

Brussels, 16.6.2022
C(2022) 4173 final

COMMISSION IMPLEMENTING DECISION

of 16.6.2022

**on the authorisation of the disbursement of the first instalment of the non-repayable
support for Croatia**

(Only the Croatian text is authentic)

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THE EUROPEAN COMMISSION,

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

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

Whereas:

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

Council Implementing Decision of 28 July 2021 on the approval of the assessment of the recovery and resilience plan for Croatia² (the ‘Council Implementing Decision’) provides that the Union is to release instalments in accordance with the Financing Agreement conditional on a decision by the Commission, taken in accordance with Article 24(5) of Regulation (EU) 2021/241, that Croatia has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan.

- (2) On 15 March 2022, Croatia submitted a request for payment, accompanied by a management declaration and a summary of audits. The request concerned the first instalment of the non-repayable support. Pursuant to Article 24(3) of Regulation (EU) 2021/241, the Commission assessed on a preliminary basis whether the relevant milestones and targets set out in the Council Implementing Decision had been satisfactorily fulfilled. For the purpose of this assessment, the operational arrangements concluded between the Commission and Croatia³ in accordance with Article 20(6) of Regulation (EU) 2021/241, were taken into account.
- (3) The Commission made a positive preliminary assessment of the satisfactory fulfilment of all 34 relevant milestones and targets and, in accordance with Article 24(4) of Regulation (EU) 2021/241, provided its findings to the Economic and Financial Committee asking for its opinion on the satisfactory fulfilment of the relevant milestones and targets. In accordance with Article 25(4) of that Regulation, the

¹ OJ L 57, 18.2.2021, p. 17.

² ST 10687/21.

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

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

- (4) Section 2(1)(1.1) of the Annex to the Council Implementing Decision provides the relevant milestones and targets that are to be satisfactorily fulfilled for the first instalment of the non-repayable support for an amount of EUR 804 597 701.

Milestones and targets related to the non-repayable support:

- (5) Milestone 45 provides for the entry into force of the Energy Efficiency Programme for decarbonising the energy sector, which defines areas of investment in energy efficiency and district heating systems, including investment priorities up until 2030, addressing investment planning in the modernisation of district heating systems and energy-intensive industries, focusing on the energy efficiency and renewable energy potential. Croatia provided a copy of the publication of the Energy Efficiency Programme for decarbonising the energy sector (Official Gazette No. 143/2021). The evidence provided by Croatia demonstrates the entry into force of the Programme and that the content and objectives of the Programme are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (6) Milestone 46 provides for the award of 50 contracts to the beneficiary companies following a public tender to support renewable energy sources and energy efficiency measures in small, medium-sized and large enterprises. Croatia provided copies of contracts awarded with relevant annexes, which included: (i) evidence regarding the technical specifications of the projects, including the percentage of reduction in the energy consumption; (ii) evidence on the compliance with the DNSH principle. The evidence provided by Croatia demonstrates that the contracts awarded are in line with the requirements of the target. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.
- (7) Milestone 49 provides for the entry into force of the Alternative Transport Fuels Act, which promotes the production and use of advanced biofuels/hydrogen in transport. Croatia provided a copy of the publication of the Act on Biofuels for Transport (Official Gazette No. 52/2021). The evidence provided by Croatia demonstrates the entry into force of the legislative act and that the content and objectives of the Act are in line with the requirements of the milestone. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.
- (8) Milestone 59 provides for the adoption of the Multiannual Water and Urban Wastewater Treatment Construction Programme, which sets out the long-term investment framework for the development of water and wastewater systems, including prioritization of necessary investments, in order to comply with the requirements of the Urban Waste Water Treatment Directive, and includes an assessment of risks and mitigation measures. Croatia provided a copy of the publication of the Multiannual Water and Urban Wastewater Treatment Construction programme (Official Gazette No. 147/2021). The evidence demonstrates that the actions put forward in the national plan are in line with the content and the

