits, a seminar will be held in cooperation with representatives of professional associations on the specified matter. Better informing of employers will enable faster and more efficient procedures in terms of submitting complete and adequate documentation, which will reduce the processing time of individual applications and the need to supplement the application with additional documentation. 100% of employers who attended the seminar will be familiar with the process of regulating residence and work permits.
	Holding seminars with officers of police departments and police stations who work on issuing residence and work permits in order to standardise the process and share best practices	Given the complexity of the legislative framework relating to the employment of third-country nationals and the provision of additional support and capacity building to police officers at police departments / police stations to regulate the residence of foreigners, in particular the issuance of residence and work permits, a seminar will be held with officers of police administrations and police stations. By participating in the seminar, all participants will have the opportunity to share the challenges they face in their daily work, with an emphasis on practical solutions to these challenges and good practice, which will contribute to the standardisation of procedures and faster procedures.
	Implementation of applications that will enable the quality collection, management, processing, monitoring and reporting of data in the field of international protection	The implementation of the application that will enable the quality of collection, management, processing, monitoring and reporting on data in the field of international protection, to improve the management of databases and generation of statistical reports, as well as digitisation of certain business processes.
	Completion of the reconstruction of the Reception Centres for International Protection Seekers in Kutina	The renovation of the Reception Centre for International Protection Seekers in Kutina will ensure better reception and accommodation conditions for international protection seekers, as well as all persons involved in the process of granting international protection.
	The beginning of the renovation of the Reception Centre for International Protection Seekers in Zagreb	The renovation of the Reception Centre for International Protection Seekers in Zagreb will ensure better reception and accommodation conditions for international protection seekers, as well as all persons involved in the process of granting international protection.
	Adoption of the 2030 National Disaster Risk Management Strategy	Publication of the of the Disaster Risk Management Strategy until 2030 on the official websites of the Government of the Republic of Croatia and the Ministry of the Interior, which is adopted by the Government according to the Civil Protection System Act. The goal of the Strategy is to make the Republic of Croatia more resilient to disasters, through



SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
	Implementation of the early warning and crisis management system	<p>the realization of two strategic goals: 1. Reducing the greatest risks from disasters, and 2. Increasing preparedness for disaster management.</p> <p>The implementation of the project Early Warning and Crisis Management System will ensure fast and reliable communication for crisis management using modern technologies. The establishment of new communication channels and the improvement of the communication process will significantly contribute to the rapid and reliable distribution of credible, timely, accurate and effective information on hazards and related information. Timely issuance and distribution of these notices, as essential components of a comprehensive early warning system, will contribute to raising the overall ability to respond to crisis situations in the Republic of Croatia. The ultimate goal of the project is to quickly and effectively inform civil protection participants and citizens via mobile phones and other modern technologies about the dangers that threaten and the measures that need to be taken to reduce human casualties and material damage.</p>
<b>11. Make cities and human settlements inclusive, safe, resilient and sustainable</b>	Adoption of the Waste Management Plan of the Republic of Croatia for the period 2022-2028 <i>Also contributes to achieving SDG 12</i>	Adoption and publication of Croatia's Waste Management Plan for the period 2022-2028 in conjunction with the new objectives laid down in the Waste Management Act and the Circular Economy Action Plan, following public consultations. The plan shall specify a target of at least 55% for waste recycling, sorting, reusing and repairing by 2025, and a target for collection and recycling of biowaste.
	Reduction of the share of municipal waste sent for disposal (49%) <i>Also contributes to achieving SDG 12</i>	The share of municipal waste sent for disposal shall be reduced to 41% as a result of investments in infrastructure to reduce landfilling, including the establishment of re-use centres, the construction of sorting facilities for separately collected municipal waste, the construction of bio-treatment facilities for separately collected bio-waste, the construction and equipment of civic amenity sites and recycling yards for construction waste, the acquisition of equipment for the separate collection of useful fractions of municipal waste.
	Drafting the project Modernization of the warning system <i>Also contributes to achieving SDG 13</i>	The project will establish a reliable alert and information system. The technical conditions for early and reliable warning and alerting of citizens and the communication of instructions on how to behave in the event of an emergency will be significantly improved in order to reduce the consequences, which will strengthen the overall social capacity in crisis situations. The project idea is being developed within the project Technical Assistance for the Preparation of Projects in the Field of Disaster Risk Management, funded by the Union Civil Protection Mechanism, for funding from ESI funds in the new EU programming period 2021-2027, according to a pre-feasibility study, the project Modernization of the Warning System will be launched, i.e., the first activities of the project Drafting the Project for Modernisation of the Warning System.
<b>12. Ensure sustainable consumption and production patterns</b>		
<b>13. Take urgent action to combat climate change and its impacts</b>	Contribution by Croatia to EU emission reduction by 55% by 2030	For 2019, Croatia was allowed a national annual quota of 19,105,632 tCO <sub>2</sub> -eq, while actual emissions for 2019 (outside the trading system) were 16,058,241 tCO <sub>2</sub> -eq. Following the European Commission's audit in 2022, the actual emissions will be known for 2020 and in 2023 for 2021.
	year Action Plan for the implementation of priority measures from the Low Carbon Development Strategy	An action plan will be drawn up to implement the priority measures of the Low Carbon Development Strategy, which will include new national commitments to achieve the EU's common goal of reducing greenhouse gas emissions by 55% by 2030 and achieving EU climate neutrality by 2050.
	Drawing up the planning framework for the implementation of the Climate Change Adaptation Strategy	An action plan for the implementation of priority measures from the Climate Change Adaptation Strategy for the first five-year period will be developed.

SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
	Drafting the legislative framework for investing funds from the EU Modernization Fund 2021-2030	The regulation will be drafted which will prescribe the competent authorities and other rules for the implementation of the EU Modernisation Fund 2021-2030. Funds are available to Croatia for 100% of the financing of decarbonisation in Croatia (total funds available for Croatia are at least HRK 5.9bn / EUR 782.51m by 2030).
<b>14.</b> Conserve and sustainably use the oceans, seas and marine resources for sustainable development		
<b>15.</b> Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss		
<b>16.</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Grant agreement signed for the construction of passive electronic communications infrastructure	Signature of the Grant Agreement and start of project implementation for the construction of passive electronic communications infrastructure
	New training programmes introduced in the framework of the judicial training programme for judicial officials	Six new training programmes shall be completed as part of the judicial training programme for judicial officials and officers of the judicial authorities in the Judicial Academy: -Developing different skills (management and management skills for court presidents, court management for heads of court administration and communication skills for court staff – three programmes). -Promoting the rule of law and fundamental rights through high-quality education in the Croatian judiciary. -Specialised training programmes for insolvency judges and training courses for family law judges.
	Adoption of amendments to the Whistleblower Act	The Whistleblower Act will be amended to: i) Improve the provisions of the Act, ii) clarified the notion of a confidential person and iii) provided for the delivery of the registration certificate.
	Amendments to the Act on the System of Strategic Planning and Management of Development of the Republic of Croatia and bylaws	Amendments to the Act on Strategic Planning and Development Management System of the Republic of Croatia and accompanying bylaws shall improve the effectiveness of strategic planning and the professionalisation of the preparation of strategic documents. It shall also include a basis for job descriptions and competences of civil servants related to strategic planning;
	Digital archives of the Croatian Pension Insurance Institute (HZMO)	The system for managing digital archives (Digital Archives Management System) shall be operational

