



EUROPEAN COMMISSION

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Summary of the Partnership Agreement for Croatia, 2014-2020

Overall information

The Partnership Agreement (PA) covers five funds: the European Regional Development Fund (ERDF), the Cohesion Fund (CF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

The PA focus on the following priorities:

- Promoting innovation friendly business environment and developing a competitive and innovation-driven economy by stimulating the entrepreneurship, the research-development and innovation, as well as the e-economy,
- Developing infrastructure for economic growth and employment, in particular key networks (TEN-T) and sustainable urban transport,
- Supporting a low-carbon and green economy, by encouraging a sustainable and efficient use of natural resources, promoting the energy efficiency, as well as the adaptation to climate change,
- Developing human capital growth and tackling the mismatch of the labour skills by reforming the education curricula, developing the vocational education and training and the self-employment,
- Promoting social inclusion and reducing the risk of poverty by developing the social services, tackling the different forms of discrimination, and ensuring the shift from institutional to community-based services,
- Improving the healthcare services in an effective and cost-efficient way,
- Building a modern and professional public administration, developing the social dialogue and ensuring the efficiency and impartiality of the judiciary.

The funds are the cornerstone of Croatia's development strategy. They will mobilize additional public national and private funding for growth and job creation and will reduce regional disparities in the country.

The ERDF will support national efforts to strengthen the national competitiveness and develop an innovation-driven economy, primarily by building-up the scientific excellence, encouraging the RDI investment and the technology transfer in the business sector. The NGN broadband will be further extended and e-public services developed. The competitiveness and innovation in SMEs will be supported through increased entrepreneurship, better access to finance and the development of high-quality business services.

A substantial share of ERDF and CF will be devoted to investments necessary for the compliance with the EU Directives on landfill of waste, on urban waste water treatment and on the quality of drinkable water. In the transport sector, the funds will strengthen the connectivity of the country and the regions to the trans-European networks (railway, inland waterway and roads) and develop sustainable urban mobility in major cities, as well as improve road safety.

The ERDF, CF and EAFRD funds will be invested in the development of the energy efficiency in the public building and housing, as well as the production of renewable energy resources at local level. The biodiversity and ecosystems will be further preserved, including through the development of the Natura 2000 network. Particular support will be dedicated to the demining, as well as the prevention and monitoring of the natural risks.

Investing in human capital and helping people enter and stay in the labour market, ensuring the match between the match of skills with the labour market needs is a top priority for the ESF investment. Tertiary education, vocational education and lifelong learning will be reformed and stimulated to ensure that the people get the right skills. A strong emphasis is also placed on the reform of the public labour market services, the support to entrepreneurship and self-employment (in particular for young people and women), as well as the fighting of long-term unemployment.

In view of tackling the high risk of poverty and social exclusion rate in the country, the ERDF and ESF will support the provision of high-quality social services, adapted to the specific needs of targeted population and areas. Community-based services targeting the persons with disabilities, children and youth without adequate parental care will be developed, to prevent or reduce their placement in institutions. Targeted and integrated actions will be implemented to prevent and tackle the discrimination and social exclusion, and develop the social entrepreneurship. Urban regeneration projects will be implemented in targeted underdeveloped and war-struck areas to tackle physical degradation and develop economic activities.

Specific ERDF and ESF integrated actions will be developed to develop a better access to primary health care in the country, including in the most isolated areas and in the islands. The funds will support the reform of the hospital network, in view of the delivery of high-quality and cost-effective health services in the country.

The ESF will also support the national reform of the public administration through better and sound management of public finances, cutting of unnecessary procedures including in the business sector, developing the e-administration, and fighting corruption. The dialogue with the social partners and the civil society will be further developed. The efficiency of the judiciary sector will be strengthened in view of speeding up the legal procedures, as well as ensuring efficiency and impartiality.

The EAFRD will contribute to increasing the competitiveness and improving the environmental performance of the Croatian agro-food sector by providing support for restructuring, technological modernisation, and generation renewal. Particular attention will be given to the sustainable use of natural resources and actions reducing the negative effects of climate change. The balanced territorial development and the reduction of the economic downturn of rural areas is also targeted, including the development of alternative economic activities.

The EMFF will focus on increasing the competitiveness of the Croatian fisheries and aquaculture sector and the sustainable use of natural resources, including the promotion of environmentally-friendly aquaculture and fisheries practices. Furthermore, it will contribute to the development of the local economy of coastal areas through community-led local development and boost the country's blue growth potential taking advantage of Croatia's long tradition and experience in the marine and maritime sectors.

Croatia has chosen to finance investment under all 11 thematic objectives defined in the Regulations. Details on thematic objectives are presented in Table 2.

Chosen expected results

Investments are aimed at addressing main development gaps and thus strengthening social, economic and territorial cohesion. ESI funds will assist Croatia in achieving national targets of EU2020 and its flagship initiatives:

- Boosting the R&D and innovation in the country, to attain the national target of 1.4% of GDP invested in R&D (as against 0.75% in 2012), and stimulating the RDI activities in the business sector;
- More energy efficient economy, including the support to further development of renewable energy (20% target, as against 15.7 in 2012);
- Increasing labour market participation and employment towards the 62.9% target (as against 55.4 in 2012), with a specific support to the employability of the young people (youth employment initiative);
- Substantial effort on social inclusion, tackling the severe social challenges faced by Croatia and contributing to the objective of reducing by 150 000 the number of people at risk of poverty or exclusion;
- Supporting the national efforts to strengthen the education system, in particular regarding the participation to the tertiary education of the people aged 30-34 years, from 25.9% to 35% by 2020.