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

- (9) Milestone 81 provides for the entry into force of a Waste Management Act which regulates waste prevention, preparation for re-use and recycling in line with the concept of the circular economy and the European Green Deal, includes specific measures to support circular economy, and addresses all Commission recommendations of the 2018 Early Warning Report for Croatia. Croatia provided a copy of the publication of the Waste Management Act (Official Gazette No. 84/2021), demonstrating the entry into force of the legislative act. The Act includes specific targets and measures for transition to circular economy, setting up a timeline for action thereby providing for a roadmap of the circular economy. Based on the Act provisions, Croatia is developing a five-year circular economy plan, prioritizing management of construction waste in the context of earthquake reconstruction activities. The evidence provided demonstrated that the adopted Act is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled
- (10) Milestone 82 provides for the adoption and publication of Amendments to the Waste Management Plan for 2017-2022 in line with the new EU Circular Economy Action Plan, following public consultations, which includes a revision of several targets for waste recycling, sorting, reusing and repairing, and bio-waste collection and recycling to be undertaken by end-2022, an investment gap assessment and a prioritisation list for planned waste investment. The Plan is also to specify measures to encourage ambition by local and regional units, such as communication actions to ensure effective separate collection at source, or digital aspects; and to include planned waste investments, such as installations. The Croatian authorities provided a copy of the Government Decision on amendments to the Waste Management Plan 2017 – 2022 (Official Gazette No. 01/2022), as well as the Minister's Instruction on Implementation of the Revised Waste Management Plan and the Summary of the Waste Management Plan. The evidence provided demonstrated that the adopted act is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (11) Milestone 91 provides for the entry into force of Amendments to the Roads Act, which ensure interoperability of electronic road toll systems, facilitate the cross-border exchange of vehicle registration data, include provisions fostering the increase of infrastructure used for bicycles and pedestrians, define conditions on pay toll cost coverage, and address exemptions from the obligation to pay certain fees. Croatia provided a copy of the publication of the Act on Amendments to the Roads Act (Official Gazette No. 144/2021). The evidence provided by Croatia demonstrates the entry into force of the legislative act and that the content and objectives of the Act on Amendments to the Roads Act are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (12) Milestone 92 provides for the adoption of the National Road Safety Programme 2021 – 2030 by the Government of the Republic of Croatia in order to improve road safety in Croatia. Croatia provided a copy of the publication of the National Road Safety Programme 2021 – 2030 (Official Gazette No. 86/2021) adopted by the Government. The evidence provided by Croatia demonstrates and that the content and the objectives of the Programme are in line with the requirements of the milestone. On the basis of

the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (13) Milestone 98 provides for the adoption of the Sectoral Policy Letter for the Railway Sector by the Government of the Republic of Croatia, which includes key objectives, a review of envisaged improvements and an implementation plan of the measures and actions to reform and modernise the railway sector. Croatia provided a copy of the Government Decision of 1 July 2021 on the adoption of the Policy Letter for the Railway Sector. The evidence provided by Croatia demonstrates the content of the adopted Policy Letter and its objectives are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (14) Milestone 109 provides for the entry into force of the new Regular and Seasonal Coastal Transport Act, which simplifies the current administrative procedures and creates better preconditions for a more efficient operation of public coastal maritime transport. Croatia provided a copy of the publication of the Regular and Seasonal Coastal Maritime Transport Act (Official Gazette No. 19/2022). The evidence provided by Croatia demonstrates the entry into force of the legislative act and that the content and objectives of the Regular and Seasonal Coastal Maritime Transport Act are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (15) Milestone 110 provides for the entry into force of the new Inland Navigation and Ports Act, which allows for the identification of specific risks in parts of Croatia's inland waterway sector, where necessary, to ensure the safety of navigation. Croatia provided a copy of the publication of the Inland Navigation and Ports Act (Official Gazette No. 144/2021). The evidence provided by Croatia demonstrates the entry into force of the legislative act and that the content and objectives of the Inland Navigation and Ports Act are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (16) Milestone 126 provides for the entry into force of the Decision of the Croatian Government on the adoption of the Operational Programme for Strengthening the Market Capacity of the Fruit and Vegetables Sector for the period 2021-2026, which includes implementation measures aimed primarily at strengthening the role and management capacity of producers' organisations. Croatia provided a copy of the publication of the Decision of the Government on the adoption of the Operational Programme for Strengthening the Market Capacity of the Fruit and Vegetable Sector for the period 2021-2026 (Official Gazette No. 143/2021) and a copy of the adopted Operational Programme. The evidence provided by Croatia demonstrates that the entry into force of the Operational Programme and that its content and objectives are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (17) Milestone 134 provides for the establishment of a Unit for Implementation and Management of Digital Transformation Projects in the Ministry of Agriculture, which plans and monitors the implementation of all the ministry's digital services investments. Croatia provided a copy of the published Minister of Agriculture Decision of 24 November 2021 on the Establishment of a Unit for implementation and Management of Digital Transformation Projects in the Ministry of Agriculture, and three annexed implementation plans: Deployment of digital public services, Smart Agriculture and Traceability System. The evidence provided by Croatia demonstrates