SDG	List of main measures	Estimated effect of measures (qualitative and quantitative)
	Optimisation of the permit granting process for connectivity investments	A revised legal framework shall support the optimisation of the licensing process and allow the presentation of the electronic communication infrastructure in spatial plans. The new framework shall address administrative burden and regulatory barriers related to the construction of very high capacity networks, including 5G networks.
	Digital Croatia Strategy	The 2030 Digital Strategy for Croatia shall clearly define strategic objectives and priorities that will form the basis for defining actions in the following areas: digitalisation of public administration and judiciary; development of broadband electronic communications networks; developing digital competences and digital jobs.
	Set-up of the platforms for the central interoperability system	Set-up of the platforms for the central interoperability system
	Upgrade of the State Cloud	Six new functionalities shall be operational for use in the State cloud (CDU) and accessible to users: -A platform for the development, implementation and testing of applications for users, -A platform for ICT support, -A central information security monitoring system for managing potential security events, -A Biometric Authentication Platform, -A platform to manage the digital content of the websites, -A platform for the development of block-chain technologies for the State cloud.
	Drafting of analysing and recommendations for the anonymisation of court decisions	Examples of good practice and existing solutions for the anonymisation will be analysed, as well as recommendations related to the anonymisation methodology and technical specification of solutions for anonymisation and publication of court decisions.
	Process of adopting of the Ordinance on the Manner of Appointing a Confidential Person and the Procedure for Internal Reporting to the MJPA	Following the enactment of the Act on the Protection of Whistleblowers, the Ordinance on the Manner of Appointing a Confidential Person for the Internal Reporting Procedure in the MJPA will be adopted.
	Plan for strengthening administrative capacity for programming and implementation of EU funds	Based on the implementation of a comprehensive analysis of the situation and needs related to administrative capacity for the management of EU funds (covered through three categories: people and organization; strategic planning, programming and implementation and beneficiaries and stakeholders), and taking into account the experience and practices of existing management and control systems in the use of EU funds 2014-2020, the application of the principle of involvement of competent authorities and relevant stakeholders, goals, activities and measures aimed at strengthening administrative capacity will be defined in the entire seven-year financial perspective 2021-2027.
<b>17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</b>		

## Addendum

### Addendum 1. Alignment of NRP with recommendations of the European Council

Components	Economy						Public Administration, Judiciary and State Assets									Education, Science and Research		Labour Market and Social Protection			Health Care	Renovation of Buildings	
	C1						C2									C3		C4			C5	C6	
Code	1	2	3	4	5	6	1	2	3	4	5	6	7	8	9	1	2	1	2	3	1	1	
<b>Special recommendations for Croatia 2019</b>																							
CSR1	1.1. Reinforce the budgetary framework and monitoring of contingent liabilities at central and local level.																						
	1.2. Reduce the territorial fragmentation of the public administration and streamline the functional distribution of competencies.																						
CSR2	2.1. Deliver on the education reform and improve both access to education and training at all levels and their quality and labour market relevance.																						
	2.2. Consolidate social benefits and improve their capacity to reduce poverty.																						
	2.3. Strengthen labour market measures and institutions and their coordination with social services.																						
	2.4. In consultation with the social partners, introduce harmonised wage-setting frameworks across the public administration and public services.																						
CSR3	3.1. Focus investment-related economic policy on research and innovation, sustainable urban and railway transport, energy efficiency,																						

Components		Economy						Public Administration, Judiciary and State Assets									Education, Science and Research		Labour Market and Social Protection			Health Care	Renovation of Buildings	
		C1						C2									C3		C4			C5	C6	
Code		1	2	3	4	5	6	1	2	3	4	5	6	7	8	9	1	2	1	2	3	1	1	
	renewables and environmental infrastructure, taking into account regional disparities.																							
	3.2. Increase the administration's capacity to design and implement public projects and policies.						●	●	●							●		●						
CSR4	4.1. Improve corporate governance in state-owned enterprises and intensify the sale of such enterprises and non-productive assets.										●					●								
	4.2. Enhance the prevention and sanctioning of corruption, in particular at the local level.															●								
	4.3. Reduce the duration of court proceedings and improve electronic communication in courts.											●												
	4.4. Reduce the most burdensome parafiscal charges and excessive product and services market regulation.	●						●																
<b>Special recommendations for Croatia 2020</b>																								
CSR1	1.1. In line with the general escape clause, take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery.	●																						
	1.2. When economic conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment.	●																						