The commitments made in the Croatian National Reform Programme as well as the 2014 Council Recommendations for Croatia (CSRs) are reflected in the PA. With this approach, interventions co-financed from the ERD, CF, ESF, EAFRD and EMFF will reinforce the efforts of Croatia aimed to carry out the necessary reforms and the fulfilment of the Recommendations. The Partnership Agreement, which is the strategic framework for ESI Funds, sets out clear political commitments in line with the strategic goals of Europe 2020, the EU's growth strategy.

Budget

In 2014-2020 Croatia is allocated around €8,61 billion for Cohesion Policy (ERDF, ESF, Cohesion Fund¹) including €6.2 million for the Youth Employment Initiative and €146.1 million for territorial cooperation. Additional €2 billion will be devoted to development of the agricultural sector and rural areas from the European Agricultural Fund for Rural

¹ excluding the transfer of EUR 456.147.292 to the Connecting Europe Facility

Development (EAFRD). The allocation for European Maritime and Fisheries Fund (EMFF) amounts to some €252.6 million. Details on the allocation are given in the table 1 below.

The concentration of funds on a limited number of priorities is one of the main principles of the reformed cohesion policy. For Croatia, thematic concentration, meaning the level of ERDF expenditure aimed at research and innovation (TO1), Information and Communication Technologies (TO2), competitiveness of enterprises (TO3) and low carbon economy (TO4) in relation to allocation account for 57,2%, including 13% for low carbon economy. Thematic concentration is kept above the minimum requirement of 50%. More than 20% of the ESIF allocation will make a contribution to climate change mitigation and adoption measures. The share of ESF in the allocation of Structural Funds under the Investment for growth and jobs goal amounts to 26% and is above the required minimum share of 24.6%.

The whole territory of Croatia belongs to less developed regions. At least 6,3% of the ERDF allocation will be invested in sustainable urban development actions implemented mainly through Integrated Territorial Investments in urban areas. 3% of the total EAFRD contribution to the Rural Development Programme and 7,5% of the Fisheries programme will be reserved for the CLLD.

Programmes architecture

Cohesion policy will be delivered by 4 operational programmes (OPs), so 2 less compared to the 2007-13 period:

- One national OP co-financed by ERDF and CF (OP Competitiveness and Cohesion)
- One national OP co-financed by ESF (OP Efficient Human Resources)
- One Rural Development Programme (co-financed by EAFRD)
- and one Fisheries programme (co-financed by EMFF).

Details on allocations to operational programmes are as follows:

Table 1

Operational programme	Thematic objectives covered	ESI Fund	Allocation (EUR)
OP Competitiveness and Cohesion	TO 1, 2, 3, 4, 5, 6, 7, 9, 10	ERDF, CF	6 881 045 559
OP Efficient Human Resources	TO 8,9,10, 11	ESF, YEI	1.582.210.217
Rural Development Programme	TO 1, 3, 4, 5, 6, 8, 9, 10	EAFRD	2 026 222 500
OP Fisheries	TO 3, 4, 6, 8	EMFF	252 643 138

Table 2: Allocation: breakdown by thematic objective and by fund (except territorial cooperation).

Thematic objective	ERDF	ESF	Cohesion Fund	EAFRD	EMFF	Total
	Euro					
1. Strengthening research, technological development and innovation	664,792,165			16,500,000		681,292,165
2. Enhancing access to, and use and quality of ICT	307,952,676					307,952,676
3. Enhancing the competitiveness of SMEs , of the agricultural sector (for the EAFRD) and of the fishery and aquaculture sector (for the EMFF)	970,000,000			803,236,573	143,654,447	1,916,891,020
4. Supporting the shift towards a low-carbon economy in all sectors	531,810,805			216,433,770	8,654,126	756,898,701
5. Promoting climate change adaptation, risk prevention and management	245,396,147			255,215,471		500,611,618
6. Preserving and protecting the environment and promoting resource efficiency	338,020,392		1,649,340,216	255,215,471	66,221,932	2,308,798,011
7. Promoting sustainable transport and removing bottlenecks in key network infrastructures	400,000,000		910,205,755			1,310,205,755
8. Promoting sustainable and quality employment and supporting labour mobility		466,756,129		128,800,000	18,954,045	614,510,174
9. Promoting social inclusion, combating poverty and any discrimination	356,500,000	328,000,000		286,786,653		971,286,653

10. Investing in education, training and vocational training for skills and lifelong learning	270,914,791	450,000,000		9,000,000		729,914,791
11. Enhancing institutional capacity of public authorities and stakeholders and efficient public administration		191,276,944				191,276,944
Technical assistance	236,112,612	80,000,000		55,034,562	15,158,588	386,305,762
Total	4,321,499,588	1,516,033,073	2,559,545,971	2,026,222,500	252,643,138	10,675,944,270

The allocation to Youth Employment Initiative accounts for €66 million.