that the coordinating unit has been established and unit's tasks and objectives are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (18) Milestone 140 provides for the production of a scenario analysis that establishes the priorities for tourism development at a national and territorial level as a basis for mobilising investment, as part of the Sustainable Tourism Development Strategy for 2030. Croatia provided a copy of the scenario analysis, a copy of the Ministry of Tourism and Sport Decision of 13 January 2022 on the publication of the Scenario Analysis on the website and an explanatory report demonstrating how the scenario analysis contributes to achieving the objectives of the reform in line with the requirements of the milestone. Croatia also provided evidence of consulting with relevant NGOs and stakeholder in tourism sector. The evidence provided demonstrated that the scenario analysis is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (19) Milestone 156 provides for an amendment of the statute of the Agency for the Audit of European Union Programmes (ARPA), which provides the legal mandate to set-up and carry out audits related to the recovery and resilience plan of Croatia. Croatia provided a copy of the publication of the Decree of 7 May 2021 amending the statute of ARPA, and reference to the relevant provisions indicating its entry into force. Furthermore, Croatia provided a copy of the publication of the Agency Decision of 9 July 2021 on the Management and Monitoring of the Implementation System of the Activities within the Framework of the National Resilience Plan (Official Gazette No. 78/2021), and reference to the relevant provisions indicating its entry into force. The evidence provided by Croatia demonstrates that ARPA was given the legal mandate to carry out audits on the recovery and resilience plan. The evidence provided demonstrated that the amendment of the ARPA Statue is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactory fulfilled.
- (20) Milestone 157 provides for setting up a system defining the competent authorities and responsibilities for implementing and managing the recovery and resilience plan, including setting up the central coordination body under the Ministry of Finance, ensuring the implementation and monitoring of the measures from the Croatian recovery and resilience plan. Moreover, the milestone provides for the set up of the Implementation Committee to ensure consistency and coherence in the usage of the EU funds. Croatia provided a copy of the Agency Government Decision on the Management and Monitoring of the Implementation System of the Activities within the Framework of the National Resilience Plan (Official Gazette No. 78/2021), the Decree on the Amendments of the Regulation on the Internal Structure of the Ministry of Finance, (Official Gazette No. 101/2021), and reference to the relevant provisions indicating its entry into force. Croatia also provided the Minister's Decision of 23 February 2022 putting into force the updated procedures, as well as the entire package of updated procedures. The evidence provided by Croatia demonstrates that the system for implementing and managing the recovery and resilience plan, including the relevant bodies and updates of procedures have been set up. Croatia has committed to further elaborate and implement the procedures on fraud risk assessment. The Commission will monitor the timely delivery of this commitment. The evidence provided demonstrates that the implementation and audit and control system is in line

with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactory fulfilled.