Components		Economy						Public Administration, Judiciary and State Assets									Education, Science and Research		Labour Market and Social Protection			Health Care	Renovation of Buildings
		C1						C2									C3		C4			C5	C6
Code		1	2	3	4	5	6	1	2	3	4	5	6	7	8	9	1	2	1	2	3	1	1
	1.3. Enhance the resilience of the health system.																					●	
	1.4. Promote balanced geographical distribution of health workers and facilities, closer cooperation between all levels of administration and investments in e-health.																					●	
CSR2	2.1. Strengthen labour market measures and institutions and improve the adequacy of unemployment benefits and minimum income schemes.																		●	●	●		
	2.2. Increase access to digital infrastructure and services.	●			●	●		●	●		●	●					●	●			●	●	●
	2.3. Promote the acquisition of skills.					●									●		●	●	●		●	●	●
CSR3	3.1. Give priority to the implementation and financing of already developed public investment projects and promote private investment to support economic recovery	●				●	●	●															
	3.2. Further reduce parafiscal charges and restrictions in goods and services market regulation.	●																					
	3.3. Front-load mature public investment projects and promote private investment to foster the economic recovery. Focus investment on the green and digital transition, in particular on environmental infrastructure, sustainable urban and rail transport, clean and efficient production and use of energy and high-speed broadband.	●	●	●	●	●	●												●				●

Components		Economy						Public Administration, Judiciary and State Assets									Education, Science and Research		Labour Market and Social Protection			Health Care	Renovation of Buildings
		C1						C2									C3		C4			C5	C6
Code		1	2	3	4	5	6	1	2	3	4	5	6	7	8	9	1	2	1	2	3	1	1
CSR4	4.1. Reinforce the capacity and efficiency of the public administration to design and implement public projects and policies at central and local levels						●	●	●	●						●							
	4.2. Improve the efficiency of the judicial system											●											

## Addendum 2. Alignment of NRP with the principles of the European Pillar of Social Rights

Components Šifra	Economy						Public Administration, Judiciary and State Assets									Education, Science and Research		Labour Market and Social Protection			Health Care	Renova tion of Buildin gs		
	C1						C2									C3		C4			C5	C6		
	1	2	3	4	5	6	1	2	3	4	5	6	7	8	9	1	2	1	2	3	1	1		
<b>Principle of the European Pillar of Social Rights (EPSR)</b>																								
1. Education, training and life-long learning																	●		●					●
2. Gender equality <sup>57</sup>																			●					
3. Equal opportunities																				●				●
4. Active support to employment																			●					
5. Secure and adaptable employment		●																	●					●
6. Wages																			●					
7. Information about employment conditions and protection in case of dismissals																			●					
8. Social dialogue and involvement of workers		●																						
9. Work-life balance																			●					
10. Healthy, safe and well-adapted work environment and data protection		●																						●
11. Childcare and support to children																				●				
12. Social protection																				●				
13. Unemployment benefits																				●				
14. Minimum income																								
15. Old age income and pensions																				●				
16. Health care		●																				●		
17. Inclusion of people with disabilities																				●				●
18. Long-term care																								

<sup>57</sup> Contribution to principles 2. Gender equality and 3. Equal opportunities is described in NRRP.





### Addendum 3. Alignment of the NRP to the UN Sustainable Development Goals

Components  Šifra	Economy						Public Administration, Judiciary and State Assets									Education, Science and Research		Labour Market and Social Protection			Health Care	Renova tion of Buildin gs
	C1						C2									C3		C4			C5	C6
	1	2	3	4	5	6	1	2	3	4	5	6	7	8	9	1	2	1	2	3	1	1
<b>UN Sustainable Development Goals (SDGs)</b>																						
1. End poverty in all its forms everywhere								●											●	●		
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture																				●		
3. Ensure healthy lives and promote well-being for all at all ages																					●	
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all																●						
5. Achieve gender equality and empower all women and girls <sup>58</sup>																				●		
6. Ensure availability and sustainable management of water and sanitation for all		●	●																			
7. Ensure access to affordable, reliable, sustainable and modern energy for all	●																					●
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	●				●												●	●		●		●
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	●		●														●					●

<sup>58</sup> Elaborated in the NRRP chapters relating to gender equality and equal opportunity for all.