- (21) Milestone 158 provides for the adoption of an Act on the Institutional Framework for EU funds, which, in addition to the establishment of the institutional framework and designation of responsible bodies, provides a framework for capacity building activities, and also recognises the need to strengthen the capacity of beneficiaries to prepare, apply and implement projects, funded via EU operational programmes. Croatia provided a copy of the Act on the institutional framework for EU funds (Official Gazette No. 116/2021). Croatia also provided an explanatory document specifying how the various elements of the milestone were addressed. The evidence provided by Croatia demonstrates that the institutional framework for EU funds has been set up and is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactory fulfilled.
- (22) Milestone 159 provides for a workload assessment to be carried out for the institutions involved in the respective management and control systems related to all EU funds, which provides information on the administrative capacity needs and recommendations for addressing insufficient capacity, based on which necessary resources are allocated in a timely manner. Croatia provided a report on the assessment of the administrative capacity and the Minister's Decision of 10 January 2022 launching a call for interest to allocate the needed additional resources to the institutions involved. The evidence provided by Croatia demonstrates that a comprehensive analysis of the administrative capacity needs has been carried out and concrete and operational recommendations were provided. Based on these recommendations, additional staff was allocated to the Coordinating body, and subsequent decisions for the remaining bodies involved in the implementation system are being prepared for implementation in 2022. The evidence provided demonstrated that the workload analysis and the additional resources are allocated in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactory fulfilled.
- (23) Milestone 207 provides for the adoption of a new Croatian Government Decision defining a new list of state-owned enterprises of particular interest to Croatia, which explains why a company is kept on this list. Croatia provided a copy of the revised list of State Owned Enterprise of particular interest to Croatia and copy of Government Decision with the revised list of State Owned Enterprises (Official Gazette No. 147/2021), and evidence that the two companies excluded from the previous list, based on Organisation for Economic Co-operation and Development guidelines, have been transferred to Restructuring and Sales Centre (CERP) portfolio. The evidence provided demonstrated that the Decision and action taken are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (24) Milestone 231 provides for the adoption of an Anti-Corruption Strategy 2021-2030, which strengthens the institutional and normative framework for the fight against corruption, enhances the transparency and openness of the work of public authorities, strengthens integrity and conflict of interest management systems, strengthens anti-corruption potential in the public procurement system and increases public awareness of the harmfulness of corruption, the need to report irregularities and enhance transparency. Croatia provided a copy of the adopted Strategy Prevention of Corruption for the Period 2021-2030 (Official Gazette No. 120/2021). The evidence provided by Croatia demonstrates that the content and objectives of the Strategy are in

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

- (25) Milestone 232 provides for the entry into force of the Law on Prevention of Conflict of Interest which extends the scope of the Law in terms of addressees, including companies owned by local and regional government units and companies owned by such companies, obliges certain categories of addressees of the law to fill in asset declarations annually and to make declarations within given deadlines, remedy any potential conflict of interest, regulates the possibility of better-determining penalties for infringements by introducing the principle of proportionality into the law, and some aspects of the cooling period; and provides a legal basis for drawing up a model code of ethics for members of representative bodies of local and regional government units. Croatia provided a copy of the new Law on the Prevention of Conflict of Interest (Official Gazette No.143/2021). The evidence provided by Croatia demonstrates that the Act has entered into force and its content and objectives are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (26) Milestone 247 provides for strengthening the fiscal framework through the adoption of the Budget Act setting out the processes and key documents related to the budget of the state and other levels of government and their borrowing framework, the monitoring, forecasting and use of revenues and expenditure, and a more efficient system of reporting. Croatia provided a copy of the publication of the new Budget Act (Official Gazette No. 144/2021), accompanied with evidence on entry into force, which demonstrated that the Act's content and objectives are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (27) Milestone 248 provides for ensuring the functionality of the Fiscal Policy Commission through the appointment of a new Chair based on a public call. Croatia provided a copy of the Parliament's Decision (Official Gazette No 124/2021) on the appointment of the Chair for the Fiscal Policy Commission, which demonstrated that the decision's content and objectives are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (28) Milestone 250 provides for putting in place a framework for continuous training on the prevention of money laundering and terrorist financing of staff of all reporting institutions and authorities provided by supervisory bodies and the Anti-Money Laundering Office, which regularly also provide institutions and authorities with up-to-date information on money laundering developments. Croatia submitted copies of the cooperation agreements containing the continuous training framework between the Croatian National Bank, the Croatian Financial Services Supervisory Agency and the Anti-Money Laundering Office, describing the framework for continuous training, as well as information on training conducted in 2020 and 2021. The evidence provided by Croatia demonstrates that the framework for continuous training of the employees of reporting entities and the employees of the signatory authorities is in place and in line with the content and objectives of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (29) Milestone 251 provides for updating the cooperation agreement between the Anti-Money Laundering Office and the supervisory authorities on the exchange of information and cooperation in the fight against money laundering and terrorist