Components Šifra	Economy						Public Administration, Judiciary and State Assets									Education, Science and Research		Labour Market and Social Protection			Health Care	Renova tion of Buildin gs
	C1						C2									C3		C4			C5	C6
	1	2	3	4	5	6	1	2	3	4	5	6	7	8	9	1	2	1	2	3	1	1

**UN Sustainable Development Goals (SDGs)**

<b>10.</b> Reduce inequality within and among countries								●										●					
<b>11.</b> Make cities and human settlements inclusive, safe, resilient and sustainable	●		●			●		●															●
<b>12.</b> Ensure sustainable consumption and production patterns			●			●																	
<b>13.</b> Take urgent action to combat climate change and its impacts	●	●						●															●
<b>14.</b> Conserve and sustainably use the oceans, seas and marine resources for sustainable development																							
<b>15.</b> Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss		●																					
<b>16.</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels								●	●	●	●	●											
<b>17.</b> Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development		●						●															

## Addendum 1. Progress based on achieved SDGs<sup>59</sup>

Indicator	Unit	Initial		Most Recent	
		Year	Value	Year	Value
<b>Goal 1 - No poverty</b>					
People at risk of poverty or social exclusion	% population	2013	29.9	2020	23.2
People at risk of poverty or social exclusion by degree of urbanisation	% population	2013	36.3	2020	28.0
People at risk of income poverty after social transfers	% population	2013	19.5	2020	18.3
People at risk of income poverty after social transfers	% population	2013	18.9	2020	18.6
Severely materially deprived people	% population	2013	14.7	2020	6.9
People living in households with very low work intensity	% population aged 0 to 59 years	2013	14.8	2020	8.6
In work at-risk-of-poverty rate	% population aged 8 and more years	2013	6.2	2020	5.1
Population living in a dwelling with a leaking roof, damp walls, floors or foundation or rot in window frames of floor	% population	2013	13.1	2020	9.4
Self-reported unmet need for medical examination and care	% population aged 16 and more years	2013	3.3	2020	1.5
Population having neither a bath, nor a shower, nor indoor flushing toilet in their household	% population	2013	1.5	2020	0.7
Population unable to keep home adequately warm	% population	2013	9.9	2020	5.7
Overcrowding rate	% population	2013	42.8	2020	36.2
<b>Goal 2 - Zero hunger</b>					
Obesity rate by body mass index (BMI)	% population aged 18 and more years	2014	18.7	2019	23.0
Agricultural factor income per annual work unit (AWU)	EUR, chained values (2010)	2013	4,574	2019	6 697
Government support to agricultural research and development	EUR per inhabitant	2013	0.2	2020	2
Area under organic farming	% used agricultural area	2013	3.1	2019	7.2
Harmonised risk indicator for pesticides (HRI1)	index, average 2011 – 2013 = 100	2013	100	2019	55
Ammonia emissions from agriculture	kg per ha of used agricultural area	2013	22.4	2019	21.0
Estimated soil erosion by water	km <sup>2</sup>	2010	3,780.9	2016	2,562.1
<b>Goal 3 - Good health and well-being</b>					
Healthy life years at birth	in years	2013	59.0	2019	57.4
Share of people with good or very good perceived health	% population aged 16 and more years	2013	46.6	2020	63.7
Smoking prevalence	% population aged 15 and more years	2014	33	2020	36
Standardised death rate due to tuberculosis, HIV and hepatitis	standardized mortality rate	2013	2.38	2018	2.28