financing, in order to include: the exchange of data and information necessary for the supervisory procedures, of information on irregularities identified at reporting entities, and of information on the latest Money Launderers/Terrorism Financiers typologies, the increase in supervisory activities based on the identified risks of money laundering and terrorist financing, and the exchange of statistical data for the purpose of risk assessment and assessment of the effectiveness of the AML/CFT system. Croatia submitted copies of four updated agreements on cooperation and exchange of data in the field of prevention and detection of money laundering and terrorist financing signed by the Anti-Money Laundering Office with the Croatian National Bank, the Croatian Financial Services Supervisory Agency, the Financial Inspectorate and the Tax Administration, respectively. The updated cooperation agreements improve the scope of cooperation and the exchange of data, information, and documentation between the relevant institutions and are in line with the content and objectives of the milestone. The evidence provided by Croatia demonstrates that the cooperation agreement between the Anti-Money Laundering Office and the supervisory authorities on the exchange of information and cooperation in the fight against money laundering and terrorist financing is updated and in line with the content and objectives of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (30) Milestone 253 provides for completing the implementation of the new Action Plan to mitigate identified money laundering and terrorist financing risks based on an updated national risk assessment, taking into account the risks identified by supervisors, the Anti-Money Laundering Office, the State Attorney's office and legal obliged entities. Croatia provided an extract on anti-money laundering from the Report on the implementation of the Croatia's Action Plan for participation in Exchange Rate Mechanism II and of the Action Plan to mitigate identified money laundering and terrorist financing risks; and submitted an extensive set of documents as primary evidence related to the completion of each of the 13 measures included in the Action Plan. The evidence provided by Croatia demonstrates that the implementation of the Action Plan is complete and in line with the content and objectives of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (31) Milestone 265 provides for the entry into force of the revised adult learning legal framework, which supports a better match between the offer of programmes and labour market needs by aligning the adult education programmes with the qualification standards of the Croatian Qualifications Framework and enabling the recognition of informal and non-formal learning. Croatia provided a copy of the publication of the revised Adult Education Act (Official Gazette No.144/2021), and an Action plan for the implementation of the Adult Education Act. The evidence provided by Croatia demonstrates that the law has entered into force and its scope and objectives are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (32) Milestone 293 provides for the entry into force of the Amendments to the Minimum Wage Act, which exclude the various wage supplements from the minimum wage and mandate wage increases for overtime, night work, and work on Sundays and public holidays. Croatia provided a copy of the Act Amending the Minimum Wage Act (Official Gazette No.120/2021), and of the Minister's Decision amending the decision to set up the Expert Commission for Monitoring and Analysis of Minimum Wage Developments (Official Gazette No.136/2021). The Minimum Wage Act does not