<sup>59</sup> The table shows the indicators that measure Croatia's progress towards achieving the UN Sustainable Development Goals (SDGs) since Croatia's accession to the EU. It is a set of EU indicators used by Eurostat to monitor progress towards the Sustainable Development Goals in the EU context and is closely linked to EU policy initiatives. Data sources are the European Statistical System and other relevant data sources. The data were retrieved on 9 January 2022 from the Eurostat database

Indicator	Unit	Initial		Most Recent	
		Year	Value	Year	Value
Standardised preventable and treatable mortality	standardized mortality rate	2013	384.47	2018	371.74
Self-reported unmet need for medical examination and care	% population aged 16 and more years	2013	3.3	2020	1.5
Obesity rate	% population aged 18 and more years	2014	18.7	2019	23.0
People killed in accidents at work	number per 100 000 employed	2013	2.09	2019	2.96
Population living in households considering that they suffer from noise	% population	2013	10.0	2020	8.1
Road traffic deaths	number of deaths	2013	368	2019	297
Exposure to air pollution by particulate matter	particles < 2.5 µm	2013	21.9	2019	16
<b>Goal 4 - Quality education</b>					
Early leavers from education and training	% population aged 18 to 24 years	2013	4.5	2020	2.2
Early leavers from education and training, by citizenship	% population aged 18 to 24 years	2013	4.4	2020	2.1
Tertiary educational attainment	% population aged 25 to 34 years	2013	27.3	2020	36.6
Participation in early childhood education	% age group from 3rd year of life to start of compulsory schooling	2013	67.6	2019	79.4
Underachievement in reading	% pupils aged up to 15 years of age	2015	19.9	2018	21.6
Adult participation in learning	% population aged 25 to 64	2013	3.1	2020	3.2
Share of individuals having at least basic digital skills	% population aged 16 to 74	2015	51	2019	53
<b>Goal 5 - Gender equality</b>					
Physical and sexual violence to women	% women aged 15 to 74	N/A	:	2012	5
Gender pay gap in unadjusted form	% average gross hourly rate for men	2013	7.7	2019	11.5
Gender employment gap	percentage points, persons aged 20 to 64	2013	8.8	2020	11.2
Inactive population due to caring responsibilities by sex	percentage points, persons aged 20 to 64	2013	22.1	2020	25.7
Seats held by women in national parliaments and governments	% seats	2013	23.8	2020	31.1
Positions held by women in senior management positions	% board members	2013	15.1	2020	26.2
Early leavers from education and training by sex	percentage points, persons aged 18 to 24	2013	2.1	2020	0.4
Tertiary educational attainment by sex	percentage points, persons aged 25 to 34	2013	13.5	2020	18.3
<b>Goal 6 - Clean water and sanitation</b>					
Population having neither a bath, nor a shower, nor indoor flushing toilet in their household	% population	2013	1.5	2020	0.7
Population connected to at least secondary wastewater treatment	% population	2013	36.9	2018	36.9
Biochemical oxygen demand in rivers	mg O2 per litre	2013	2.16	2018	1.85
Phosphate in rivers	mg PO4 per litre	2013	0.029	2018	0.026
Water exploitation index, plus (WEI+)	%, average annual value	2013	0.43	2017	0.36
Bathing sites with excellent water quality	% bathing sites with excellent water quality	2013	37.50	2020	14.63