quantify these minimum wage increases; however, it recognises the right to such salary increase and entrusts its quantification to collective agreements, the coverage of which can be extended. The new Minimum Wage Act also prohibits the possibility of renouncing the minimum wage in order to prevent abuse through a redefinition of penalties for offenders and strengthened control of inspection bodies. Finally, it strengthens the role of the Expert Commission for Monitoring and Analysis of Minimum Wage Developments. The evidence provided by Croatia demonstrates that the Act has entered into force and that the scope of the Act and the Minister's Decision are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (33) Milestone 302 provides for the adoption of the National Plan against Poverty and Social Exclusion 2021-2027, which defines the target of reducing the at-risk-of-poverty rate to below 15%, identifies development priorities and needs, and ensures conditions to effectively contribute to reducing poverty and social exclusion and improving the daily lives of people at risk of poverty and those living in severe material deprivation, and identifies development priorities for the fight against poverty and social exclusion and identifies needs in relation to vulnerable groups in systems. Croatia provided a copy of the National Plan against Poverty and Social Exclusion 2021-2027 adopted by the Government (Official Gazette No.143/2021), and an explanatory report demonstrating how the actions planned in the national plan contribute to achieving the objectives of the reform in line with the requirements of the milestone. The evidence provided by Croatia demonstrates that the National Plan against Poverty and Social Exclusion 2021-2027 is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (34) Milestone 312 provides for the adoption of the National Plan for the Development of Social Services 2021-2027, which sets out a strategic framework contributing to the deinstitutionalisation and development of home services and community-based services for long-term care, and which identifies priorities for the development of social services, defines a set of criteria necessary to develop residence services, home-based and community services that improve the quality of life and allow users to stay longer in their homes and community, and introduces a social mentoring service as well as defines the transition from institutional to home and community-based services in elderly care. Croatia provided a copy of the National Plan for the Development of Social Services 2021-2027 adopted by the Government (Official Gazette No.136/2021), and an explanatory report demonstrating how the actions planned in the national plan contribute to achieving the objectives of the reform in line with the requirements of the milestone. The evidence provided by Croatia demonstrates that the National Plan for the Development of Social Services 2021-2027 is in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (35) Milestone 333 provides for the adoption of the National Health Development Plan 2021-2027, which sets out medium-term development needs for achieving a flexible, efficient, and holistically managed healthcare system, and which introduces the new care models, improvement of the healthcare quality through improved effectiveness, safety, accessibility and functional integration of all levels and parts of health care, promotion of healthy lifestyles and disease prevention, a strategic framework for human resources development, and sustainable financing of health. Croatia provided a copy of the National Health Development Plan 2021-2027 adopted by the Government

(Official Gazette No.147/2021), the Action Plan for Health Development 2021-2025, and a Mapping of health investment requirements. The evidence provided by Croatia demonstrates that the National Health Development Plan 2021-2027 has been adopted in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (36) Milestone 351 provides for the adoption of the national energy renovation programmes for (i) multi-dwelling buildings, (ii) for buildings that have the status of a cultural good (both for the period 2021-30), and for (iii) energy poverty reduction in areas of special state concern (for the period 2021-25), which encourages in-depth renovation of buildings while paying particular attention to ensuring healthy indoor climate conditions, fire safety and addressing the risks related to increased seismic activity as well as reducing energy poverty. Croatia provided copies of the Programme of energy renovation of multi-dwelling buildings and buildings with a status of a cultural good, both for the period until 2030, and a copy of the Programme to combat energy poverty, including the use of renewable energy sources in residential buildings in assisted areas and in areas of special state concern for the period until 2025, all adopted by the Government. The evidence provided by Croatia demonstrates that the national energy renovation programmes have been adopted in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (37) Milestone 362 provides for the setting up of a physical one-stop-shop office for energy renovation and seismic reinforcement, which reduces the administrative burden for the applicants in the energy renovation and post-earthquake reconstruction process. Croatia provided an explanatory report demonstrating and certifying that the physical one-stop-shop has been set-up and is operational. Croatia also provided primary evidence that the works and services for setting up the one-stop-shop were performed; the material on education and training on post-earthquake and energy renovation of staff and public employees involved in the process, and submitted the materials used for the promotion activities. The evidence provided by Croatia demonstrates that the one-stop-shop office for energy renovation and seismic reinforcement is set up and operational in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (38) Milestone 368 provides for the adoption of the Circular Management of Spaces and Buildings Development Programme and the Urban Green Infrastructure Development Programme, both for the period 2021-2030, which set out objectives and measures and a framework for developing sustainable space with a focus on developing green infrastructure and integrating nature-based solutions, models for circular management of space and buildings and strengthening the resilience against risks and climate change. Croatia provided copies of the Circular Management of Spaces and Buildings Development Programme for the period from 2021 to 2030 and the Urban Green Infrastructure Development Programme from 2021 to 2030, both adopted by the Government. The evidence provided by Croatia demonstrates that the adopted acts are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (39) Milestone 160 provides for the upgrading of the eFondovi IT system: Repository system for Audit and Controls: information for monitoring implementation of Recovery and Resilience Facility. According to the description of the reform and the milestone in the Council Implementing Decision, the entire measure on strengthening the capacity to prepare and implement EU projects should have been completed by 31