Indicator	Unit	Initial		Most Recent	
		Year	Value	Year	Value
<b>Goal 7 - Affordable and clean energy</b>					
Primary energy consumption	millions of tonnes of oil equivalent (Mtoe)	2013	8.0	2020	7.8
Final energy consumption	millions of tonnes of oil equivalent (Mtoe)	2013	6.6	2020	6.5
Final energy consumption in households per capita	kgoe	2013	586	2020	563
Energy productivity	EUR per kgoe	2013	5.18	2020	5.70
Share of renewable energy in gross final energy consumption	%	2013	28.0	2020	28.5
Energy import dependency	% imports of gross available energy	2013	47.4	2020	53.6
Population unable to keep home adequately warm	% population	2013	9.9	2020	5.7
Greenhouse gas emissions intensity of energy consumption	index 2000 = 100	2013	93.7	2019	86.6
<b>Goal 8 - Decent work and economic growth</b>					
Real GDP per capita	EUR per capita, chained values (2010)	2013	10,420	2020	11 720
Investment share of GDP	% BDP-a	2013	19,4	2020	22,3
Young people neither in employment nor in education and training	% population aged 15 do 29	2013	22,3	2020	14,6
Young people neither in employment nor in education and training	% population aged 15 do 29	2013	22,2	2020	14,6
Employment rate	% population aged 20 do 64	2013	57,2	2020	66,9
Employment rate, by citizenship	% population aged 20 do 64	2013	57,2	2020	66,9
Long-term unemployment	% active population	2013	11,0	2020	2,1
People killed in accidents at work	number per every 100 000 employed	2013	2,09	2019	2,96
In work at-risk-of-poverty rate	% population aged 18 and more years	2013	6,2	2020	5,1
Inactive population due to caring responsibilities by sex	percentage points, persons age 20 to 64	2013	22,1	2020	25,7
Resource productivity	EUR per kg, chained values (2015.)	2013	1.03	2020	1.02
<b>Goal 9 - Industry, innovation and infrastructure</b>					
Gross domestic expenditure on R&D	% GDP	2013	0.81	2020	1.27
R&D personnel	% active population	2013	0.58	2020	0.88
Patent applications to the European Patent Office	number	2013	10	2020	22
Share of buses and trains in total passenger transport	% total land transport – passenger-kilometres (PKM)	2013	14.5	2019	15.8
Share of rail and inland waterways in total freight transport	% total land transport – tonne-kilometres (TKM)	2013	27.1	2019	29.3
Air emission intensity from industry	grams per euro, chained values(2010.)	2013	0.27	2019	0.2
Tertiary educational attainment	% of population aged 25 to 34	2013	27.3	2020	36.6
Average CO2 emissions per km from new passenger cars	g CO <sub>2</sub> per km	2013	127.1	2019	119.4
High-speed internet coverage by household	% households	2013	6.9	2020	46.5
<b>Goal 10 - Reduced inequalities</b>					
Purchasing power adjusted GDP per capita	real expenditures per capita (in purchasing power parity)	2013	15,900	2020	19,200

Indicator	Unit	Initial		Most Recent	
		Year	Value	Year	Value
Adjusted gross disposable income of households per capita	purchasing power parity	2013	12,008	2019	15,249
Relative median at-risk-of-poverty gap	% distance to poverty threshold	2013	28.1	2020	28.0
Income distribution	quintile income ratio	2013	5.3	2020	4.6
Income share of the bottom 40 % of the population	% income	2013	20.4	2020	21.8
Asylum applications	positive first-instance decisions per million inhabitants	2013	6	2020	10
People at risk of poverty or social exclusion by degree of urbanisation	% population	2013	36.3	2020	28.0
People at risk of income poverty after social transfers	% population	2013	18.9	2020	18.6
Early leavers from education and training, by citizenship	% population aged 18 do 24	2013	4.4	2020	2.1
Young people neither in employment nor in education and training (NEET), by citizenship	% population aged 15 do 29	2013	22.2	2020	14.6
Employment rate, by citizenship	% population aged 20 do 64	2013	57.2	2020	66.9

#### Goal 11 - Sustainable cities and communities

Overcrowding rate	% population	2013	42.8	2020	36.2
Population living in households considering that they suffer from noise	% population	2013	10.0	2020	8.1
Settlement area per capita	m <sup>2</sup> per capita	2015	670.7	2018	722.5
Road traffic deaths	number of deaths	2013	368	2019	297
Exposure to air pollution by particulate matter	particles < 2.5 µm	2013	21.9	2019	16
Recycling rate of municipal waste	% total generated waste	2013	14.9	2020	34.3
Population living in a dwelling with a leaking roof, damp walls, floors or foundation or rot in window frames of floor	% population	2013	13.1	2020	9.4
Population connected to at least secondary waste water treatment	% population	2013	36.9	2018	36.9
Share of buses and trains in total passenger transport	% total land transport – passenger-kilometres (PKM)	2013	14.5	2019	15.8
Population reporting occurrence of crime, violence or vandalism in their area	% population	2013	2.9	2020	2.4