January 2022. Croatia provided the Final audit report of the IT system as carried out by the national Audit Authority (ARPA) and the Follow-up report from the national audit authority confirming that the updates needed in order to address the safety and security risks were put in operation. Based on this evidence, it should be concluded that Croatia implemented this measure in such a way as to provide assurance that the system is in place, taking into account that the eFondovi IT system has been upgraded in line with the requirements of the milestone. However, in accordance with Section 2.1.2 of the Annex to the Council Implementing Decision, the disbursement of the financial contribution linked with the satisfactory fulfilment of this milestone is covered by the second instalment. Therefore, the Commission should assess its satisfactory fulfilment in order to decide on the disbursement of the respective financial contribution only when the second payment request is submitted.

- (40) Following the fully positive assessment concerning the Republic of Croatia's payment request, in accordance with Article 24(5) of Regulation (EU) 2021/241, the disbursement of the financial contribution for the first instalment of the non-repayable support should be authorised.
- (41) In accordance with Article 2(3) of the Council Implementing Decision, as specified in the Financing Agreement, the pre-financing of the financial contribution shall be cleared by being proportionally deducted against the payment of the instalments. As Croatia received 13% of the financial contribution as pre-financing, an amount of EUR 104 597 701 of the payment should be utilised to clear the pre-financing, equal to 13% of the instalment.
- (42) This Decision should be without prejudice to procedures relating to distortions of the operation of the internal market that may be undertaken, in particular under Articles 107 and 108 of the Treaty on the Functioning of the European Union. It does not override the requirement for Member States to implement the measures in accordance with Union and national law and, in particular, to notify instances of potential State aid to the Commission under Article 108 of the Treaty on the Functioning of the European Union.
- (43) The measures provided for in this Decision are in accordance with the opinion of the Committee established by Article 35(1) of Regulation (EU) 2021/241,

HAS ADOPTED THIS DECISION:

Article 1

Authorisation of the disbursement of the non-repayable support

The disbursement of the first instalment of the non-repayable support as laid down in Section 2(1)(1.1) of the Annex to the Council Implementing Decision of 20 July 2021 on the approval of the assessment of the recovery and resilience plan for Croatia for an amount of EUR 804 597 701 is authorised.

In accordance with the Financing Agreement concluded pursuant to Article 23(1) of Regulation (EU) 2021/241 between the Commission and the Republic of Croatia, EUR 104 597 701 shall be utilised to clear the pre-financing of the financial contribution and EUR 700 000 000 shall be provided to Croatia by means of payment to the bank account indicated in the Financing Agreement.

Article 2
Addressee

This Decision is addressed to Republic of Croatia.

Done at Brussels, 16.6.2022

For the Commission
Paolo GENTILONI
Member of the Commission