#### Goal 12 - Responsible consumption and production

Resource productivity	EUR per kg, chained values (2015.)	2013	1.03	2020	1.02
Average CO2 emissions per km from new passenger cars	g CO <sub>2</sub> per km	2013	127.1	2019	119.4
Circular material use rate	%	2013	3.9	2020	5.1
Generation of waste excluding major mineral wastes by hazardousness	kg per capita	2012	620	2018	922
Gross value added in environmental goods and services sector	% gross domestic product	2014	1.62	2019	1.43
Energy productivity	EUR per kgoe	2013	5.18	2020	5.70

#### Goal 13 - Climate action

Greenhouse gas emissions	index 1990 = 100	2013	73.1	2019	73.3
Greenhouse gas emissions intensity of energy consumption	index 2000 = 100	2013	93.7	2019	86.6
Contribution to the international 100bn USD commitment on climate related expending	in millions EUR, at current prices	2014	0.03	2019	0.03

Indicator	Unit	Initial		Most Recent	
		Year	Value	Year	Value
Population covered by the Covenant of Mayors for Climate & Energy signatories	% total population	2013	40.6	2020	51.2
Share of renewable energy in gross final energy consumption	%	2013	28.0	2020	28.5
Average CO2 emissions per km from new passenger cars	g CO <sub>2</sub> per km	2013	127.1	2019	119.4
<b>Goal 14 - Life below water</b>					
Surface of marine sites designated under Natura 2000	km <sup>2</sup>	2013	5,280	2020	5,238
Coastal bathing sites with excellent water quality	% bathing sites with excellent water quality	2013	95.4	2020	98.8
Marine waters affected by eutrophication	km <sup>2</sup>	2013	261	2019	122
<b>Goal 15 - Life on land</b>					
Share of forest area	% total area	2015	50.6	2018	58.0
Surface of terrestrial sites designated under Natura 2000	km <sup>2</sup>	2013	20,672	2020	20,716
Soil sealing index	index 2006 = 100	2012	102.9	2018	107.3
Estimated soil erosion by water - area affected by severe erosion rate	km <sup>2</sup>	2010	3,780.9	2016	2,562.1
Biochemical oxygen demand in rivers	mg O <sub>2</sub> per litre	2013	2.16	2018	1.85
Phosphate in rivers	mg PO <sub>4</sub> per litre	2013	0.029	2018	0.026
<b>Goal 16 - Peace, justice and strong institutions</b>					
Standardised death rate due to homicide a	standardised mortality rate	2013	1.12	2018	0.56
Population reporting occurrence of crime, violence or vandalism in their area	% population	2013	2.9	2020	2.4
General government total expenditure on law courts	in millions EUR	2013	211	2018	228
Perceived independence of the justice system	% population whose level of perception is "very good or quite good"	2016	28	2021	17
Corruption Perceptions Index	On a scale of 0 (high corruption) to 100 (no corruption)	2013	48	2020	47
Population with confidence in EU institutions by institution	% population	2013	44	2021	55
<b>Goal 17 - Partnerships for the goals</b>					
Official development assistance as share of gross national income	% GNI	2013	0.08	2020	0.15
EU imports from developing countries	in millions EUR, at current prices	2013	3,471	2020	4,259
General government gross debt	% GDP	2013	80.3	2020	87.3
Share of environmental taxes in total tax revenues	% total tax revenue and social contributions	2013	7.78	2020	8.85
High-speed internet coverage	% households	2013	6.9	2020	46.5

Source: Eurostat